

COMPARATIVE FINANCIAL PERFORMANCE EVALUATION OF MARUTI AND HYUNDAI

ASHIMA

ASST. PROFESSOR

DEPARTMENT OF COMMERCE

JANKI DEVI MEMORIAL COLLEGE

UNIVERSITY OF DELHI

RAJENDER NAGAR

NEW DELHI

PROF. (DR.) S. C. CHITKARA

DIRECTOR (ACAD.)

DEPARTMENT OF MANAGEMENT STUDIES

NEW ERA COLLEGE OF SCIENCE & TECHNOLOGY

CONVENER, RESEARCH DEGREE COMMITTEE, CH. CHARAN SINGH UNIVERSITY, MEERUT (2008-2010)

PANDAV NAGAR, GHAZIABAD

ABSTRACT

The research paper focuses on the financial performance evaluation of Maruti and Hyundai. Financial Performance evaluation has been done on the basis of some selected parameters like Liquidity, Profitability, Efficiency, Leverage ratios and Market Value Ratios for the period from 2000 to 2009. The idea of this article is to know the short term as well as long term financial position of selected companies and to give suitable suggestions for improvement in their financial position. The comparison of the financial performance of Maruti and Hyundai reveals that Maruti is better company in market valuation in comparison to Hyundai.

KEY WORDS

MSIL, HMIL, Financial Ratios, Financial Parameters

INTRODUCTION

MSIL is the no. one car maker company in India and Hyundai is at no. 2. On this basis sample has been selected for this paper. **Maruti Udyog Ltd.** is the first automobile company in the World to be honored with an ISO 9000:2000 certificate. The company has a joint venture with Suzuki Motor Corporation of Japan. It was established in 1981. **Hyundai Motor India Ltd.** is South Korea's largest car maker and 6th largest car maker in the World. Hyundai Motor India Ltd. (HMIL) is the Second largest and fastest growing car manufacturer in India. The co. is an ISO 14001 for its sustainable environment management practices.

Popular Brands of MSIL: Maruti-800, Alto, Zen, Zen Estlio, Baleno, Wagon-R, Swift, Swift-Dzire, Esteem, A-Star, Versa, SX4.

Popular Brands of HMIL: Santro, Getz, i-10, i-20, Accent, Elantra, Verna and Sonata Embera and Tuscon

OBJECTIVES OF THE STUDY

1. To know the financial performance evaluation of Maruti and Hyundai
2. To give suggestion on the basis of Liquidity, Profitability, Efficiency and Leverage analysis
3. To know the Market Position of Maruti and Hyundai by taking Market Value Ratios

DATA SOURCE

Data has been taken from the year 2000 to 2009. It has been collected from the CMIE, Capitaline.Com and from the Annual Reports of the Companies. Various Tools and Techniques like Average, S.D., COV has been used to arrive at any conclusion.

LIQUIDITY ANALYSIS

There are two aspects of the financial situation of any business the short term & the long term. Short term financial position is not only important for banks, creditors but also valuable for the management in finding out the efficiency with which working capital is being employed in the business. It is also important for shareholders & long term creditors in determining to some extent, at least the prospects of dividend & interest payment.

FINANCIAL PERFORMANCE ON THE BASIS OF LIQUIDITY ANALYSIS OF THE TWO COMPANIES IS APPENDED BELOW:

Table:1 Liquidity Ratios of Companies (Times)

CR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	1.46	1.78	1.48	1.94	1.36	1.92	1.99	1.50	1.16	1.67	1.62	0.68	41.98
HMIL	2.02	1.87	1.90	2.08	1.31	1.35	1.54	1.44	1.72	1.79	1.70	0.68	40.00



