***An ANALYSIS OF FINANCIAL STATEMENTS OF MARUTI SUZUKI INDIA LTD.***

***SUBMITTED FOR THE PARTIAL FULFILLMENT OF AWARD OF BACHELOR’S DEGREE IN COMMERCE***

***Submitted by:***

***Kolluru saharsh***

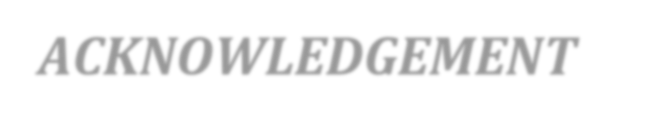
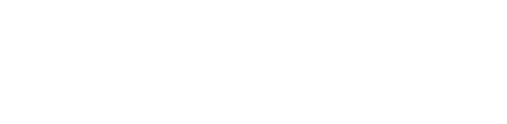
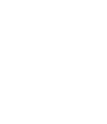
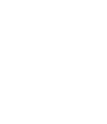
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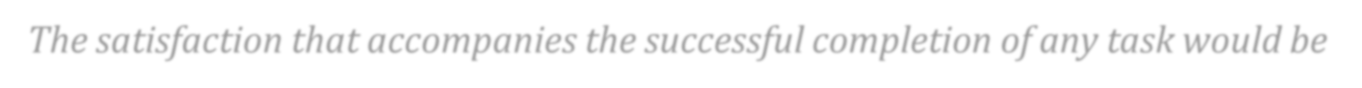
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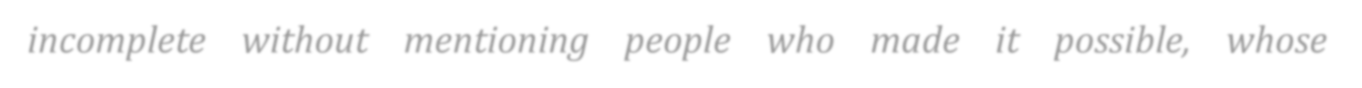
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***ACKNOWLEDGEMENT***



***The satisfaction that accompanies the successful completion of any task would be***



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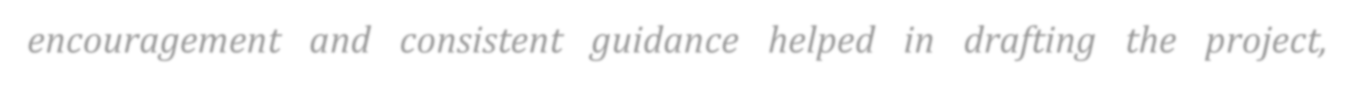
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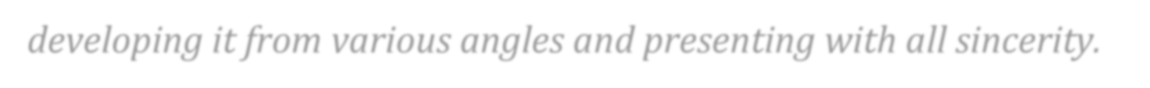
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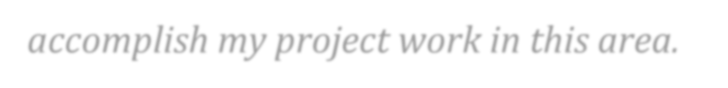
*encouragement and consistent guidance helped in drafting the project,*



*developing it from various angles and presenting with all sincerity.*

*Firstly, I am grateful to dr suresh kumar sahoo*

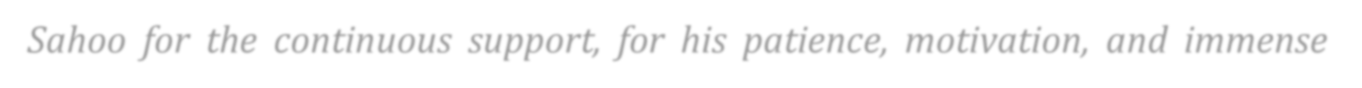
*for allowing me to*



*accomplish my project work in this area.*

*I would like to express my sincere gratitude to my guide and advisor*

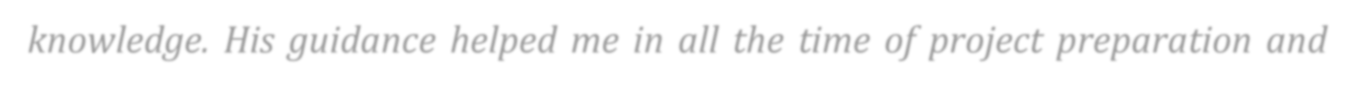
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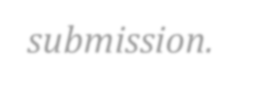
*Sahoo*

*for the continuous support, for his*

*patience, motivation, and immense*



*knowledge. His guidance helped me in all the time of project preparation and*



*submission.*

*Besides my advisor, my deep sense of gratitude also goes to all the Professors,*

*teaching, and non*

*-*

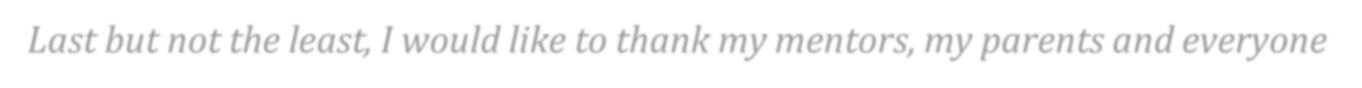
*teaching members of the School of*

*Social, Financial and*

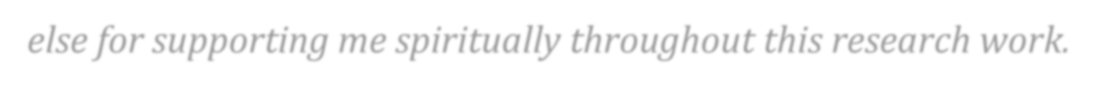
*Human Sciences*

*, who provided me the scope and other*

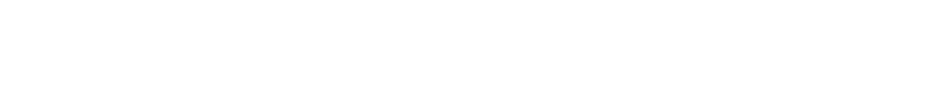
*opportunities throughout.*



*Last but not the least, I would like to thank my mentors, my parents and everyone*



*else for supporting me spiritually throughout this research work.*

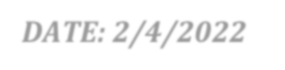


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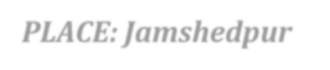


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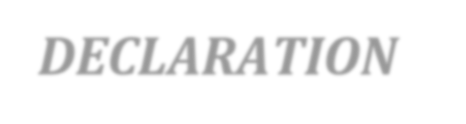
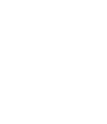
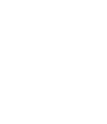
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***DECLARATION***



*I do hereby declare that this project is an original one, written by me and has not*

*been submitted for any other previous degree. The work is almost entirely my*

*own; the collaborative c*

*ontributions have been indicated clearly and*

*acknowledged. Due references have also been provided on all supporting*

*literatures and resources.*

*I declare that this project was composed by myself under the guidance of*

***Dr.***

***Suresh kr Sahoo***

*that the work contained herein is my own except where*

*explicitly*

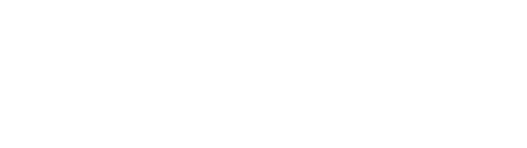
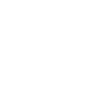
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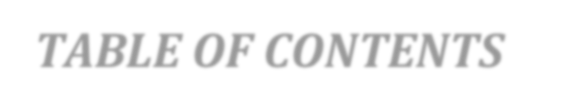
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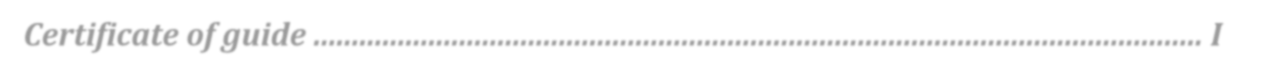
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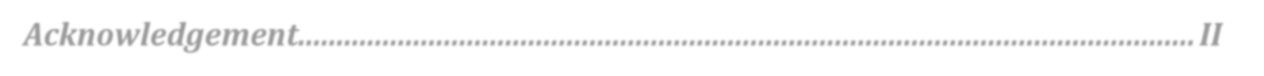
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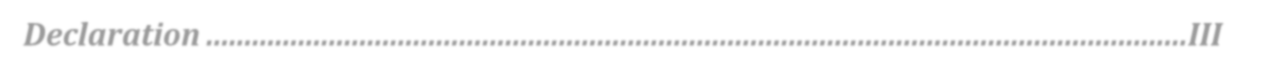
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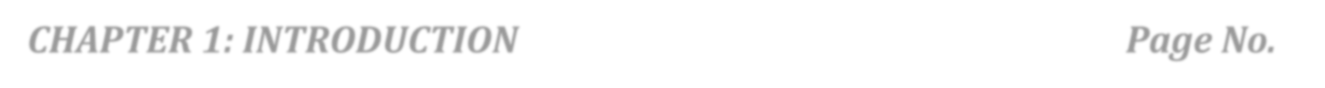
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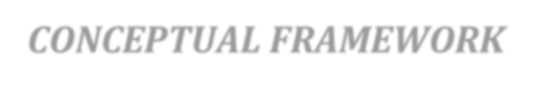
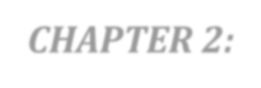
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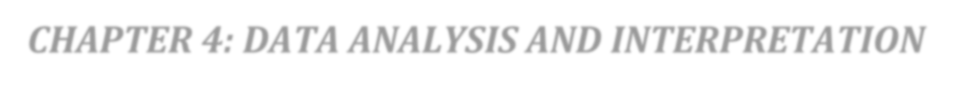
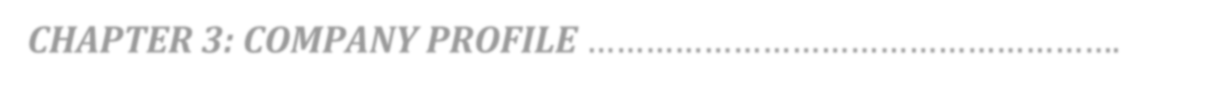


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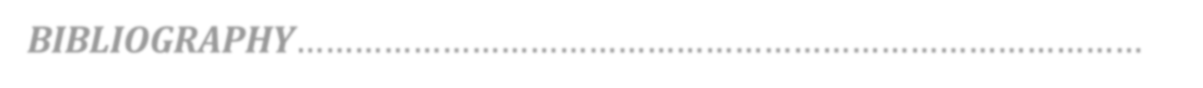
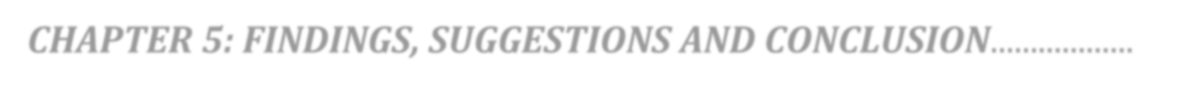


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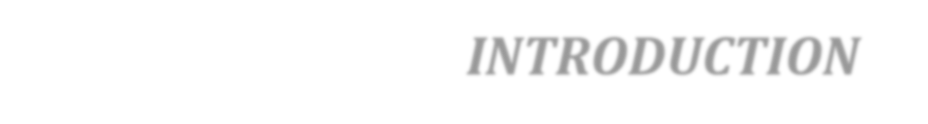
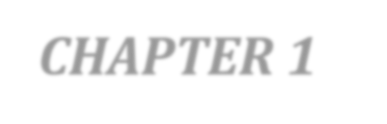
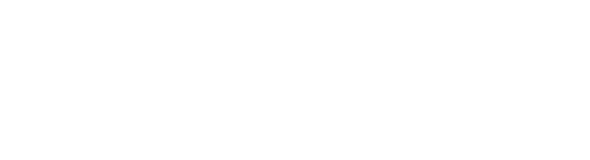
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# ***CHAPTER 1 INTRODUCTION***



## ***Introduction of the Study***

***Every organization needs finance to start its business operations. Finance is the blood of every organization. As it is the blood of the organization, it should be managed effectively. Finance is defined as, to provide money or credit for something.***

***Financial Statements provide information about a company’s revenue, expenses, profitability and debt.***

***Financial Statement Analysis is a method of reviewing and analysing an enterprise Accounting***

***Reports (financial statements) in order to gauge its past, present or projected future performance. This process of reviewing the financial statements allows for better financial decision making. The main aim of Financial Analysis is evaluating the company’s ability to earn a return on its capital that is at least equal to the cost of that capital, to profitably grow its operations, and to generate enough cash to meet obligations and pursue opportunities. There are several methods/tools for analysing a company’s financial statements like Ratio Analysis, Cash Flow Statements, Comparative Statements, etc.***

***This Project Report entitled “An Analysis of Financial Statements of MARUTI SUZUKI INDIA LTD.” provides financial information about MARUTI SUZUKI INDIA LTD., analyse the profitability of MARUTI SUZUKI INDIA LTD by using various methods/tools like Ratio Analysis, Comparative Statements and Common Size Statements.***

## ***STATEMENT OF THE PROBLEM***

***A Research Problem is a situation that causes the researcher to feel confused, apprehensive and ill at ease.***

***So, defining the research problem to be studied is the very first step, a researcher has to state while conducting the research. A well-defined problem gives the researcher a proper direction for carrying out his research. Thus, a researcher must identify the research problem that needs to be explained, studied or resolved and should define it precisely.***

***The problem statement here is:-***

***“TO MAKE AN ANALYSIS OF FINANCIAL STATEMENTS OF MARUTI SUZUKI INDIA LTD.”***

## ***OJECTIVES OF THE STUDY***

* ***To Analyse the Profitability status of Maruti Suzuki India Ltd.***
* ***To Analyse and compare the Balance Sheet and Profit & Loss A/c of five years.***
* ***To analyse the liquidity position of Maruti Suzuki India Ltd.***
* ***To study the growth and development of Maruti Suzuki India Ltd.***

## ***REVIEW OF LITERATURE***

***This segment is aimed at reviewing research work of Previous Researchers relevant to Car Industries as well as of previous studies which focused on financial performances of companies under various industries.***

* ***Hotwani Rakhi (2013) the author examines the profitability position and growth of the company in light of sales and profitability of Tata Motors for the past ten years. Data is analyzed through ratios, standard deviations and coefficient of variance. The study reveals that there does not exists a strong relationship between sales & profitability of the company.***

* ***Daniel A. Moses Joshunar (2013) the study has been conducted to identify the financial strength and weakness of the Tata motors Ltd. using past 5 year financial statements. Trend analysis & ratio analysis used to comment on the financial status of the company. Financial performance of the company is satisfactory and also suggested to increase the loan levels of the company for the better performance.***

