## CHAPTER-3
### RESEARCH METHODOLOGY

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3.1 **INTRODUCTION:**

Financial Statement Analysis generally attempts to reveal the meaning and significance of the items composed in Profit and Loss Account and Balance Sheet. According to Kennedy and Macmillan “Financial Performance is scientific evaluation of profitability and financial strength of any business concern”.

Financial Performance is the snapshot of a concern's position and ability to survive the ever-changing environment. It is the blue print of the financial affairs of the concern and reveals how a business is prospered under the leadership of its management human resources. In fact, financial performance is the medium of evaluation of management performance. According to accounting point of view financial statement are prepare by a business enterprise at the end of every financial year. Financial statements are end products of financial accounting. They are capsculate periodical reports of financial and operating data accumulated by a firm in its books of accounts and the General Ledger.

The overall objective of a business is earning satisfactory returns on the funds invested in it. Consistent with maintaining a sound financial position, an evaluation of such performance is doing in order to measure the efficiency of operations or the profitability of the organization and to assess the financial strength as compared with a similarly situated concern. Financial Appraisal is generally directed towards evaluating the liquidity, stability and profitability of a concern which put together symbolizes the financial efficiency of a concern.

Financial performance of financial statements for balance sheet and profit and loss account aimed at diagnosing the liquidity, profitability, productivity, activity and financial condition of a business concern. Satisfactory diagnosis can rarely be made on the basis of such information which are included in these financial statements alone because figures are derelict, But, if they are analysing , they get a tongue and therefore
they assist the management and other interested parties-groups in assessing the financial adventure of an enterprise. Information included and contained in balance sheet and profit and loss accounting is often in the form of raw material data rather than the same as information useful for decision-making. So, the Analysis of Financial statement is requiring. The process of converting the raw data contained in the financial statements into meaningful information for decision making is known as financial statement analysis. Through these kinds of analysis, one can derive the facts regarding the financial performance of the business unit.

Thus, financial performance is processes of creation an intellectual activity. The analysis of both these statements gives a wide-ranging understanding of business operations and their impact on the financial health of the concern. Financial performance is also concern with the business operations which contribute to increase the profits and also to enhance the total investments. Financial performance is also concern with the prosperity of shareholders.

3.2 PROBLEM IDENTIFICATION:

Automobile industry plays a very vital role in the Indian Economy. Its connections with various other sectors of the economy make it an important component of the economy. Infrastructural development of a nation comprises of urban development, rural development and industrial development, but the hidden requirement of infrastructure is the connectivity between various regions, which is fulfilled by the automobile industry. The auto industry plays a significant role in shaping a country economy and development. The manufactures of heavy commercial vehicle had given rise to a new era in the Indian history. Slowly many firms started setting up various small manufacturing units in India. As a result the first few passenger vehicles such as the Fiat, Premiere Padmini, Lemhrata scooters, etc came into production in India.

In this study, we broadly follow the paradigm of Structure-Conduct-Performance (SCP) to analyze the changing features of automobile industry in China, India, Indonesia and Thailand. The study will be done in a comparative framework to evaluate the dynamics of automobile industries in these countries. The market performance along with international trade of any industry depends on various elements of market structure, such
as ownership pattern, entry conditions, market concentration, and number and size of firms, as well as different forms of firm conduct and strategic behavior, such as capacity utilization, advertising and collusion. Market performance is finally linked to competitiveness of the sector which is essential for studying the trade prospect of the sector. Under the ‘structure’, analysis has been done considering ownership structure, size distribution & concentration, integration & cooperation. Marketing strategies regarding product policies has also been discussed under ‘conduct’. Automobile market structure in the selected countries has been evaluated taking into account the demand pattern and production structure. Considering the market segment, country wise production data is analyzed to identify in which segments these countries are specializing. Also, major players and their ownership pattern have been identified to understand the role of government, domestic private sector and MNCs in the development of the automobile sector. Some of the policy elements such as variety of taxes and tariffs on the sector are also studied. Taxes are divided into three major groups’ viz. corporate income tax, tax on vehicles and import tariffs on CBU and a cross comparison will be provided to understand the business environment.