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

CONTENTS

Sr. No.	Title & Name of the Author (s)	Page No.
1.	QUALITY OF WORK LIFE PRACTICES OF ACADEMIC PROFESSIONALS IN BANGLADESH: A FACTOR ANALYTICAL APPROACH <i>BALASUNDARAM NIMALATHASAN & DR. MIR MOHAMMED NURUL ABSAR</i>	6
2.	SUPPLY CHAIN INTEGRATION AND COLLABORATION USING E- BUSINESS MODEL IN TEXTILE GARMENT INDUSTRY <i>DR. G. NIJAGUNA & DR. SWAROOP SIMHA</i>	12
3.	TRAINING DELIVERY AND METHODOLOGY AMONG BANKS (AN EMPIRICAL STUDY) <i>DR. AJAZ AKBAR & PROF. A. R. MATTOO</i>	28
4.	MICRO FINANCE IN INDIA AND MILLENNIUM DEVELOPMENT GOALS: MAXIMIZING IMPACT ON POVERTY <i>G. PANDI SELVI & DR. R. KARUPPASAMY</i>	37
5.	COMPARATIVE FINANCIAL PERFORMANCE EVALUATION OF MARUTI AND HYUNDAI <i>ASHIMA & PROF. (DR.) S. C. CHITKARA</i>	43
6.	FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN INDIA: AN EMPIRICAL ANALYSIS <i>RAJENDER S. GODARA, MANOJ K. SIWACH & RANJAN K. ANEJA</i>	49
7.	STRESS IN EDUCATION.....IS THIS THE ULTIMATE DESTINATION IN 2020? <i>PROF. SUNAINA HOOGAN & PROF. DEEPA V. M</i>	52
8.	SMES OF ANDHRA PRADESH: THE JOURNEY FAR AND BEYOND <i>M. MADHAVI, M. SUJATHA & S. PRATIBHA</i>	58
9.	IMPACT OF MACRO ECONOMIC FACTORS ON LIFE INSURANCE INNOVATION IN INDIA: AN EMPIRICAL STUDY <i>VISHAL SOOD & DR. IRA BAPNA</i>	64
10.	CORRELATES OF EMPLOYEE SATISFACTION WITH PERFORMANCE APPRAISAL SYSTEM: A COMPARATIVE STUDY OF INDIAN AND FOREIGN MNC BPO FIRMS <i>HERALD MONIS & DR. T. N. SREEDHARA</i>	70
11.	COMPARATIVE ANALYSIS ON NON-PERFORMING ASSETS (NPAS) OF PUBLIC SECTOR, PRIVATE SECTOR AND FOREIGN BANKS IN INDIA <i>MS. RAJNI SALUJA & DR. ROSHAN LAL</i>	80
12.	PERCEPTION OF THE POLICYHOLDERS TOWARDS THE MARKETING OF INSURANCE SERVICES BY THE LIC OF INDIA <i>DR. J.ARULSURESH & DR.S.RAJAMOCHAN</i>	89
13.	ENTREPRENEURIAL ACTIVITIES OF WOMEN ENTREPRENEURS IN GADAG DISTRICT- A STUDY <i>DR. A. S. SHIRALASHETTI</i>	95
14.	IMPACT OF TELEVISION ADVERTISING ON CHILDREN <i>M. VIJAYAKUMAR & S. THANALAKSHMI</i>	106
15.	MIGRANT WORKERS: SOCIO ECONOMIC STATUS AND REMITTANCES <i>DR. BEENA NARAYAN</i>	110
16.	BRAND LOYALTY OF TOILETRY PRODUCTS-A CASE STUDY OF SIRSA DISTRICT <i>DR. MONICA BANSAL & SHALLU MEHTA</i>	118
17.	CONSUMER BEHAVIOUR IN THE PURCHASE PROCESS OF TELEVISION, REFRIGERATOR AND FOOD PROCESSOR WITH SPECIAL REFERENCE TO INCOME LEVEL (A STUDY OF HOUSEHOLD PRODUCT RELATED PERCEPTIONS & MAJOR CHOICE DETERMINANTS IN CONTEXT OF CONSUMERS IN LUDHIANA CITY) <i>MINAKSHI THAMAN & PRIYA AHUJA</i>	126
18.	WORK LIFE BALANCE –A CAUSE FOR STRESS AMONG CAREER COUPLES <i>MRS. VISHAL SAMARTHA, MR. LOKESHA & MS. ASHWITHA KARKERA</i>	135
19.	ATTRITION AMONG LIFE INSURANCE ADVISORS OF SELECTED LIFE INSURANCE COMPANIES IN LUDHIANA <i>MS. SHILPA JAIN & MS. DEEPIKA ARORA</i>	142
20.	SERVICE BUYING BEHAVIOR IN BANKING INDUSTRY: A COMPARATIVE ANALYSIS OF PRIVATE AND PUBLIC SECTOR BANKS <i>ESHA SHARMA</i>	154
	REQUEST FOR FEEDBACK	158

CHIEF PATRON**PROF. K. K. AGGARWAL**

Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
 Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar (Haryana)

PATRON**SH. RAM BHAJAN AGGARWAL**

Ex. State Minister for Home & Tourism, Government of Haryana
 President, Governing Body, Vaish (P.G.) College, Bhiwani
 Vice-President, Dadri Education Society, Charkhi Dadri
 President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR**DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management
 Maharishi Markandeshwar University, Mullana, Ambala, Haryana

ADVISORS**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. PARVEEN KUMAR

Director, M.C.A., Meerut Institute of Engineering & Technology, Meerut, (U. P.)

PROF. H. R. SHARMA

Director, Chhatrapati Shivaji Institute of Technology, Durg, (C.G.)

