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Financial Performance of Mahindra Finance

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Abstract:
The achievement of enterprises depends on how they manage the finance and the problem arises. The term financial management is a vibrant word. The idea of managing money is varying very quickly. Now a day's more significance is given to financial management and its performance. So, an effort is put forth by the researcher to study the financial performance of Mahindra Finance. It is concluded from the study that the expenses ratios and profitability are given more importance considering the ratios.

Keywords: *Expenses ratio, Payout ratios, & Financial Performance*

INTRODUCTION

Financial reports gives systematized pool of information as per the if it is prepared as per the accounts policy. It drive to carry a considerate monetary facets of a corporate firm. It display the item in balance sheet as on a particular date, or may expose a sequences of actions for specified dated of period, as in the occasion of an income statement [1].

Financial statements generally refer to two simple documents:

1. The income statement, and
2. Balance sheet

FSA is a procedure of classifying the monetary strong point & weak points of company by correctly founding relations among the things of the B/S and the P & L a/c [2,3]. Financial analysis are assumed by organization, or by external to the firms. The examination is complete by appropriately founding the association among the items of B/S and P&L a/c the first take of analyst is to govern the data pertinent to the conclusion under deliberation form the entire material enclosed in the financial account [4,7]. As per the references of Padmanaban committee, the banking company should be graded on a five point scale of A to E (CAMELS rating model) [5,6]. A satisfactory liquidness locus refers to a position, where organization can acquire adequate moneys, either by increasing obligations or by changing its assets rapidly at a sensible cost. [6,9]

OBJECTIVES OF THE STUDY

1. To study the turnover ratio of the company.
2. To study the Net profit ratio

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3. To study the Cost ratios
4. To five viable suggestion to improve the ratios.

METHODOLOGY
The research work is carried out in Mahindra finance. Five years financial data was obtained from the management. But the management refused to give the date of the year. So it is mentioned in the study as year 1 to year 5. Apart from it author has referred various Journals and Magazines.

LIMITATION OF THE STUDY
Information provided by the company, if it is wrong it will have impact on final result.
The time restriction

INTERPRETATION

TABLE NO – 1 CURRENT RATIO

YEAR	CA	CL	RATIO
Year 1	1,731.34	1,147.26	1.51
Year 2	1,843.16	1,097.24	1.68
Year 3	2,176.26	722.18	3.01
Year 4	2,157.32	831.57	2.59
Year 5	5410.38	868.01	6.23

6.23 in fourth year
1.51 in first years.

CR shows an upward trend 1.51 to 3.01 for three years and slightly decline and increase at fast rate.

TABLE NO –2
REVENUE STAFF COST RATIO

YEAR	STAFF COST	REVENUE	RATIO
Year 1	1,383.60	2,361.36	0.59
Year 2	1,351.40	2,671.43	0.51
Year 3	1,508.96	2,357.95	0.64
Year 4	1,678.96	3,582.2.98	0.47
Year 5	1711.50	4406.75	0.39

0.64 to 0.39
If the ratio is maintained at minimum rate it is good for the company. Mahindra finance has performance well it is evident from the ratio. The ideal ratio is 0.4

TABLE NO – 3
OPERATING COST RATIO

YEAR	OPERATING COST	REVENUE	RATIO
Year 1	482.92	2,361.36	0.20
Year 2	567.93	2,671.43	0.21
Year 3	832.29	2,357.95	0.35
Year 4	681.00	3,584.98	0.19
Year 5	896	4406.75	0.20

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0.35 for the third year
0.19 during the fourth year

If the operating cost is minimum it is highly satisfactory for the company. In third year it is increased to 0.35.

TABLE NO – 4
REVENUE SECURITY EXPENSES RATIO

YEAR	SECURITY EXPENSES	TOTAL REVENUE	RATIO
Year 1	184.39	2,361.36	0.08
Year 2	273.89	2,671.43	0.10
Year 3	284.64	2,357.95	0.12
Year 4	316.80	3,584.98	0.09
Year 5	330.00	4406.75	0.07

In the third year 0.12
In the fifth year 0.07

The ratio earned in the third year is high due to minimum earning and the company is in comfortable position.

TABLE NO – 5
DEPRECIATION COST RATIO

FINANCIAL YEAR	DEPRECIATION	TOTAL REVENUE	RATIO
Year 1	628.34	2,361.36	0.27
Year 2	595.88	2,671.43	0.22
Year 3	806.71	2,357.95	0.34
Year 4	694.18	3,584.98	0.19
Year 5	720.00	4406.75	0.16

In the year 3 --
In the year 5 --
The ratio earned in the third year it is high it is due to minimum earning and it is comfortable position

TABLE NO – 6
TABLE SHOWING ADMINISTRATIVE COST RATIO

FINANCIAL YEAR	ADMINISTRATIVE COST	TOTAL REVENUE	RATIO
Year 1	140.83	2,361.36	0.06
Year 2	179.95	2,671.43	0.07
Year 3	205.87	2,357.95	0.09
Year 4	256.21	3,584.98	0.07
Year 5	237.00	4406.75	0.05

Third year - 0.09
Fifth yea -- 0.05
The ratio is somehow stable throughout the study. It shows that in Mahindra finance is in controllable position.

TABLE NO – 7
NET PROFIT RATIO

YEAR	N P	TOTAL REVENUE	RATIO
Year 1	(458.72)	2,361.36	(0.19)
Year 2	(297.62)	2,671.43	(0.11)
Year 3	(1,002.88)	2,357.95	(0.43)
Year 4	(54.59)	3,584.98	(0.02)
Year 5	512.25	4406.75	0.12

0.12 for the year 5
(0.02) for the year 4

The Mahindra finance is in worst position form the year 1 to year 4. It has profit percentage of 0.12 in the fifth year only. It is clearly evident that the company performance is started increasing slightly. The company has suffered a huge loss in the year 3 it is due to building maintenance work which is done once in 5 years.

TABLE NO – 8
WORKING CAPITAL TURNOVER RATIO

YEAR	TOTAL REVENUE	NET-WORKING CAPITAL	RATIO
Year 1	2,361.36	584.08	4.04
Year 2	2,671.43	745.92	3.58
Year 3	2,357.95	1,454.08	1.62
Year 4	3,584.98	1,325.75	2.70
Year 5	4406.75	4542.37	0.97

4.04 during the year 1
0.97 during the year 4.

The ratio is on a declining position from year 3 to year 5. If the ratio is higher the company is performance at a better way.

TABLE NO – 9
TABLE SHOWING DEBTORS TURNOVER RATIO

YEAR	TOTAL REVENUE	DEBTORS	RATIO
Year 1	2,361.36	576.81	4.09
Year 2	2,671.43	586.38	4.56
Year 3	2,357.95	381.56	6.18
Year 4	3,584.98	461.87	7.76
Year 5	4406.75	513.29	8.59

8.59 in the year 5
4.09 in the year 1

The ratio is on a slight jump from the first year to fifth year. Company must have a higher ratio, since it is comfortable for the company and also shows that debts is collected promptly.

SUGGESTIONS

- Minimizing the employee's salary and operating expenses will surely enhance the income.
- Company must take necessary action to increase the revenue in order to increase the Depreciation cost ratio.
- In order to increase revenue management must find the alternative avenues.

CONCLUSION

Mahindra Finance profit percentage is increasing year by year continuously for the last five years. Current ratio of the fifth year is more when compares to the remaining years. So the management has to take necessary steps to control the current ratio and to keep the ratio at ideal level. The profitability position of the company must increase at faster rate by concentrating on aggregating the income and by reducing the expenses.

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