Prologue: The last phase of the present study is the concluding part of the research project undertaken by the researcher. It presents obstacles, findings, observations in the most collegial language. In the present study –‘Financial Performance Evaluation of Automobile Industry in India (with special reference to Maruti Suzuki India Ltd. & Hyundai Motors India Ltd.) has been analyzed with a view to make an assessment of financial performance of the companies. On the basis of analytical study of various ratios with reference to MSIL & HMIL, the following conclusion and suggestion are made by researcher:-

7.1-Liquidity Analysis of MSIL & HMIL

In Liquidity Analysis of the companies CR, LR and ACR have been calculated to know the short term financial position of the companies. Short term financial position tells us that whether these companies are able to pay its short term obligation on time or not. It is always consider necessary to know the short term financial position of the company from short term lender’s point of view.

7.1(i) (A)-Current Ratio (CR) of MSIL

The Current Ratio of MSIL has not been satisfactory because it does not contain the ideal ratio of 2:1. It means the company has not sufficient current assets for the payment of current liabilities. If the price of the current assets decreases, than the company can’t make the payment of current liabilities in full.

Overall, position of company was not so sound, because on an average it was 1.62 only. Having more current ratio than the required ratio may be better from creditors’ point of view, but it cannot be said to be better for business itself, because money is more invested in the unproductive form of stock etc. In that case, if the stock is not sold in proper time, it may create problem for the company.
7.1(i) (B)-Current Ratio (CR) of HMIL

During the reference period of all the years Current Ratio of HMIL was lower than the standard norms of 2:1. Only in 2000 and 2003 it was near to the standard norms of 2:1 i.e. 2.02 and 2.08. This shows that HMIL’s liquidity position was also not so good; it was not able to clear its short term liabilities on time.

On an average it was 1.70 during the study period which can’t be said as satisfactory. It means whenever the current ratio is lower than the 2:1, then the company has to manage its short term funds with great care to meet out its short term obligations.

7.1(ii) (A)-Liquidity Ratio (LR) of MSIL

The Liquidity Ratio has not always been higher than the Standard Ratio of 1:1; on an average it was 1.19 which clearly indicates that the financial position of the company has not been very sound. Except in 2003, 2005, 2006, 2007 and 2009 in rest of the years the liquidity ratio was lower than the standard norms of 1:1 which shows that in these years Company had to face problem in maintaining its short term funds to pay its short term obligations. Because whenever it is lower than the 1:1 in that case company’s liquidity position can’t be said to be satisfactory.

7.1(ii) (B)-Liquidity Ratio (LR) of HMIL

The liquidity ratio was less than the standard norms of 1:1 during the reference period except in 2002 and 2003, on an average it was 0.95 only which is a signal of not satisfactory liquidity position of the company. From the year 2004 to 2008 it was less than one, which indicates that the HMIL had to face great difficulty during this period to pay its short term creditors. HMIL’s cash management can’t be said in a good position because company was not able to maintain the standard norms of 1:1, on an average it was 0.95 during the reference period.
7.2- Profitability Analysis of MSIL & HMIL

Profitability Analysis describes the profit margin ability of the companies. It tells us whether companies are able to meet its indirect or operating expenses or not. Its necessary to know profit margin ability from the investor’s point of view because it leaves the margin which is available for investor for distribution of dividend.

7.2(i) (A) - Gross Profit Ratio (GPR) of MSIL

Gross profit ratio shows that the financial position of the company has not been satisfactory. Generally 20 to 30 per cent gross profit ratio is considered good and the company’s gross profit ratio doesn’t come between 20 to 30 per cent. Gross Profit means that margin that should be well enough to cover the indirect expenses and leaves a reasonable income to continue its operations but if it is less than this it means company will have to face difficulty in meeting out its indirect expenses.