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

PROF. MANOHAR LAL

Director & Chairman, School of Information & Computer Sciences, I.G.N.O.U., New Delhi

EDITOR**PROF. R. K. SHARMA**

Tecnia Institute of Advanced Studies, Delhi

CO-EDITOR**DR. ASHOK KHURANA**

Associate Professor, G. N. Khalsa College, Yamunanagar

EDITORIAL ADVISORY BOARD**DR. AMBIKA ZUTSHI**

Faculty, School of Management & Marketing, Deakin University, Australia

DR. VIVEK NATRAJAN

Faculty, Lomar University, U.S.A.

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. KRISHAN CHAND MITTAL

School of Management Studies, Punjabi University, Patiala, Punjab

PROF. SATISH KUMAR

Dean (Management), Galaxy Global Group of Institutions, Dinarpur, Ambala

PROF. ROSHAN LAL

M. M. Institute of Management, M. M. University, Mullana

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

DR. TEJINDER SHARMA

Reader, Kurukshetra University, Kurukshetra

DR. KULBHUSHAN CHANDEL

Reader, Himachal Pradesh University, Shimla, Himachal Pradesh

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHINDER CHAND

Associate Professor, Kurukshetra University, Kurukshetra

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. VIKAS CHOUDHARY

Asst. Professor, N.I.T. (University), Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Government F. G. College Chitgappa, Bidar, Karnataka

ASSOCIATE EDITORS**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

DR. PARDEEP AHLAWAT

Reader, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

SURUCHI KALRA CHOUDHARY

Head, Department of English, Hindu Girls College, Jagadhri

PARVEEN KHURANA

Associate Professor, Mukand Lal National College, Yamuna Nagar

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

SUNIL KUMAR KARWASRA

Vice-Principal, Defence College of Education, Tohana, Fatehabad

BHAVET

Lecturer, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana

TECHNICAL ADVISORS**DR. ASHWANI KUSH**

Head, Computer Science, University College, Kurukshetra University, Kurukshetra

DR. BHARAT BHUSHAN

Head, Department of Computer Science & Applications, Guru Nanak Khalsa College, Yamunanagar

DR. VIJAYPAL SINGH DHAKA

Head, Department of Computer Applications, Institute of Management Studies, Noida

DR. ASHOK KUMAR

Head, Department of Electronics, D. A. V. College (Lahore), Ambala City

DR. ASHISH JOLLY

Head, Computer Department, S. A. Jain Institute of Management & Technology, Ambala City

MOHITA

Lecturer, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar, Haryana

AMITA

Lecturer, E.C.C., Safidon, Jind

MONIKA KHURANA

Associate Professor, Hindu Girls College, Jagadhri

ASHISH CHOPRA

Sr. Lecturer, Doon Valley Institute of Engineering & Technology, Karnal

SAKET BHARDWAJ

Lecturer, Haryana Engineering College, Jagadhri

NARENDRA SINGH KAMRA

Faculty, J.N.V., Pabra, Hisar

DICKIN GOYAL

Advocate & Tax Adviser, # 874, Sec. - 8, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

CALL FOR ARTICLES/RESEARCH PAPERS

We invite original research papers in the area of computer, finance, marketing, HRM, Banking, Insurance, and other allied subjects. The above mentioned tracks are only indicative, and not exhaustive. The journal expects unpublished and original quality research articles/papers only.

You may submit your articles/papers at the email addresses, info@ijrcm.org.in or infoijrcm@gmail.com.

GUIDELINES FOR SUBMISSION OF ARTICLE/PAPER

1. **COVERING LETTER FOR SUBMISSION:**

The Editor
IJRCM

Subject: Submission of Manuscript.

Dear Sir/Madam,

Find my submission of research paper/article for possible publications in your e-journal.

I hereby affirm that the content of this manuscript are original. Furthermore it has been neither published elsewhere fully or partially or any language nor submitted for publication (fully or partially) elsewhere simultaneously.

I affirm that the all author (s) have seen and agreed to the submitted version of the paper and their inclusion of name(s) as co-author(s).

Also, if our research paper/article accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your two journals i.e. International Journal of Research in Commerce & Management or International Journal of Research in Computer Application & Management..

Name of Corresponding Author (s)

Designation:

Affiliation:

Mailing address:

Mobile Number (s):

Landline Number (s):

E-mail Address (s):

2. **INTRODUCTION:** Manuscript must be in English prepared on a standard A4 size paper setting. It must be prepared on a double space and single column with 1" margin set for top, bottom, left and right. It should be typed in 12 point-Times New Roman Font with page numbers at the bottom and centre of the every page.

