INTERPRETATION

The total asset turnover ratio, also known just as the asset turnover ratio, measures the efficiency with which a company uses its assets to produce sales. The asset turnover ratio formula is equal to net sales divided by the total or average assets of a company. A company with a high asset turnover ratio operates more efficiently as compared to other competitors in the industry with a lower ratio. It is calculated as:

TOTAL ASSETS TURNOVER RATIO = NET SALES / TOTAL ASSETS

As with most ratios, we use the Total Asset Turnover Ratio to benchmark the business against other companies within the same industry sector. It is essential to stay within the same industry, as different ones may have completely different ranges of average ratios. Comparing ratios between particular industries is not appropriate due to their highly varying capital structures.

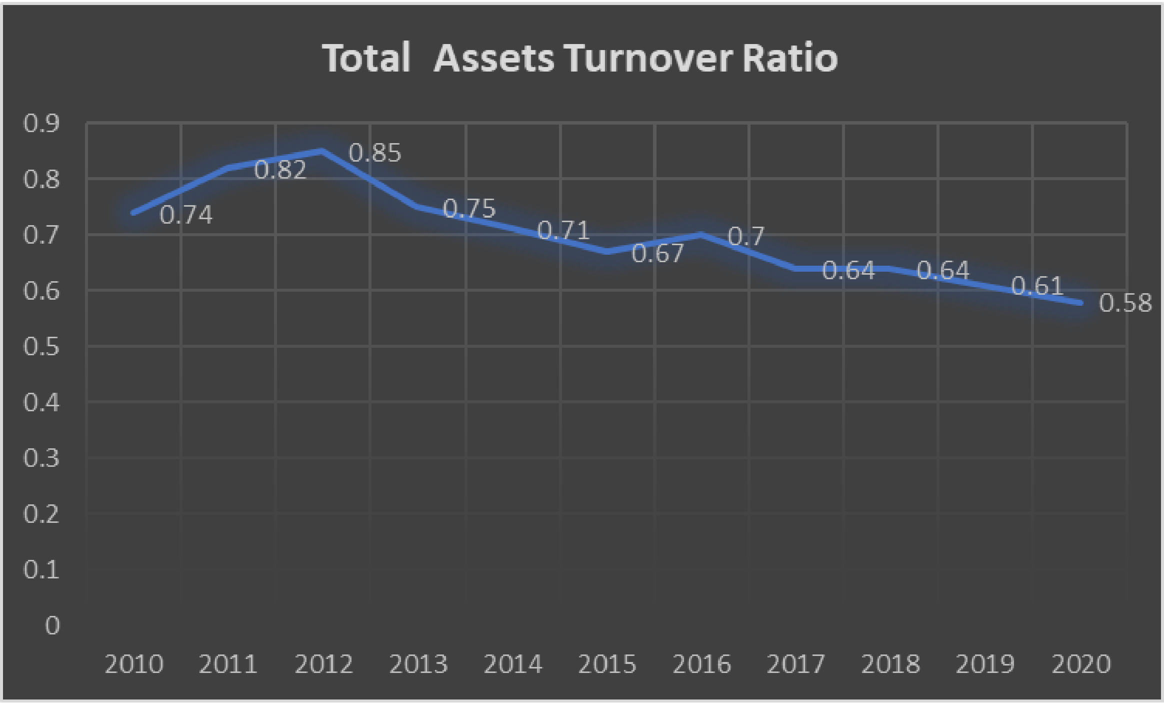
For example, retail businesses generally have a much lower asset base, as they have small production capacities, while machine manufacturing entities tend to have more assets. In practice, capital-intensive industry sectors generally have a slower turnover of assets.Usually, we prefer a higher ratio, which indicates the company makes fair use of its assets. It also means the business is productive, and it generates very little waste in its operations. This shows that assets still retain their value in the future, and no replacement is necessary. Low-margin industries tend to have a higher Asset Turnover Ratio, which indicates their pricing strategy.

If the business is experiencing lower ratios, this may indicate internal problems as lower ratio can also result from one or more factors, some of which can be: the company is holding excess production capacities, low collection resulting in doubtful debt allowances or lousy inventory management leading to slow-moving or obsolete stock at hand.

Broadly, most analysts consider a ratio of above 1.0 to be good. However, as the Asset Turnover Ratio varies a lot between industries, there’s ideal value to work towards. It is essential to be knowledgeable about the relevant industry to come up with the proper target to benchmark against.

A common approach is to look at the ratio over a period of time and see how it develops. Keep in mind that the ratio does not look into the profitability of the company but only how well it generates sales. It is a great idea to combine the Asset Turnover Ratio with others, so management can get a better and clearer picture of the performance and make more informed decisions. For example, to look into profitability, we can use the Return on Assets (ROA) ratio.

According to the graphical presentation of Total Assets Turnover Ratio, a similar trend can be observed when compared to the previous ratios of current assets turnover ratio and fixed assets turnover ratio. The highest value for the ratio was recorded in 2012 after which there has been a somewhat consistent fall in the ratio with the exception of 2016 which recorded a slightly better value than its preceding year. The lowest value was recorded in 2020 which would make sense as the value for net sales reduced significantly. In the years 2010-2012, it is clear from the graph that Nissan used its assets very efficiently in generating sales but it failed to do the same in the subsequent years resulting in decreasing values. The sales have also fallen consistently in the post scam years of 2019 and 2020 causing the ratio to fall even more.



5. Working Capital turnover Ratio:

Year	2010	2011	2012	2013	2014
Working Capital Turnover Ratio	4.36	4.46	3.82	3.17	3.06

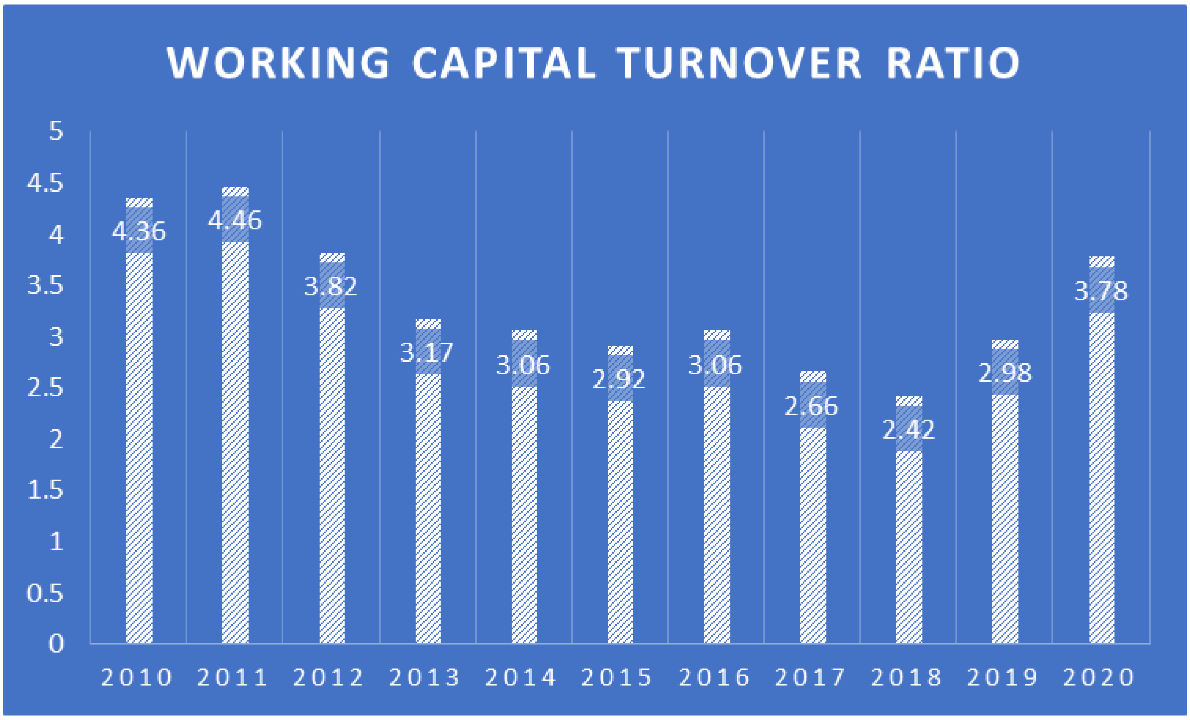
2015	2016	2017	2018	2019	2020
2.92	3.06	2.66	2.42	2.98	3.78

Working Note:

Particular	2010	2011	2012	2013	2014
Net Sales	7517277	8773093	9409026	9629574	10482520
Current Assets	5580410	6345835	6610072	7597104	8609278
Current Liabilities	3856858	4380545	4145228	4560245	5187249
Working Capital	1723552	1965290	2464844	3036859	3422029

2015	2016	2017	2018	2019	2020
11375207	12189519	11720041	11951169	11574247	9878866
10317345	10747573	11462549	11682845	11613105	10675939
6417495	6764187	7054220	6744386	7730531	8065246
3899850	3983386	4408329	4938459	3882574	2610693

GRAPHICAL PRESENTATION:



INTERPRETATION:

Working capital turnover is another activity ratio that measures how efficiently a company is using its working capital to increase its sales and growth. Also known as net sales to working capital, working capital turnover calculates the relationship between the funds used to finance a company's operations and the revenues a company generates to continue operations. It is calculated as follows:

Working capital turnover ratio = Net Sales/Working Capital

Where working capital is the excess of current asset over current liabilities

A high turnover ratio shows that the company's management is being very efficient in using a company's short-term assets and liabilities for generating sales. In other words, it is generating a higher amount of sales for every buck of working capital used. In contrast, a low ratio may indicate that a business is investing in too many accounts receivable and inventory to support its sales, which could lead to an excessive amount of bad debts or obsolete inventory ultimately having unhealthy impact on the company's position.

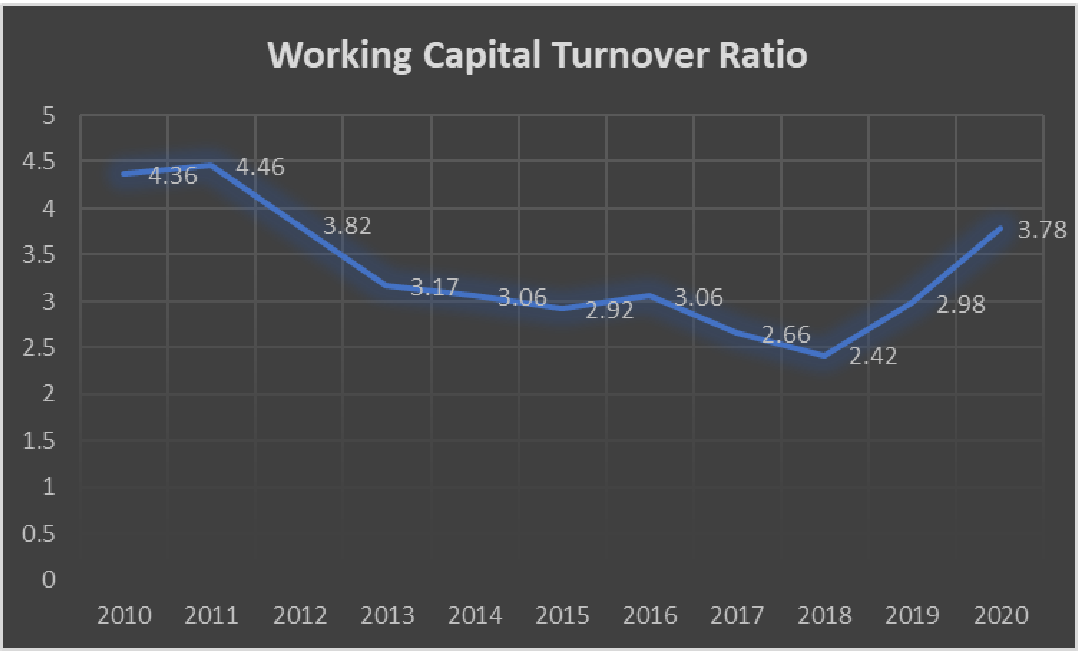
To measure how efficient a company is at using its working capital; analysts also compare working capital ratios to those of other companies in the same industry and look at how the ratio has been changing over a specific period of time. However, such comparisons are meaningless when working capital turns negative(when current liabilities is more than current assets) because the working capital turnover ratio then also obviously turns negative.

Although a high ratio is favourable, an extremely high ratio might indicate that a business does not have enough capital to support its sales growth. Therefore, the company could become insolvent in the near future unless it raises additional capital to support that growth. The working capital turnover indicator may also be misleading when a firm's accounts payable are unrealistically high, which could indicate that the company is having difficulty paying its bills as they come due.

The working capital turnover ratio is a very useful ratio to know among the others. Not only is it simple to calculate, but it gives a very clear indication of how hard the company has been putting the available capital to work to help business succeed.

Therefore, Working Capital Turnover Ratio Formula is used to determine the per unit utilization of Working Capital. This is very helpful as it helps the company to decide whether working capital utilization is being done effectively or not which in turn helps a business to survive in the long run and helps to grow. Lower working capital turnover ratio reflects the company has poor management of working capital for sales done or the company's inability to utilize the working capital efficiently. This impacts the Business in surviving in the long run. Higher Working Capital Ratio means the company has sufficient working capital for generating sales.

As opposed to the CATO,FATO and TATO, the working capital turnover ratio has increased in the recent years for Nissan. 2011, 2012 and 2020 have been the best years in the context of working capital turnover. The highest value recorded was 4.46 in the year 2011 and the lowest in 2018 where the value was 2.42, nearly half the highest value. In other years, the values are stable meaning the company has maintained its efficiency. These figures indicate that despite the dynamic situations of Nissan, it has been successful in efficiently using its working capital to generate sales. Nissan has also managed to keep its Current liabilities lesser than its current assets to maintain good values of working capital. The inflow and outflow of money is well regulated and efficiency is not questionable when it comes to the optimum usage of working capital



6. Capital Employed Turnover Ratio:

Year	2010	2011	2012	2013	2014
Capital Employed Turnover Ratio	1.08	1.24	1.21	1.11	1.09

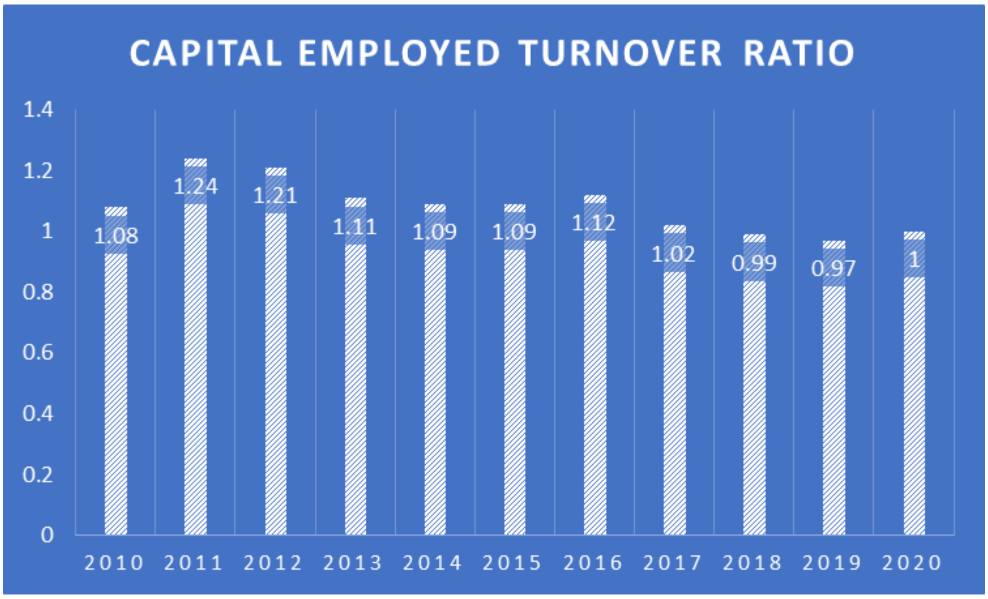
2015	2016	2017	2018	2019	2020
1.09	1.12	1.02	0.99	0.97	1.00

Working Note:

Particular	2010	2011	2012	2013	2014
Net Sales	7517277	8773093	9409026	9629574	10482520
Shareholder's Equity	3598966	3981513	4269832	4514941	4787630
Long Term Debt	3342857	3082365	3476828	4170932	4844626
Capital Employed	6941823	7063878	7746660	8685873	9632256

2015	2016	2017	2018	2019	2020
11375207	12189519	11720041	11951169	11574247	9878866
5073990	5413516	5631717	6190504	6243019	5409651
5380902	5468711	6199652	6313780	5598304	4486690
10454892	10882227	11831369	12504284	11841323	9896341

GRAPHICAL PRESENTATION:



INTERPRETATION :

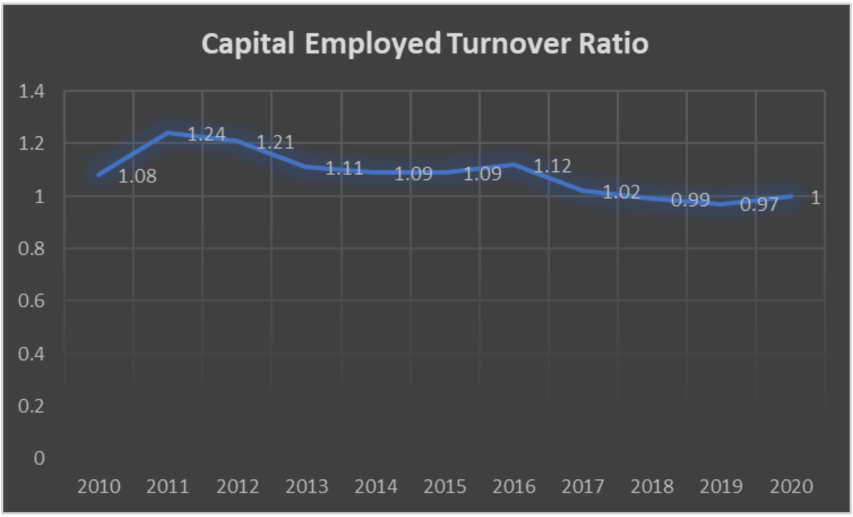
The Capital Employed Turnover Ratio shows how efficiently the sales are generated from the capital employed by the company. This ratio helps the investors or the creditors to determine the ability of a firm to generate revenues from the capital employed and acts as a key decision factor for lending more money to the company. The capital employed is calculated by adding the shareholder's equity to long term debt. The formula is as:

CAPITAL EMPLOYED TURNOVER RATIO = NET SALES/SHAREHOLDER'S EQUITY + LONG TERM DEBT

Higher the ratio, the better is the utilization of capital employed and shows the ability of the firm to generate maximum profits with the minimum amount of capital employed and vice versa. A stable capital turnover ratio over a period of time indicates the sufficient liquidity and achievements of timely targets to maximize the shareholders' wealth. High turnover ensures the smooth running of the business and attracts more investors.

A high turnover gives an advantage over the competitors as due to better management the benefit can be passed to customers, which attracts even more customers. It also prevents sudden liquidity crunches and ensures the good financial health of the organization in the long run.

Capital Employed Formula is calculated to evaluate the total capital employed by any business for a realization of profits. If the amount of capital employed is high and is not sourced from Equity shareholders, then it shows a higher level of risk. It shows an aggressive business expansion and growth plans. If the plan is successful then it may provide a higher return to the investors on their investment.



As indicated by the graphical presentation, Nissan has had a very stable and consistent Capital Employed Turnover Ratio over the years. There is not much difference between the highest and lowest values which is a good sign but there has been a slight decrease since 2017 which is almost negligible. A stable capital turnover ratio over a period of time indicates the sufficient liquidity and achievements of timely targets by Nissan to maximize the shareholders' wealth. High turnover ensures the smooth running of the business and attracts more investors. The capital employed by the company has increased over the years but the net sales have also increased in similar proportions hence keeping the ratio stable