CONTENTS

CHAPTER 12

<table>
<thead>
<tr>
<th>TITLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 12  FINDING AND SUGGESTION</td>
<td>275</td>
</tr>
<tr>
<td>APPENDICES</td>
<td>304-333</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>334-338</td>
</tr>
</tbody>
</table>
CHAPTER 12
FINDING AND SUGGESTION

Industry has an important part in the progress in economy towards the country as a whole. That is to say, it helps in employing more people and the population has more income which is to raise standard of living of the people to a higher one. It also bring local resource to make beneficial use more widely and, in the future, industry may be business which helps to lessen loss of balance in trade of the country, or if it is an important industry, it will send a result in economic stability of the country.

It will be seen that car assembly industry including parts and other equipment of the cars has a part in helping to change in economy of the country. In addition, the problem on lack of trade balance, specifically, import of ready-made car and other spare parts are extending increasingly. Therefore, policy on promoting car production industry domestically in order to replace important ones and to reduce lack of trade balance has to be supported.

The profitability analysis can help to understanding of some very significant aspects of the finances of a firm e.g. various incoming and outgoing of cash ultimately in the profits during a particular final period. It helps the progress of measuring the financial strengths and weakness of enterpreneurs. In the other way, it is to say that to analyse the profitability trend of the company. It has multifarious usages.

The profitability analysis of the selected automobile industry in Thailand, the inventor collected data relating to all the
factors and ratio analysis, common size analysis, and statistical techniques were applied finally drawing up companywise findings.

The present study aims to study about the manufacturing, selling, distributing, profiting activities of selected automobile industry viz. Toyota Motors Co.Ltd., Nissan Motors Co.Ltd., Isuzu Motors Co.Ltd., Mitsubishi motors Co.Ltd. and Mazda motors Co.Ltd. The study has been stretched up to twelve chapters as follow:

Chapter 1 Evolution and Growth of Automobile in Thailand
Chapter 2 Concept of Profit and Profitability
Chapter 3 Position and Status in Producing Automobile in Thailand
Chapter 4 Investment Opportunities in the Thai Automobile Industry
Chapter 5 Trend on Car and Engine Production Industry
Chapter 6 Company Profit and Cost Reduction
Chapter 7 Profit Margin
Chapter 8 Common Size Income Statement
Chapter 9 Asset Turnover
Chapter 10 Return on Investment
Chapter 11 Value Added Statement
Chapter 12 Finding and Suggestion
Automobile industry began in Thailand in an earnest way in 1961 after the government had specified policy emphasizing promotion of industry which produce in order to replace import, by proclaiming the promotion of investment to establish car assembly plant within the country because there is a great demand in the country which caused a waste of foreign currencies to import ready-made cars every year wherein the said policy encouraged an investment to construct car assembly plant in the country, both being invested by Thai people and joint venture with parent companies overseas. At the first stage, certain accessories produced in Thailand were used, i.e. car-tyre, battery and until the year 1969, the cabinet has approved appointment of Board for Developing Automobile Industry in order to take care and specify policy for developing automobile industry of the country, up to the present time. Government has specified policy about producing accessories produced in Thailand and co-ordination with other Working Units, i.e. Ministry of Finance, Ministry of Commerce in specifying taxation policy and prohibited import of certain categories of ready-made cars, in order to protest domestic are motor car, pick-up, truck and passenger car. In assembling the automobile, one has to import certain part of Completely Knocked Down (CKD) accessories to assembly together with accessories produced in the country.

In addition, a car in the characteristics of chassis with windshield is altered and make an addition in order to obtain a car with truck for loading goods, what we call 'double'or 'cab' or 'station
wagon' for multi-purpose use. Majority of accessories used for alteration or make an addition are accessories produced in Thailand. Use of domestic accessories have increased. There is also more complicated technology of local production of accessories. The Board, therefore, specified that assembly plants which produce small trucks to use locally produced accessories since July 1989 onwards.

Automobile Industry in Thailand

1) Automotive production.

In 1991, Auto Assembly Plants which produce motor cars, small truck (Pick-up), big truck and passenger cars (1992) are more than ten assembly plants have registered capital totalling Baht. 1,004.0 millions, with production capacity of approximately 144,300 units/year/1 (Period of work). But production as indicator, which is, car spray and room for warming the colour of the car.