3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in 12-point Calibri Font. It must be centered underneath the title.

5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 300 words. The abstract must be informative and explain background, aims, methods, results and conclusion.

6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stop at the end.

7. **HEADINGS:** All the headings and sub-headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced, fully justified.

9. **FIGURES & TABLES:** These must be simple, centered & numbered, and table titles must be above the tables. Sources of data should be mentioned below the table.

10. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to Harvard Style of Referencing. The list of all references should be

alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow the references as per following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use **(ed.)** for one editor, and **(ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order...
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- Note that italics are used only for titles of books and names of journals. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- Use endnotes rather than footnotes.
- The location of endnotes within the text should be indicated by superscript numbers.
- For sources which have insufficient details to be included in the Reference, use endnotes (such as interviews, some media sources, some Internet sources).

SEE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

Books

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

Contributions to books

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

Journal and other articles

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.
- Kiran Ravi, Kaur Manpreet (2008), Global Competitiveness and Total Factor Productivity in Indian Manufacturing, International Journal of Indian Culture and Business Management, Vol. 1, No.4 pp. 434-449.

Conference papers

- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

Unpublished dissertations and theses

- Kumar S. (2006): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University.

Online resources

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

Website

- Kelkar V. (2009): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on 11 September 2009 <http://epw.in/epw/user/viewabstract.jsp>

LR													
MSIL	0.74	1.09	1.00	1.60	1.06	1.49	1.52	1.26	0.77	1.39	1.19	0.72	60.50
HMIL	1.08	1.06	1.31	1.50	0.83	0.71	0.58	0.49	0.93	1.03	0.95	0.70	73.51

Source: - Computed with the help of Statistics

Data taken from the CMIE database PROWESS from 2000 to 2009

Table: 1(A) Comparison on the basis of Mean Value of Ratios

S.no.	Liquidity Analysis	MSIL	HMIL
1	CR	1.62	1.70
2	LR	1.19	0.95
	Sum of Mean Value	2.81	2.65
	Avg. Score	1.41	1.33
	Ranking	1	2

It is evident from the table that MSIL leads in the liquidity analysis as compared to HMIL. MSIL's liquidity score is 1.41 whereas HMIL's liquidity score is 1.05.

Current Ratio of MSIL during the reference period was lower than the standard norms of 2:1 and in the case of HMIL it was also lower except 2000 and 2003 in all the years during the study period than the standard norms of 2:1. Low Current Ratio indicates that both the companies faced difficulties in handling short term obligations on time. **Liquidity Ratio** of MSIL during the study period except in 2002 and 2008 was less than the standard norms of 1:1 and in the case of HMIL except in 2000, 2002 and 2003 the liquidity ratio was lower than the standard ratio of 1:1. Like Current Ratio, low Liquidity Ratio also signals that both the companies were not able to meet their short term liabilities. It can be concluded that both the companies are not in good position to meet their short term obligation on time during the reference period, because in most of the years during the study period ratios are below than the recommended value.

PROFITABILITY ANALYSIS

The main purpose of business unit is to make profit. The profitability ratios are computed to throw light on the current operating performance and efficiency of the business firm when they are related to some other figures such as sales, cost of goods sold, operating expenses, capital invested etc.

FINANCIAL PERFORMANCE ON THE BASIS OF PROFITABILITY ANALYSIS IS APPENDED BELOW:

Table: 2 (i) Profitability Ratios of Companies (Percentage) (In relation to Sales)

GPR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	9.27	0.79	6.52	8.41	13.89	16.15	16.94	17.36	17.17	11.60	11.81	2.99	25.32
HMIL	10.84	14.99	18.96	13.78	15.64	13.66	14.99	12.25	11.67	6.31	13.31	2.20	16.53
NPR													
MSIL	35.81	33.25	32.09	32.53	30.29	31.51	36.57	38.36	39.27	38.99	34.87	2.42	6.94
HMIL	0.00	0.00	0.00	0.00	0.00	10.39	16.08	18.79	21.32	14.18	16.15	1.76	10.90
OPR													
MSIL	105.55	113.37	109.13	106.39	98.28	93.48	93.32	93.71	93.99	101.95	100.92	3.56	3.53
HMIL	100.46	96.86	93.23	102.95	98.67	100.47	99.01	102.28	102.02	106.38	100.23	2.25	2.24

Source: - Computed with the help of Statistics

Data taken from the CMIE database PROWESS from 2000 to 2009

Table:2(A) Comparison on the basis of Mean Value of Ratios

Sr. No.	Profitability Analysis	MSIL	HMIL
1	GPR	11.81	13.31
2	NPR	34.87	16.15
3	OPR	100.92	101.79
	Sum of Mean Value	147.59	131.25
	Avg. Score	49.20	43.75
	Ranking	1	2

The MSIL leads in profitability analysis as compared to HMIL. MSIL's Profitability score in relation to sales was 49.20 whereas HMIL's score was 43.75.