7.2 (i) (B)- Gross Profit Ratio (GPR) of HMIL

The gross profit ratio of HMIL can’t be said satisfactory during the study period in 2009 as it was 6.31. In all the years from 2000 to 2008 it was between 10 to 20 per cent which indicates that the company can’t run its operation activities very smoothly. Because lower gross profit ratio can’t be said satisfactory which means company will face difficulty in managing its operating expenses and that situation will leave a lower operating profit for the company again that state can’t be said good for any company.

7.2(ii) (A) - Net Profit Ratio (NPR) of MSIL

In 2000 MSIL has earned a net profit of 35.81 per cent and after that there has been a decreasing trend up to the year 2004. The main reason of low net profit ratio was more operating and non operating expenses which need control. Generally 5 to 10 per cent net profit ratio is considered as satisfactory and in all the years during the reference period the net profit ratio of MSIL was more than this it means company is in satisfactory position. It has sufficient balance for the appropriation. It can create any reserve and can maintain its dividend limits.
7.2(ii) (B)-Net Profit Ratio (NPR) of HMIL

From the year 2000 to 2004 the net profit ratio of HMIL was almost NIL. It does not mean that company has not earned any profit during this period which indicates that whatever profit the company earned during this period the company had utilized it in appropriation. From 2005 to 2008 there is an increasing trend in this ratio after that in the very next year in 2009 it went down to 14.18,

7.2(iii) (A)-Operating Ratio (OR) of MSIL

From the year 2000 to 2008 a decreasing trend can be observed in the operating ratio of MSIL. In the year 2009 it reached to 101.95 per cent from previous year ratio 93.99 per cent. Uniformity can be seen from the year 2005 to 2008 as the ratio lies around 93 per cent. During the study period in all the years operating ratio was more than 75 per cent 80 per cent it means that the company was not able to meet its operating expenses without any difficulty. High Operating Ratio indicates that the company has not sufficient balance in its Profit & Loss Account to cover its indirect expenses.

7.2(iii) (B)-Operating Ratio (OR) of HMIL

Operating Ratio of HMIL also can’t be said satisfactory because it was also in all the years under study was more than the standard of 75 per cent to 80 per cent. On an average, the operating ratio was 100.23 per cent through out the period, which shows that the company’s operating expenses, were too high and company had not enough profit to cover its operating and indirect expenses. If this ratio is high, it means it won’t leave a sufficient balance in the profit and the company may have to use other sources of funds and this situation can not be said well for any company. Low operating ratio shows the more efficiency of any business that means company doesn’t need any other sources of funds.
7.2(iv) (A)-Return on Investment (ROI) of MSIL

On analyzing the return on investment, we can say that investment in this company has been profitable and productive. The average of the company is 0.35. From the year 2002 to 2008 the company revealed an increasing trend but in the year 2009 it went down to 0.28. In the year 2001 ROI of MSIL was NIL due to the non availability of profit. Higher ROI is an indicator of overall performance of the company and more profitability. If this ratio is high, it shows that the company has used its funds in a better way to provide more benefit to its owners as well as its lenders from a long term point of view.

7.2(iv) (B)-Return on Investment (ROI) of HMIL

On analyzing the ROI of HMIL, it can be said that from the year 2000 to 2006 there is an increasing trend except in 2003. After that from the year 2007 to 2009 there was decreasing trend during the study period. On an average, it was 0.20 which is very low in comparison to MSIL’s ROI. In all the years except 2001, 2002 and 2003 the ROI of HMIL was low as compared to the ROI of MSIL. Higher the return, the better it is for the company because in that state owners and lenders of the company feel satisfied.