As regards situation of production which was during economic recession between 1984-1986 and in 1987 economy began to recover. As economy of the country in general began to recover, at the same time price of important crops become higher, people have more buying power, while interest on loans has reduced, the improvement the down payment and instalment period has been extended, this resulted in increase of production according to demand. In 1987, 98,148 automobile were produced, an increase from 1986 by 32.34% and in 1988 assembly of automobile have gone as high as 154,1983 units, out of this, 54,459 were cars about 35%, pick-up and passenger automobile : 99,724 units or 65%.
2) **Domestic market.**

In 1987 demand for cars was 26,938 units, pick-ups and passenger automobile were 74,394 units, an increase from 1986 by 23% and 32% accordingly. As for 1988 which was the time when economy was supportive, there was much higher demand for cars, that is, demand for cars was 38,759 units, pick-up: 85,710 units, big truck and passenger automobile was 22,023 units, an increase from 1987 by 43.9%, 34.7% and 78.6%, accordingly. Summarily, in 1988 total categories of automobile demanded was 146,492 units, an increase from 1987 by 44.6% which in higher than the past period when there used to be a high demand in the country, which was an average increase from that time by 5% - 7% per year.

3) **Overseas market.**

In 1987, there was an export of 488 cars, 40 units of pick-ups and passenger automobile. But in 1988, the result that government has specified measures in supporting export in various aspects, has enabled M.M.C. Sitthipol Co.Ltd. who signed contract with Chrysler Co.Ltd. of Canada, was able to export 100,000 cars to Canada within 6 years (1988-1993), which enabled export of cars in 1988 to increase to 13,500 units valued Baht. 1,965.0 millions and in 1989, Board for Developing Export has specified target for exporting 20,500 cars valued approximately Baht. 3,100.0 millions became alert in trying to send cars by negotiating to export to European market. As for exporting pick-ups and passenger automobile in 1988, there were 4,415 units valued Baht. 49.4 millions.
Automobile industry began earnestly in Thailand in 1961 after the government had specified policy to promote industry to produce locally so as not to have to import automobile in order to create work in Thailand and in order to increase efficiency in communicating, therefore, the government has proclaimed promotion of investment to establish car assembly factories, as there is a higher demand in using vehicle, by having production target at the beginning stage to have sufficient use within the country and later to develop it into export industry. Such policy encouraged investment in automobile industry both for the Thai people and joint venture with parent company abroad. At the first phase, it was allowed to use certain pieces of locally produced spare parts and accessories, i.e. tire, battery and elliptic leaf spring and in 1969 the government has approved to establish Board for Developing Automobile Industry for deputizing in taking care and specifying policy on assembly of locally produced spare and coordinating work with other Working Units, i.e. Ministry of Finance, Ministry of Commerce in specifying policy on tax and it was prohibited to import certain categories of ready-made automobile, in order to protect local industry. The seriousness of the government and the relevant Working Units in the policy of automobile industry has caused great advancement in this industry. There are more than 100,000 labour forces in car assembly industry of the country and there was investment in constructing factories which
comprise of machineries and other equipments for more than Baht. 30,000 millions.

The condition of automobile industry of Thailand can be considered as more stable than ASEAN countries because of the correct long-term policy and there was discussion between Ministry of Industry, Board of Investment and private sector, both the automobile assembly producers and producers of spare parts that made the specified policy become practicable policy which is the best pattern of cooperation. Later the government has the policy to promote production of engine in the country which enabled the Brand Owner to be daring enough to decide to invest in engine industry which is the important heart of vehicles in Thailand which enabled transfer of technology in the country wherein this can be applied for use with other multiple industries.

In the present time, automobile which can be assembled locally are cars, Pick-Ups, trucks and passenger automobile. The characteristics in assembling is to import complete knocked down spare parts for assembling with locally-made spare parts.

In addition, there is an import of automobile in the characteristics of Chassis with Windshield for alteration and for making additional part into Pick-Ups, double cab or station wagon for multi-purpose use wherein majority of spare parts and accessories which is used for making additional parts of the Pick-Ups are nearly all locally produced. There is an increased production and use of locally made spare parts at the same time, production of spare parts apply more complicated technology.
In July 1991, the government has proclaimed policy on free trade and has adjusted structure of car tax both for locally assembled automobile and ready-made cars from abroad. At the same time adjusted trading tax by reducing import tax of completely knocked down cars and Pick-Ups by 20% and completely built unit to remain 42% - 68.5%. At the same time, the government has applied VAT and excise tax in place of trading tax which is used with automobile industry since 1992 onwards.