Gross Profit Ratio of MSIL was less than the standard norms of 20-30 percent in all the years during the reference period. HMIL's gross profit ratio was also not satisfactory in all the years as it was also less than the standard norms of 20-30 percent. Low Gross Profit Ratio indicates that the profit was not sufficient to cover the operating expenses of both the companies during the reference period. **Net Profit Ratio** of MSIL varied in a range of 35 percent from 2000 to 2009, which can be said satisfactory because usually 5 to 10 percent net profit ratio is considered as good for the company. In the case of HMIL the profit was almost NIL from the year 2000 to 2004 because company used all the profit in appropriation, after that it varied in a range of 16 percent during the study period. High Net Profit Ratio indicates that both the companies didn't face any difficulty in maintaining its reserves and they had sufficient amount to cover the operating and non operating expenses.

Operating Profit Ratio of MSIL varied in a range of 100.92 percent throughout the period whereas HMIL's operating ratio varied in a range of 100.23 percent, usually operating ratio is considered good between 75-80 percent. In both the companies this ratio was higher than this standard which means that the both the companies might have faced difficulty in covering its non operating expenses.

OVERALL WE CAN CONCLUDE THAT PROFITABILITY IN RELATION TO SALES WAS BETTER OF MSIL IN COMPARISON TO HMIL.

FINANCIAL PERFORMANCE ON THE BASIS OF PROFITABILITY ANALYSIS IS APPENDED BELOW:

Table: 2 (ii) Profitability Ratios of Companies (Percentage) (In relation to Investment)

ROI	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	0.16	0.00	0.06	0.09	0.35	0.41	0.51	0.58	0.72	0.28	0.35	0.57	161.65
HMIL	0.09	0.16	0.21	0.16	0.29	0.29	0.31	0.27	0.16	0.07	0.20	0.38	190.47
ROE													
MSIL	224.49	0.00	48.98	71.76	345.19	550.73	752.94	991.00	1097.79	773.43	539.59	24.23	4.49
HMIL	0.07	0.21	0.19	0.05	0.32	0.35	0.65	0.57	0.63	0.09	31.37	0.61	1.94
ROA													
MSIL	72.37	59.48	67.49	65.73	70.65	73.45	79.54	75.32	75.42	79.69	71.91	3.01	1.88
HMIL	0.00	0.00	0.00	0.00	0.00	0.34	0.46	0.37	0.35	0.30	36.43	1.88	5.16

Source: - Computed with the help of Statistics

Data taken from the CMIE database PROWESS from 2000 to 2009

Table:2(B) Comparison on the basis of Mean Value of Ratios

Sr. No.	Profitability Analysis	MSIL	HMIL
1	ROI	0.35	0.20
2	ROE	539.59	31.37
3	ROA	71.91	36.43
	Sum of Mean Value	611.86	68.00
	Avg. Score	203.95	22.67
	Ranking	1	2

It is evident from the table that MSIL leads in the profitability analysis in relation to investment as compared to HMIL. MSIL's score of profitability in relation to investment is 203.95 whereas HMIL's score is 22.67 only.

Return on Investment of MSIL varied in a range of 0.35 during the reference period and ROI of HMIL varied in a range of 0.20. It shows that MSIL has used its funds received from owners as well as from long term lenders in a better way in comparison to HMIL's ROI. MSIL's ROI was NIL in the year 2001 that means that the company has not used its funds in proper way in this year due to non availability of funds. In the year 2009 ROI of both the companies was low as compared to its previous year 2008. **Return on Equity** of MSIL varied in a range of 539.59 and of HMIL varied in a range of 31.37. ROE indicates that how much profit has been earned by the company and how much is available to the equity shareholders for the distribution of dividend. Higher ROE means more profit for the equity shareholders and low ROE means vice versa. MSIL's ROE except 2001 where it was almost NIL which shows non availability of profit for the equity shareholders in that year was much better in comparison to the ROE of HMIL. **Return on Assets** of MSIL varied in a range of 71.91 and of HMIL varied in a range of 36.43 during the study period. HMIL profit was almost NIL from 2000 to 2004 so ROA was also NIL in this period. ROA indicates how efficiently the company has used its assets in making profit. It is clear from the table 6.10 (ii) (b) that the MSIL is better in managing its assets in comparison to HMIL.

Overall we can say that profitability in relation to investment was better of MSIL than HMIL.