* ***Sheela Christina (2017) carried out the study on Financial Performance of Wheels India Limited-Chennai. The study deals with Analytical type of research design with the help of secondary data collection method. For this purpose the researcher took past five years data. The researcher used the financial tool to analyse the data such as ratio analysis, comparative balance sheet and DuPont analysis and also statistical tools such as trend analysis and correlation. The research proves that the company can improves its sales as well as profit.***

* ***Dr. G. Kanagavalli and R. Saroja Devi (2018) studied Financial Performance of selected Automobile Companies. The study was conducted on the basis of Secondary sources for the period of 5 years (2012-13 to 2016-2017). Data was collected from three Automobile Companies that are Hero Motocorp Limited, Bajaj Auto Limited, Tvs Motor Company Limited. The study found that there is a positive strong relationship of liquidity ratio. It evolves the effective inventory management and conversion period leads to higher liquidity power to the companies. Therefore, the study proves that there are some significant changes to meet their liabilities. The Solvency Ratios of selected automobile companies have some fluctuation. This means they face a little risk to meet their long term obligations. The Efficiency or Turnover Ratios of Hero Motocorp is high rank among other Automobile companies. This shows that Hero Motocorp effectively***

***manages its resources and assets. The Profitability Ratios of Hero Motocorp is higher than other automobile companies. It shows Hero Motocorp earned high profit and it is good for the company. After analysing all the aspects, we can say that Bajaj Auto and TVS Motors are satisfactory but Hero Motocorp sustains a good position in the market.***

* ***Jothi and Geethalakshmi (2016) studied liquidity and profitability position of selected companies in the automobile industry. The study was conducted on the basis of secondary sources for the period of 5 years (2011-2012 to 2015-16). Data was collected from four selected companies that are Maruti Suzuki, Tata Motors, Mahindra & Mahindra and TVS Motors. It was found that higher level of consistency of liquidity was noticed in TVS Motor and higher level of consistency of profitability in TVS Motors and Tata Motors. It was concluded that there is a positive relationship between the liquidity and profitability position of selected companies of the automobiles industry. It was suggested that Tata Motors and TVS Motor should maintain ideal current ratio and quick ratio in future.***

* ***Gowda and Kumara (2017) measured the Financial Performance of selected automobile companies for the period of 5 years (2012 to 2016) by using ratio analysis. The objective of this study is to measure and compare the risk rate of return, future trends and their strength and weakness of selected companies to rate their financial performance. Data was collected from the secondary sources of top nine companies of the automobiles sector. It was found that there is a positive strong relationship between current ratio and quick ratio. It was suggested that there should be effective inventory management and conversion period leads to higher liquidity. It was further concluded that there is no significant relationship in the terms of long term debt and dividend per share.***

* ***Kumar Mohan M.S, Vasu. V. and Narayana T. (2016) the study has been made through using different ratios , mean, standard deviation and Altman’s Z score approach to study the financial health of the company. The study reveals there is a positive correlation between liquidity and profitability ratios except return on total assets as well as Z score value indicates good health of the company.***

* ***Ray Sabapriya (2012) studied the sample of automobile companies to evaluate the performance of industry through indicators namely sales, production and export trend, etc for period of 2003-04 to 2009-10. The study finds that the automobile industry has been passing through disruptive phases by overdebt burden, underutilization of assets and liquidity instability. The researcher suggested to improve the labour productivity, labour flexibility and capital efficiency for success of industry in future.***

## ***RESEARCH METHODOLOGY***

### ***Research:-***

***The term “Research” is derived from a French language word “RECHERCHI” which means “to go about seeing”. Research can be defined as a systematic inquiry in form of investigation or experimentation, to gain new knowledge in an objective manner. Or in simple words, research is the Systematic search for information.***

### ***Research Design:-***

***A research design is the blueprint of the research that a researcher is going to undertake. It is a logical and systematic plan prepared for directing a research study or in other words, Research design refers to the framework of*** [***market research methods a***](https://www.voxco.com/market-research-tools/)***nd techniques that are chosen by a researcher. The design that is chosen by the researchers allow them to utilize the methods that are suitable for the study and to set up their studies successfully in the future as well.***

### ***Types of Research Design***

* ***Explanatory Research Design- Explanatory research is a method established to explore phenomena that have not before been researched or adequately explained.***
* ***Diagnostic Research Design- Diagnostic research design is a type of research design that tries to investigate the underlying cause of a certain condition or phenomena.***
* ***Descriptive Research Design-In Descriptive Research Design, the researcher explains/describes the situation or case in depth in their research materials. This type of research design is purely on a theoretical basis where the individual collects data, analyses, prepares and then presents it in an understandable manner. It is the most generalized form of research design.***
* ***Experimental Research Design- Experimental research is a type of research design in which the study is carried out utilizing a scientific approach and two sets of variables. The first set serves as a constant against which the variations in the second set are measured.***

***The Research Design used in this Project Report is “Descriptive Research Design”.***

## ***METHOD OF DATA COLLECTION***

***The process of Data Collection begins after a research problem has been defined and research design has been chalked out. Data Collection is the most important work in research which is carried out by the researcher. The collection of data methods depends on the research technique being used in the research. The data may be collected from two sources:-***

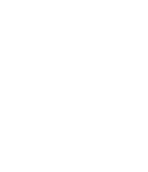
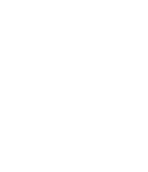
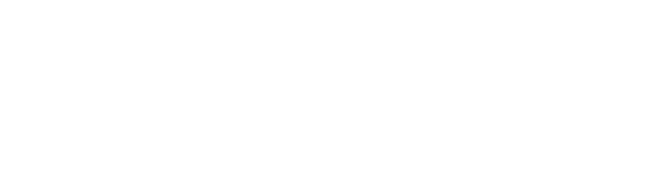
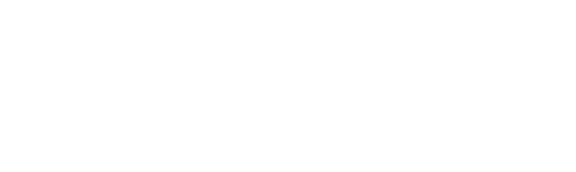
1. ***Primary Data Collection- When a researcher collects the data first time for his own use are called primary data. Primary data is collected by various approaches so as to get a precise, accurate, realistic and relevant data. The main tool in gathering primary data was investigation and observation.***
2. ***Secondary Data Collection- After performing the statistical operations on primary data, the results become secondary data. It is the data which has been collected by individuals or agencies for purposes other than those of our particular research study. In simple words, it is the data which is already collected by someone else. Researcher has to analyse the data and interprets the results.***

### ***Data Used in this Report***

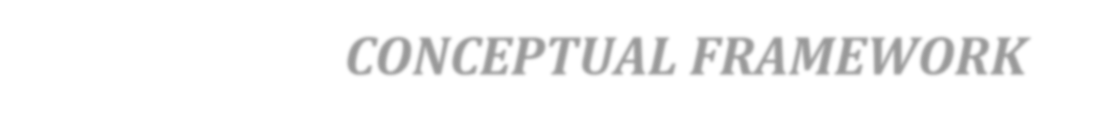
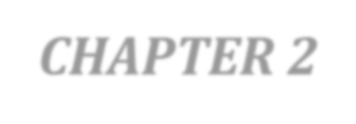
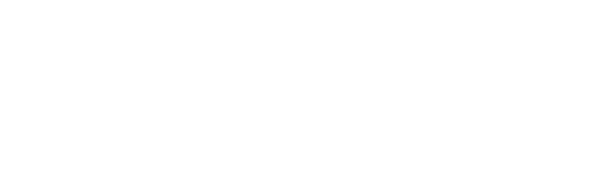
***Secondary Data are used in this study, which are collected from various data base, websites, journals and magazines. The Balance Sheet and Profit & Loss A/c of Maruti Suzuki India Ltd. for a period of 4 years (2017-18 to 2020-21) are collected from the Annual Reports maintained by the organization/company.***

## ***LIMITATIONS OF THE STUDY***

* ***The Project Report only covers data for a period of four years from 2017-18 to 2020-21.***
* ***The study is completely based on Past Data. As the future is uncertain, just by analysing the past data the researcher cannot predict profitability arising in the future.***
* ***Ratio itself will not completely show the company’s good or bad financial position.***



# ***CHAPTER 2 CONCEPTUAL FRAMEWORK***



## ***FINANCIAL STATEMENTS – MEANING***

***Financial statements are a collection of summary-level reports about an organization's financial results, financial position, and cash flows. They include the income statement, balance sheet, and statement of cash flows.***

***These statements are prepared to give users outside of the company, like investors and creditors, more information about the company’s financial positions. Publicly traded companies are also required to present these statements along with others to Regulator Agencies in a timely manner.***

### ***Types of Financial Statements:-***

1. ***Balance Sheet***
2. ***Profit and Loss Account***

# ***1. BALANCE SHEET***

## ***Meaning:-***

***The term balance sheet refers to a financial statement that reports a company's assets, liabilities, and shareholder equity at a specific point in time. Balance sheets provide the basis for computing rates of return for investors and evaluating a company's*** [***capital structure.***](https://www.investopedia.com/terms/c/capitalstructure.asp) ***In short, the balance sheet is a*** [***financial statement***](https://www.investopedia.com/terms/f/financial-statements.asp) ***that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.***

***Investors*** [***can get a sense***](https://www.investopedia.com/articles/04/031004.asp) ***of a company's financial wellbeing by using a number of ratios that can be derived from a balance sheet, including the*** [***debt-to-equity ratio***](https://www.investopedia.com/terms/d/debtequityratio.asp) ***and the*** [***acid-test ratio,***](https://www.investopedia.com/terms/a/acidtest.asp) ***along with many others. The income statement and statement of cash flows also provide valuable context for assessing a company's finances, as do any notes or addenda in an earnings report that might refer back to the*** [***balance sheet.***](https://www.investopedia.com/terms/c/commonsizebalancesheet.asp)

***The balance sheet is based on the fundamental equation:***

***Assets = Liabilities + Equity.***

## ***Components of a Balance Sheet***

### ***Assets:-***

***Accounts within this segment are listed from top to bottom in order of their*** [***liquidity.***](https://www.investopedia.com/terms/l/liquidity.asp) ***This is the ease with which they can be converted into cash. They are divided into current assets, which can be converted to cash in one year or less; and non-current or long-term assets, which cannot.***

***Here is the*** [***general order***](https://www.investopedia.com/terms/g/general-order.asp) ***of accounts within current assets:***

* [***Cash and cash equivalents***](https://www.investopedia.com/terms/c/cashandcashequivalents.asp) ***are the most liquid assets and can include Treasury bills and short-term certificates of deposit, as well as hard currency.***
* [***Marketable securities***](https://www.investopedia.com/terms/m/marketablesecurities.asp) ***are equity and debt securities for which there is a liquid market.***
* [***Accounts receivable (AR)***](https://www.investopedia.com/terms/a/accountsreceivable.asp) ***refer to money that customers owe the company. This may include an allowance for doubtful accounts as some customers may not pay what they owe.***
* ***Inventory refers to any goods available for sale, valued at the lower of the cost or market price.***
* ***Prepaid expenses represent the value that has already been paid for, such as insurance, advertising contracts, or rent.***

***Long-term assets include the following:***

* ***Long-term investments are securities that will not or cannot be liquidated in the next year.***
* [***Fixed assets***](https://www.investopedia.com/terms/f/fixedasset.asp) ***include land, machinery, equipment, buildings, and other durable, generally capital-intensive assets.***
* [***Intangible assets***](https://www.investopedia.com/terms/i/intangibleasset.asp) ***include non-physical (but still valuable) assets such as intellectual property and goodwill. These assets are generally only listed on the balance sheet if they are acquired, rather than developed in-house. Their value may thus be wildly understated (by not including a globally recognized logo, for example) or just as wildly overstated.***

### ***Liabilities:-***

***A liability is any money that a company owes to outside parties, from bills it has to pay to suppliers to interest on*** [***bonds***](https://www.investopedia.com/terms/b/bond.asp) ***issued to creditors to rent, utilities and salaries. Current liabilities are due within one year and are listed in order of their due date. Long-term liabilities, on the other hand, are due at any point after one year.***

[***Current liabilities***](https://www.investopedia.com/terms/c/currentliabilities.asp) ***accounts might include:***

* ***current portion of long-term debt***
* ***bank indebtedness***
* ***interest payable***
* ***wages payable***
* ***customer prepayments***
* ***dividends payable and others***
* ***earned and*** [***unearned premiums***](https://www.investopedia.com/terms/u/unearned-premium.asp)
* ***accounts payable***

[***Long-term liabilities***](https://www.investopedia.com/terms/l/longtermliabilities.asp) ***can include:***

* [***Long-term debt***](https://www.investopedia.com/terms/l/longtermdebt.asp) ***includes any interest and principal on bonds issued***
* ***Pension fund liability refers to the money a company is required to pay into its employees' retirement accounts***
* [***Deferred tax liability***](https://www.investopedia.com/terms/d/deferredtaxliability.asp) ***is the amount of taxes that accrued but will not be paid for another year. Besides timing, this figure reconciles differences between requirements for*** [***financial reporting***](https://www.investopedia.com/terms/f/financialperformance.asp) ***and the way tax is assessed, such as depreciation calculations.***

***Some liabilities are considered off the balance sheet, meaning they do not appear on the balance sheet.***

### ***Shareholder Equity:-***

[***Shareholder equity***](https://www.investopedia.com/terms/s/shareholdersequity.asp) ***is the money attributable to the owners of a business or its shareholders. It is also known as net assets since it is equivalent to the total assets of a company minus its liabilities or the debt it owes to non-shareholders.***

[***Retained earnings***](https://www.investopedia.com/terms/r/retainedearnings.asp) ***are the net earnings a company either reinvests in the business or uses to pay off debt. The remaining amount is distributed to shareholders in the form of dividends.***

***Treasury stock is the stock a company has repurchased. It can be sold at a later date to raise cash or reserved to repel a*** [***hostile takeover.***](https://www.investopedia.com/terms/h/hostiletakeover.asp)

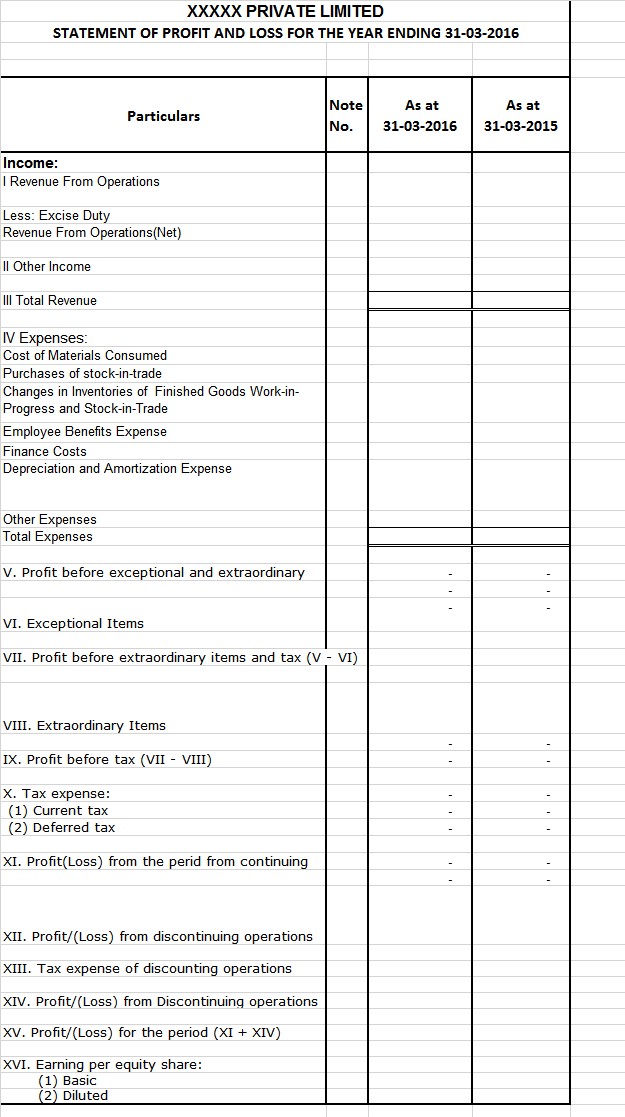
***Some companies issue*** [***preferred stock,***](https://www.investopedia.com/terms/p/preferredstock.asp) ***which will be listed separately from*** [***common stock***](https://www.investopedia.com/terms/c/commonstock.asp) ***under this section. Preferred stock is assigned an arbitrary par value (as is common stock, in some cases) that has no bearing on the market value of the shares. The common stock and preferred stock accounts are calculated by multiplying the par value by the number of shares issued.***

***Additional paid-in capital or*** [***capital surplus***](https://www.investopedia.com/terms/c/capitalsurplus.asp) ***represents the amount shareholders have invested in excess of the common or preferred stock accounts, which are based on par value rather than market price. Shareholder equity is not directly related to a company's*** [***market capitalization.***](https://www.investopedia.com/terms/m/marketcapitalization.asp) ***The latter is based on the current price of a stock, while paid-in capital is the sum of the equity that has been purchased at any price.***

# ***2. PROFIT AND LOSS ACCOUNT***

***A profit and loss statement is a financial statement that summarises the revenues, costs and expenses incurred during a specific period of time, usually a fiscal, quarter or year. These records provide informations about a company’s ability or lack thereof to generate profit by increasing revenue/reducing cost or both. The profit and loss statement is also referred to as “Statement of Profit and Loss”, “Income Statements”, “Statement of Operations”, “Statement of Financial results”.***

## ***Statement of Profit and Loss is prepared under the form prescribed in Schedule III of the Companies Act, 2013 as below:-***

******

## ***Notes to Accounts (Statement of Profit and Loss)***

1. ***Revenue from Operation: It means revenue earned from business activities. It will be shown as follows:-*** 
   1. ***Revenue from Sale of Products (Gross) - Returns***
   2. ***Revenue from sale of services (Net)***
   3. ***Other operating revenues such as sale of scrap, commission received, etc.***

1. ***Other Incomes: Income not earned from business activities, is known as other income. It shall classified as:-*** 
   1. ***Interest Income***
   2. ***Dividend Income***
   3. ***Gain on sale of Investments***
   4. ***Other non-operating incomes such as:*** 
      1. ***Rent received***
      2. ***Discount received***
      3. ***Transfer Fees***
      4. ***Sundry Creditors written back***
      5. ***Profit on sale of fixed assets***
      6. ***Fees received***
      7. ***Refund of income tax***
      8. ***Prior period income***

1. ***Cost of Material Consumed: It means cost of raw material and other materials consumed in the manufacturing of goods.***

### ***Cost of Material Consumed= Opening Inventory of Materials + Purchase of materials – Closing Inventory of Materials***

1. ***Purchase of Stock in Trade: Stock in trade means goods purchased for reselling. If the goods are purchased for further processing they are not included in purchase of stock.***

1. ***Change in Inventories of Finished Goods, Work in progress and stock in trade.***

1. ***Employee Benefit Expenses: This includes:*** 
   1. ***Wages, Salaries, bonus and leave encashment.***
   2. ***Staff Welfare Expenses such as Canteen expenses, Medical Expenses, etc.***
   3. ***Contribution to Provident Fund, other fund like gratuity fund, superannuation fund.***

1. ***Finance Cost: It shall be classified as:*** 
   1. ***Interest Expenses***
   2. ***Other Borrowing Costs***

### ***8. Depreciation and Amortisation Expenses***

1. ***Depreciation: Cost of Tangible Fixed Assets Written Off.***
2. ***Amortisation: Cost of Intangible Fixed Assets Written Off.***

***9. Other Expenses: All other expenses not classified under other heads will be shown here: a. Carriage***

1. ***Freight***
2. ***Manufacturing Expenses***
3. ***Rent, Rates and Taxes***
4. ***Insurance less prepaid***
5. ***Discount allowed***
6. ***Commission allowed***
7. ***Trade Expenses***
8. ***Telephone, Office and Administration Expenses***
9. ***Excise Duty Paid***

### ***10. Exceptional and Extraordinary Items***

1. ***Exceptional Items: Exceptional items are those items which are related to ordinary activity. It includes:*** 
   1. ***Litigation settlement***
   2. ***Legislative changes having retrospective application.***
   3. ***Disposal of long term investment. iv. Disposal of items of fixed assets.***
2. ***Extraordinary Items: It arises from an event or transaction that are clearly distinct from ordinary business. These items are not expected to recur frequently or regularly. It includes:*** 
   1. ***Significant changes in Government fiscal policies. ii. Discontinuance of Business/Loss sustained due to Earthquake, Floods.***

***11. Diluted Earnings per Share: Diluted Earnings per Share is a company’s earnings per share calculated using fully diluted shares outstanding.***

## ***FINACIAL ANALYSIS – MEANING, TYPES***

### ***Meaning:-***

***Financial analysis is the process of evaluating businesses, projects, budgets, and other financerelated transactions to determine their performance and suitability. Typically, financial analysis is used to analyze whether an entity is stable,*** [***solvent,***](https://www.investopedia.com/terms/s/solvency.asp) [***liquid,***](https://www.investopedia.com/terms/l/liquidity.asp) ***or profitable enough to warrant a monetary investment.***

***Financial analysis is used to evaluate economic trends, set financial policy, build long-term plans for business activity, and identify projects or companies for investment. This is done through the synthesis of financial numbers and data. A financial analyst will thoroughly examine a company's*** [***financial statements—***](https://www.investopedia.com/terms/f/financial-statements.asp)***the*** [***income statement,***](https://www.investopedia.com/terms/i/incomestatement.asp) [***balance sheet,***](https://www.investopedia.com/terms/b/balancesheet.asp) ***and*** [***cash flow statement.***](https://www.investopedia.com/terms/c/cashflowstatement.asp)

#### **Features of Financial Analysis**

* ***To present a complex data contained in the financial statement in simple and understandable form.***
* ***To classify the items contained in the financial statement in convenient and rational groups.***

#### **Procedure of Financial Statement Analysis**

***A common procedure is followed for financial statement analysis. Such procedure is briefly explained below:***

1. ***Objective of Analysis: The objective of analysis is differing from one interested party to another. In other words, the user of financial statement analysis fixes or determines the objectives of analysis.***
2. ***Decide the Extent of Analysis: The extent of analysis is also decided by the interested party. For example: Shareholder considers long term solvency of the business concern. The debenture holder considers short term solvency of the business concern.***
3. ***Scope of Analysis: It means that a researcher should determine the depth of the analysis. This can be decided depending upon the nature of problem.***
4. ***Going through the Financial Statements: The researcher should go through every item of the financial statements. If not so, the hidden facts cannot be find out through analysis.***
5. ***Pooling of Relevant Data: The Researcher should collect relevant data from the*** [***financial statements.***](https://accountlearning.com/financial-statements-meaning-nature-features-objectives/) ***If not so, he/she can get relevant information from the published financial statements.***
6. ***Rearrangement of Financial Data: The contents of the financial statements are rearranged before making actual analysis and interpretation. Under this step, approximation of figures, consolidation of items etc. is done.***
7. ***Understanding: The analyst should go through financial documents and other documents for clearly understand the problem.***
8. ***Classification: After understanding the problem, the collected relevant data are to be classified according to the needs of the problem to find out a correct solution.***
9. ***Analysis: After making above preparation, actual analysis is done. Any one of the tools or techniques of financial statement analysis can be used.***
10. ***Interpretation and Conclusion: The interpretation is made and the inferences are drawn only on the basis of analysis.***
11. ***Report Form: All the inferences and interpretation should be presented in a*** [***report form to the management.***](https://accountlearning.com/reporting-to-management-meaning-objectives-or-purpose/)

#### **Types of Financial Analysis**

***The different types of Financial Analysis are:-***

1. ***Vertical Analysis: The vertical analysis measures the line items of the income statement or balance sheet by taking any line item of the financial statement as a base and disclosing the same in percentage form.***

1. ***Horizontal Analysis: The*** [***horizontal analysis***](https://www.wallstreetmojo.com/horizontal-analysis/) ***measures the financial statements line of items with the base year. That means it compares the figures for a given period with the other period.***

1. ***Trend Analysis: Trend analysis means identifying patterns from multiple periods and plotting those in a graphical format to derive actionable information.***

1. ***Liquidity Analysis: The short-term analysis focuses on routine expenses. It analyzes the short-term capability of the company for day-to-day payments of*** [***trade creditors,***](https://www.wallstreetmojo.com/trade-credit/) ***shortterm borrowings, statutory payments, salaries, etc.***

1. ***Solvency Analysis: The long-term analysis is also termed solvency analysis. The focus of this analysis is to ensure the good solvency of the company quickly and check whether the company can pay all the*** [***long-term liabilities***](https://www.wallstreetmojo.com/long-term-liabilities/) ***and obligations.***

1. ***Profitability Analysis: Profitability financial analysis helps us understand how the company generates revenue.***

1. ***Valuation Analysis: Valuation analysis means deriving the company’s fair valuation.***

#### **USERS OF FINANCIAL STATEMENT ANALYSIS**

##### ***1. Company Management***

***The management team needs to understand the profitability, liquidity, and cash flows of the organization every month, so that it can make operational and financing decisions about the business.***

##### ***2. Competitors***

***Entities competing against a business will attempt to gain access to its financial statements, in order to evaluate its financial condition. The knowledge they gain could alter their competitive strategies.***

##### ***3. Customers***

***When a customer is considering which supplier to select for a major contract, it wants to review their financial statements first, in order to judge the financial ability of a supplier to remain in business long enough to provide the goods or services mandated in the contract.***

##### ***4. Employees***

***A company may elect to provide its financial statements to employees, along with a detailed explanation of what the documents contain. This can be used to increase the level of employee involvement in and understanding of the business.***

##### ***5. Governments***

***A government in whose jurisdiction a company is located will request financial statements in order to determine whether the business paid the appropriate amount of taxes.***

##### ***6. Investment Analysts***

***Outside analysts want to see financial statements in order to decide whether they should recommend the company's securities to their clients.***

##### ***7. Investors***

***Investors will likely require financial statements to be provided, since they are the owners of the business and want to understand the performance of their investment.***

##### ***8. Lenders***

***An entity loaning money to an organization will require financial statements in order to estimate the ability of the borrower to pay back all loaned funds and related interest charges.***

##### ***9. Rating Agencies***

***A credit rating agency will need to review the financial statements in order to give a credit rating to the company as a whole or to its securities.***

##### ***10. Suppliers***

***Suppliers will require financial statements in order to decide whether it is safe to extend credit to a company.***

##### ***11. Unions***

***A union needs the financial statements in order to evaluate the ability of a business to pay compensation and benefits to the union members that it represents.***

## ***METHODS/TOOLS OF FINANCIAL STATEMENTS ANALYSIS***

***The various tools or techniques of Financial Statements Analysis are:-***

1. ***Comparative Statements***
2. ***Common-Size Statements***
3. ***Trend Analysis***
4. ***Ratio Analysis***
5. ***Cash Flow Analysis***

### ***a) COMPARATIVE STATEMENTS***

***A comparative statement is a document used to compare a particular*** [***financial statement***](https://www.investopedia.com/terms/f/financial-statements.asp) ***with prior*** [***period***](https://www.investopedia.com/terms/a/accountingperiod.asp) ***statements. Previous financials are presented alongside the latest figures in side-by-***

***side columns, enabling investors to identify trends, track a company’s progress and compare it with industry rivals.***

#### **Importance of Comparative Statements:-**

* ***To simplify data***
* ***To analyse profits***
* ***To analyse expenses***
* ***To compare the performance***
* ***To indicate the trends***
* ***To indicate the strengths and weaknesses of the firm***

#### **Types of Comparative Statements:-**

1. ***Comparative income statement***
2. ***Comparative balance sheet***

##### ***1. Comparative Income Statement***

***Profit and Loss Statement shows the net profit or net loss of that year. A comparative statement of profit and loss shows the net profits for a number of years so that changes in absolute data in terms of money as well as in terms of percentages may be known. Comparative statement of profit and loss provides the following informations:-***

1. ***Rate of increase or decrease in revenue from operations.***
2. ***Rate of increase or decrease in cost of materials consumed.***
3. ***Rate of increase or decrease in incomes and expenses.***
4. ***Rate of increase or decrease in net profit.***

##### ***2. Comparative Balance Sheet***

***The Comparative Balance Sheet shows increase and decrease in the various assets, liabilities and in capital.***

##### ***Advantages of Comparative Balance Sheet:-***

* ***In a single year’s balance sheet the focus is on status, whereas in a Comparative Balance Sheet emphasis is on change.***
* ***A Comparative Balance Sheet is more useful in comparison to a single year’s balance sheet.***
* ***A Comparative Balance Sheet shows not only the balances of accounts as on different dates but also the extent of increase or decrease in various items of Balance Sheet.***

### ***b) COMMON SIZE STATEMENTS***

***Common Size Statements are those in which individual figures are converted into percentages to some common base. Percentage of each individual item shows its relation to its respective total.***

#### **Importance of Common Size Statements:-**

* ***To establish a relationship***
* ***To provide for a common base for comparison***
* ***To present the change in various items in relation to revenue from operations, total assets or total liabilities.***

#### **Types of Common Size Statements:-**

1. ***Common Size Balance Sheet***
2. ***Common Size Statement of Profit and Loss***

##### ***1. Common Size Balance Sheet***

***A Common Size Balance Sheet is a statement in which total of assets or equity and liabilities is assumed to be equal to 100 and all the figures are expressed as percentage of the total. Purpose of Common Size Balance Sheet:-***

* ***To analyse changes in individuals items of balance sheet***
* ***To establish the trend in various items of assets and liabilities***
* ***To assess the financial strategy adopted by different enterprises belonging to the same industry***

##### ***2. Common Size Income Statement***

***A Common Size statement of profit and loss is a statement in which the figure of revenue from operations is assumed to be equal to 100 and all other figures are expressed as percentage of revenue from operations.***

##### ***Purpose of Common Size Statement of Profit and Loss:-***

* ***To establish a relationship between individual items of statement of profit and loss and revenue from operations.***
* ***To analyse changes in individual items of statement of profit and loss in relationship to revenue from operations.***

### ***c) Trend Percentage Analysis***

***Trend percentage are very useful is making comparative study of the financial statements for a number of years. These indicate the direction of movement over a long time and help an analyst of financial statements to form an opinion as to whether favorable or unfavorable tendencies have developed. This helps in future forecasts of various items. For calculating trend percentages any year may be taken as the ‘base year’. Each item of base year is assumed to be equal to 100 and on that basis the percentage of item of each year calculated.***

### ***d) Ratio Analysis***

***Relationship between two figures, expressed in arithmetical terms is called a ‘ratio’.***

***In the words of R.N Anthony: “A Ratio is simply one number expressed in terms of another. It is found by dividing one number into the other”***

#### **Objectives of Ratio Analysis:-**

* ***To locate the weak spots of business which need more attention***
* ***To provide information for making cross-sectional analysis that is for making comparison with that of some selected firms in the same industry***
* ***To provide deeper analysis of the liquidity, solvency, activity and profitability of the business.***
* ***To provide information for making time-series analysis that is for making comparison of a firm’s present ratios with its past ratios.***

#### **Advantages of Ratio Analysis:-**

* ***Helpful in Analysis of Financial Statements***
* ***Simplification of Accounting Data***
* ***Helpful in Comparative Study***
* ***Helpful in Locating the weak spots of the business***
* ***Helpful in Forecasting***

#### **Limitations of Ratio Analysis:-**

* ***False Accounting Data gives false ratio***
* ***Comparison not possible if different firms adopt different Accounting Policies***
* ***Limited Use of a Single Ratio***
* ***Ratios may be misleading in the absence of absolute data***

#### **Classification of Ratios:-**

***Ratios may be classified into the four categories as follows:-***

1. ***Liquidity Ratios: - Liquidity Ratios are also called ‘Short-term Solvency Ratios’. These ratios are used to assess the short-term financial position of the concern. They indicate the firm’s ability to meet its current obligations out of current resources.***

***Liquidity ratios include two ratios:-***

* 1. ***Current Ratio or Working Capital Ratio***
  2. ***Quick Ratio or Acid Test Ratio or Liquid Ratio***

1. ***Solvency ratios: - These ratios are calculated to assess the ability of the firm to meet its long-term liabilities as and when they become due. These ratios reveal as to how must amount in a business has been invested by proprietors and how much amount has been raised from outside sources.***

***Solvency Ratios include the following ratios:-***

* 1. ***Debt Equity Ratio***
  2. ***Debt to Total Asset Ratio***
  3. ***Proprietary Ratio***
  4. ***Interest Coverage Ratio***

1. ***Activity Ratios: - These ratios are calculated on the basis of ‘cost of sales’ or ‘sales’, therefore these ratios are also called as ‘Turnover Ratios’. Turnover indicates the speed or number of items the capital employed has been rotated in the process of doing business.***

***Activity Ratios include the following ratios:-***

* 1. ***Inventory Turnover Ratio***
  2. ***Trade Receivables Turnover Ratio***
  3. ***Trade Payables Turnover Ratio***
  4. ***Working Capital Turnover Ratio***

1. ***Profitability Ratios: - The main object of all the business concerns is to earn profit. Profit is the measurement of the efficiency of the business.***

***Profitability Ratios include the following ratios:-***

* 1. ***Gross Profit Ratio***
  2. ***Operating Ratio***
  3. ***Net Profit Ratio***
  4. ***Operating Profit Ratio***
  5. ***Earnings Per Share***
  6. ***Price Earnings ratio***
  7. ***Return on Investment***

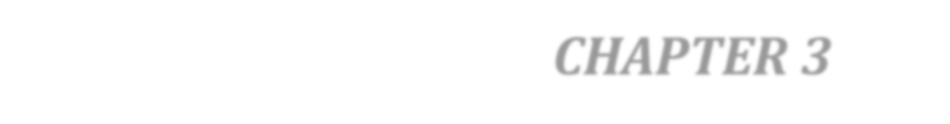
### ***e) Cash Flow Analysis***

***A Cash Flow Statement is a statement showing inflows (receipts) and outflows (payments) of cash during a particular period. In other words, it is a summary of sources and applications of each during a particular span of time.***

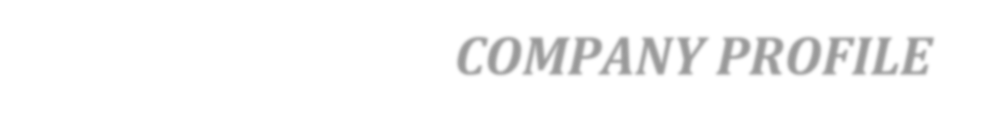
***Objectives of Cash Flow Statement:***

* ***Useful for Short-Term Financial Planning***
* ***Useful in Preparing the Cash Budget***
* ***Comparison with the Cash Budget***
* ***Study of the Trend of Cash Receipts and Payments***
* ***It explains the Deviations of Cash from Earnings***
* ***Helpful in Ascertaining Cash Flow from various Separately***

|  |  |
| --- | --- |
| ***Startup Name*** | ***Maruti Suzuki India Limited*** |
| ***Headquarters*** | ***New Delhi, India*** |
| ***Industry*** | ***Automotive*** |
| ***Founded*** | ***24 February, 1981*** |



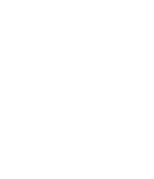
***CHAPTER 3***



***COMPANY PROFILE***



**COMPANY HIGHLIGHTS**



|  |  |
| --- | --- |
| ***Founder*** | ***Government of India*** |
| ***CEO*** | ***Kenichi Ayukawa*** |
| ***Parent*** | ***Suzuki Motor Corporation*** |
| ***Area Served*** | ***India*** |
| ***Website*** | ***www.marutisuzuki.com*** |

#### **Maruti Suzuki – Founder and History**

***Maruti Udyog Limited was founded by the government of India on 24 February 1981, only to merge with the Japanese automobile company Suzuki in October 1982. The first manufacturing factory of Maruti was established in Gurugram, Haryana, in the same year.***

***The company was formed as a government company with Suzuki as a minor partner to make a people's car for middle class India. Over the years the company's product range has widened ownership has changed hands and the customer has evolved.***

***On October 2, 1982 the company signed the licence and joint venture agreement with Suzuki***

***Motor Corporation Japan. In the year 1983 the company started their productions and launched Maruti 800. In the year 1984 they introduced Maruti Omni and during the next year they launched Maruti Gypsy in the market. In the year 1987 the company forayed into the foreign market by exporting first lot of 500 cars to Hungary.***

***In the year 1990 the company launched India's first three-box car Sedan. In the year 1992 Suzuki Motor Corporation Japan increased their stake in the company to 50%. In the year 1993 they introduced the Maruti Zen and in the next year they launched Maruti Esteem in the market. In the year 1995 the company commenced their second plant. In the year 1997 they started Maruti Service Master as a model workshop in India to look after sales services.***

***In the year 1999 the third plant with new press paint and assembly shops became operational. In the year 2000 the company launched Maruti Alto in the market. In the year 2002 Suzuki Motor Corporation increased their stake in the company to 54.2%.***

#### **Maruti Suzuki – Mission**

***Maruti Suzuki's mission statement says, "To be The Leader in the Indian Automobile Industry, Creating Customer Delight and Shareholder's Wealth; A pride of India."***

#### **Maruti Suzuki – Join Ventures**

***Relationship between the Government of India, under the United Front (India) coalition and Suzuki Motor Corporation over the joint venture was a point of heated debate in the Indian media until Suzuki Motor Corporation gained the controlling stake. This highly profitable joint venture that had a near monopolistic trade in the Indian automobile market and the nature of the partnership built up till then was the underlying reason for most issues.***

***The success of the joint venture led Suzuki to increase its equity from 26% to 40% in 1987, and to 50% in 1992, and further to 56.21% as of 2013. In 1982, both the venture partners entered into an agreement to nominate their candidate for the post of Managing Director and every Managing Director would have a tenure of five years.***

#### **Maruti Suzuki – Business Model**

***Maruti Suzuki’s product range extends from entry level small cars like Alto 800, Alto K10 to the luxury sedan Ciaz. Other activities include facilitation of pre-owned car sales fleet management, car financing. Its Business Segments are divided into: Operating Income from sales of cars and Interests from Investments.***

* ***Maruti Suzuki offers 17 models of car.***
* ***Company focuses on catering to the needs of almost all the segments from the middle class to high class through wide range of products.***

#### **Maruti Suzuki – Revenue and Growth**

***Auto major Maruti Suzuki reported 2.05 per cent year-on-year growth in consolidated profit at Rs 1,419.6 crore for the September quarter of FY21 (Q2FY21) while revenue rose 10.34 per cent to Rs 18,755.6 crore. In comparison, the company had posted revenue of Rs 16,997.9 crore and profit of Rs 1,391 crore in the corresponding quarter of last year.***

#### **Maruti Suzuki – Recent Acquisition**

***Maruti Suzuki India on 13 May 2020, said its board took a slew of decisions, including acquisition of Delhi-based JJ Impex, and supply of Vitara Brezza to Toyota Kirloskar Motor***

***(TKM). The car major on said its board has approved acquiring 39.13% equity stake held by Sumitomo Corporation, Japan and 10% held by Sumitomo Corporation India in JJ Impex (Delhi), a company engaged in automobile service and repair business.***

***The Cost of Acquisition or the price at which the shares are to be acquired is fixed at Rs 21.73 crore, the company said.***

***After the acquisition, the company shall become the wholly-owned subsidiary of MSIL. MSIL shall have the right to nominate/ appoint all the directors on the board of the company. The nominee Directors of Sumitomo Group shall resign from the board of the company, Maruti Suzuki India (MSIL) said. The acquisition does not require any government approvals, it added.***

#### **Maruti Suzuki – Challenges Faced**

***Suzuki Motors Corporations has to recall certain models of vehicles such as the Grand Vitara and XL 7 which were manufactured in the year 2005. A problem was detected in the adjuster pulley for the drive belt which has the outer portion made up of plastic and operates the power steering pump and air conditioner compressor. Repeated heat stress caused the outer body made up of plastic to weaken and pieces of the pulley broke off.***

***The company found out that the broken pieces of pulley can get caught between the pulley and the drive belt which can cause the drive belt to come off resulting in increased effort to steer the vehicle by the driver which in turn increased the risk of a crash or accidents. The company made a plan to resolve the issues in the vehicles with this problem and the dealers of Suzuki Motor Corporation replaced the power steering pump belt tension adjuster free of charge for the customers whose vehicles had the same defect.***

***Suzuki’s subsidiary Maruti Suzuki India Limited faced a great challenge to keep its lead in the small market segment of automobiles in India. The company was facing severe production issues which resulted in a long gestation period for some top-selling brands such as Maruti Suzuki Swift, Maruti Suzuki Swift Desire and a few other models. These production issues could have lead them to face loss in the market share of Maruti Suzuki in India however the company dealt with the situation by working with their vendors to increase the supply of the materials and the company was able to deal with the backlogs of its normal sales on many models.***

#### **Maruti Suzuki – Future Plans**

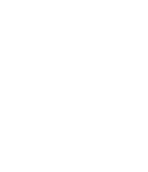
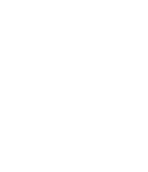
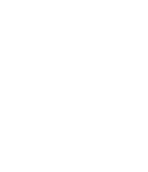
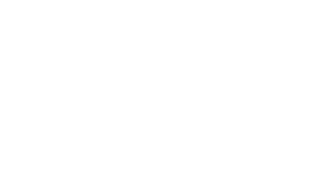
***In an alliance with Toyota, Maruti Suzuki will be targeting the Hyundai Creta space with a midsized SUV in 2022, and this vehicle will be based on the current Brezza architecture. A Csegment MPV in 2023 is also planned, and both vehicles are likely to be produced at Toyota's factory in Bidadi.***

***Unlike the re-badged Baleno, Ciaz and Ertiga, which will be shared by Maruti and Toyota in India till 2022, the SUV and MPV under development are likely to have distinct characteristics or differentiation to ensure that both companies gain from India’s growing preference for utility vehicles.***

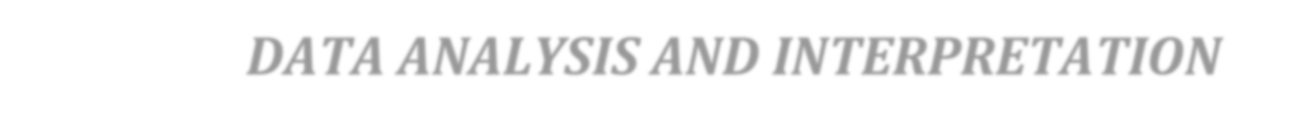
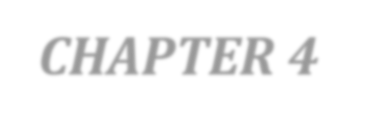
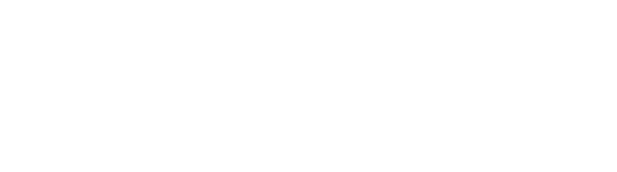
***“With over a dozen SUVs planned by its rivals, Maruti Suzuki knows it has to have competitive offerings to retain its 50% overall share. The exit from diesel makes compact UVs a challenge, but a 1.5-litre diesel engine is not yet ruled out,” said one of four executives aware of Maruti’s plans. “Plus, Maruti will be relying on the localised hybrid solutions from Toyota to spruce up its future portfolio.”***

***The utility vehicle segment is expected to overtake the humble hatchback segment in India, as an increasing number of buyers prefer the tall and high-seating SUVs and MPVs that cost as low as Rs 5 lakh and as high as Rs 1 crore. According to vehicle forecasting firm IHS Markit, utility vehicle sales will close 2019 at 38%, a tad behind the hatchback segment, before overtaking the latter in 2020. The share of entry-car or mini-car segment, once Maruti's mainstay, today accounts for just 10% of the overall market as against 25% share it enjoyed 5-7 years ago.***

***Apart from bringing in the petrol versions of Vitara Brezza and S-Cross, Maruti created an entrylevel SUV with S-presso. Maruti expects a significant number of its Swift, Dzire, Ciaz, and Ertiga buyers to eventually upgrade to a bigger SUV and MPV.***



## ***CHAPTER 4 DATA ANALYSIS AND INTERPRETATION***



***BALANCE SHEET OF MARUTI SUZUKI INDIA LTD.***

***As On Mar2020, Mar2021. (RS. IN CRORES)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Particulars*** | | | | | | | | | | ***2020-21*** | | | |  | ***2019-20*** | | | |  | ***2018-19*** | | | |  | ***2017-18*** | | | | |
| ***EQUITIES AND LIABILITIES*** | | | | | | | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***SHAREHOLDER'S FUNDS*** | | | | | | | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***Equity Share Capital*** | | | | | | | | | | ***151.00*** | | | |  | ***151.00*** | | | |  | ***151.00*** | | | |  | ***151.00*** | | | | |
|  | ***Total Share Capital*** | |  | | | | | | |  | ***151.00*** |  | |  |  | ***151.00*** |  | |  |  | ***151.00*** |  | |  |  | ***151.00*** |  | | |
|  |  |  |  |
|  | |
| ***Reserves and Surplus*** | | | | | | | | | | ***51,215.80*** | | | |  | ***48,286.00*** | | | |  | ***45,990.50*** | | | |  | ***41,606.30*** | | | | |
|  | ***Total Reserves and Surplus*** | | | | | | |  | |  | ***51,215.80*** | | |  | ***48,286.00*** | | | |  | ***45,990.50*** | | | |  | ***41,606.30*** | | | | |
|  | | |
|  | | | | | | |
|  | ***Total Shareholder’s Funds*** | | | | | |  | | | ***51,366.80*** | | | |  |  | ***48,437.00*** | | |  | ***46,141.50*** | | | |  | ***41,757.30*** | | | | |
|  | | |
|  | | | | | |
| ***NON-CURRENT LIABILITIES*** | | | | | | | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***Deferred Tax Liabilities [Net]*** | | | | | | | | | | ***384.70*** | | | |  | ***598.40*** | | | |  | ***564.00*** | | | |  | ***558.90*** | | | | |
| ***Other Long Term Liabilities*** | | | | | | | | | | ***2,164.50*** | | | |  | ***2,170.30*** | | | |  | ***2,036.50*** | | | |  | ***1,585.30*** | | | | |
| ***Long Term Provisions*** | | | | | | | | | | ***44.70*** | | | |  | ***51.60*** | | | |  | ***39.50*** | | | |  | ***26.50*** | | | | |
|  | ***Total Non-Current Liabilities*** | | | | | | | |  |  | ***2,593.90*** | |  |  |  | ***2,820.30*** | |  |  |  | ***2,640.00*** | |  |  |  | ***2,170.70*** | |  | |
|  | | | | | | | |  | |  | |  | |  | |
| ***CURRENT LIABILITIES*** | | | | | | | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***Short Term Borrowings*** | | | | | | | | | | ***488.80*** | | | |  | ***106.30*** | | | |  | ***149.60*** | | | |  | ***110.80*** | | | | |
| ***Trade Payables*** | | | | | | | | | | ***10,161.70*** | | | |  | ***7,494.10*** | | | |  | ***9,633.00*** | | | |  | ***10,497.00*** | | | | |
| ***Other Current Liabilities*** | | | | | | | | | | ***4,714.60*** | | | |  | ***3,014.80*** | | | |  | ***3,743.30*** | | | |  | ***4,274.30*** | | | | |
| ***Short Term Provisions*** | | | | | | | | | | ***741.60*** | | | |  | ***679.60*** | | | |  | ***624.40*** | | | |  | ***560.00*** | | | | |
|  | ***Total Current Liabilities*** | | | |  | | | | |  | ***16,106.70*** | | |  |  | ***11,294.80*** | | |  |  | ***14,150.30*** | | |  |  | ***15,442.10*** | | |  |
|  | | |  | | |  | | |  | | |
|  | | | |
|  | ***Total Capital And Liabilities*** | | | | | | |  | |  | ***70,067.40*** | | |  |  | ***62,552.10*** | | |  |  | ***62,931.80*** | | |  |  | ***59,370.10*** | | |  |
|  | | | | | | |  | | |  | | |  | | |  | | |
| ***ASSETS*** | | | | | | | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***NON-CURRENT*** | | | | | | ***ASSETS*** | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***Tangible Assets*** | | | | | |  | | | | ***14,732.80*** | | | |  | ***15,374.50*** | | | |  | ***14,956.70*** | | | |  | ***13,047.30*** | | | | |
| ***Intangible Assets*** | | | | | |  | | | | ***224.20*** | | | |  | ***335.80*** | | | |  | ***451.10*** | | | |  | ***311.70*** | | | | |
| ***Capital Work-In-Progress*** | | | | | |  | | | | ***1,192.30*** | | | |  | ***1,337.40*** | | | |  | ***1,600.10*** | | | |  | ***2,125.90*** | | | | |
| ***Intangible Assets Under*** | | | | | | ***Development*** | | | | ***297.50*** | | | |  | ***70.90*** | | | |  | ***0.00*** | | | |  | ***0.00*** | | | | |
|  | ***Fixed Assets*** |  | | | |  | | | |  | ***16,446.80*** | | |  |  | ***17,118.60*** | | |  |  | ***17,007.90*** | | |  |  | ***15,484.90*** | | |  |
|  |  | | |  | | |  | | |  | | |
| ***Non-Current Investments*** | | | | | |  | | | | ***33,371.00*** | | | |  | ***35,248.80*** | | | |  | ***31,469.50*** | | | |  | ***34,072.90*** | | | | |
| ***Long Term Loans And Ad*** | | | | | | ***vances*** | | | | ***0.20*** | | | |  | ***0.20*** | | | |  | ***0.20*** | | | |  | ***0.20*** | | | | |
| ***Other Non-Current Assets*** | | | | | |  | | | | ***1,722.70*** | | | |  | ***1,757.10*** | | | |  | ***2,092.60*** | | | |  | ***1,890.70*** | | | | |
|  | ***Total Non-Current Assets*** | | | | |  | | | |  | ***51,540.70*** | | |  |  | ***54,124.70*** | | |  |  | ***50,570.20*** | | |  |  | ***51,448.70*** | | |  |
|  | | | | |  | | |  | | |  | | |  | | |
| ***CURRENT ASSE*** | | | | | | ***TS*** | | | |  | | | |  |  | | | |  |  | | | |  |  | | | | |
| ***Current Investments*** | | | | | |  | | | | ***8,415.70*** | | | |  | ***1,218.80*** | | | |  | ***5,045.50*** | | | |  | ***1,217.30*** | | | | |
| ***Inventories*** | | | | | |  | | | | ***3,050.00*** | | | |  | ***3,214.90*** | | | |  | ***3,325.70*** | | | |  | ***3,160.80*** | | | | |
| ***Trade Receivables*** | | | | | |  | | | | ***1,276.60*** | | | |  | ***1,974.90*** | | | |  | ***2,310.40*** | | | |  | ***1,461.80*** | | | | |
| ***Cash And Cash Equivalen*** | | | | | | ***ts*** | | | | ***3,036.40*** | | | |  | ***21.10*** | | | |  | ***178.90*** | | | |  | ***71.10*** | | | | |
| ***Short Term Loans And Ad*** | | | | | | ***vances*** | | | | ***23.00*** | | | |  | ***16.90*** | | | |  | ***16.00*** | | | |  | ***3.00*** | | | | |
| ***Other Current Assets*** | | | | | |  | | | | ***2,725.00*** | | | |  | ***1,980.80*** | | | |  | ***1,485.10*** | | | |  | ***2,007.40*** | | | | |
|  | ***Total Current Assets*** | | |  | |  | | | |  | ***18,526.70*** | | |  |  | ***8,427.40*** | |  |  |  | ***12,361.60*** | | |  |  | ***7,921.40*** | |  | |
|  | | |  | | |  | |  | | |  | |
|  | ***Total Assets*** |  | | | |  | | | |  | ***70,067.40*** | | |  |  | ***62,552.10*** | | |  |  | ***62,931.80*** | | |  |  | ***59,370.10*** | | |  |
|  | | |  | | |  | | |  | | |
|  |

***PROFIT AND LOSS A/C OF MARUTI SUZUKI LTD.***

***As On Mar2020, Mar2021. (RS. IN CRORES)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Particulars*** | | | | |  | ***2020-21*** | | |  | ***2019-20*** | | |  | ***2018-19*** | |  | ***2017-18*** | | |
| ***INCOME*** | | | | |  |  | | |  |  | | |  |  | |  |  | | |
| ***Revenue From Operations [Gross]*** | | | | |  | ***66,562.10*** | | |  | ***71,690.40*** | | |  | ***83,026.50*** | |  | ***80,336.50*** | | |
| ***Less: Excise/Service Tax/Other Levi*** | | | | | ***es*** | ***0.00*** | | |  | ***0.00*** | | |  | ***0.00*** | |  | ***2,231.70*** | | |
| ***Revenue From Operations [Net]*** | | | | |  | ***66,562.10*** | | |  | ***71,690.40*** | | |  | ***83,026.50*** | |  | ***78,104.80*** | | |
| ***Other Operating Revenues*** | | | | |  | ***3,770.40*** | | |  | ***3,920.20*** | | |  | ***2,993.80*** | |  | ***1,657.90*** | | |
| ***Total Operating Revenues*** | | | | |  | ***70,332.50*** | | |  | ***75,610.60*** | | |  | ***86,020.30*** | |  | ***79,762.70*** | | |
| ***Other Income*** | | | | |  | ***2,946.40*** | | |  | ***3,420.80*** | | |  | ***2,561.00*** | |  | ***2,045.50*** | | |
|  | ***Total Revenue*** |  | | |  |  | ***73,278.90*** | |  |  | ***79,031.40*** | |  |  | ***88,581.30*** |  |  | ***81,808.20*** |  |
|  |  | |  | |  |  |
| ***EXPENSES*** | | | | |  |  | | |  |  | | |  |  | |  |  | | |
| ***Cost Of Materials Consumed*** | | | | |  | ***33,296.90*** | | |  | ***34,636.60*** | | |  | ***45,023.90*** | |  | ***44,941.30*** | | |
| ***Purchase Of Stock-In Trade*** | | | | |  | ***17,247.20*** | | |  | ***18,758.10*** | | |  | ***15,019.50*** | |  | ***9,993.00*** | | |
| ***Changes In Inventories Of FG,WIP A***  ***Stock-In Trade*** | | | | | ***nd*** | ***273.10*** | | |  | ***-238.10*** | | |  | ***210.80*** | |  | ***40.70*** | | |
| ***Employee Benefit Expenses*** | | | | |  | ***3,402.90*** | | |  | ***3,383.90*** | | |  | ***3,254.90*** | |  | ***2,833.80*** | | |
| ***Finance Costs*** | | | | |  | ***100.80*** | | |  | ***132.90*** | | |  | ***75.80*** | |  | ***345.70*** | | |
| ***Depreciation And Amortization Expe*** | | | | | ***nses*** | ***3,031.50*** | | |  | ***3,525.70*** | | |  | ***3,018.90*** | |  | ***2,757.90*** | | |
| ***Other Expenses*** | | | | |  | ***10,839.90*** | | |  | ***11,889.20*** | | |  | ***11,634.00*** | |  | ***9,991.50*** | | |
| ***Less: Inter Unit / Segment / Division***  ***Transfer*** | | | | |  | ***72.80*** | | |  | ***121.70*** | | |  | ***122.10*** | |  | ***99.10*** | | |
|  | ***Total Expenses*** |  | | |  |  | ***68,119.50*** | |  |  | ***71,966.60*** | |  |  | ***78,115.70*** |  |  | ***70,804.80*** |  |
|  | |  | |  |  |
|  |
|  | ***Profit/Loss Before Exceptional, Extra*** | | | |  |  | ***5,159.40*** |  |  |  | ***7,064.80*** |  |  | ***10,465.60*** | |  |  | ***11,003.40*** |  |
| ***Ordinary Items And Tax*** | |  | |  |  |  |
|  | |
| ***Profit/Loss Before Tax*** | | | | |  | ***5,159.40*** | | |  | ***7,064.80*** | | |  | ***10,465.60*** | |  | ***11,003.40*** | | |
| ***Tax Expenses-Continued Operati*** | | | | | ***ons*** |  | | |  |  | | |  |  | |  |  | | |
| ***Current Tax*** | | | | |  | ***1,155.60*** | | |  | ***1,374.80*** | | |  | ***2,932.30*** | |  | ***3,349.50*** | | |
| ***Deferred Tax*** | | | | |  | ***-225.90*** | | |  | ***39.40*** | | |  | ***32.70*** | |  | ***-67.90*** | | |
| ***Total Tax Expenses*** | | | | |  | ***929.70*** | | |  | ***1,414.20*** | | |  | ***2,965.00*** | |  | ***3,281.60*** | | |
| ***Profit/Loss After Tax And***  ***Extraordinary Items*** | | | | ***Before*** | | ***4,229.70*** | |  | | ***5,650.60*** | |  | | ***7,500.60*** | | | ***7,721.80*** | | |
| ***Profit/Loss From Continui*** | | | | ***ng Operations*** | | ***4,229.70*** | |  | | ***5,650.60*** | |  | | ***7,500.60*** | | | ***7,721.80*** | | |
|  | ***Profit/Loss For The Period*** | | |  | |  | ***4,229.70*** |  | |  | ***5,650.60*** |  | | ***7,500.60*** | | | ***7,721.80*** | | |
|  | | |  |  |

### ***FINANCIAL STATEMENTS ANALYSIS***

#### **1) COMPARATIVE STATEMENT**

##### ***COMPARATIVE BALANCE SHEET OF MARUTI SUZUKI AS ON 31-3-2020 AND 313-2021 (RS IN CRORES)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Particulars*** | | | | | | ***2020-21*** | | | |  | ***2019-20*** | | | |  | ***Incre***  ***Decr*** | | | ***ase/***  ***ease*** | ***%***  ***Increase/***  ***Decrease*** | | | | |
| ***EQUITIES AND LIABILITIES*** | | | | | |  | | | |  |  | | | |  |  | | |  |  | | | | |
| ***SHAREHOLDER'S FUNDS*** | | | | | |  | | | |  |  | | | |  |  | | |  |  | | | | |
| ***Equity Share Capital*** | | | | | | ***151.00*** | | | |  | ***151.00*** | | | |  | ***0.00*** | | |  | ***0.00%*** | | | | |
|  | ***Total Share Capital*** |  | | | |  | ***151.00*** |  | |  |  | ***151.00*** |  | |  |  | ***0.00*** |  |  |  | ***0.00%*** |  | | |
|  |  |  |  |  |
| ***Reserves and Surplus*** | | | | | | ***51,215.80*** | | | |  | ***48,286.00*** | | | |  | ***2929.8*** | | |  | ***6.067%*** | | | | |
|  | ***Total Reserves and Surplus*** | | |  | |  | ***51,215.80*** | | |  | ***48,286.00*** | | | |  | ***2929.8*** | | |  | ***6.067%*** | | | | |
|  | | |  | | |
|  | ***Total Shareholder’s Funds*** | |  | | | ***51,366.80*** | | | |  |  | ***48,437.00*** | | |  |  | ***2929.8*** | |  |  | ***6.048%*** | |  | |
|  | |  | | |  | |  | |
| ***NON-CURRENT LIABILITIES*** | | | | | |  | | | |  |  | | | |  |  | | |  |  | | | | |
| ***Deferred Tax Liabilities [Net]*** | | | | | | ***384.70*** | | | |  | ***598.40*** | | | |  | ***(213.7)*** | | |  | ***(35.71)%*** | | | | |
| ***Other Long Term Liabilities*** | | | | | | ***2,164.50*** | | | |  | ***2,170.30*** | | | |  | ***(5.8)*** | | |  | ***(0.2672)%*** | | | | |
| ***Long Term Provisions*** | | | | | | ***44.70*** | | | |  | ***51.60*** | | | |  | ***(6.9)*** | | |  | ***(13.372)%*** | | | | |
|  | ***Total Non-Current Liabilities*** | | | |  |  | ***2,593.90*** | |  |  |  | ***2,820.30*** | |  |  |  | ***(226.4)*** | |  |  | ***(8.027)%*** | | |  |
|  | |  | |  | |  | | |
|  | | | |
| ***CURRENT LIABILITIES*** | | | | | |  | | | |  |  | | | |  |  | | |  |  | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Short Term Borrowings*** | | | | |  | | ***488.80*** | |  | ***106.30*** | | |  | ***382.5*** | | |  | ***359.83%*** | | | |
| ***Trade Payables*** | | | | |  | | ***10,161.70*** | |  | ***7,494.10*** | | |  | ***2667.6*** | | |  | ***35.596%*** | | | |
| ***Other Current Liabilities*** | | | | |  | | ***4,714.60*** | |  | ***3,014.80*** | | |  | ***1699.8*** | | |  | ***56.38%*** | | | |
| ***Short Term Provisions*** | | | | |  | | ***741.60*** | |  | ***679.60*** | | |  | ***62*** | | |  | ***9.123%*** | | | |
|  | ***Total Current Liabilities*** | | |  |  | |  | ***16,106.70*** |  |  | ***11,294.80*** | |  |  | ***4811.9*** |  |  |  | ***42.60%*** |  | |
|  |  | |  |  |
|  | | |
|  | ***Total Capital And Liabiliti*** | | | | ***es*** |  |  | ***70,067.40*** |  |  | ***62,552.10*** | |  |  | ***7515.3*** |  |  |  | ***12.014%*** | |  |
|  | | | |  |  |  | |  |  | |
| ***ASSETS*** | | | | |  | |  | |  |  | | |  |  | | |  |  | | | |
| ***NON-CURRENT*** | | | | | ***ASSETS*** | |  | |  |  | | |  |  | | |  |  | | | |
| ***Tangible Assets*** | | | | |  | | ***14,732.80*** | |  | ***15,374.50*** | | |  | ***(641.7)*** | | |  | ***(4.174)%*** | | | |
| ***Intangible Assets*** | | | | |  | | ***224.20*** | |  | ***335.80*** | | |  | ***(111.6)*** | | |  | ***(33.23)%*** | | | |
| ***Capital Work-In-Progress*** | | | | |  | | ***1,192.30*** | |  | ***1,337.40*** | | |  | ***(145.1)*** | | |  | ***(10.849)%*** | | | |
| ***Intangible Assets Under*** | | | | | ***Development*** | | ***297.50*** | |  | ***70.90*** | | |  | ***226.6*** | | |  | ***319.60%*** | | | |
|  | ***Fixed Assets*** |  | | |  | |  | ***16,446.80*** |  |  | ***17,118.60*** | |  |  | ***(671.8)*** |  |  |  | ***(3.924)%*** | |  |
|  |  |  | |  |  | |
| ***Non-Current Investments*** | | | | |  | | ***33,371.00*** | |  | ***35,248.80*** | | |  | ***(1877.8)*** | | |  | ***(5.327)%*** | | | |
| ***Long Term Loans And Ad*** | | | | | ***vances*** | | ***0.20*** | |  | ***0.20*** | | |  | ***0.00*** | | |  | ***0.00%*** | | | |
| ***Other Non-Current Assets*** | | | | |  | | ***1,722.70*** | |  | ***1,757.10*** | | |  | ***(34.4)*** | | |  | ***(1.957)%*** | | | |
|  | ***Total Non-Current Assets*** | | | |  | |  | ***51,540.70*** |  |  | ***54,124.70*** | |  |  | ***(2584)*** |  |  |  | ***(4.77)%*** |  | |
|  | | | |  |  | |  |  |
| ***CURRENT ASSE*** | | | | | ***TS*** | |  | |  |  | | |  |  | | |  |  | | | |
| ***Current Investments*** | | | | |  | | ***8,415.70*** | |  | ***1,218.80*** | | |  | ***7196.9*** | | |  | ***590.49%*** | | | |
| ***Inventories*** | | | | |  | | ***3,050.00*** | |  | ***3,214.90*** | | |  | ***(164.9)*** | | |  | ***(5.129)%*** | | | |
| ***Trade Receivables*** | | | | |  | | ***1,276.60*** | |  | ***1,974.90*** | | |  | ***(698.3)*** | | |  | ***(35.35)%*** | | | |
| ***Cash And Cash Equivalen*** | | | | | ***ts*** | | ***3,036.40*** | |  | ***21.10*** | | |  | ***3015.3*** | | |  | ***14290.52%*** | | | |
| ***Short Term Loans And Ad*** | | | | | ***vances*** | | ***23.00*** | |  | ***16.90*** | | |  | ***6.1*** | | |  | ***36.094%*** | | | |
| ***Other Current Assets*** | | | | |  | | ***2,725.00*** | |  | ***1,980.80*** | | |  | ***744.2*** | | |  | ***37.57%*** | | | |
|  | ***Total Current Assets*** | |  | |  | |  | ***18,526.70*** |  |  | ***8,427.40*** |  |  |  | ***10099.3*** | |  |  | ***119.83%*** | |  |
|  | |  |  |  | |  | |
|  | ***Total Assets*** |  | | |  | |  | ***70,067.40*** |  |  | ***62,552.10*** | |  |  | ***7515.3*** |  |  |  | ***12.014%*** | |  |
|  |  | |  |  | |
|  |

###### **Interpretation**

* ***The Total Assets and Total Equity and Liabilities of the company was Rs.70067.40 cr. in the year 2020-21 and Rs.62552.10 cr. in the year 2019-20. This reveals that there is a rise of Rs.7515.3 cr. i.e 12.014% in 2020-21.***

* ***The Equity Share Capital of the company neither increased nor decreased in the year 2020-21. The Reserves and Surplus of the company increased by 6.067% in the year 2020-21.***

* ***In the year 2020-21, Deferred Tax Liabilities, Other Long Term Liabilities and Long Term Provisions decreased by 35.71%, 0.2672% and 13.372% respectively.***

* ***Similarly, Short Term Borrowings, Trade Payables, Other Current Liabilities and Short Term Provisions increased by 359.83%, 35.596%, 56.38% and 9.123% respectively in the year 2020-21.***

* ***In the year 2020-21, Fixed Assets and Non-Current Investments decreased by 3.924%, 5.327% respectively. Similarly Other Current Assets also decreased by 1.957% in the year 2020-21.***

* ***The Current Investments and Cash Balance increased by 590.49% and 14290.52% respectively in the year 2020-21. But Inventories and Trade Receivables decreased by 5.129%, 35.35% respectively in the year 2019-20.***

* ***At last, Short-Term Loans and Advances and Other Current Assets increased by 36.094% and 37.57% respectively in the year 2020-21.***

##### ***COMPARATIVE PROFIT AND LOSS ACCOUNT OF MARUTI SUZUKI AS ON 31-32020 AND 31-3-2021 (RS IN CRORES)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Particulars*** | | | | | ***2020-21*** | | | | ***2019-20*** | | | | ***Increase/***  ***Decrease*** | | | ***% Increase/***  ***Decrease*** | | | |
| ***INCOME*** | | | | |  | | | |  | | | |  | | |  | | | |
| ***Revenue From Operations [Gross]*** | | | | | ***66,562.10*** | | | | ***71,690.40*** | | | | ***(5128.3)*** | | | ***(7.15)%*** | | | |
| ***Less: Excise/Service Tax/Other Levies*** | | | | | ***0.00*** | | | | ***0.00*** | | | | ***0.00*** | | | ***0.00%*** | | | |
| ***Revenue From Operations [Net]*** | | | | | ***66,562.10*** | | | | ***71,690.40*** | | | | ***(5128.3)*** | | | ***(7.15)%*** | | | |
| ***Other Operating Revenues*** | | | | | ***3,770.40*** | | | | ***3,920.20*** | | | | ***(149.8)*** | | | ***(3.82)%*** | | | |
| ***Total Operating Revenues*** | | | | | ***70,332.50*** | | |  | ***75,610.60*** | | |  | ***(5278.1)*** | |  | ***(6.98)%*** | | | |
| ***Other Income*** | | | | | ***2,946.40*** | | |  | ***3,420.80*** | | |  | ***(474.4)*** | |  | ***(13.86)%*** | | | |
|  | ***Total Revenue*** |  | | |  | ***73,278.90*** | |  |  | ***79,031.40*** | |  |  | ***(5752.5)*** |  |  | ***(7.27)%*** |  | |
|  | |  | |  |  |
|  |
| ***EXPENSES*** | | | | |  | | |  |  | | |  |  | |  |  | | | |
| ***Cost Of Materials Consumed*** | | | | | ***33,296.90*** | | |  | ***34,636.60*** | | |  | ***(1339.7)*** | |  | ***(3.86)%*** | | | |
| ***Purchase Of Stock-In Trade*** | | | | | ***17,247.20*** | | |  | ***18,758.10*** | | |  | ***(1510.9)*** | |  | ***(8.05)%*** | | | |
| ***Changes In Inventories Of FG,WIP And Stock-***  ***In Trade*** | | | | | ***273.10*** | | |  | ***-238.10*** | | |  | ***511.2*** | |  | ***214.70%*** | | | |
| ***Employee Benefit Expenses*** | | | | | ***3,402.90*** | | |  | ***3,383.90*** | | |  | ***19*** | |  | ***0.56%*** | | | |
| ***Finance Costs*** | | | | | ***100.80*** | | |  | ***132.90*** | | |  | ***(32.1)*** | |  | ***(24.153)%*** | | | |
| ***Depreciation And Amortization Expenses*** | | | | | ***3,031.50*** | | |  | ***3,525.70*** | | |  | ***(494.2)*** | |  | ***(14.02)%*** | | | |
| ***Other Expenses*** | | | | | ***10,839.90*** | | |  | ***11,889.20*** | | |  | ***(1049.3)*** | |  | ***(8.83)%*** | | | |
| ***Less: Inter Unit / Segment / Division Transfer*** | | | | | ***72.80*** | | |  | ***121.70*** | | |  | ***(48.9)*** | |  | ***(40.19)%*** | | | |
|  | ***Total Expenses*** |  | | |  | ***68,119.50*** | |  |  | ***71,966.60*** | |  |  | ***(3847.1)*** |  |  | ***(5.35)%*** |  | |
|  |  | |  | |  |  |
|  | ***Profit/Loss Before Exceptional, Extra*** | | |  |  | ***5,159.40*** |  |  |  | ***7,064.80*** |  |  |  | ***(1905.4)*** |  |  | ***(26.97)%*** | |  |
| ***Ordinary Items And Tax*** | | |  |  |  |  | |
| ***Profit/Loss Before Tax*** | | | | | ***5,159.40*** | | |  | ***7,064.80*** | | |  | ***(1905.4)*** | |  | ***(26.97)%*** | | | |
| ***Tax Expenses-Continued Operations*** | | | | |  | | |  |  | | |  |  | |  |  | | | |
| ***Current Tax*** | | | | | ***1,155.60*** | | |  | ***1,374.80*** | | |  | ***(219.2)*** | |  | ***(15.94)%*** | | | |
| ***Deferred Tax*** | | | | | ***-225.90*** | | |  | ***39.40*** | | |  | ***(265.3)*** | |  | ***(673.35)%*** | | | |
| ***Total Tax Expenses*** | | | | | ***929.70*** | | |  | ***1,414.20*** | | |  | ***(484.5)*** | |  | ***(34.25)%*** | | | |
| ***Profit/Loss After Tax And Before***  ***Extraordinary Items*** | | | | | ***4,229.70*** | | |  | ***5,650.60*** | | |  | ***(1420.9)*** | |  | ***(25.14)%*** | | | |
| ***Profit/Loss From Continuing Operations*** | | | | | ***4,229.70*** | | |  | ***5,650.60*** | | |  | ***(1420.9)*** | |  | ***(25.15)%*** | | | |
|  | ***Profit/Loss For The Period*** | |  | |  | ***4,229.70*** |  |  |  | ***5,650.60*** |  |  |  | ***(1420.9)*** |  |  | ***(25.14)%*** | |  |
|  |  |  |  | |
|  | |

###### **Interpretation**

* ***In the year 2020-21, Revenue from Operations decreased by 7.15% and Other Income also decreased by 13.86% and the Total Revenue also decreased by 7.27% that means the company is generating more revenue than its previous financial year.***

* ***In the year 2020-21, Total Expenses showed a decrease of 5.35% which is a good sign for any company, if it is minimizing its cost.***

* ***In the year 2020-21, Total Tax Expenses decreased by 34.25% which means that Maruti Suzuki is paying less tax in the year 2020-21 as compared to the tax the company is paying in 2019-20.***

* ***The Net Profit of Maruti Suzuki decreased by 25.14% that means the company has not generated enough profit for the financial year 2020-21 as it has earned in the year 201920.***

#### **2) COMMON SIZE STATEMENT**

##### ***COMMON SIZE BALANCE SHEET OF MARUTI SUZUKI AS ON 31-3-2020 AND 31-32021 (RS. IN CRORES)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Particulars*** | | | | | | | |  | | | ***2020-21*** | | | |  | ***2019-20*** | | | |  | ***2020-2021***  ***%*** | | | | | ***2019-2020***  ***%*** | | | | |
| ***EQUITIES AND L*** | | | | | | | | ***IABILITIES*** | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***SHAREHOLDER'*** | | | | | | | | ***S FUNDS*** | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***Equity Share Capital*** | | | | | | | |  | | | ***151.00*** | | | |  | ***151.00*** | | | |  | ***0.21%*** | | | | | ***0.24%*** | | | | |
|  | ***Total Share Capital*** | |  | | | | |  | | |  | ***151.00*** |  | |  |  | ***151.00*** |  | |  |  | ***0.21%*** | |  | |  | ***0.24%*** | |  | |
|  | |  |  |  | |  | |
| ***Reserves and Surplus*** | | | | | | | |  | | | ***51,215.80*** | | | |  | ***48,286.00*** | | | |  | ***73.10%*** | | | | | ***77.19%*** | | | | |
|  | ***Total Reserves and Surplus*** | | | | | | |  | | |  | ***51,215.80*** | | |  | ***48,286.00*** | | | |  | ***73.10%*** | | | | | ***77.19%*** | | | | |
|  | | | | | | |  | | |
|  | ***Total Shareholder’s Funds*** | | | | | |  |  | | | ***51,366.80*** | | | |  |  | ***48,437.00*** | | |  |  | ***73.31%*** | | |  |  | ***77.43%*** | | |  |
|  | | |  | | |  | | |
|  | | | | | |
| ***NON-CURRENT*** | | | | | | | | ***LIABILITIES*** | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***Deferred Tax Liabilities [Ne*** | | | | | | | | ***t]*** | | | ***384.70*** | | | |  | ***598.40*** | | | |  | ***0.55%*** | | | | | ***0.96%*** | | | | |
| ***Other Long Term Liabilities*** | | | | | | | |  | | | ***2,164.50*** | | | |  | ***2,170.30*** | | | |  | ***3.09%*** | | | | | ***3.47%*** | | | | |
| ***Long Term Provisions*** | | | | | | | |  | | | ***44.70*** | | | |  | ***51.60*** | | | |  | ***0.06%*** | | | | | ***0.08%*** | | | | |
|  | ***Total Non-Current Liabiliti*** | | | | | | | ***es*** | |  |  | ***2,593.90*** | |  |  |  | ***2,820.30*** | |  |  |  | ***3.70%*** | |  | |  | ***4.51%*** | |  | |
|  | |  | |  | |  | |
|  | | | | | | | | |
| ***CURRENT LIABI*** | | | | | | ***LITIES*** | | | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***Short Term Borrowings*** | | | | | |  | | | | | ***488.80*** | | | |  | ***106.30*** | | | |  | ***0.70%*** | | | | | ***0.17%*** | | | | |
| ***Trade Payables*** | | | | | |  | | | | | ***10,161.70*** | | | |  | ***7,494.10*** | | | |  | ***14.50%*** | | | | | ***11.98%*** | | | | |
| ***Other Current Liabilities*** | | | | | |  | | | | | ***4,714.60*** | | | |  | ***3,014.80*** | | | |  | ***6.73%*** | | | | | ***4.82%*** | | | | |
| ***Short Term Provisions*** | | | | | |  | | | | | ***741.60*** | | | |  | ***679.60*** | | | |  | ***1.06%*** | | | | | ***1.09%*** | | | | |
|  | ***Total Current Liabilities*** | | | |  |  | | | | |  | ***16,106.70*** | | |  |  | ***11,294.80*** | | |  |  | ***22.99%*** | | |  |  | ***18.06%*** | | |  |
|  | | | |  | | |  | | |  | | |  | | |
|  | ***Total Capital And Liabiliti*** | | | | | ***es*** | | |  | |  | ***70,067.40*** | | |  |  | ***62,552.10*** | | |  |  | ***100%*** |  | | |  | ***100%*** |  | | |
|  | | |  | | |  |  |
|  | | | | |  | | |
| ***ASSETS*** | | | | | |  | | | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***NON-CURRENT*** | | | | | | ***ASSETS*** | | | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***Tangible Assets*** | | | | | |  | | | | | ***14,732.80*** | | | |  | ***15,374.50*** | | | |  | ***21.03%*** | | | | | ***24.58%*** | | | | |
| ***Intangible Assets*** | | | | | |  | | | | | ***224.20*** | | | |  | ***335.80*** | | | |  | ***0.32%*** | | | | | ***0.54%*** | | | | |
| ***Capital Work-In-Progress*** | | | | | |  | | | | | ***1,192.30*** | | | |  | ***1,337.40*** | | | |  | ***1.70%*** | | | | | ***2.14%*** | | | | |
| ***Intangible Assets Under*** | | | | | | ***Development*** | | | | | ***297.50*** | | | |  | ***70.90*** | | | |  | ***0.42%*** | | | | | ***0.11%*** | | | | |
|  | ***Fixed Assets*** |  | | | |  | | | | |  | ***16,446.80*** | | |  |  | ***17,118.60*** | | |  |  | ***23.47%*** | | |  |  | ***27.37%*** | | |  |
|  | | |  | | |  | | |  | | |
|  |
| ***Non-Current Investments*** | | | | | |  | | | | | ***33,371.00*** | | | |  | ***35,248.80*** | | | |  | ***47.63%*** | | | | | ***56.35%*** | | | | |
| ***Long Term Loans And Ad*** | | | | | | ***vances*** | | | | | ***0.20*** | | | |  | ***0.20*** | | | |  | ***0.0003%*** | | | | | ***0.0003%*** | | | | |
| ***Other Non-Current Assets*** | | | | | |  | | | | | ***1,722.70*** | | | |  | ***1,757.10*** | | | |  | ***2.46%*** | | | | | ***2.81%*** | | | | |
|  | ***Total Non-Current Assets*** | | | | |  | | | | |  | ***51,540.70*** | | |  |  | ***54,124.70*** | | |  |  | ***73.56%*** | | |  |  | ***86.53%*** | | |  |
|  | | |  | | |  | | |  | | |
|  | | | | |
| ***CURRENT ASSE*** | | | | | | ***TS*** | | | | |  | | | |  |  | | | |  |  | | | | |  | | | | |
| ***Current Investments*** | | | | | |  | | | | | ***8,415.70*** | | | |  | ***1,218.80*** | | | |  | ***12.01%*** | | | | | ***1.95%*** | | | | |
| ***Inventories*** | | | | | |  | | | | | ***3,050.00*** | | | |  | ***3,214.90*** | | | |  | ***4.35%*** | | | | | ***5.14%*** | | | | |
| ***Trade Receivables*** | | | | | |  | | | | | ***1,276.60*** | | | |  | ***1,974.90*** | | | |  | ***1.82*** | | | | | ***3.16%*** | | | | |
| ***Cash And Cash Equivalen*** | | | | | | ***ts*** | | | | | ***3,036.40*** | | | |  | ***21.10*** | | | |  | ***4.33%*** | | | | | ***0.04%*** | | | | |
| ***Short Term Loans And Ad*** | | | | | | ***vances*** | | | | | ***23.00*** | | | |  | ***16.90*** | | | |  | ***0.03%*** | | | | | ***0.03%*** | | | | |
| ***Other Current Assets*** | | | | | |  | | | | | ***2,725.00*** | | | |  | ***1,980.80*** | | | |  | ***3.90%*** | | | | | ***3.17%*** | | | | |
|  | ***Total Current Assets*** | | |  | |  | | | | |  | ***18,526.70*** | | |  |  | ***8,427.40*** | |  |  |  | ***26.44%*** | | |  |  | ***13.47%*** | | |  |
|  | | |  | | |  | |  | | |  | | |
|  | ***Total Assets*** |  | | | |  | | | | |  | ***70,067.40*** | | |  |  | ***62,552.10*** | | |  |  | ***100%*** |  | | |  | ***100%*** |  | | |
|  |  | | |  | | |  |  |

###### **Interpretation**

* ***From the above table we can analyze that, Total Shareholder’s Funds has 73.31% of Total Equity and Liabilities in the year 2020-21 whereas Total Shareholder’s Funds has 77.43% of Total Equity and Liabilities in the year 2019-20.***

* ***Total Non-Current Liabilities has 3.70% of Total Equity and Liabilities in the year 202021 whereas in the year 2019-20, Total Non-Current Liabilities has 4.51% of Total Equity and Liabilities.***

* ***Current Liabilities has 22.99% of Total Equity and Liabilities in 2020-21 whereas Current Liabilities has 18.06% of Total Equity and Liabilities in 2019-20.***

* ***Fixed Assets has 23.47% of Total Assets in the year 2020-21 whereas Fixed Assets has***

***27.37% of Total Assets in the year 2019-20.***

* ***Total Non-Current Assets has 73.56% of Total Assets in the year 2020-21 whereas Total Non-Current Assets has 86.53% of Total Assets in the year 2019-20.***

* ***Total Current Assets has 26.44% of Total Assets in the year 2020-21 whereas Total Current Assets has 13.47% of Total Assets in the year 2019-20.***

##### ***COMMON SIZE PROFIT AND LOSS OF MARUTI SUZUKI AS ON 31-3-2020 AND 313-2021 (RS. IN CRORES)***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Particulars*** | | | | | | | ***2020-21*** | | |  | ***2019-20*** | | |  | ***2020-21***  ***%*** | | | | ***2019-20***  ***%*** | | | |
| ***INCOME*** | | | | | | |  | | |  |  | | |  |  | | | |  | | | |
| ***Revenue From Operations [Gross]*** | | | | | | | ***66,562.10*** | | |  | ***71,690.40*** | | |  | ***100%*** | | | | ***100%*** | | | |
| ***Less: Excise/Service Tax/Other Levies*** | | | | | | | ***0.00*** | | |  | ***0.00*** | | |  | ***0.00%*** | | | | ***0.00%*** | | | |
| ***Revenue From Operations [Net]*** | | | | | | | ***66,562.10*** | | |  | ***71,690.40*** | | |  | ***100%*** | | | | ***100%*** | | | |
| ***Other Operating Revenues*** | | | | | | | ***3,770.40*** | | |  | ***3,920.20*** | | |  | ***5.66%*** | | | | ***5.47%*** | | | |
| ***Total Operating Revenues*** | | | | | | | ***70,332.50*** | | |  | ***75,610.60*** | | |  | ***105.66%*** | | | | ***105.47%*** | | | |
| ***Other Income*** | | | | | | | ***2,946.40*** | | |  | ***3,420.80*** | | |  | ***4.43%*** | | | | ***4.77%*** | | | |
|  | ***Total Revenue*** |  | | | | |  | ***73,278.90*** | |  |  | ***79,031.40*** | |  |  | ***110.09%*** | |  |  | ***110.24%*** | |  |
|  | |  | |  | |  | |
|  |
| ***EXPENSES*** | | | | | | |  | | |  |  | | |  |  | | | |  | | | |
| ***Cost Of Materials Consumed*** | | | | | |  | ***33,296.90*** | | |  | ***34,636.60*** | | |  | ***50.02%*** | | |  | ***48.31%*** | | | |
| ***Purchase Of Stock-In Trade*** | | | | | |  | ***17,247.20*** | | |  | ***18,758.10*** | | |  | ***25.91%*** | | |  | ***26.17%*** | | | |
| ***Changes In Inventories Of FG,WIP A***  ***Stock-In Trade*** | | | | | | ***nd*** | ***273.10*** | | |  | ***-238.10*** | | |  | ***0.41%*** | | |  | ***(0.33)%*** | | | |
| ***Employee Benefit Expenses*** | | | | | |  | ***3,402.90*** | | |  | ***3,383.90*** | | |  | ***5.11%*** | | |  | ***4.72%*** | | | |
| ***Finance Costs*** | | | | | |  | ***100.80*** | | |  | ***132.90*** | | |  | ***0.15%*** | | |  | ***0.19%*** | | | |
| ***Depreciation And Amortization Expe*** | | | | | | ***nses*** | ***3,031.50*** | | |  | ***3,525.70*** | | |  | ***4.55%*** | | |  | ***4.92%*** | | | |
| ***Other Expenses*** | | | | | |  | ***10,839.90*** | | |  | ***11,889.20*** | | |  | ***16.29%*** | | |  | ***16.58%*** | | | |
| ***Less: Inter Unit / Segment / Division***  ***Transfer*** | | | | | |  | ***72.80*** | | |  | ***121.70*** | | |  | ***0.11%*** | | |  | ***0.17%*** | | | |
|  | ***Total Expenses*** | |  | | |  |  | ***68,119.50*** | |  |  | ***71,966.60*** | |  |  | ***102.34%*** | |  |  | ***100.39%*** | |  |
|  | |  | |  | |  | |
|  | |
|  | ***Profit/Loss Before Exceptional, Extra*** | | | | |  |  | ***5,159.40*** |  |  |  | ***7,064.80*** |  |  |  | ***7.75%*** |  |  |  | ***9.85%*** |  | |
| ***Ordinary Items And Tax*** | | |  | |  |  |  |  |
|  | | |
| ***Profit/Loss Before Tax*** | | | | | |  | ***5,159.40*** | | |  | ***7,064.80*** | | |  | ***7.75%*** | | |  | ***9.85%*** | | | |
| ***Tax Expenses-Continued Operati*** | | | | | | ***ons*** |  | | |  |  | | |  |  | | |  |  | | | |
| ***Current Tax*** | | | | | |  | ***1,155.60*** | | |  | ***1,374.80*** | | |  | ***1.74%*** | | |  | ***1.92%*** | | | |
| ***Deferred Tax*** | | | | | |  | ***-225.90*** | | |  | ***39.40*** | | |  | ***(0.34)%*** | | |  | ***0.05%*** | | | |
| ***Total Tax Expenses*** | | | | | |  | ***929.70*** | | |  | ***1,414.20*** | | |  | ***1.40%*** | | |  | ***1.97%*** | | | |
| ***Profit/Loss After Tax And Before***  ***Extraordinary Items*** | | | | | |  | ***4,229.70*** | | |  | ***5,650.60*** | | |  | ***6.35%*** | | |  | ***7.88%*** | | | |
| ***Profit/Loss From Continuing Operati*** | | | | | | ***ons*** | ***4,229.70*** | | |  | ***5,650.60*** | | |  | ***6.35%*** | | |  | ***7.88%*** | | | |
|  | ***Profit/Loss For The Period*** | | | |  |  |  | ***4,229.70*** |  |  |  | ***5,650.60*** |  |  |  | ***6.35%*** |  |  |  | ***7.88%*** |  | |
|  | | | |  |  |  |  |

###### **Interpretation**

* ***From the above table we can analyze that, Total Revenue has 110.09% of Revenue from Operations in the year 2020-21 whereas Total Revenue has 110.24% of Revenue from Operations in the year 2019-20.***

* ***Total Expenses has 102.34% of Revenue from Operations in the year 2020-21 whereas Total Expenses has 100.29% of Revenue from Operations in the year 2019-20 which is a good sign for the company.***

* ***Total Tax Expenses has 1.40% of Revenue from Operations in the year 2020-21 whereas Total Tax Expenses has 1.97% of Revenue from Operations in the year 2019-20.***

* ***Profit/Loss has 6.35% of Revenue from Operations in the year 2020-21 whereas Profit/Loss has 7.88% of Revenue from Operations in the year 2019-20.***

***Common size income statement reveal how much percentage of total revenue and how much is total expenses clearly.***

#### **3) RATIO ANALYSIS**

##### ***CURRENT RATIO***

***The current ratio is a*** [***liquidity ratio***](https://www.investopedia.com/terms/l/liquidityratios.asp) ***that measures a company’s ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the*** [***current assets***](https://www.investopedia.com/terms/c/currentassets.asp) ***on its balance sheet to satisfy its current debt and other payables. This ratio explains the relationship between current assets and current liabilities of a business. The formula for calculating the ratio is:-***

###### **Current Ratio = 𝑪𝒖𝒓𝒓𝒆𝒏𝒕 𝑨𝒔𝒔𝒆𝒕𝒔**

***𝑪𝒖𝒓𝒓𝒆𝒏𝒕 𝑳𝒊𝒂𝒃𝒊𝒍𝒊𝒕𝒊𝒆𝒔***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Year*** | ***Current Assets***  ***(RS. In CRORES)*** | ***Current Liabilities***  ***(RS. IN CRORES)*** | ***Current Ratio*** |
| ***2017-18*** | ***7,921.40*** | ***15,442.10*** | ***0.51*** |
| ***2018-19*** | ***12,361.60*** | ***14,150.30*** | ***0.87*** |
| ***2019-20*** | ***8,427.40*** | ***11,294.80*** | ***0.75*** |
| ***2020-21*** | ***18526.70*** | ***16106.70*** | ***1.15*** |

***Interpretation:***

***According to the Accounting Principle, a current ratio of 2 is supposed to be an ideal ratio, due to the fact that if current assets are reduced to half (i.e.) 1 instead of 2, then also the creditors will be able to get their payments in full. But here the current ratio for the year 2020-21 is less than 2 but greater than 1 which means that creditors will be able to get their payments in full. For the years 2019-20, 2018-19 and 2017-18 the current ratio is less than even 1 that means that creditors will not be able to get their payments in full.***

##### ***LIQUID RATIO OR QUICK RATIO***

***Quick Ratio indicates whether the firm is in a position to pay its current liabilities within a month or immediately. ‘Liquid Assets’ means those assets which will be converted into cash and cash equivalents very shortly. The Quick Ratio is calculated by dividing liquid assets by current liabilities:-***

***Quick Ratio = 𝑸𝒖𝒊𝒄𝒌 𝑨𝒔𝒔𝒆𝒕𝒔***

***𝑪𝒖𝒓𝒓𝒆𝒏𝒕 𝑳𝒊𝒂𝒃𝒊𝒍𝒊𝒕𝒊𝒆𝒔***

###### **Quick Assets = All Current Assets – Inventories – Prepaid Expenses**

|  |  |  |  |
| --- | --- | --- | --- |
| ***Year*** | ***Quick Assets***  ***(RS. In CRORES)*** | ***Current Liabilities***  ***(RS. IN CRORES)*** | ***Quick Ratio*** |
| ***2017-18*** | ***4760.6*** | ***15,442.10*** | ***0.31*** |
| ***2018-19*** | ***9035.9*** | ***14,150.30*** | ***0.64*** |
| ***2019-20*** | ***5212.5*** | ***11,294.80*** | ***0.46*** |
| ***2020-21*** | ***15476.7*** | ***16106.70*** | ***0.96*** |

***Interpretation:***

***An ideal quick ratio is said to be 1:1. If it is more, it is considered to be better. The idea is that for every rupee of current liabilities, there should at least be one rupee of liquid assets. But here for all the years 2017-18 to 2020-21, the quick ratio is less than 1 that means that for every rupee of current liabilities there does not exist even one rupee of liquid assets.***

##### ***INVENTORY TURNOVER RATIO***

***This ratio indicates the relationship between the cost of revenue from operations during the year and average inventory kept during the year.***

***Inventory Turnover Ratio = 𝑪𝒐𝒔𝒕 𝒐𝒇 𝑹𝒆𝒗𝒆𝒏𝒖𝒆 𝒇𝒓𝒐𝒎 𝑶𝒑𝒆𝒓𝒂𝒕𝒊𝒐𝒏𝒔***

***𝑨𝒗𝒆𝒓𝒂𝒈𝒆 𝑰𝒏𝒗𝒆𝒏𝒕𝒐𝒓𝒚***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Year*** | ***Cost of Goods Sold***  ***(RS. IN CRORES)*** | ***Average Inventory***  ***(RS. IN CRORES)*** | ***Inventory Turnover Ratio*** |
| ***2017-18*** | ***81994.4*** | ***3160.80*** | ***25.94*** |
| ***2018-19*** | ***86020.30*** | ***3325.70*** | ***25.87*** |
| ***2019-20*** | ***75610.60*** | ***3214.90*** | ***23.52*** |
| ***2020-21*** | ***70332.50*** | ***3050*** | ***23.06*** |
|  |  |  |  |

###### **Interpretation**

***This ratio indicates whether inventory has been efficiently used or not. It shows the speed with which the inventory is rotated into revenue from operations. In the year 2017-18, Inventory Turnover Ratio is 25.94. After that year it continuously falls which means that the inventory of the company does not sell quickly and remains lying in the godown for a quite a long time.***

##### ***NET PROFIT RATIO***

***This ratio shows the relationship between Net Profit and Revenue from Operations. It can be calculated by using the formula given as below:-***

###### **Net Profit Ratio = 𝑵𝒆𝒕 𝑷𝒓𝒐𝒇𝒊𝒕 𝑨𝒇𝒕𝒆𝒓 𝑻𝒂𝒙 x 100**

***𝑹𝒆𝒗𝒆𝒏𝒖𝒆 𝑭𝒓𝒐𝒎 𝑶𝒑𝒆𝒓𝒂𝒕𝒊𝒐𝒏𝒔***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Year*** | ***Net Profit After Tax***  ***(RS. IN CRORES)*** | ***Net Sales***  ***(RS. IN CRORES)*** | ***Net Profit Ratio*** |
| ***2017-18*** | ***7721.80*** | ***79762.70*** | ***9.68*** |
| ***2018-19*** | ***7500.60*** | ***86020.30*** | ***8.72*** |
| ***2019-20*** | ***5650.60*** | ***75610.60*** | ***7.47*** |
| ***2020-21*** | ***4229.70*** | ***70332.50*** | ***6.01*** |
|  |  |  |  |

###### **Interpretation**

***From the above table we can analyse that, Net Profit continues to decrease throughout the above period (2018-2021) which means that the company is not generating enough profit. However, Net Sales increases in the year 2018-19 from 79762.70 to 86020.30 but after 2018-19 it decreases continuously. Here, the Net Profit Ratio of the company is declining continuously throughout the above period (2018-2021)***

##### ***TOTAL ASSETS TURNOVER RATIO***

***The asset turnover ratio measures the value of a company's sales or*** [***revenues***](https://www.investopedia.com/terms/r/revenue.asp) ***relative to the value of its*** [***assets.***](https://www.investopedia.com/terms/a/asset.asp) ***The asset turnover ratio can be used as an indicator of the efficiency with which a company is using its assets to generate revenue. The higher the asset turnover ratio, the more efficient a company is at generating revenue from its assets. Conversely, if a company has a low asset turnover ratio, it indicates it is not efficiently using its assets to generate sales.***

###### **Assets Turnover Ratio = 𝐑𝐞𝐯𝐞𝐧𝐮𝐞 𝐨𝐫 𝐍𝐞𝐭 𝐒𝐚𝐥𝐞𝐬**

***𝐓𝐨𝐭𝐚𝐥 𝐀𝐬𝐬𝐞𝐭𝐬***

|  |  |  |  |
| --- | --- | --- | --- |
| ***Year*** | ***Net Sales***  ***(RS. IN***  ***CRORES)*** | ***Total Assets***  ***(RS. IN CRORES)*** | ***Assets Turnover Ratio*** |
| ***2017-18*** | ***79762.70*** | ***59,370.10*** | ***1.34*** |
| ***2018-19*** | ***86020.30*** | ***62,931.80*** | ***1.37*** |
| ***2019-20*** | ***75610.60*** | ***62,552.10*** | ***1.21*** |
| ***2020-21*** | ***70332.50*** | ***70,067.40*** | ***1.00*** |

###### **Interpretation**

***From the above table we can analyse that Total Assets Turnover Ratio is declining continuously throughout the above period (2018-2021) which indicates that there is not an efficient utilization of resources of a business concern.***

##### ***INVESTMENT TURNOVER RATIO***

***The investment turnover ratio compares the revenues produced by a business to its debt and equity. The ratio is used to evaluate the ability of a management team to generate revenue with a specific amount of funding. The "turnover" part of the term indicates the number of multiples of revenue that can be generated with the current funding level.***

***Investment Turnover Ratio = 𝑺𝒉𝒂𝒓𝒆𝒉𝒐𝒍𝒅𝒆𝑵𝒆𝒕 𝑺𝒂𝒍𝒆𝒔𝒓′𝒔 𝑬𝒒𝒖𝒕𝒊𝒚***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Year*** | ***Net Sales***  ***(RS. IN***  ***CRORES)*** | ***Shareholder’s Equity***  ***(RS. IN CRORES)*** | ***Investment Turnover Ratio*** | |
| ***2017-18*** | ***79762.70*** | ***41,757.30*** | ***1.91*** | |
| ***2018-19*** | ***86020.30*** | ***46,141.50*** | ***1.86*** | |
| ***2019-20*** | ***75610.60*** | ***48,437.00*** | ***1.56*** | |
| ***2020-21*** | ***70332.50*** | ***51,366.80*** | ***1.36*** | |
|  |  |  |  |  |

###### **Interpretation**

***The above table clearly shows that in the year 2017-18 Investment Turnover Ratio is 1.91. After 2017-18, the Investment Turnover Ratio continuously decreases which indicates that the company’s ability to generate revenue with a specific amount of funding is decreasing rapidly.***

##### ***RETURN ON NET WORTH***

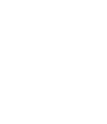
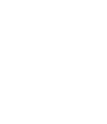
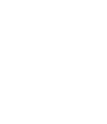
***Return on Net worth (RONW) is a calculation of the profitability of a company expressed in percentage. The Return on Net Worth is calculated by dividing the net income of the firm in question by shareholders’ equity. So, the ratio is developed from the perspective of the investor and not the company. It is calculated as below:-***

***Return on Net Worth= 𝐍𝐞𝐭 𝐏𝐫𝐨𝐟𝐢𝐭𝐒𝐡𝐚𝐫𝐞𝐡𝐨𝐥𝐝𝐞 𝐀𝐟𝐭𝐞𝐫 𝐓𝐚𝐱𝐫′𝐬 𝐚𝐧𝐝𝐄𝐪𝐮𝐢𝐭𝐲 𝐈𝐧𝐭𝐞𝐫𝐞𝐬𝐭 x 100***

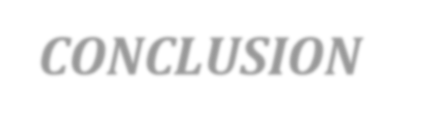
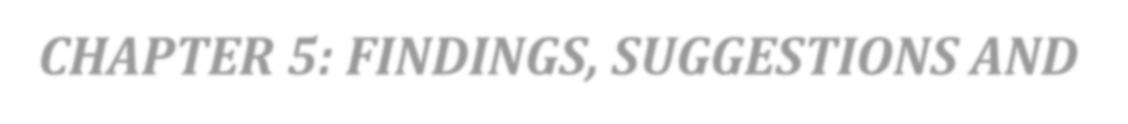
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Year*** | ***Net Profit***  ***(RS. IN***  ***CRORES)*** | ***Shareholder’s Equity***  ***(RS. IN CRORES)*** | ***Return on Net Worth*** | |
| ***2017-18*** | ***7721.80*** | ***41,757.30*** | ***18.49*** | |
| ***2018-19*** | ***7500.60*** | ***46,141.50*** | ***16.25*** | |
| ***2019-20*** | ***5650.60*** | ***48,437.00*** | ***11.66*** | |
| ***2020-21*** | ***4229.70*** | ***51,366.80*** | ***8.23*** | |
|  |  |  |  |  |

###### **Interpretation**

***From the table we can clearly see that Net profit in the year 2017-18 was 7721.80 cr. but after 2017-18 it consistently decreases. Similarly, Return on Net Worth in the year 2017-18 was 18.49 but after 2017-18 it consistently decreases, that means that a company is decreasing its ability to generate profit without having as much capital.***



## ***CHAPTER 5: FINDINGS, SUGGESTIONS AND CONCLUSION***



### ***FINDINGS***

* ***Profit after tax for the year ended 2020-21 was Rs. 4229.70 cr. as compared to Rs.***

***5650.60 for the year ended 2019-20. So we can clearly see that there is a decrease of Rs. 1420.9 cr. in the Net Profit for the year 2020-21.***

* ***The Current Ratio increased by 0.40 in the year 2020-21 but decreased by 0.12 in the year 2019-20.***

* ***The Net Profit Ratio decreased by 1.46 in the year 2020-21, by 1.25 in the year 2019-20 and by 0.96 in the year 2018-19***

* ***The Total Assets and Total Equity and Liabilities of the company was Rs.70067.40 cr. in the year 2020-21 and Rs.62552.10 cr. in the year 2019-20. This reveals that there is a rise of Rs.7515.3 cr. i.e 12.014% in 2020-21.***

* ***In the year 2020-21, Revenue from Operations decreased by 7.15% that means the company is generating more revenue than its previous financial year.***

* ***In the year 2020-21, Total Expenses showed a decrease of 5.35% which is a good sign for any company, if it is minimizing its cost.***

### ***SUGGESTIONS***

* ***The company should try to generate more profit in the next financial year as it will be beneficial for the company as well as the investors.***

* ***Company should try to make effective utilisation of its assets to generate more sales.***

* ***The company should try to increase its Net Profit Ratio by generating more profit.***

* ***The company should try to reduce its Current Liabilities by clearing all the previous dues.***

* ***The Company need to improve their present stock turnover ratio by way of conducting more sales promotional activities like advertisement, social media marketing for their products and need to give effective training and development programs to their sales executives and staffs.***

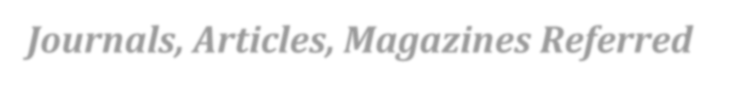
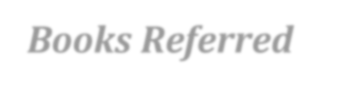
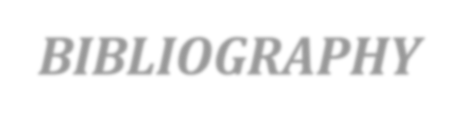
* ***Management must achieve the targets by utilizing the current assets and reducing the current liabilities***

### ***CONCLUSION***

***On the basis of various techniques applied for the financial analysis of Maruti Suzuki India Ltd. we can arrive at a conclusion that the financial position and overall performance of the company is satisfactory. Though the profit of the company has not increased that much over the period, so the company should try to increase its profit for the next financial year. From the comparative statements, it can be seen that the company has managed to reduce its expenses.***

***It is expected that the company will continue to reduce its expenses and increase its profit in the future. The company has succeeded in increasing its reserves and surplus for its future uncertainties and also succeeded in decreasing its Long Term Borrowings. The management should also try to increase its Net Profit Ratio for better financial performance.***

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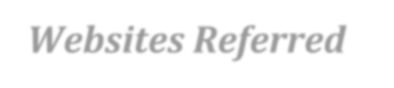
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