From the above adjustment of tax structure, it results in the price of local cars and imported ready-made cars to be of little difference which is considered good result to consumers who will have more chance of selecting to buy goods. But for local industry, specifically automobile spare parts industry, although the government will have imposed policy to use local spare parts for locally assembled cars, i.e. policy to force the use of local spare parts by 54% for cars or policy to force the use of locally produced engines of the various sizes of trucks, but producers of local spare parts are unable to compete with imported automobile spare parts, because when the government considered adjusting tax for completely knocked down automobile and spare parts of completely built in automobile, the government did not reduce import tax of raw materials for use in automobile spare parts industry in the same proportion which enabled imported spare parts to have similar price or lower price than locally produced spare parts. Therefore, the government has to consider policy guideline for automobile spare parts industry and related industry to suit the situation, especially when future production of Thailand is
necessary to consider about the trend of U.S.A. and Japan which develop the product by bringing energy-saving and conservation of environment aspect for consideration. Thailand is necessary to develop more rapidly. In addition, automobile industry still has conditions and factors involved wherein these variables will change the market.

Government, therefore ought to specify policy to allow free selection of spare parts, instead of forcing the use as in the present time, because the condition of automobile market is not very precise and the situation has changed, hence, specifying free selection ought to be beneficial to automobile operators and producers of automobile spare parts, for example, production of small trucks (Pick-Ups) in the present time use more local spare parts than what has been specified by the government, that is, as much as 70% is used wherein the producers of automobile and producers of spare parts have discussed in investing high volume of spare parts with low cost price which is to produce and use voluntarily. Although the automobile market in Thailand will grow rapidly, but it does not seem to be as it ought to be.

If Thailand market is required to meet scale, at least 100,000 units/year ought to be increased, but to sell within the country alone is difficult, although proportion between Thai people to 1 unit of car is 43:1. The government is necessary to support and find ways to promote private sector, both automobile operators and producers of spare parts to be able to compete in foreign market.
There are a handful of sweeping conclusions to be made about the Thai automotive industry. These findings, along with their implications for investment, are highlighted below.

Thailand is home to the most advanced automotive industry in Southeast Asia. With sales of 485,678 vehicles in 1994, Thailand boasts the largest market in the region (Indonesia is second at about 200,000 units) and has recorded extraordinarily-high growth rates in the last four years. This strong growth is spurring new dynamism in the industry, as more foreign firms are investing in Thai automotive operations and the local industry itself is under increasing pressure to reform. The new capital inflows and a liberalized competitive environment spell opportunity for new businesses.

Naturally, investment opportunities are neither risk-free nor easy to secure. Japanese penetration and consolidation of several key parts of the industry is nearly complete, a factor which makes entry into most auto-related businesses difficult. Even where reforms pave the way for new ventures, vested interests, both Japanese and Thai, will not forfeit their advantageous positions easily. One can expect them to apply maximum pressure to policy-makers in Thailand to slow any process that threatens to erode their favorable operating position.

Nevertheless, the rate at which the domestic market is growing, coupled with the competitive advantages Thailand offers as a manufacturing site, and recent and impending regulatory liberalization,
are sufficient incentive to draw serious new investors. So since 1991 the Kingdom has witnessed the return of the American Big Three (GM, Ford, and Chrysler) who are aggressively establishing footholds in the market. The Thai market for pick-ups is already the second largest in the world (after the US) and Japanese manufacturers are determined to transform Thailand into a major assembly and component manufacturing export base for their assembly operations worldwide.

All leading indicators: growth rates, market potential, cost advantages, strategic location point to investment in the Thai auto industry as a sound decision. The Thai auto market presents a textbook case of an emerging industry at the take-off stage of development. The sector is ready for growth and needs the infusion of new technologies and capital to exploit both Thai and global markets. Current reforms will facilitate entry into the market and new investments will create a host of additional opportunities in the late 1990s.
TREND ON CAR AND ENGINE PRODUCTION INDUSTRY

From the situation that volume of demand in the use of cars has gone higher rapidly during 1987-1995 until producers were unable to produce to cope with the demand and the producers have adjusted the price higher rapidly that government sector had to control the sale price. At that time the government themselves have agreed to cancel the prohibition of import of cars proclaimed since 1978 onwards, by permitting to import cars with engine lower than 2300 cc. on free measures in order to remedy the above problem and in order to follow the policy guideline of government sector to open free measures as much as possible. The government hopes that by opening free measures of import of cars, it will help to increase volume of cars in responding to the people's need sufficiently. At the same time people are able to select pattern and model of cars. In addition, it is to persuade car producers to accelerate in improving quality of cars and production efficiency which will send an impact to lower cost price and there will be more competition in price which will enable the people to receive benefit by buying not too expensive cars with good use of work.

However, in practice, we have to wait for the result of consideration in reducing import tax from the Ministry of Finance, because the present tax of imported cars is 400 % of value for importing cars (companies of 150% of import tax, 20% of special fee of tax for importing cars, trading tax and municipal tax 44 %, by specifying standard profit as 80 % of the price of imported cars plus
import tax, wherein, when including together the total tax will be approximately 400% of the imported price of cars, which sends an impact in a high price of imported cars. Therefore, the Ministry of Finance has accelerated in considering about suitability in reducing tax on the part of special fee and reduce standard profit from 80% to about 40 - 50% which will enable total tax to remain 300% which will enable the price of imported cars to be not much higher than the price of locally produced cars.

Engine industry which comprises of small diesel engine for agriculture multi-purpose benzine engine and automobile engine are industry group which the government gives importance and give very good support since they are basic industry for developing many more engineering industries.

Production situation of every category of engine industry in 1995 has expanded in high rate because market situation was supportive and there are producers who have been given promotional support have opened up business more increasingly.

Ministry of Industry has proclaimed on 27 February 1989 by cancelling proclamation of the Ministry of Industry with subject on industry policy for producing diesel engine dated 27 December 1978. Estate Industry of Thailand has permitted M.M.C. Sitthipol Co.Ltd. to establish factory for producing engine for cars.
COMPANY PROFIT AND COST REDUCTION

Success in operation industry business in the present time, is dependent on the producer who is capable of producing good quality of goods and is capable of selling at justifiable price. In being capable in doing likewise, the producer is necessary to have technology in efficient production.

Automobile production is the production system which brings principle production factor for use, which are equipment, raw materials and manpower for use efficiently by trying to get rid of a waste in production which calls it "muda", irregularity "mura" and things beyond capability 'muri'. In addition, the 'just in time' working system as well as quality control in steps of production has been included in the production system, which enables production in pattern become perfect.

Automobile production type has 4 principal targets

1. To reduce cost production as much as possible by trying to get rid of all thing that would cause a waste.

2. To be capable of producing good quality of goods.

3. To enable working system to have high efficiency, capable of adjusting itself rapidly to any change.

4. Create good working atmosphere, create understanding between staff and company and let the staff see the importance of himself.

Philosophy in operating business is based or principle that better cars have to be produced at cheaper prices so that more people can make use of them. This is in order to respond to society.
In being able to respond to society, that business has to perform work continuously on firm base and structure and is able to earn profit at suitable level from such performance in order to improve and develop the work accordingly.

Every company realizes that profit is the most important thing in operating business. How should we do to gain profit wherein in earning profit, we have to look at the cost price and ask what is profit. Profit means to deduct cost price with sale price, we will obtain profit. There are 3 methods for making profit:

- Put up the sale price.
- Sell more
- Deduct the cost price.

The most important thing in reducing the cost price is to cooperate, give advice in remedying the problem, trust and be truthful between staff and chief of such unit. In general, car market throughout the world, it will be seen that each company will produce cars with different characteristics and the profit would naturally be different. This is because production system in each company is not the same, which if compared the cost price of raw materials, it will have slight difference. For labour force in each company we will find that actually the expenses are the same. Things which are relevant to production system is the important point for making profit, or we may say easily that, the real cost price is dependent on production method, for example, in stocking, whether it be stocking of raw materials or spare parts, it will increase cost price to a higher one, because the more we stock things, the more we will have to pay in stocking, or
arrangement about work is not as efficient as it should be, for example, let 4 staffs work on a piece of work, but if new arrangement is made, staff may be reduced from 4 to 2 persons, by obtaining production similarly to that of 4 persons.

Principal In Reducing Cost Price.

General criteria which uses in reducing the cost price is reducing a waste (muda), reduce irregularity (mura) and get rid of what is beyond our capability (muri).

Reducing a waste (Muda)

In performing general work, there will be 2 characteristic, i.e. the actual work and a waste. Philosophy which adheres to it truly is find a way to get rid of a total waste.

A total waste which occurs in a job and must get rid of are in 7 categories as follows:

1). Muda of Correction.
2). Over-Production.
3). Waste from steps of work (Muda in Processing)
4). Waste in conveying things (Muda in conveyance).
5). Waste of inventory (Muda of inventory). When
6). A waste in motion. (Muda of motion) In moving
7). A waste due to idle hand.
COMMON SIZE INCOME STATEMENT

1. The cost of goods sold in the year 1993-1997 was highest in Mazda Motors Co.Ltd., followed by Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Toyota Motors Co.Ltd. and Isuzu Motors Co.Ltd. The cost of goods sold range between 88.09-89.32 percent.

2. The percentage of non-operating income in 1993 was highest in Toyota Motors Co.Ltd., followed by Nissan Motors Co.Ltd., Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Isuzu Motors Co.Ltd.

   The percentage of non-operating income in 1994 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

   The percentage of non-operating income in 1995 was highest in Mazda Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

   The percentage of non-operating income in 1996 was highest in Mazda Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Isuzu Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

   The percentage of non-operating income in 1997 was highest in Isuzu Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Mazda Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

3. The percentage of non-operating expenses in 1993 was highest in Mazda Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Isuzu Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

   The percentage of non-operating expenses in 1994 was highest in Mazda Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Isuzu Motors Co.Ltd., and Nissan Motors Co.Ltd.
The percentage of non-operating expenses in 1995 was highest in Mazda Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

The percentage of non-operating expenses in 1996 was highest in Mazda Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Isuzu Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

The percentage of non-operating expenses in 1997 was highest in Isuzu Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Mazda Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

4. The percentage of profit before interest and tax in 1993 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of profit before interest and tax in 1994 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of profit before interest and tax in 1995 was highest in Nissan Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of profit before interest and tax in 1996 was highest in Isuzu Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Mazda Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

The percentage of profit before interest and tax in 1997 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.
5. The percentage of provision for tax in 1993 was highest in Mazda Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Toyota Motors Co.Ltd.

The percentage of provision for tax in 1994 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of provision for tax in 1995 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of provision for tax in 1996 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Nissan Motors Co.Ltd., Mazda Motors Co.Ltd., and Mitsubishi Motors Co.Ltd.

The percentage of provision for tax in 1997 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motor Co.Ltd., Nissan Motors Co.Ltd., Mazda Motors Co.Ltd., and Mitsubishi Motors Co.Ltd.

6. The percentage of net profit for the year in 1993 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of net profit for the year in 1994 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of net profit for the year in 1995 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

The percentage of net profit for the year in 1996 was highest in Isuzu Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Mazda Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.
The percentage of net profit for the year in 1997 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

6. The percentage of dividend range between 0.44-0.60 during 1993-1997 in Toyota Motors Co.Ltd. The percentage of dividend range between 0.43-0.55 during 1993-1997 in Nissan Motors Co.Ltd. The percentage of dividend range between 0.46-0.55 during 1993-1997 in Isuzu Motors Co.Ltd. The percentage of dividend range between 0.41-0.56 during 1993-1997 in Mitsubishi Motors Co.Ltd. The percentage of dividend range between 0.37-0.55 during 1993-1997 in Mazda Motors Co.Ltd.

PROFIT MARGIN

1. The percentage of operating profit margin in 1993 was highest in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of operating profit margin in 1994 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

The percentage of operating profit margin in 1995 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

The percentage of operating profit margin in 1996 was highest in Isuzu Motors Co.Ltd., followed by Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

The percentage of operating profit margin in 1997 was highest in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Mazda Motors Co.Ltd., and Nissan Motors Co.Ltd.
3. Net profit margin was highest in the year 1993 in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Mitsubishi Motors Co. Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

Net profit margin was highest in the year 1994 in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mitsubishi Motors Co. Ltd., Nissan Motors Co.Ltd., and Mazda Motors Co.Ltd.

Net profit margin was highest in the year 1995 in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Mazda Motors Co. Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

Net profit margin was highest in the year 1996 in Isuzu Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Mazda Motors Co. Ltd., Nissan Motors Co.Ltd., and Toyota Motors Co.Ltd.

Net profit margin was highest in the year 1997 in Toyota Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Mazda Motors Co. Ltd., Mitsubishi Motors Co.Ltd., and Nissan Motors Co.Ltd.

4. Operating profit margin was highest in the year 1993-1997 in Mazda Motors Co.Ltd., followed by Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Toyota Motors Co.Ltd., and Isuzu Motors Co.Ltd.

Operating profit margin was highest in the year 1995 in Nissan Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Mazda Motors Co.Ltd., Toyota Motors Co.Ltd., and Isuzu Motors Co.Ltd.

Operating profit margin was highest in the year 1996 in Toyota Motors Co.Ltd., followed by Nissan Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Isuzu Motors Co.Ltd., and Isuzu Motors Co.Ltd.

Operating profit margin was highest in the year 1997 in Nissan Motors Co.Ltd., followed by Mazda Motors Co.Ltd., Mitsubishi Motors Co.Ltd., Toyota Motors Co.Ltd., and Isuzu Motors Co.Ltd.
5. Cash profit margin was highest in the year 1993 in Isuzu Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Nissan Motors Co.Ltd., Mazda Motors Co.Ltd., and Mitsubishi Motors Co.Ltd.

Cash profit margin was highest in the year 1994 in Isuzu Motors Co.Ltd., followed by Nissan Motors Co.Ltd., Toyota Motors Co.Ltd., Mitsubishi Motors Co.Ltd., and Mazda Motors Co.Ltd.

Cash profit margin was highest in the year 1995 in Mitsubishi Motors Co.Ltd., followed by Isuzu Motors Co.Ltd., Nissan Motors Co.Ltd., Toyota Motors Co.Ltd., and Mazda Motors Co.Ltd.

Cash profit margin was highest in the year 1996 in Mitsubishi Motors Co.Ltd., followed by Toyota Motors Co.Ltd., Nissan Motors Co.Ltd., Isuzu Motors Co.Ltd., and Mazda Motors Co.Ltd.

Cash profit margin was highest in the year 1997 in Toyota Motors Co.Ltd., followed by Mitsubishi Motors Co.Ltd., Nissan Motors Co.Ltd., Isuzu Motors Co.Ltd., and Mazda Motors Co.Ltd.

ASSETS TURNOVER

1. The operating assets turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 1.64 to 2.50 whereas the operating assets turnover ratio in Nissan Motors Co.Ltd. ranged between 1.59 to 2.44, the operating assets turnover ratio in Isuzu Motors Co.Ltd. ranged between 1.67 to 2.38, the operating assets turnover ratio in Mitsubishi Motors Co.Ltd. ranged between 1.53 to 2.32, the operating assets turnover ratio in Mazda Motors Co.Ltd. ranged between 1.47 to 2.78.

2. The Fixed assets turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 5.26 to 7.69 whereas the fixed assets
turnover ratio in Nissan Motors Co.Ltd. ranged between 5.00 to 7.69, the fixed assets turnover ratio in Isuzu Motors Co.Ltd. ranged between 4.76 to 8.69, the fixed assets turnover ratio in Mitsubishi Motors Co.Ltd. ranged between 4.54 to 7.69, the fixed assets turnover ratio in Mazda Motors Co.Ltd. ranged between 4.35 to 7.14.

3. The Current assets turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 2.38 to 3.57 whereas the current assets in Nissan Motors Co.Ltd. ranged between 2.32 to 3.57, the current assets in Isuzu Motors Co.Ltd. ranged between 2.56 to 3.28, the current assets in Mitsubishi Motors Co.Ltd. ranged between 2.36 to 3.70, and The Current assets turnover ratio during 1993-1997 in Mazda Motors Co. Ltd. ranged between 2.22 to 3.45.

4. The working capital turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 5.88 to 14.28 whereas the working capital turnover ratio in Nissan Motors Co.Ltd. ranged between 6.67 to 12.50, the working capital turnover ratio in Isuzu Motors Co.Ltd. ranged between 5.56 to 11.76, the working capital turnover ratio in Mitsubishi Motors Co.Ltd. ranged between 5.26 to 11.12, the working capital turnover ratio in Mazda Motors Co.Ltd. ranged between 6.67 to 10.53.

5. The inventory assets turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 4.88 to 7.79 whereas the inventory assets turnover ratio in Nissan Motors Co.Ltd. ranged between 4.48 to 6.97, the inventory assets turnover ratio in Isuzu Motors Co.Ltd. ranged between 4.19 to 8.02, the inventory assets turnover ratio in Mitsubishi Motors Co.Ltd. ranged between 3.87
to 6.61, the inventory assets turnover ratio in Mazda Motors Co.Ltd. ranged between 3.66 to 6.91.

6. The receivable turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 5.83 to 12.94 whereas the receivable turnover ratio in Nissan Motors Co.Ltd. ranged between 6.25 to 11.34, the receivable turnover ratio in Isuzu Motors Co.Ltd. ranged between 6.12 to 11.20, the receivable turnover ratio in Mitsubishi Motors Co.Ltd. ranged between 6.25 to 11.00, and the receivable turnover ratio in Mazda Motors Co.Ltd. ranged between 5.26 to 10.00.

7. The cash turnover ratio during 1993-1997 in Toyota Motors Co.Ltd. ranged between 40.22 to 63.93 whereas the cash turnover ratio in Nissan Motors Co.Ltd. ranged between 35.50 to 78.06, the cash turnover ratio in Isuzu Motors Co.Ltd. ranged between 35.04 to 103.48, the cash turnover ratio in Mitsubishi Motors Co.Ltd. ranged between 21.02 to 46.81, and the cash turnover ratio in Mazda Motors Co.Ltd. ranged between 13.26 to 34.79.

RETURN ON INVESTMENT

1. In all the five companies, the return of investment witnessed fluctuating trend during the years 1993-1997. In Toyota there was a sharp increase in 1996 and decrease in 1993. The return on investment in Nissan Motora Co.Ltd. was sharp increase in 1996 and decrease in 1997. The return on investment in Isuzu Motora Co.Ltd. was sharp increase in 1995 and decrease in 1997. The return on investment in Mitsubishi Motora Co.Ltd. was sharp increase in 1995 and decrease in 1997. The return on investment in Mazda Motora Co.Ltd. was sharp
increase in 1995 and decrease in 1997. The return on investment witnessed a fluctuating trend during the year 1993-1997 and being the percentage between 8.07-18.65.

2. The return on gross capital employed in five companies witnessed a fluctuating trend was highest in 1995-96. It was during 7.86 to 19.28 percent.

3. The return on net capital employed in five companies witnessed a fluctuating trend was highest in 1994-1996. Toyota Motors Co.Ltd. was a sharp increase in 1996 and decrease in 1997. The Nissan, Isuzu, Mitsubishi and Mazda Co.Ltd. was a sharp increase in 1993 and decrease in 1997.

4. In Toyota Motors Co.Ltd., the return on shareholder equity was 14.25 percent, being the highest in 1997. It ranged between 7.69 percent and 14.25 percent. The return on shareholder equity of Nissan Motors Co.Ltd. was 16.47 percent, being the highest in 1994. It ranged between 9.71 percent and 16.47 percent. The return on shareholder equity of Isuzu Motors Co.Ltd. was 18.76 percent, being the highest in 1995. It ranged between 9.63 percent and 18.76 percent. The return on shareholder equity of Mitsubishi Motors Co.Ltd. was 15.14 percent, being the highest in 1995. It ranged between 6.87 percent and 15.14 percent. The return on shareholder equity of Mazda was 15.77 percent, being the highest in 1995. It ranged between 6.84 percent and 15.77 percent.

5. In Toyota Motors Co.Ltd., the interest ratio was ranged between 2.05-2.92 whereas Nissan Motors Co.Ltd., the interest ratio was ranged between 1.66-2.44, Isuzu Motors Co.Ltd., the interest ratio was ranged between 1.71-2.42. Mitsubishi Motors Co.Ltd., the interest ratio
was ranged between 1.23-2.00, Mazda Motors Co.Ltd., the interest ratio was ranged between 1.33-1.72.

6. In Toyota Motors Co.Ltd., the earning per share was ranged between 10.57-19.66 whereas Nissan Motors Co.Ltd., the earning per share was ranged between 9.86-17.63, Isuzu Motors Co.Ltd., the earning per share was ranged between 10.11-15.69. In Mitsubishi Motors Co.Ltd., the earning per share was ranged between 9.26-14.88, whereas in Mazda Motors Co.Ltd., the earning per share was ranged between 8.81-13.32.

7. In Toyota Motors Co.Ltd., the cash earning per share was ranged between 13.02-21.28 whereas Nissan Motors Co.Ltd., the cash earning per share was ranged between 12.15-20.03, Isuzu Motors Co.Ltd., the cash earning per share was ranged between 11.77-20.63. In Mitsubishi Motors Co.Ltd., the cash earning per share was ranged between 11.51-19.66, whereas in Mazda Motors Co.Ltd., the cash earning per share was ranged between 10.70-19.34.

8. In Toyota Motors Co.Ltd., the dividend pay out was ranged between 4.50-7.00 whereas Nissan Motors Co.Ltd., the dividend pay out was ranged between 3.61-4.88, Isuzu Motors Co.Ltd., the dividend pay out was ranged between 4.16-6.59. In Mitsubishi Motors Co.Ltd., the dividend pay out was ranged between 3.32-5.10, whereas in Mazda Motors Co.Ltd., the dividend pay out was ranged between 2.98-5.04.

VALUE ADDED STATEMENT:

A study of generation application of net value added in automobile industry focus light on these aspects:

1. During the year 1993-1997, the highest net value added was by Toyota Motors Co.Ltd., followed by Nissan Motors Co.Ltd., Isuzu
Motors Co., Ltd, Mitsubishi Motors Co., Ltd., and Mazda Motors Co., Ltd. In all the five industries, the cost of bought in materials was very near in comparison during the whole study period.

2. The application of net value added revealed that the largest share of value added had gone to employees in all the automobile industries under study.

3. The share of net value added retained in the business registered fluctuating. The position of all the five automobile industries was range between 0.56-7.01.

GENERAL CONCLUDING:

Earning per share mentioned that in Toyota Motors Co., Ltd. and Isuzu Motors Co., Ltd. was the highest figure during the period under study. The financial performance of these industries witnessed a quite satisfactory level mentioning that the company had potentiality to attract customers.

Since overall performance of all five automobile industries was upto expectations. It yielded the profit earning in 1994-1996 and in 1994 was the highest percent of profit.

SUGGESTIONS:

Some suggestions are hereby given in order to improve the profit.

1 REGARDING COST CONTROL AND COST REDUCTION:

1) To reduce the cost of raw materials Government should supply basic materials at subsidised prices.

2) For salaries and wages it is suggested that the efficiency of staff workers will improve with adequate salaries and wages.
3) The excise duty rates applicable to the industry which are too high should be reduced to bring down the cost of production.

4) High operating cost is the result of high imput cost like raw materials, labour cost and excise duty. It is suggested that imput cost must be reduced.

5) Advertisement expenses should be reduced because automobile can be popularised only by advertisement.

6) Other industries overheads and office overheads be reduced proportionately.

7) In any production company the materials management should be sound and efficient.

2. GOVERNMENT POLICY:

1) The progress of automobile industries is based on latest researches so the government should encourage research activities.

2) On excise duty and taxes, the government should minimise its share.

3) The price policy for the automobile should serve reasonable return to the manufacturer of the automobile by maintaining profitable as well as reasonable prices.

4) The industry should provide the social responsibility by life saving.

5) Testing industries should be established to ensure maintainance of standard quality of the automobile.

3. IMPROVEMENT OF SALES:

The selling prices of automobile should be reduced by reducing rates of raw materials and tax, excise duty and interest.
The low prices of automobile must be sold on a large scale.

1. Sales promotion schemes should be improved to increase the sales of automobile.

2. Automobile industry must try to increase the export of the different types of automobile.

3. Company should create market inside and outside the country.

4. Automobile production be made available to the people in rural areas with an affordable prices.

4. REGARDING DISCLOSURE IN FINANCIAL STATEMENT

1). As such these statements do not exhibit the correct realizable value of the assets on the yearwise balance sheet. It is suggested that a supplementary statement should be attached in the annual reports.

2). Product should be mentioned in details in the annual report.

3). The informations may be included in the directors reports with the financial statements.

4) Useful ration should be disclosed within the heading of Financial performance.