Efficiency Analysis: Efficiency analysis shows how assets are being utilized in the company. For this purpose various ratios i.e. FATR, STR, DTR & WCTR can be calculated.

FINANCIAL PERFORMANCE ON THE BASIS OF EFFICIENCY ANALYSIS IS APPENDED BELOW:

Table:3 Efficiency Ratios of Companies (Times)

FATR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	3.21	2.99	2.91	3.18	4.97	5.83	7.09	5.53	5.43	5.04	4.62	1.57	33.99
HMIL	10.45	7.36	5.25	4.66	5.72	5.84	5.35	5.09	4.64	3.29	5.77	1.59	27.58
STR													
MSIL	7.06	7.76	10.39	14.74	20.70	16.39	13.64	20.95	17.24	22.75	15.16	2.98	19.65
HMIL	8.54	11.25	10.24	12.15	10.28	9.94	9.90	6.84	6.60	7.30	9.30	1.78	19.13
DTR													
MSIL	14.99	9.94	8.43	10.70	13.21	18.22	18.60	19.66	27.29	22.34	16.34	3.12	19.10
HMIL	811.40	111.74	25.77	56.31	14.83	20.58	32.64	20.33	12.00	8.11	114.07	16.70	14.64
WCTR													
MSIL	11.68	6.82	10.97	5.51	18.69	8.01	6.81	11.03	65.73	9.81	15.51	4.62	29.80

HMIL	7.71	9.24	6.66	6.31	15.72	13.10	8.53	8.84	6.19	6.12	8.84	2.14	24.20
------	------	------	------	------	-------	-------	------	------	------	------	------	------	-------

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:3(A) Comparison on the basis of Mean Value of Ratios

Sr. No.	Efficiency Analysis	MSIL	HMIL
1	FATR	4.62	5.77
2	STR	15.16	9.30
3	DTR	16.34	114.07
4	WCTR	15.51	8.84
	Sum of Mean Value	51.62	137.98
	Avg. Score	12.91	34.50
	Ranking	2	1

It can be observed from the table that HMIL leads in the efficiency analysis as compared to the MSIL efficiency analysis.

Fixed Assets Turnover Ratio of MSIL varied in a range of 4.62 and of HMIL varied in a range of 5.77. Usually a 5-6 times FATR is considered good for any company. MSIL's FATR was less than this standard during 2000 to 2004 and HMIL's FATR was less than this in 2008, 2009 and in 2002. In these years where it was less than the standard it shows insufficient utilization of fixed assets in both the companies. Overall it can be concluded that HMIL's FATR was better than the FATR of MSIL. **Stock Turnover Ratio** of MSIL varied in a range of 15.16 and of HMIL varied in a range of 9.30 during the study period. Higher STR shows efficient management of inventory and lower STR indicates inefficient management of inventory, stock accumulation and slow moving of goods. In all the year except 2000 and 2001 MSIL has proved efficient company in managing its inventory in comparison to HMIL. Overall we can say that MSIL's STR was better than the STR of HMIL. **Debtors Turnover Ratio** of MSIL varied in a range of 16.34 and of HMIL varied in a range of 114.07. Higher DTR indicates more efficiency in recovering the debtors and low DTR is a signal of inefficient management of debtors. Except 2008 and 2009 HMIL has proved a better managing company in recovering its debtors in comparison to MSIL.

Working Capital Turnover Ratio of MSIL varied in a range of 15.51 and of HMIL varied in a range of 8.84. Higher WCTR indicates efficient management of working capital and low indicates otherwise. In all the years except 2001, 2003, 2005 and 2006 WCTR of MSIL was more than the WCTR of HMIL. It indicates that MSIL was better working capital managing company as compared to HMIL.

Overall HMIL's efficiency analysis can be said satisfactory in comparison to MSIL.

LEVERAGE ANALYSIS

Leverage analysis means to know the long term solvency position of the company. It means that is company able to pay off its long term creditors or not on time. For this CGR, DER & ICR ratios can be taken to arrive at definite conclusion.

Financial Performance on the basis of Leverage Analysis is appended below:

Table:4 Leverage Ratios of Companies (Times)

CGR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	5.33	2.38	4.13	6.79	11.51	14.24	76.05	10.87	9.35	13.37	15.40	4.92	31.95
HMIL	1.05	1.45	1.85	1.79	2.12	3.66	3.94	1.33	0.98	0.72	1.89	1.27	67.20
DER													
MSIL	0.06	0.30	0.20	0.13	0.08	0.07	0.01	0.08	0.10	0.07	0.14	0.41	284.34
HMIL	0.49	1.41	0.35	0.36	0.32	0.21	0.20	0.43	0.51	0.58	0.69	0.73	105.79
ICR													
MSIL	7.40	-2.55	2.54	6.35	18.74	37.25	86.78	61.63	43.00	33.86	33.06	6.78	20.51
HMIL	1.99	4.17	10.04	16.29	39.89	47.26	241.26	51.84	10.48	2.35	42.56	9.22	21.66