7.2(iv) (A)-Return on Equity (ROE) of MSIL

On analyzing, the ROE of MSIL from the year 2002 to 2008 there was an increasing trend in this ratio after that in the year 2009 it went down to 773.43 per cent. On an average, it was 539.59 per cent in through out the study. Higher Return on Equity indicates that the company has utilized equity share capital in a better way and it shows how much profit is available for the distribution of dividend to equity shareholders, which shows the efficiency of the management. In the year 2001, ROE was NIL due to non availability of the profit for the distribution of shareholders in that year.
7.2(iv) (B)-Return on Equity (ROE) of HMIL

On analyzing the ROE of HMIL, we find that on an average it was 31.37 per cent during the period of study. In the year 2009 it went down to 9.08 per cent as compared to its previous year ratio which was 63.27 per cent. In the year 2003 also it went very down to 5.28 percent as compared to previous year ratio which was 18.80 per cent. Low ROE is a signal of low margin for the equity shareholders which means that the company is not operating its business smoothly and leaving a very low margin for the equity shareholders.

7.2(iv) (A)-Return on Assets (ROA) of MSIL

On analyzing the ROA of MSIL, it was found that it varied in the range of 71.91 per cent during the study period. During the study period ROA of MSIL varied in a range of 65 to 79 which can be said satisfactory. ROA must be greater than the value of assets in the company. It indicates the firm’s ability of generating profits per hundred rupees of total assets. On an average it was 71 per cent which indicates that out of 100 company is using 71 per cent of its total assets in the business to generate profit.

7.2(iv) (B)-Return on Assets (ROA) of HMIL

On analyzing the ROA of HMIL, we find that it was almost NIL from the year 2000 to 2004. From the year in 2004 and 2005 there was an increasing trend after that it started decreasing. On an average it was 36 per cent which means company uses only 36 per cent of its total assets in the business to make profit. Low ROA is not an indicator of efficiency of the management which means that company is not able to utilize its assets to generate more funds for the company. At the time of takeover, the company may have to face problem because in that case if ROA is less than the total projected value of the company that project won’t be accepted. It should be always higher than the assets value of any company.
7.3-Efficiency Analysis of MSIL & HMIL

Efficiency Analysis describes the effective utilization of fixed assets in the companies. Various types of Efficiency ratios i.e. FATR, STR, DTR and WCTR have been calculated to analyze the efficiency of the Sampled Units under Study.

7.3(i) (A) Fixed Assets Turnover Ratio (FATR) of MSIL

After analyzing the FATR of MSIL, we found that on an average it was 4.62 only which is less than the standard norms of 5-6 times. From the year 2000 to 2004 there was decreasing trend in this ratio after that it started increasing. Higher FATR indicates the efficient utilization of fixed assets in the company and lower is a signal of under utilization of fixed assets. Overall MSIL’s FATR indicates the under utilization of fixed assets it means the company has not used its fixed assets in a proper way to generate more revenue and there is a need to pay attention on the effective utilization of assets in the company.

7.3(i)(B) Fixed Assets Turnover Ratio (FATR) of HMIL

On analyzing the FATR of HMIL, it is found that on an average it was 5.77 times during the study period. In all the years except in 2003, 2008 and 2009 it was more than the standard norms of 5-6 times. This indicates that the HMIL has efficiently utilized its fixed assets in the operations to generate more revenues from the business. In comparison to MSIL’s FATR, HMIL’s FATR can be said satisfactory because it was near to the standard norms in all the years during the reference period.

7.3(ii) (A) Stock Turnover Ratio (STR) of MSIL

After analyzing the Stock Turnover Ratio of the company, it can be said that the company’s position was sound. There has been a better utilization of stock in this company. The turnover of inventories of materials marked an increasing trend except 2005, 2006 and 2008 during the study period. On an average it was 15.16 times during the study period. It is however, suggested that efforts should be made to further increase the turnover of inventory. Because higher STR indicates the
efficiency of management in inventory that signifies company needs lesser money to finance its inventory and low STR is an indicator of poor quality of goods, slow moving of goods and over investment in inventories.

7.3(ii) (B)-Stock Turnover Ratio (STR) of HMIL
On analyzing the STR of HMIL we found that on an average it was 9.30 during the reference period. From 2000 to 2004 except 2000 and 2004 there was an increasing trend in this ratio and from 2005 to 2008 there was decreasing trend thereafter in the year 2009 it reached to 7.30 times. If we compare the STR of MSIL with the STR of HMIL it can be concluded that MSIL’s STR was better than the STR of HMIL.

7.3(iii) (A)-Debtors Turnover Ratio (DTR) of MSIL
During the reference period it can be observed that from the year 2000 to 2002 there was decreasing trend in this ratio and from the year 2003 to 2008 there was increasing trend in the DTR of MSIL after that in very next year in 2009 it went down to 22.34 times. On an average, it was 16.34 during the study period.

Higher DTR indicates the efficiency of management in recovering of its debtors and low is a signal of inefficiency in the management of debtors.

7.3(iii) (B)-Debtors Turnover Ratio (DTR) of HMIL
After analyzing the DTR of HMIL it can be said that in all the years except in 2003 and 2006 it decreased during the reference period. On an average it was 114.07 times although there was decreasing trend even then it can be said well in comparison to the DTR of MSIL which is just 16.34 times only on an average. Except 2008 and 2009 in rest of the years HMIL’s DTR is more than the DTR of MSIL.

7.3(iv) (A)-Working Capital Turnover Ratio (WCTR) of MSIL
On analyzing the WCTR of MSIL, we find that on an average it was 15.51 times during the reference period. In the year 2009, it went very down to 9.81 times in
comparison to previous year ratio 65.73 times. Fluctuating trend can be observed during the reference period in the WCTR of MSIL.

Higher WCTR indicates efficiency of management in working capital which means that the company is using its working capital in better way to generate more funds from the amount invested in working capital and low indicates vice versa.

7.3(iv) (B)-Working Capital Turnover Ratio (WCTR) of HMIL
After analyzing the WCTR of HMIL, it can be concluded that on average it was 8.84 times only. Where it is low, it shows that HMIL was not able to use its working capital efficiently in those years. In all the years except in 2004 and 2005 WCTR was around 6 to 8 times which shows consistency in the utilization of working capital in the company during the reference period.

7.4-Leverage Analysis of MSIL & HMIL
Leverage Analysis is important from the long term lender’s point of view, because it tells us whether the Sampled Units are able to repay its long term loan and its interest on time or not. CGR, DER, ICR etc. have been calculated to know the repayment ability of the Sampled Units under Study.

7.4(i) (A)-Capital Gearing Ratio (CGR) of MSIL
During the reference period the CGR of MSIL was more than the standard set by SEBI which is 1:4. It means that the company is not dependent on outsiders for its capital requirement. On an average it was 15.40 times during the study period. From 2000 to 2006 except in 2001 there was an increasing trend in this ratio which means that the company was highly geared in those years. It signifies that the equity share capital was less than loan capital which is a signal of under capitalization.

7.4(i) (B)-Capital Gearing Ratio (CGR) of HMIL
The CGR of HMIL was more than the standard set by SEBI except in 2000, 2007, 2008 and 2009 where it was less than 1:4. In all the years during the study period it
was less than the CGR of MSIL. On an average it was 1.89 times only. From 2000 to 2006 except in 2003, there was an increasing trend in this ratio after that it started decreasing.

7.4(ii) (A)-Debt Equity Ratio (DER) of MSIL

The debt-equity ratio was less than the standard norms i.e. 1:1 during the study period. It shows a sound long-term financial strength of the company from the creditors’ point of view. The creditors are interested in low debt equity ratio. The ratio can be raised up to the level of standard norms. This shows that there is a vast scope for the company to raise this ratio. On an average it was 0.14 only during the reference period.

7.4(ii) (B)-Debt Equity Ratio (DER) of HMIL

After analyzing the DER of HMIL, we found it was less than the standard norms of 1:1 except in 2009 where it was 1.38 which means in this year company has taken more loan in comparison to its equity share capital and this cant not be said a good signal of the financial strength of the company because having more loan create a extra burden on the company as per the solvency point of view. In 2008 also, it was 1.02 which is also not a good indicator for the company because in any case it should be less than 1:1 because more than this cant be said well from the lender’s points of view at the time of liquidation.

7.4(iii) (A)-Interest Coverage Ratio (KR) of MSIL

During the reference period from the years 2006 to 2009, decreasing trend can be observed in this ratio. In the year 2001 it was almost NIL which means profit was negative in this year and the company had to face difficulty in paying its interest on loan on time.

Higher the ICR, the better it is for the company because in that case company can pay off its interest on loan in time. If it is low, that situation can’t be said well for the
company because company will have to arrange from some other sources of funds except its profit to pay off its interest on loan.

7.4(ii) (B)-Interest Coverage Ratio (KR) of HMIL

After analyzing the ICR of HMIL, we find from the years 2000 to 2006 there was an increasing trend in this ratio and after that it started decreasing which is not a good signal for the company because this means that the company is not in a good position to pay its interest on loan in time. In 2009 it went very down to 2.35 as compared to previous year ratio which was 10.48.

7.5-Analysis on the basis of Market Value Ratios of MSIL & HMIL

7.5(i) (A)-Earning Per Share (EPS) of MSIL

On analyzing the EPS of MSIL, it can be observed that there was an increasing trend in all the years during the study period except in 2001 where profit was not available for the distribution of equity shareholders because it was negative in that year. On an average it was 26.99 during the study period.

Higher EPS indicates the more profitability of a company on per share basis from the owner’s point of view. If it is low, it means it will leave a low margin for the distribution of equity shareholders of the company.

7.5(i) (B)-Earning Per Share (EPS) of HMIL

After analyzing the EPS of HMIL, we find except in 2002, 2003 and 2009 there was an increasing trend in this ratio which is a good situation for the company as it means that the company was in a good situation to pay its equity shareholders. In 2009, it went very down to 91.05 as compared to previous year when it was 634.72 in 2008.
7.5(ii) (A) - Price Earning Ratio (PER) of MSIL

On analyzing the PER of MSIL, we find that from the year 2000 to 2003 it was almost NIL. It was not a good indicator for the company because P/E Ratio shows the market value of the company and where it was almost Zero that signifies shareholders were not optimistic about the company in those years. Market value of the company was not in a good position as per the competitor’s point of view. On an average, it was 11.08 during the reference period.

7.5(ii) (B) - Price Earning Ratio (PER) of HMIL

During the reference period it can be observed that P/E Ratio of HMIL was almost NIL in all the years and it cant be regarded as good for any company because that means in those years where it is lower or almost NIL shareholders had to suffer a lot.

7.5(iii) (A) - Book Value per Share (BVPS) of MSIL

On analyzing the BVPS of MSIL in all the years except 2002 and 2003 there was an increasing trend. On an average, it was 194.04 during the study period. BVPS indicates the net assets available to the equity shareholders. Higher Book Value per Share indicates undervaluation in comparison to current stock market price.

7.5(iii) (B) - Book Value per Share (BVPS) of HMIL

After analyzing the BVPS of HMIL, it can be observed that except in 2003 in all the years during the reference period there was an increasing trend. On an average, it was 3805.40 which can be regarded as good signal for any company.

7.5(iv) (A) - Economic Value Added (EVA) of MSIL

During the reference period, it can be observed that there was an increasing trend in the EVA of MSIL from the year 2002 to 2006 and after that it started decreasing. In the year 2000 where it was 0.10 and in the very next year it was almost NIL due to non availability of profit in that year because profit was negative. It is just like Return on Capital Employed, Return on Equity and Earning per Share of the company these
all methods are traditional and EVA is a new technique available to the corporate manager for evaluating its true economic profit.

Higher the EVA the better it is for the company because it indicates the more availability of true economic profit for the shareholders of the company.

7.5(iv) (B)-Economic Value Added (EVA) of HMIL
EVA of HMIL during the reference period varied in a range of 0.29. From the years 2000 to 2005 except in 2003 there was an increasing trend in this ratio. After that from the year 2006 to 2009 it started decreasing. As compared to MSIL, EVA of HMIL can be said satisfactory during this period.

7.5(v) (A)-Market Value Added (MVA) of MSIL
After analyzing the MVA of MSIL, we find that from the year 2000 to 2003 was almost NIL. Decreasing trend can be observed except in 2006 during the study period. On an average it was 3.14. Higher MVA indicates the company has created substantial wealth for the shareholders.

7.5(v) (B)-Market Value Added (MVA) of HMIL
During the reference period MVA of HMIL was almost NIL.

7.5(vi) (A)-Tobin’s Q (TQ) Ratio of MSIL
On analyzing the TQ of MSIL, we find that from the year 2000 to 2003 it was almost NIL during the reference period. From the year 2000 to 2009 except in 2006 there was decreasing trend in this ratio. TQ of MSIL can be said satisfactory because in all the years it is more than 1 which means that the value of the assets of the company is more than its market value. Because if TQ is less than 1 it means value of the assets of the company is less than its market value. On an average it was 3.49 during the study period.

7.5(vi) (B)-Tobin’s Q ratio of MSIL
During the reference period MVA of HMIL was almost NIL.
Analysis of Growth Index Rate, Market Capitalization, Sales, Cash Flow, Shareholder Wealth

<table>
<thead>
<tr>
<th></th>
<th>GIR (Sales)</th>
<th>MC</th>
<th>Sales</th>
<th>CF</th>
<th>SW</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSIL</td>
<td>61.67%</td>
<td>Rs.20303 crore</td>
<td>Rs.11312.32 crore</td>
<td>Rs.834.71 crore</td>
<td>Rs.4939.67 crore</td>
</tr>
<tr>
<td>HMIL</td>
<td>13.77%</td>
<td>NIL</td>
<td>Rs.6241.85 crore</td>
<td>Rs.429.01 crore</td>
<td>Rs.1742.06 crore</td>
</tr>
</tbody>
</table>

It can be observed from the table that MSIL leads in all the cases whether it is Growth Rate Index of Sales or Market Capitalization or Sales or Cash Flows or Shareholder Wealth.

- MSIL’s GIR (Sales) is 61.67% in comparison to the 13.77% of HMIL.
- MSIL’s MC is Rs. 20303 crore whereas HMIL’s MC is almost NIL.
- MSIL’s Sales can be seen of Rs. 11312.32 crore in the table as compared to the Rs.6241.85 crore of HMIL.
- MSIL’s CF is Rs.834.71 crore as compared to the Rs. 429.01 crore of HMIL.
- MSIL’s SW is Rs.4939.67 crore in comparison to the Rs. 1742.06 crore of HMIL.
Suggestions

On the basis of the study conducted and observations made, some useful suggestions are submitted so as to strengthen the financial performance of MSIL and HMIL.

Suggestions for Liquidity of MSIL & HMIL

As the Current Assets of the companies reveal that these are not sufficient to meet its Current Liabilities so the companies should try to increase their current assets. Companies should determine the maximum and minimum cash balance to be kept in the business operations. A separate cell should be established for the proper control on cash balance. It is suggested that the companies should exercise Budgetary Control System to make proper cash management in the companies and if there is any idle cash and bank balances, it should be utilized in a profitable manner. Proper investment of extra cash and bank balance into short term securities should be considered so as to enhance the profitability of the companies.

Suggestions for Profitability of MSIL & HMIL

1. In order to improve the Operating Profit Ratio of the companies, it is suggested that the management of the companies should exercise control over operating cost. To serve this purpose, the companies should acquaint its employees with technology up gradation through training and refresher courses so that the productivity of the employees in the companies might be increased and operating cost might be reduced.

2. Since the Operating Expenses are increasing with the growth in sales volume, it is suggested that the companies should introduce system of Internal Control by which this can keep a check on operating expenses. In order to reduce the Operating Expenses further, it is suggested that the existing expanded capacity of the companies should be utilized fully. The Management of the companies should exercise control over operating expenses.
Suggestions for Efficiency of MSIL & HMIL

1. In MSIL and HMIL Fixed Assets Turnover Ratio was lower than the standard norms of 5 to 6 times in some years, which indicates idle capacity. It is suggested that immediate steps be taken by the companies to utilize their resources. Hence, in order to achieve financial viability of the fixed assets in the companies, it is suggested that the companies should make optimum utilization of its fixed assets in a profitable manner.

2. The conclusion indicates that HMIL did not use the inventory very effectively. There was an increasing trend in the closing inventory of finished goods and work-in-progress and this position indicates that the company was not able to sell its product in the market and as such inventories were increasing. It shows that apart of working capital remained idle which could have otherwise been utilized profitably. Secondly, it reveals inefficient inventory control in the company. However, the companies are advised to keep the stock at minimum necessary level.

3. MSIL should try to reduce its debtors because Debtor Turnover Ratio of MSIL was lower in comparison to HMIL. In this way, HMIL has proved better managed company in recovering its debtors.

4. There was a fluctuating trend in the Working Capital of MSIL because the working capital in terms of sales could not justify its size. Hence, it is suggested that accurate forecasting of working capital should be encouraged to the possible extent so that the companies might enhance its profitability.
Suggestions for Leverage of MSIL & HMIL

1. The main sources of funds especially Borrowed Funds and Investments need to be effectively managed so as to enhance the profitability in the companies. Similarly, Capital Expenses needs to be properly planned and effectively managed so as to justify its expansion.

2. The companies in future should raise funds for further expansion/diversification purpose from long term borrowings instead of Head Office Account. This can be done by issuing debentures and receiving more loans from banks and public. A strict vigilance should be observed to ensure that right funds are used for right purposes.

Suggestions for Market Valuation of MSIL & HMIL

In order to increase the market share, efforts should be made in the direction of reducing the cost of production; efforts should further be made in the direction of reducing cost of goods sold.

Other Suggestions for MSIL & HMIL

1. Although, the sales of the companies shows an increasing trend, still it is strongly recommended that sales should be increased by applying new promotional techniques in the market for the purpose of rapid increase in the sales. Special market surveys be made in order to find out the avenues of pushing their goods.

2. MIS should be made more sound so that the implementation of top management decisions might be more effective and quicker at all levels so that the profitability of the companies might be strengthened by taking necessary action in time.

3. Modernization of Plant should be made by way of arranging funds at a concessional rate of interest or by bringing out initial public issue so as to minimize the wastage and enhance the profitability of the companies.
Summary: **To sum up, the present study** has thrown light on the various financial aspects of the companies. There are certain drawbacks which have been studied at the appropriate place; suggestions for improvement have also been submitted. It can be hoped that if the management tries to follow these suggestions some shortcomings which have been pointed out can certainly be removed. The researcher has tried her best to do justice with her study. Companies can improve their profitability in the coming future by working upon their shortcoming.

In view of the conclusions emerged out regarding the financial performance evaluation of MSIL and HMIL, it can be very safely said that efforts should be further made in the direction of achieving excellence in its working by translating the above suggestions into practice so that company stands to the forces of global competition.

The researcher is sure that if these recommendations are given due consideration by the management of the selected companies, particularly accounting people, they will go a long way to improve the profitability and administration of the company. The researcher will be amply pleased and awarded if her findings and recommendations get due accolade by the Worthy Examiners, Professionals, Academicians, Practicing Managers.

The research suggested few areas where there is a great potential for further research, which will benefit not only to bankers and industry but also the public at large. With all these findings and recommendations, researcher submits her work for objective evaluation by the able and learned examiners.
Scope for further research:

The present study concentrated on the financial performance evaluation of MSIL and HMIL, the further research can be conducted on the following areas:-

1. Sample of only two companies has been taken into study it can be increased taking more companies from automobiles sector.

2. Performance evaluation in the case of finance only has been taken into consideration; it can be taken in the case of Human Resources to know the exact impact of profitability on their productivity.