To analyze production, sales and trade data, we have noticed that the data structure of productions is different in different countries. Productions data are structured considering the nature of market segmentation which varies from one country to other. As a result of this, production and sales data are non-comparable. Nature of market segmentation of each of the selected countries is given below.

After gone through existing literature of the library and reviewed various articles, published data and knowledgeable discussion with the concerned experts, the researcher contacted to respected research guide and according to his expertise the following research title is select by the Researcher to do the research work on the said problem.

“A Comparative Study of Financial Performance of Selected Companies of Automobile Industry of India”
3.3 **OBJECTIVES OF THE STUDY:**

The main objectives to study the Financial Performance of Selected Companies engaged in Automobile Industry of India are listed as under:

- To understand the concept of Financial Performance.
- To know the practice of presenting financial statements.
- To know about the accounting practices i.e. legal provisions, standards etc.
- To analyze financial and non-financial activities of the companies.
- To evaluate Financial Performance Analysis of selected Automobile companies functioning as Automobile Industry in India in terms of Profitability, Productivity, Capital Structure, Working Capital, Activity Ratio and Efficiency Ratio.
- To assess the financial strength of selected Automobile companies.
- To examine liquidity position of selected Automobile companies.
- To measure the financial efficiency of selected Automobile companies.
- To examine the relationship between the analysis of Financial Performance and decision making process of the Automobile companies.
- To suggest ways and means to improve financial and overall performance of Automobile companies functioning as Automobile Industry in India.

From the viewpoint of Researcher the above objectives depend on accuracy, quality, quantity and availability of data regarding financial information.

3.4 **REVIEW OF LITERATURE:**

For this study, Researcher has reviewed various available publications of the existing literature to get the proper information and knowledge regarding the research topic. According to the survey and review of these literature clears that Financial Performance is a developing concept and why certain studies conducted in context to the performance based value added reporting to the Indian industry sector. The researcher has studied out the works had been done under these sorts of research. Some of these are as under:

1. **Chakravarty and Reddy** had written an article on the financial performance of the industries for period from 1967 to 1971 by making comparison in 1973.
They used ratio analysis as major tool for financial performance and had studied 22 ratios of profitability, proprietary, liquidity and turnover groups.

2. **A. A. Khan** conducted a study entitled ‘Working Capital Analysis’ the study was mainly devoted to the measurement of profitability with reference to five Tire companies in 1982. The study covered under the following indicators. (1) Ratio Analysis (2) Common Size Statement Analysis. Researcher also measured and analyzed capital structure of the companies. The efficiency of such companies was very poor and it was at satisfactory level in only one or two companies. The profitability of such companies was unsatisfactory while in other companies it was satisfactory.

3. **Praveen Kumar Jain** conducted a study entitled ‘Management of Working Capital’ with special reference to seven paper companies in 1989. The study was mainly devoted to working capital and liquidity analysis with the help of following indicators (1) Trend Analysis (2) Ratios Analysis. Researcher analyzed that the working capital trend was not significant. The seven years average percentage of inventory to total current assets was very high in the three companies while it was very low in one company and satisfactory in remaining companies.

4. **Dr. Pramod Kumar** published a Book in 1991, “Analysis of Financial statements of Indian industries.” The study covered the 17 private, 5 state owned and 1 central public sector companies. He studied analysis of activities, assessment of profitability, return on capital investment, Analysis of financial structure, Analysis of fixed assets and working capital. In this research he revealed various problems of cement industries and suggested remedies for the problems. He also suggested for the improvement of profitability and techniques of cost control.

5. **Dr. D. K. Mittal** published a book in 1994, touching on the various aspects of the cement industries like growth of the industries, regional up gradation and modernization, energy efficiency, price and technological controls and financial performance. The study covers more than 45 cement companies. The study pertains to the period from 1984-85 to 1991-92. On the profit performance front,
the study revealed that the industries’ profit had fallen despite sales growth, though at a slower pace.


7. **Dr. S. J. Parmar** published a book in 2001. The book is a systematic study of the modern financial measurement techniques useful for management in planning and controlling corporate activities. With increasing participation by the general public and financial institutions as present and corporate bodies have to be on their guard and manage their efficient financial efficiency in the area of globalization. This book covers topics of concept and measurement of profitability, cost & sales trend, profit margin, assets turnover, analysis of return on investment common size of value added statements.

8. **Dr. Butalal C. Ajmera** has done his Ph.d in “Interpretation and analysis of financial statement of two selected units of Birla group”, in the year 2001 by using conceptual framework of financial statement, Research plan, profile of the cement industries. Birla group of companies a bird’s eye view, liquidity position, financial structure and suggestion, the period of 1994-95 to 1998-99. The study reveals the course of profitability.

9. **Dr. Miss Kailash P. Damor** has done research on “A comparative analysis of profitability trends in co-operative sugar industry of India”, in the year 2002. In her research she has given clear idea about profit and profitability. Profitability is related with two words, Profit and Ability. We discuss the word profit in many senses but the word profit is used as per its purpose, where as the ability shows the capability of earning profit from business. Profitability also shows our capacity of how much return we can give to our investors on their investment.
10. **Dr. Sanjay Bhayani** published a book in 2003, “Practical financial statement analysis” The study covered 16 public limited cement companies in private sector. He made study of analysis of profitability, working capital, capital structure and activity of Indian cement industry. In his research he revealed various problems of cement industries and suggested remedies for the problems. He also suggested for the improvement of profitability and techniques of cost control.

11. **Dr. V. K. Sapovadia** did his research work in year 2004. Under his research work he studied financial performance of various co-operative sectors. For this purpose he also calculated some ratios. Title of his study is "a comparative study on financial performance appraisal of Indian Co-operative sector and USA based co-operative sector.


13. **Dutta S. K.** has written an article on “Indian tea industry an appraisal” which was published in Management accountant in the year of March 1992. He analyzed the profitability, liquidity and financial efficiency by using various ratios.

14. **Dr. Harish P. Desai** did his Ph.D. on "Financial performance appraisal of selected district dairies co-operative in Gujarat" in may-2006. Under this study, He has made a modest attempt in assessing the financial health of the selected co-operative dairy units by applying accounting tools and techniques to the date of nine district co-operative dairy unions in Gujarat state.

15. **Dr. Rasik N. Bavaria** has done his Ph.D. on A Comparative Analysis of Profitability Vis-A-Vis Liquidity Performance in Cement Industry of India. PhD thesis, Saurashtra University. Telecommunication, petroleum, coal, fertilizers, iron, steel and cement etc. are the key infrastructure sectors of India. Cement industry is also plays a significant role, in the rapid growth and development of a country, because cement is a pre-requisite of all construction activities. Cement is used in
housing, dams, bridges, industrial construction, roads, etc. so cement is basic material, which is used in all types of constructions.

16. Dr. Suraj Narain Mathur has done his Ph.D. on “Working Capital Management of cement industries in India - a comparative analysis of selected units”. In this study profile of the cement industries in India, analysis of cash and liquidity management, accounts receivables management, inventory management and control, conclusion, suggestions and recommendations.

17. Ahindra Chakrabati published an articles “Performance of public sector enterprises a Case study on fertilizers” in “The Indian journal of public enterprise” in the year 1988-89. He made analysis of consumption and production of fertilizer by public sector; he also made analysis of profit and loss statement. He gave suggestion to improve the overall performance of public enterprise.

18. Kaura and Subramaniam published an article on the financial performance of 10 units relating to the period from 1972 to 1979 which mainly observed liquidity, profitability, financial structure and overall performance. For this study they used conventional ratio analysis and merit rating approach. They found that the financial strength of the units have declined over the years.

19. Rao and Chandar have made attempt to assess the financial efficiency of cement companies for the period from 1970-71 to 1977-78 which covers 70% of entire industries. They found out that the profitability of selected companies had decreased continuously from 1970-71 to 1974-75 owing to causes such as inflationary pressure in the country, continuous fall in capacity utilization due to drastic power cuts and shortage of coal, oil and wagon. The profitability increased in 1975-76 because of appreciable increase in the sales.

20. Dr. Kumar Bardas published a comprehensive book in 1987, touching on the various aspects of the cement industries like factor productivity, location, and degree of competition, capacity utilization, size efficiency, financial performance, distribution pattern and governmental policies with respect to distributions. The study pertains to the period from 1970 to 1980. The study
revealed that all profitability ratios decreased gradually and become negative for 1973-74 and 1974-75.

21. **Miss Nandini Jaimini** published an article ‘Evaluation of Cash Management Performance of the Selected Textiles Mills in Rajasthan’ in ‘Indian Journal of Public Enterprise’ in 1988-89. She did analysis of selected textiles units by using various liquidity ratios and concluded that the inadequate cash balance to meet their currently maturing obligations. She suggested various measures to overcome this deficit of working capital.

22. **Dr. Sanjay J. Bhayani** has done his Ph.D. on ‘Analysis of financial statements of cement industries in India.’ In this study profile of the cement industries in India, conceptual framework of financial statements, analysis of activity, profitability, working capital, financial structure and Summary findings and suggestions.

23. **Dr. Deepak M. Sharma** has done his research work on Indian Banking Sectors. He was calculated the profitability and productivity of various banks. The title of his thesis is ‘Critical Evolution of Indian Banking sector.’ With reference to private sector banks & public sector banks. For purpose of finding the profitability the researcher use the analysis of Common Size Financial Statements.

24. **Dr. R. V. Keshwara** has done his Ph.D. on ‘A Study of Financial Performance of Aluminum industry in India’. In this study profile of the aluminum industries in India, Analysis of Profitability, Capital Structure, Working Capital and Operation efficiency of the aluminum industry in India.

25. **Dr. P. S. Hirani** has been done Ph.D in ‘Analysis of Profitability in Paper Industry of India’. In the study on different ratio on profitability in paper industry of India. The different method used on profitability.

26. **Dr. Nirmal Nathwani**, has been done Ph.D The Study of Financial Performance of Banking Sector of India, thesis PhD, In banking transactions, a customer wants all the services under one roof and expects to save time and simplified transactions. So, the customer will prefer his or her bank; if the particular bank
satisfies his / her needs. Satisfaction leads to the preference. In this study an attempt has been made to find out the level of preference and satisfaction of the customers of nationalized and private sector banks.

27. **Dr. Dharmesh S Raval** has been done Ph.d in 2006 in Analysis of Profitability in Pharmaceutical Industry, thesis PhD, Saurashtra University. The present research work is a very modest effort from the side of researcher to add to the current knowledge base in the area of Pharmaceutical Industry and its financial performance. There are several research conducted by several researchers in and outside country for the Indian Pharmaceutical Industry as the industry is on the threshold of a paradigm shift from process patents to product patents and several such legal international issues.


30. **Dr. Virambhai S. Zala** “A Study of Productivity and Financial Efficiency of Textile Industry of India” PhD thesis, Saurashtra University. The Indian textile industry is the second largest in the world second only to china. Indian textiles also account for 38 percent of the country’s total exports and are therefore, a very important industry. The textiles machinery industry sector has an integral role to play in the growth of India’s export Industry analysts note that textile prices are increasingly competitive worldwide as more and more developing countries enter the global textile trade.

31. **Dr. Amisha S. Rana** had done Ph.D in 2011 Shareholder Value Creation in the Automobile Industry in India, thesis PhD, Saurashtra University. An Overview of
Indian Automobile Industry, Conceptual Framework of Shareholder Value Creation and analysis of EVA and SWOT analysis during the study period.

32. **Dr. Shivubhai C. Vala** has been done Ph.D in 2011 “A Comparative study of Profitability vis-à-vis liquidity the milk co-operative dairy of Gujarat State” This research study is aimed for the finding out the performance and efficient level of the co-operative dairy and milk supply units in Gujarat State and also Profitability and liquidity are the basic requirements for the survival of an enterprise and for the prosperity of employees and for the welfare of the customers and the society at large and also for the development of the economy.

33. **Dr. Bhavsinh Dodiya** has written an article on “Analysis of Liquidity in Indian car industry of Selected companies” which was published in Research Expo international Multidisciplinary Research journal in June -2012. He analyzed liquidity and financial efficiency by using various ratios of the selected automobile companies.

Thus, researcher has evaluated the concept and various related aspects of Financial Performance Analysis. On basis of the above literature review researcher has decided to do the above said research. He has shown his keen interest for going on exploratory study on this area of research and has also decided to investigate the whole concept and its relative applicability in the Automobile Industry of India.

3.5 **SCOPE OF THE STUDY:**

The scope of the study is very wide. The Selection of the company under the study is not made on the basis of any recognized system of sampling. The criteria is for the selection of 10(Ten) company. However, the researcher has selected India’s leading companies Automobile Industry in India, the companies selected for the study according to the most popular in the India and they are also selected as per cluster wise company selection. Out of Ten Companies, three companies are selected from the two wheelers company, and two companies are selected from the three Wheelers company, the two companies are selected from the four wheelers company and last three companies are
selected from the heavy vehicles in automobile industry. The time period of the study is determined of the last Ten years on the basis of the convenience, industrial status and easy accessibility of the data.

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<tr>
<th>SR.NO.</th>
<th>NAME OF COMPANY</th>
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<tbody>
<tr>
<td>1</td>
<td>Hero MotoCorp Ltd</td>
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<td>2</td>
<td>TVS Motor Company</td>
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<td>3</td>
<td>Scooters India Limited</td>
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<td>4</td>
<td>LML</td>
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<td>5</td>
<td>Bajaj Auto Ltd</td>
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<td>6</td>
<td>Hindustan Motors Limited</td>
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<td>7</td>
<td>Maruti Suzuki India Limited</td>
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<td>8</td>
<td>Mahindra &amp; Mahindra Limited</td>
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<td>9</td>
<td>Ashok Leyland</td>
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<tr>
<td>10</td>
<td>Tata Motors Limited</td>
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</tbody>
</table>

3.6 HYPOTHESIS:

Researcher has formulated two types of hypothesis i.e. ALTERNATIVE hypothesis and NULL hypothesis for the present study. Both the hypothesis will be tested with the help of statistical tools. Both the hypothesis is determined as under;

❖ ALTERNATIVE HYPOTHESIS (H1):
   1. There will be significant difference in Profitability and Efficiency Ratio of the selected Automobile industry during the period of study.
   2. There will be significant difference in Capital Structure Ratio of the selected Automobile industry during the period of study.
   3. There will be significant difference in Working Capital Ratio (Liquidity and Solvency Ratio) of the selected Automobile industry during the period of study.
   4. There will be significant difference in Overall Activity Ratio of the selected Automobile industry during the period of study.

❖ NULL HYPOTHESIS (H0):
   1. There will be no significant difference in Profitability and Efficiency Ratio of the selected Automobile industry during the period of study.
2. There will be no significant difference in Capital Structure Ratio of the selected Automobile industry during the period of study.

3. There will be no significant difference in Working Capital Ratio (Liquidity and Solvency Ratio) of the selected Automobile industry during the period of study.

4. There will be no significant difference in Overall Activity Ratio of the selected Automobile industry during the period of study.

These broader hypotheses will be redrafted with each types of ratio during the analysis work.

3.7 **UNIVERSE OF THE STUDY:**

The Automobile industry in India is highly developed at macro level. The present study is carrying out on the micro level. Researcher is selecting the Financial Performance of Selected Companies of Automobile Industry of India, with reference to leading companies engaged in Automobile Industry in India.

3.8 **NATURE OF THE STUDY:**

The study can be termed as empirical in nature because of acquiring deeper insight into the various significant aspects of the problem as relativity of the objectives of the study. The researcher desires to utilize the facts and information available in various secondary sources to make critical evaluation and thus from this point of view, the nature of the study will also become analytical.

3.9 **PERIOD OF THE STUDY:**

Generally researcher wants to collect all required data, particulars and information for the research. He also takes interest to select a short period of the study because of convenience for properly data collection, and analysis of the same for come to the conclusion. Hence, the researcher undertakes research for the period of 10 years on the Financial Performance of selected companies of Automobile Industry of India

- The present study is made for a period of the 10(Ten) accounting years ending to 31-3-2013. (From 2003-04 to 2012-13)
3.10 **SOURCE OF DATA:**

Every research is based on sound facts and data that are collected data by the researcher. The kind of data collected and the methods used to collect the data has a very important aspect of the research. There are two basic means of collection of data as follow:

- Primary data
- Secondary data

The researcher uses both the methods of data collection for his convenience. But researcher gives more emphases on secondary data because the researcher undertakes research in Financial Performance practices for which researcher needs all Annual reports and records from the selected companies, which are in nature of secondary data. Researcher must be very careful in using secondary data and make a minute scrutiny because it is just possible that the secondary data may be unsuitable or may be inadequate in the context of the problem, which the researcher wants to study. The researcher must, before using the secondary data, see that they posses of (i) Reliability of data (ii) Suitability of data (iii) Adequacy of data.

3.11 **RESEARCH METHODOLOGY:**

It is an empirical study, so researcher has followed scientific approach to design the research methodology for investigation. For this study researcher is using secondary data as a source of information for thus research e.g. the Annual Reports, websites and other publications. The following tool & techniques have been classification in the study

(A) Accounting Techniques  (B) Statistical Techniques

3.11.1 **ACCOUNTING TECHNIQUES:**

The researcher picks up the techniques to suit their requirement and also basis to data available to them. The accounting techniques which are used for the analysis is as under.

➤ **Ratio Analysis**

A ratio is a quotient of two numbers and the relation expressed between two figures. Ratio analysis is a process of comparison of one figure against another, which makes ratio. Ratio analysis is a very powerful. The ratio analysis concentrates on the inter-relation-ship among the figures appearing in the financial statement.
3.11.2 STATISTICAL TECHNIQUES:

The statistical techniques which are used for the analysis are as under:

- **Arithmetic Mean**
  
  It is called as the average of difference of the values of items from some average of the series. According to Gulerian “The most commonly used average is the arithmetic mean, briefly referred to as the mean” the mean has been found by adding all the variables and dividing it by the total number of years taken.

- **The Standard Deviation:**
  
  The standard deviation concept was introduced by ‘Karl Pearson’ in 1823. Standard deviation is most widely used measure of dispersion of a series and is commonly denoted by the symbol ‘σ’ (pronounced as ‘sigma’). Standard deviation is retired as the square –root of the average of squares of deviations, when such deviations for the values of individual items in series are obtained from the arithmetic average.

- **Co-Efficient of Variation:**
  
  Co-efficient of variation is defining as the percentage of the standard deviation to the mean. It should be noted that higher the variability the greater would be the co-efficient of variation. Therefore, it may be pointed out that for the stability of results, Co-efficient of variation must be low. Co-efficient of variation (C.V.) may be calculated with the help of standard deviation and mean.

\[
\text{CO-EFFICIENT OF VARIATION} = \frac{\text{STANDARD DEVIATION}}{\text{ARITHMETIC MEAN}} \times 100
\]

- **One-way Analysis of Variance Test (ANOVA)**
  
  It is useful for inter-unit comparisons. Statistical analysis has been tools which used for financial analysis. The researcher will picks up the techniques of ANOVA – Single Factor at specific level at significance for accepting as rejecting the null hypothesis.
3.12 **SIGNIFICANCE OF THE STUDY:**

This study is useful and important for the major aspects such as,

- It can give understanding of practical approach or implementation overview.
- It can also give corporate overview of Financial Performance provisions in Indian Automobile Industry sector.
- It can also give to financial performance of Financial Performance Analysis in Indian Automobile Industry sector.

So the significance of the study is very high. Further some observation may be useful to academicians, industry people, and policy makers.

3.13 **OUT LINE OF THE CHAPTER PLAN:**

**Chapter -1 Introduction of Company Profile of Automobile industry of India**

This chapter covers development of automobile industry, the history of automobile industry, government policy, demand drivers, recent new trends of automobile industry in India and also discusses different company’s profile, achievement and overall scenario.

**Chapter -2 Conceptual Framework of Financial Performance Analysis**

This chapter deals with meaning and conceptual practices of financial performance analysis, measurement of performance, area of financial performance analysis, operational efficiency, concept of financial performance appraisal, objective of financial performance appraisal, concept of financial structure, financial statement of analysis, users and objective of financial statement analysis, types of financial performance of analysis, importance and limitation of financial statement of analysis and the different tools and techniques used in analysis of different financial performance of Indian Automobile industry.
Chapter -3 Research Methodology

This chapter deals with complete detail of the research plan such as, Introduction, Title of the Study, Objectives of the Study, Survey of the Existing Literature, Scope of the Study, Hypothesis, Universe of the Study, Nature of the Study, Period of the Study, Source of Data, Research Methodology, Significance of the Study, Limitation of the Study, Further Scope for the Study, Bibliography-Reference etc.

Chapter -4 Analysis and Evaluation of Profitability

This chapter deals with observation and examination of financial position by way of different Profitability Ratios for Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, Earning Per Share, Return on Gross Capital Employed, Return on Net Capital Employed and Return on Owner’s Equity. For the testing of hypothesis t-test was applied and the results of it also discussed in the chapter.

Chapter -5 Analysis and Evaluation of Working Capital

This chapter deals with observation and examination of financial position by way of different Working Capital Ratios for current ratio, quick ratio, inventory to working capital ratio, stock turnover ratio, debtors turnover ratio, average collection period and working capital turnover ratio. For the testing of hypothesis t-test was applied and the results of it also discussed in the chapter.

Chapter -6 Analysis and Evaluation of Capital Structure

This chapter deals with observation of financial position by way of different Capital Structure Ratios for Total debt equity ratio, financial leverage ratio, net fixed assets to net worth ratio, proprietary ratio, net fixed assets to long term debt and interest coverage ratio. For the testing of hypothesis t-test was applied and the results of it also discussed in the chapter.
Chapter -7  Analysis and Evaluation of Activity

This chapter deals with observation and examination of financial position by way of Activity different Ratios for capital turnover ratio, fixed assets turnover ratio, current assets turnover ration, raw material to net sales ration, wages and salaries to net sales ratio, power and fuel to net sales ratio, selling & distribution to net sales ratio and depreciation to sales ratio. For the testing of hypothesis t-test was applied and the results of it also discussed in the chapter.

Chapter -8  Consolidated Research Report

(Summary, Findings, Conclusion and Suggestion)

In this chapter a consolidated research report covering summary, findings, conclusion and suggestion of the whole study will be described. In this chapter, researcher comes out with the summary of the whole research work. The findings of the research work also discussed and on the basis of findings, researcher tries to give some valuable suggestions also.

3.14  LIMITATION OF STUDY:

Every living and Non- living on this world is its own limitation which restricts the usability of that thing. The same rule applies to this research work. The main limitation of the study as under:

- It is a new and developing concept, so it is not possible for all new and developing companies.
- A Study is undertaken by individual researcher therefore all the limitation of the individual researcher exists here also.
- It is secondary data based study, so the limitations of the secondary data reveals with this study.
- As it is a new concept, it becomes hard task and through for accountants and accounting practitioners for fulfilling all formalities.
- Profitability is affected by many factors, internal as well as external, but the researcher is taking into consideration only some factors which are relevant to study.
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