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:4(A) Comparison on the basis of Mean Value of Ratios

S. No.	Leverage Analysis	MSIL	HMIL
1	CGR	15.40	1.89
2	DER	0.14	0.69
3	ICR	33.06	42.56
	Sum of Mean Value	48.61	45.14
	Avg. Score	16.20	15.05
	Ranking	1	2

It can be observed from the table that MSIL leads in leverage analysis as its score is 15.01 and HMIL's score is 14.95.

Capital Gearing Ratio of MSIL varied in a range of 15.40 and of HMIL varied in a range of 1.89. High geared capital structure may be signal of under capitalization and low geared capital structure may be of over capitalization. In all the year during the study period CGR of MSIL was better than the CGR of HMIL. It means the company was highly geared in all the years. **Debt Equity Ratio** of MSIL varied in a range of 0.14 and of HMIL in a range of 0.39 during the study period. In all the years DER was less than the 2:1 in both the companies during the reference period which signals good situation for the company because it means that the company is not dependent on the debt for its capital requirements. Overall MSIL's DER can be said satisfactory in comparison to HMIL. **Interest Coverage Ratio** of MSIL varied in a range of 29.50 and of HMIL varied in a range of 42.56. Higher ICR indicates company's efficiency to pay interest on loans on times, low indicates otherwise. MSIL's ICR in 2001 recorded a negative trend which shows company's inefficiency to pay interest on loan on times in this year. Overall HMIL's ICR can be said well in all the years during the study period in comparison to the ICR of MSIL.

Overall MSIL can be said better company in Leverage Analysis as compared to HMIL.

MARKET VALUE ANALYSIS

The six ratios of EPS, P/ER, BVPS, EVA, MVA and TQ were taken as indicators of market valuation.

FINANCIAL PERFORMANCE ON THE BASIS OF MARKET VALUE ANALYSIS IS APPENDED BELOW:

Table: 5 (i) Market Value Ratios of companies

EPS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	11.22	0.00	2.45	3.59	17.27	27.55	37.66	49.57	54.91	38.68	26.99	5.46	20.23
HMIL	73.26	212.30	188.56	52.93	317.25	351.90	648.27	576.22	634.72	91.05	314.64	19.54	6.21
PER													
MSIL	0.00	0.00	0.00	0.00	26.78	14.39	21.51	15.38	14.05	18.65	11.08	2.97	26.81
HMIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS													
MSIL	130.70	141.90	127.11	123.02	135.10	162.22	191.22	259.08	322.45	347.66	194.04	11.73	6.05
HMIL	1968.01	2062.74	2172.08	1966.01	2294.20	2404.95	3181.44	5446.21	7576.68	8980.98	3805.40	65.07	1.71

Source: - Computed with the help of Statistics

Data taken from the CMIE database PROWESS from 2000 to 2009

Table:5(A) Comparison on the basis of Mean Value of Ratios

Sr. No.	Market Value Analysis	MSIL	HMIL
1	EPS	26.99	314.64
2	PER	11.08	0.00
3	BVPS	194.04	3805.40
	Sum of Mean Value	232.11	4120.04
	Avg. Score	77.07	1373.35
	Ranking	2	1

It can be evident from the table HMIL leads in the market valuation as compared to MSIL.

Earning per Share of MSIL varied in a range of 26.99 and of HMIL varied in a range of 314.64 during the study period. MSIL's EPS in 2001 was NIL because in this year profit was negative and due to non availability of profit EPS was also NIL. EPS indicates the amount available for the distribution of dividend to equity shareholders. Overall in all the years during the reference period EPS of HMIL was higher than the EPS of MSIL. **Price Earning Ratio** of MSIL varied in a range of 11.08 and it was zero from 2000 to 2003, it means shareholders were not optimistic about the future growth of the company in this period. PER signals the market price of the company, it helps in deciding the investors whether to buy or not the shares of a particular company. To conclude MSIL's PER can be said well in comparison to the PER of HMIL because HMIL's PER was almost NIL in every year during the study period. **Book Value per Share** of MSIL varied in a range of 194.04 and of HMIL varied in a range of 3805.40. BVPS indicates the net assets available for the distribution of equity shareholders. HMIL's BVPS was more than in all the years during the reference period than the MSIL's BVPS.

Overall it can be concluded that HMIL was better company in market valuation in comparison to MSIL.

Financial Performance on the basis of Market Value Analysis

Table:5 (ii) Market Value Ratios of Companies

EVA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	0.10	0.00	0.03	0.04	0.14	0.18	0.22	0.21	0.19	0.12	0.14	0.31	221.43
HMIL	0.04	0.10	0.16	0.10	0.20	0.21	0.20	0.11	0.08	0.03	0.12	0.33	267.72
MVA													
MSIL	0.00	0.00	0.00	0.00	3.68	2.59	4.57	3.16	2.57	2.23	3.14	0.89	28.34
HMIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TQ													
MSIL	0.00	0.00	0.00	0.00	4.07	2.94	4.93	3.57	2.88	2.57	3.49	0.91	26.07
HMIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:5 (B) Comparison on the basis of Mean Value of Ratios

Sr. No.	Market Value Analysis	MSIL	HMIL
1	EVA	0.31	0.33
2	MVA	0.89	0.00
3	TQ	0.91	0.00
	Sum of Mean Value	2.11	0.33
	Avg. Score	0.70	0.11
	Ranking	1	2

It can be evident from the table MSIL leads in the market valuation as compared to HMIL.

EVA of MSIL varied in a range of 0.14 and of HMIL varied in a range of 0.12 during the study period in all the years. In 2001 EVA of MSIL is NIL due to non availability of profit in this year. MSIL's EVA can be said satisfactory in comparison to HMIL's EVA. MVA of MSIL was almost NIL from 2000 to 2003 during the reference period and it varied in a range of 3.14 in rest of the years. In the case of HMIL, MVA was NIL in all the years. Tobin's Q of MSIL was almost NIL from 2000 to 2003 during the reference period and varied in a range of 3.49 in rest of the years. In the case of HMIL, MVA was NIL in all the years.

CONCLUSION

Overall it can be said that MSIL was better company in market valuation in comparison to HMIL.

Points based on Ranking

Particulars	Points	
	MSIL	HMIL
Liquidity Analysis	2	1
Profitability Analysis (sales)	2	1
Profitability Analysis (investment)	2	1
Efficiency Analysis	1	2
Leverage Analysis	2	1
Market Valuation (old ratios)	2	1
Market Valuation (new ratios)	2	1
Total Points	13	9

It is clear from the above table that on the basis of rank got by each company points have been given. If a company has got 1st rank, according to this 2 marks have been given to that company for every analysis and if company has got 2nd rank, only 1 mark has been given to that company. MSIL has got 13 points in comparison to the 9 points of HMIL so it can be concluded that MSIL is satisfactory in most of the analysis.

REFERENCES

- Balavenkatesh NG & Ramachandran A, "Performance Evaluation of Avanashi Agriculture Producers Co-operative Marketing Societies in Coimbatore District", Sona-Global Management Review-Volume-3-Issue-1-Nov.2008
- Bhayani J Sanjay, "Profitability and Efficiency Relationship-A study of Indian Cement Industries", Management Trends, Vol-1, No.-2, Apr-Sep-04
- Bagechi, S.K.(2004), "Accounting Ratios for Risk Evaluation", The Management Accountant, (July)Vol-39, No.7-pp 571-573
- Gangadhar V, "Financial Analysis of Companies in Eritra: A Profitability and Efficiency focus", The Management Accountant, Calcuta-Vol-33, No.-11, Nov.-11, 1997-98
- Kumar Rajesh B and Suhas M K, "Valuation of Indian Companies-An Analytical Perspective, Asia Pacific Business Review, Volume IV, Number-1, Jan-Mar-08
- Liu Jing, Doron Nissim and Jacob Thomos, (2007), "Is Cash flow King in Valuations?" Financial Analysts Journal, Vol 63(2), pp 56-56-58
- Nateson C & Allimuthu S, "A Study on the Performance of Tube Investments of India Ltd.", Sona-Global Management Review-Volume-3-Issue-1-Nov.2008
- Raman, M & Paranjathi T (2005), "Finance Co-Operation and Performance Co-Operative Societies in Tamilnadu", Indian Coopeative Review, NCUI, Vol-43(2) PP52
- Selvam, M.Vanitha, S.S.Babu(2004), "A Study on financial health of Cement Industry-Z Score analysis", The Management Accountant, July, Vol-39(7) pp 591-593
- Jarrod, W Wilcox, (1984), "The P/B-ROE Valuation model", Financial Analysis Journal, pp 9-17

REQUEST FOR FEEDBACK

Esteemed & Most Respected Reader,

At the very outset, International Journal of Research in Commerce and Management (IJRCM) appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to take this opportunity to request to your good self to supply your critical comments & suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **info@ijrcm.org.in** or **infoijrcm@gmail.com** for further improvements in the interest of research.

If your good-self have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator