A STUDY ON WORKING CAPITAL MANAGEMENT OF AUTOMOBILE INDUSTRY WITH REFERENCE TO BAJAJ AUTO LTD.

Submitted in partial fulfillment of the requirements for the award of

Bachelor of commerce

by

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39740188

BECHELOR OF COMMERCE

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA
INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)
Accredited with Grade "A" by NAAC I 12B Status by UGC I Approved by AICTE
Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119

MAY2022

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SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **RAJESHWARI.M (39740188)** who have done the Project work entitled **A STUDY ON WORKING CAPITAL MANAGEMENT OF AUTOMOBILE INDUSTRY WITH REFERENCE TO BAJAJ AUTO LTD.** under my supervision from December (2021) to February (2022).

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DR.V.VANITHA
Internal Guide

Dr. BHUVANESWARI G.
Dean – School of Management Studies

Submitted for Viva voce Examination held on_____.

Internal Examiner **External Examiner**

DECLARATION

RAJESHWARI .M (39740188) hereby declare that the Project Report entitled **A STUDY ON WORKING CAPITAL MANAGEMENT OF AUTOMOBILE INDUSTRY WITH REFERENCE TO BAJAJ AUTO LTD.** done by me under the guidance of **DR.V.VANITHA M.B.A, MPhil, Ph.D.,** (Internal Guide) and submitted in partial fulfillment of the requirements for the award of Bachelor of commerce

DATE:

PLACE:CHENNAI **RAJESHWARI .M**

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RAJESHWARI. M

ABSTRACT

The project on working capital management of automobile industry has been a very good experience. Every manufacturing company faces the problem of working capital management in their day to day process. An organizations cost can be reduced and its profit can be increased only if it's able to manage working capital efficiently. At the same time the company can provide customer satisfaction and hence provide their overall productivity and profitability.

The study is mainly based on the secondary data. Ratios and statement of changes in working capital are the tools used for the study. The interpretations are summarized and suggestions are provided based on it. By adopting various calculation and analysis and then making interpretation with the solution of specific problem I put my efforts in giving appropriate suggestion to the company.

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CHAPTER 1 INTRODUCTION

1.1 INTRODUCTION

The term working capital is commonly used for the capital required for day-to-day working in a business concern, such as for purchasing raw material, for meeting day-to-day expenditure on salaries, wages, rents rates, advertising etc. Working capital is defined as, the excess of current assets over current liabilities and provisions

Working capital management refers to a company's managerial accounting strategy designed to monitor and utilize the two components of working capital, current assets and current liabilities, to ensure the most financially efficient operation of the company. The primary purpose of working capital management is to make sure the company always maintains sufficient cash flow to meet its short-term operating costs and short-term debt obligations.

Working capital management is concerned with the problems that arise in attempting to manage the current assets, the current liabilities and the interrelationship that exists between them. The term current assets refer to those assets which in the ordinary course of business can be, or will be, converted in to cash within one year without undergoing a diminution in value and without disrupting the operation of the firm.

The goal of working capital management is to ensure that a firm is able to continue its operations and that it has sufficient ability to satisfy both maturing short-term debtand upcoming operational expenses. The management of working capital involves managing inventories, accounts receivable and payable, and cash. The excess of current assets of a business organization over its current liabilities is termed as the working capital of that organization.

The major current assets are cash, marketable security, account receivable and inventory. Current liabilities are those liabilities which are intended, at their inception, too be paid in the ordinary course of business, within a year, out of the current assets

or earning of the concern. The basic current liabilities are account payable, bills payable, bank overdraft and outstanding expenses.

The net working capital formula is calculated by subtracting the current liabilities from the current assets. Here is what the basic equation looks like**:**

Net working capital = current assets - current liabilities

Typical current assets that are included in the net working capital calculation are cash, accounts receivable, inventory, and short-term investments. The current liabilities section typically includes accounts payable, accrued expenses and taxes, customer deposits, and other trade debt. A positive net working capital is better thana negative one. A positive calculation shows creditors and investors that the company is able to generate enough from operations to pay for its current obligations with current assets.

A negative net working capital, on the other hand, shows creditors and investors that the operations of the business aren_t producing enough to support the business current debts.

1.2 INDUSTRY PROFILE

Automotive industry, all those companies and activities involved in the manufacture of motor vehicles, including most components, such as engines and bodies, but excluding tires, batteries, and fuel. The industry‘s principal products are passenger automobiles and light trucks, including pickups, vans, and sport utility vehicles.

Automobile, byname auto, also called motorcar or car, a usually four-wheeled vehicle designed primarily for passenger transportation and commonly propelled by an internal-combustion engine using a volatile fuel.

The automotive industry is a wide range of companies and organizations involved in the design, development, manufacturing, marketing, and selling of motor vehicles. The term automotive was created from Greek autos (self), and Latin motives (of

motion) to represent any form of self-powered vehicle. This term was proposed by SAE member Elmer Sperry.

The automotive industry does not include industries dedicated to the maintenance of automobiles following delivery to the end-user, such as automobile repair shops and motor fuel filling stations.

1.2.1 HISTORY

The automotive industry began in the 1890s with hundreds of manufacturers that pioneered the horseless carriage. For many decades, the United States led the world in total automobile production. In 1929 before the Great Depression, the world had 32,028,500 automobiles in use, and the U.S. automobile industry produced over 90% of them.

In 1768, the first steam-powered automobile capable of human transportation was built by Nicolas-Joseph Cugnot.

In 1807, Francois Isaac de Rivaz designed the first car powered by an internal combustion engine fueled by hydrogen.

In 1864, Siegfried Marcus created the first gasoline powered combustion engine, which he placed on a pushcart.

1880, introduced innovations such as a four-cycle, gasoline-powered engine, an ingenious carburetor design, and magneto ignition.

In 1886, Karl Benz developed a petrol- or gasoline-powered automobile. This is also considered to be the first "production" vehicle as Benz made several other identical copies.

At the turn of the 20th century electrically powered automobiles appeared but only occupied a niche market until the turn of the 21st century.

After World War II, the U.S. produced about 75 percent of world's auto production. In 1980, the U.S. was overtaken by Japan and became world's leader again in 1994. In

2006, Japan narrowly passed the U.S. in production and held this rank until 2009, when China took the top spot with 13.8 million units.

In 1897, the first car ran on an Indian road. Through the 1930s, cars were imports only, and in small numbers. Hindustan Motors was launched in 1942, long-time competitor Premier in 1944, building Chrysler, Dodge, and Fiat products respectively.

In 1952, the government appointed the first Tariff Commission, and one of the purpose was to come out with the feasible plan for indigenization of the Indian automobile industry.

1.2.2 AUTOMOTIVE INDUSTRY IN INDIA

In 1897, the first car ran on an Indian road. Through the 1930s, cars were imports only, and in small numbers. in 1954, General Motors, Ford and Roots Group who has assembly plants in Mumbai to India decided to move out of India.

The automotive industry in India is one of the largest in the world with an annual production of 23.37 million vehicles in FY 2014-15, following a growth of 8.68 per cent over the last year. India is also a prominent auto exporter and has strong export growth expectations for the near future. In FY 2014-15, automobile exports grew by 15 per cent over the last year.

In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

Some of the major initiatives taken by the Government of India are:

- The Government of India aims to make automobile manufacturing the main driver of "Make in India" initiative, as it expects the passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.

- In the Union budget of 2015-16, the Government has announced plans to provide credit of Rs 850,000 crore (US$127.5 billion) to farmers, which is expected to boost sales in the tractors segment.

- The government plans to promote eco-friendly cars in the country—i.e. CNG-based vehicles, hybrid vehicles, and electric vehicles—and also to make mandatory 5 per cent ethanol blending in petrol.

- The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020, to encourage the progressive introduction of reliable, affordable, and efficient electric and hybrid vehicles into the country.

- The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

THE 1952 TARIFF COMMISSION

In 1952, the government appointed the first Tariff Commission, and one of the purpose was to come out with the feasible plan for indigenization of the Indian automobile industry.

In 1953 the commission submitted the report which recommended categorizing the existing Indian companies according to their then infrastructure with license capacity to manufacture a certain number of vehicle with capacity increase allowable as per demands in future.

The Tariff commission along with similar restriction applied to other Industries can to be known as the license that later proved to be the greatest undoing for the Indian automotive industry where bureaucratic(official) red tape ended up making demand outstripping supply with month long waiting period for cars, scooter and motorcycles.

PASSENGER CARS

- Hindustan Motors, Calcutta - technical collaboration with Morris Motors to manufacture Morris Oxford models that would later become HM Ambassador.

- Premier Automobiles, Bombay - technical collaboration with Chrysler to manufacture Dodge, Plymouth and Desoto models and with Fiat to manufacture the 1100D models which would later with Premier Padmini range.

- Standard Motor Products of India, Madras - technical collaboration from Standard-Triumph to manufacture Standard Vanguard, Standard 8, 10 and later Standard Herald.

UTILITY AND LIGHT COMMERCIAL VEHICLES

- Mahindra & Mahindra, Bombay - technical collaboration with Willys to manufacture CJ Series Jeep.

- Bajaj Tempo, Poona now Force Motors - technical collaboration with Tempo (company) to manufacture Tempo Hanseat, a three-wheeler and Tempo Viking and Hanomag, later known as Tempo Matador in India.

- Standard Motor Products of India - technical collaboration from Standard has licence to manufacture the Standard Atlas passenger van with panel van and one-tonne one tonne pickup variants.

MEDIUM AND HEAVY COMMERCIAL VEHICLES

- Tata Motors, Poona, then known as TELCO - technical collaboration with Mercedes Benz to manufacture medium to heavy commercial vehicles both Bus and Trucks.

- Ashok Motors, later Ashok Leyland, Madras - technical collaboration with Leyland Motors to manufacture medium to heavy commercial vehicles both Bus and Trucks. Ashok Motors also discontinued its Austin venture formed in 1948 to sell Austin A40 and retooled the factory to make trucks and buses.

- Hindustan Motors - technical collaboration with General Motors to manufacture the Bedford range of medium lorry and bus chassis.

- Premier Automobiles - technical collaboration with Chrysler to manufacture the Dodge, Fargo range of medium lorry, panel vans, mini-bus and bus chassis.

SCOOTERS, MOPEDS AND MOTORCYCLE

- known as Bajaj Chetak, by Bajaj became the largest sold scooter in the world Many of the two-wheelers manufacturers were granted licenses in early 60's wellafter the tariff commission was enabled.

- Royal Enfield (India), Madras - technical collaboration with Royal Enfield, UK to manufacture the Enfield Bullet range of motorcycles.

- Bajaj Auto, Poona - technical collaboration with Piaggio, Italy to manufacture their best-selling Vespa range of scooters and three wheelers with commercial option as well.

- Automobile Products of India, Bombay (Better known for API Lambretta - technical colloboration with Innocenti of Milan, Italy to manufacture their Lambretta range of mopeds, scooters adn three-wheelers. This company was actually the Rootes Group car plant that was bought over by M. A. Chidambaram family.

- Mopeds India Limited, Tirupathi - technical collaboration with Motobecane, France to manufacture their best-selling Mobility mopeds.

- Escorts Group, New Delhi - technical collaboration with CEKOP of Poland to manufacture the Rajdoot 175 motorcycle whose origin was DKW RT 125

- Ideal Jawa, Mysore - in technical collaboration with CZ - Jawa of Czechoslovakia for its Jawa and Yezdi range of motorcycles.The industry currently manufactures 26 mn vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in April-March 2020, of which 4.7 mn are exported.

1.2.3 MOTORCYCLE

A motorcycle, often called a motorbike, bike, or cycle, is a two- or three-wheeled motor vehicle. Motorcycle design varies greatly to suit a range of different purposes: long-distance travel, commuting, cruising, sport, including racing, and off-road riding. Motorcycling is riding a motorcycle and being involved in other related social activity such as joining a motorcycle club and attending motorcycle rallies.

The 1885 Daimler Reitwagen made by Gottlieb Daimler and Wilhelm Maybach in Germany was the first internal combustion, petroleum-fueled motorcycle. In 1894, Hildebrand &Wolfmüller became the first series production motorcycle.

In 2014, the three top motorcycle producers globally by volume were Honda (28%), Yamaha (17%) (both from Japan), and Hero MotoCorp (India). In developing countries, motorcycles are considered utilitarian due to lower prices and greater fuel economy. Of all the motorcycles in the world, 58% are in the Asia-Pacific and Southern and Eastern Asia regions, excluding car-centric Japan.

According to the US Department of Transportation, the number of fatalities per vehicle mile traveled was 37 times higher for motorcycles than for cars.

TYPES

There are many systems for classifying types of motorcycles, describing how the motorcycles are put to use, or the designer's intent, or some combination of the two. Six main categories are widely recognized: cruiser, sport, touring, standard, dual-purpose, and dirt bike. Sometimes sport touring motorcycles are recognized as a seventh category. Strong lines are sometimes drawn between motorcycles and their smaller cousins, mopeds, scooters, and underbones, but other classification schemes include these as types of motorcycles.

There is no universal system for classifying all types of motorcycles. There are strict classification systems enforced by competitive motorcycle sport sanctioning bodies, or legal definitions of a motorcycle established by certain legal jurisdictions for motorcycle registration, emissions, road traffic safety rules or motorcyclist licensing.

There are also informal classifications or nicknames used by manufacturers, riders, and the motorcycling media. Some experts do not recognize sub-types, like naked bike, that "purport to be classified" outside the six usual classes, because they fit within one of the main types and are recognizable only by cosmetic changes.

There are three major types of motorcycle: street, off-road, and dual purpose. Within these types, there are many sub-types of motorcycles for different purposes. There is often a racing counterpart to each type, such as road racing and street bikes, or motocross including dirt bikes.

Street bikes include cruisers, sport bikes, scooters and mopeds, and many other types. Off-road motorcycles include many types designed for dirt-oriented racing classes such as motocross and are not street legal in most areas. Dual purpose machines like the dual-sport style are made to go off-road but include features to make them legal and comfortable on the street as well.

Each configuration offers either specialised advantage or broad capability, and each design creates a different riding posture. In some countries the use of pillions (rear seats) is restricted.

1.3 COMPANY PROFILE

Bajaj Auto Ltd (BAL) is one of the leading two & three wheeler manufacturers in India. The company is well known for its R&D product development process engineering and low-cost manufacturing skills. The company is the largest exporter oftwo and three-wheelers in the country. The company has three overseas subsidiaries namely Bajaj Auto International Holdings BVPT Bajaj Indonesia and Bajaj Auto (Thailand) Ltd. Bajaj Auto Ltd (BAL) is the world‘s third-largest motorcyclemanufacturer and the world leader in first & last mile transportation.Under the able leadership of Mr. Rahul Bajaj, Bajaj Auto Ltd has established its expertise in segments of utility, commuter and sports motorcycles & intra-city vehicles.Bajaj Auto Ltd.‘s presence can now be felt across Asia, Africa & Latin America.

The Bajaj Group is amongst the top 10 business houses in India. Its footprint stretches over a wide range of industries, spanning automobiles (two wheelers manufacturer and three wheelers manufacturer), home appliances, lighting, iron and steel, insurance, travel and finance. The group's flagship company, Bajaj Auto, is ranked as the world's fourth largest three and two wheeler manufacturer and the Bajaj brand is well-known across several countries in Latin America, Africa, Middle East, South and South East Asia. Founded in 1926, at the height of India's movement for independence from the British, the group has an illustrious history. Theintegrity, dedication, resourcefulness and determination to succeed which are characteristic of the group today, are often traced back to its birth during those daysof relentless devotion to a common cause. Jamnalal Bajaj, founder of the group, was a close confidant and disciple of Mahatma Gandhi. In fact, Gandhiji had adopted him as his son.

This close relationship and his deep involvement in the independence movement did not leave Jamnalal Bajaj with much time to spend on his newly launched business venture. We are celebrating 125th Birth anniversary of Shri. Jamnalal Bajaj on 4th of November 2014.

His son, Kamalnayan Bajaj, then 27, took over the reigns of business in 1942. He too was close to Gandhiji and it was only after Independence in 1947, that he was able to give his full attention to the business. Kamalnayan Bajaj not only consolidated the group, but also diversified into various manufacturing activities.

The present Chairman of the group, Rahul Bajaj, took charge of the business in 1965. Under his leadership, the turnover of the Bajaj Auto the flagship company has gone up from INR.72 million to INR. 120 billion, its product portfolio has expanded and the brand has found a global market. He is one of India‘s most distinguished business leaders, bike manufacturer india and internationally respected for his business acumen and entrepreneurial spirit.

In 2005, Rahul Bajaj's son Rajiv Bajaj stepped into the shoes of Managing Director of Bajaj Auto and steered the organization to becoming a global automobile behemoth.

He introduced the Pulsar range of bikes, thatrevolutionised the two wheeler market in India. The legacy of our Auto Rickshaws have been soaring heights and display unparalleled market dominance across any automobile segment.

In 2007, Bajaj Auto acquired a 14% stake in KTM that has since grown to 48%. This partnership catalysed Bajaj Auto‘s endeavour to democratise motorcycle racing in India. Bajaj Auto today exclusively manufactures Duke range of KTM bikes and exports them worldwide. In FY2018, KTM was the fastest growing motorcycle brandin the country

Bajaj Auto has also led the pioneering introduction of India‘s first ever Quadricycle – Qute.

Bajaj Auto exports to 70+ countries and a significant share of revenues come from Exports. This stands as a testament to the new brand image – The World‘s Favourite Indian.

Bajaj Auto Limited is an Indian multinational two-wheeler and three-wheeler manufacturing company based in Pune, Maharashtra. It manufactures motorcycles, scooters and auto rickshaws. Bajaj Auto is a part of the Bajaj Group. It was founded by Jamnalal Bajaj in Rajasthan in the 1940s. The company has plants in Chakan (Pune), Waluj (near Aurangabad) and Pantnagar in Uttarakhand. The oldest plant at Akurdi (Pune) houses the R&D centre 'Ahead'.

Bajaj Auto is the world's third-largest manufacturer of motorcycles and the second-largest in India.It is the world's largest three-wheeler manufacturer. In May 2015, its market capitalisation was ₹64,000 crore (US$9.0 billion), making it India's 23rd largest publicly traded company by market value.The Forbes Global 2000 list for the year 2012 ranked Bajaj Auto at 1,416. In December 2020, Bajaj Auto crossed a market capitalisation of ₹1 lakh crore (US$ 13.6 billion), making it the world's most valuable two-wheeler company.

1.3.1 HISTORY

Bajaj Auto was established on 29 November 1945 as M/s Bachraj Trading Corporation Private Limited. It initially imported and sold two- and three-wheelers in India. In 1959, it obtained a license from the Government of India to manufacture two-wheelers and three-wheelers and obtained Licence from Piaggio to manufacture Vespa Brand Scooters in India.[citation needed] It became a public limited company in 1960.

With the launch of motorcycles in 1986, the company changed its branding from a scooter manufacturer to a two-wheeler manufacturer.

In 1984, Bajaj Auto signed a technical assistance agreement with Kawasaki, cooperating to expand production and sales of motorcycles in the local market.

In the early 2000s, Bajaj Auto bought a controlling stake in the Tempo Firodiacompany, renaming it "Bajaj Tempo". Germany's Daimler-Benz owned 16% of Bajaj Tempo, but Daimler sold their stake back to the Firodia group. It was agreedthat Bajaj Tempo would gradually phase out the use of the "Tempo" brand name, asit still belonged to Mercedes-Benz.The name of the company was changed to Force Motors in 2005, dropping "Bajaj" as well as "Tempo",

over the objections of Bajaj Auto with whom the company shares a long history as well as a compound wall.

In 2007, Bajaj Auto, through its Dutch subsidiary Bajaj Auto International Holding BV, purchased a 14.5% stake of Austrian rival KTM, gradually increasing its stake to a 48% non-controlling share by 2020. In December 2020, Bajaj started discussions on swapping its stake from KTM to KTM's controlling shareholder Pierer Mobility, a subsidiary of PiererIndustrie.

On 26 May 2008, Bajaj Auto Limited was split off into three corporate entities — Bajaj Finserv Limited (BFL), Bajaj Auto Ltd (BAL), and Bajaj Holdings and Investment Ltd (BHIL).

In 2017, Bajaj Auto and Triumph Motorcycles Ltd teamed up to build mid-capacity motorcycles.

In 2017, Bajaj and Kawasaki ended a sales and services partnership in India for the sale and after sales service of Kawasaki motorcycles, which had been established in 2009. The partnership's dealerships were later converted into KTM ones. Bajaj and Kawasaki continue with their relationship in overseas markets.

On 26 November 2019, Bajaj Auto invested about ₹57 crore ($8 million) in bicycle and electric scooter rental startup Yulu. In this deal, Bajaj would also manufacture customised electric scooters for Yulu.

1.3.2 PRODUCTS

Bajaj manufactures and sells motorcycles, scooters, auto-rickshaws and cars. As of 2004, Bajaj Auto was India's largest exporter of motorcycles.Bajaj manufactures and sells motorcycles (Platina, Discover, Avenger, CT100, Dominar, Pulsar, Platina, V), scooters (Vespa), auto-rickshaws (Bajaj Intracity) and recently low-cost cars.

It is India's largest exporter of motorcycles and three-wheelers. 47% of its exports are made to Africa where Boxer Motorcycle is the largest selling single brand in Africa.

Bajaj is the first Indian two-wheeler manufacturer to deliver 4-stroke commuter motorcycles with sporty performance for the Indian market. Bajaj achieved this with the 150cc and 180cc Pulsar.

Motorcycles produced by Bajaj include the Platina, Discover, Pulsar, Avenger, Dominar 400 and CT 100. In FY 2012–13, it sold approximately 37.6 lakh (3.76 million) motorcycles which accounted for 31% of the market share in India. Of these, approximately 24.6 lakh (2.46 million) motorcycles (66%) were sold in India and remaining 34% were exported.

Auto rickshaw (three wheeler)

Bajaj is the world's largest manufacturer of auto rickshaws and accounts for almost 84% of India's three-wheeler exports. During the FY 2012–13, it sold approx.

4,80,000 three-wheelers which was 57% of the total market share in India. Out of these 4,80,000 three-wheelers, 47% were sold in the country and 53% were exported. In Indonesia, Bajaj three-wheelers are described as "iconic" and "ubiquitous" to the point that the word bajaj (pronounced bajay) is used to refer toauto rickshaws of any kind.

Low cost cars

In 2010, Bajaj Auto announced cooperation with Renault and Nissan Motor to develop a US$2,500 car, aiming at a fuel efficiency of 30 kilometres per litre (85 mpg-imp; 71 mpg-US) (3.3 L/100 km), or twice an average small car, and carbon dioxide emissions of 100 g/km.

On 3 January 2012, Bajaj auto unveiled the Bajaj Qute (formerly Bajaj RE60), a mini car for intra-city urban transportation, which is legally classified as a quadricycle. The target customer group was Bajaj's three-wheeler customers. According to its Managing Director Rajiv Bajaj, the RE60 powered by a new 200 cc rear mounted petrol engine will have a top speed of 70 kilometres per hour (43 mph), a mileage of 35 kilometres per litre (99 mpg-imp; 82 mpg-US) and carbon dioxide emissions of 60 g/km.

fig. 1.3.1 logo

1.3.3 BRANDVALUES

Bajaj will constantly inspire confidence through excitement engineering.

- **Learning**

  Learning is how we ensure proactivity.It is a value that embraces knowledgeas the platform for building well informed, reasoned, and decisive actions.

- **Innovation**

  Innovation is how we create the future.It is a value that provokes us to reach beyond the obvious in pursuit of that which exceeds the ordinary.

- **Perfection**

  Perfection is how we set new standards.it is a value that exhibits our determination to excel by endeavoring to establish new benchmarks all the time.

- **Speed**

  Speed is how we convey clear conviction.It is a value that keeps us sharply responsive, mirroring our commitment towards our goals and processes.

- **Transparency**

  Transparency is how we characteriseourselves.It is a value that makes us worthy of credibility through integrity, of trust through sensitivity and of loyalty through interdependence.

1.3.4 VISION

―To attain a world-class excellence by demonstrating the value-added products to customers.‖

1.3.5 MISSION

- ✓ focus on value based manufacturing
- ✓ continual improvement
- ✓ pollution free and safe environment

1.3.6 MERGERS & ACQUISITIONS:

- Bajaj Auto Limited acquired technology from its foreign partners: Kawasaki - motorcycles, Kubota -diesel engines, and Cagiva - scooters in the 1990s.
- Several new designs and a dozen upgrades of existing scooters came out in the years 1998 and 1999. These combined with a surge in consumer confidence propelled Bajaj sales records and it began to regain market sharein the fast-growing motorcycle segment.
- In late 1999, Rahul Bajaj made a bid to acquire 10% of Piaggio for $65 million. A seat on the board and an exclusive Piaggio distributorship in India were the conditions attached by Bajaj to this purchase of minority share.

1.3.7 KEY PERSONS:

- Rahul Bajaj- Chairman: Mr. Bajaj is one of the most successful business leaders of India. He heads the Bajaj Group of Companies. He has completed his Honours Degree in Economics from the University of Delhi, a Law degree from the University of Bombay and an MBA from Harvard Business School. Hehas received many prestigious awards and recognition. Some of the most notable among them are 'Padma Bhushan' by the Government of India in 2001and Alumni Achievement Award by the Harvard Business School. He heads the CSR initiatives of the Bajaj Group which include Jamnalal Bajaj Foundation and ShikshaMandal, social organizations like BharatiyaYuva Shakti Trust and Ruby Hall Clinic.
- Madhur Bajaj- Vice Chairman: Madhur Bajaj is a commerce graduate from Sydenham College, Bombay (1973). He completed his MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland (1979). He has been awarded the Vikas Rattan Award for enriching human life and his outstanding achievements. He has been associated with Bajaj Auto Limited since 1995.
- Rajiv Bajaj- Managing Director: Rajiv Bajaj is a Mechanical Engineering graduate from the University of Pune in 1988. He then went on to complete his masters in Manufacturing Systems Engineering from the University of Warwick

(1990). Since then, he has worked at Bajaj Auto in various areas like Manufacturing & Supply Chain, R&D, and Engineering, Marketing and Sales, and has been its Managing Director since April 2005.

- PradeepShrivastava- Executive Director: PradeepShrivastava joined Bajaj in April 1986 and took over as Vice President in April 2005 and became its Chief Operating Officer. He has been inducted into the Board with the position of Executive Director, w.e.f. 1 April 2016. He completed his Mechanical Engineering from IIT Delhi and obtained a diploma in Production and Finance from IIM Bangalore.

1.3.8 CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility (CSR) activities of the Bajaj Group are guided by the vision and philosophy of its Founder, late ShriJamnalal Bajaj, who embodied the concept of Trusteeship in business and the common good and laid the foundation for ethical, value-based and transparent functioning.

1. Education
2. Environment & Natural Resources

The two flagship projects for Bajaj Auto have been the Bajaj Education Initiative (BEI) and the e-Learning Project. The BEI covers 76 low-cost schools (a mix of private and government schools) in the Pimpri-Chinchwad area of Pune and supports them with infrastructure development and capacity building. The e-Learning project has reached more than 1550 schools till date- covering Maharashtra and Rajasthan. Both of these projects are implemented by Jankidevi Bajaj Gram VikasSanstha, our own NGO.

In addition Bajaj Auto has supported school infrastructure development, vocational training for entrepreneurship, teach-to-lead as well as scholarships for meritorious students.

Bajaj Auto is also supporting BhartiyaYuva Shakti Trust (BYST) in training 25000 young persons in Aurangabad and Wardha to create 1000 entrepreneurs in 5 years. Over 177 entrepreneurs have been created in the first 2 years of the project.

1.4 NEED AND IMPORTANCE OF THE STUDY

1. Their projects is helpful in knowing the company‘s position of funds maintenance and setting the standards for working capital inventory levels, current ratio level, quick ratio, current amount turnover level & web torn turnover levels.

2. This project is helpful to the managements for expanding the dualism & the project viability & present availability of funds.

3. This project is also useful as it companies the present year data with the previous year data and thereby it shows the trend analysis, i.e. increasing fund or decreasing fund.

4. The project is done entirely as a whole entirely. It will give overall view of the organization and it is useful in further expansion decision to be taken by management.

1.5 STATEMENT OF THE PROBLEM

The researcher aim to find out the liquidity and profitability position of the company. This study is concerned with problems involved in working capital like estimation of working capital and provision of working capital at the time it is needed. The problem is, less attention paid to the area of short-term finance in particular that of working capital management. In the absence of proper management of working capital it would be difficult to achieve the requirement of the company.

The working capital management is very important term. It involves the study of day-to-day affairs of the company. The motive behind the study is to develop an understanding about the working capital management in the running business organization and to help the company in developing the efficient working capital management. Therefore, it helps in future planning and control decisions.

1.6 SCOPE OF THE STUDY

1. The main scope of the study was to put into practical the theoretical aspect of the study into real lifework experience.
2. The study of working capital is based on tools like Ratio Analysis, Statement of changes in working capital. Further the study is based on last five years balance sheet.
3. The study of working capital management is purely based on secondary data and all the information is available within the company itself in the form of records.

1.7 OBJECTIVES OF THE STUDY

1. To study the structure and various components of working capital.
2. To determine the working capital requirement of the company.
3. To study about utilization of current assets and current liabilities.
4. To access the efficiency of working capital management by applying ratio analysis
5. To examine the effectiveness of working capital management polices with the help of accounting ratio

1.8 LIMITATIONS OF THE STUDY

1. The study is restricted for a period of five years only commencing from 2016-2020. So it shows limited period data is considered.
2. This of working capital management is based solely upon the annual reports of the company in hard copy and through company website.
3. Use of ratio as a technique for analysis. Hence all the limitations of ratio analysis are also applicable.

1.9 CHAPTER FRAMEWORK

Chapter-1: introduction to the study

This chapter gives us a general introduction to the study undertaken.It deals with the industry profile and company profile. It talks about the problems for which the project has been taken; the definitions of the study; need, objective and the scope of the study conducted.and also the limitation of the study.

Chapter-2: Review of literature

In the 2nd chapter, the investigator presents review ofliterature.

Chapter-3: Research methodology

This chapter briefly describes the way in which the study is carried out .it provides information regarding the specific research design followed for the study, sources of data, data processing and analysis plan of the study, expected contribution of the study and limitations of the study.

Chapter-4:Analysis and interpretation of data

In this chapter all calculation pertaining to the study are calculated and interpreted. Calculations refer to the ratio calculated and changes in working capital in the study. The trend of the ratios and the changes in working capital are also projected and interpreted. As it is said that one picture is worth 1000 words, graphs have also been provided for the better understanding.

Chapter-5: Summary of Findings, Suggestions and conclusions

In the 5th chapter deals with the findings, Suggestions and conclusion of the study.

CHAPTER 2 REVIEW OF LITERATURE

1. Bose S.K.(1971) ―Management of Working Capital‖, studied the two Cable manufacturing companies, and discussed the concept of working capital and found that the working . Capital needs depends on certain elements like volume of investment in fixed assets, volume of projected sales, rate of turnover of current assets and credit terms of purchases.

2.VenugopalanB.(1973) in the study of ―Working Capital Management and Control‖ discussed Two Hypothetical Companies. For the period of two years, 1970 and 1971 explain the significance of working capital management. According to him, the needs of working capital can be ascertained by three methods vizTraditional method, Engineering technique and Operational analysis.

3. BanarjeeB.(1974) ―The Management of Working Capital Derivation- a case study‖ observed that only current ratio is not sufficient to judge the financing activities but required to be compared with sales. The working capital output ratio may be calculated for each component of working capital i.e. stock, debtors, cash and creditors.

4. Bhattacharya K.K.(1975) In the study of ―Working Capital Management and Inflation‖ defined the concept of gross and net working capital. Negative concept is also used when current liabilities are in excess of current assets. Internal sources like retained earnings and depreciation and external sources like bank credit, creditors and public deposit are used for financing working capital.

5.Mishra N.(1980) In the study of ―Problems of Working Capital Management during Inflation‖, discussed the crucial facets of working capital like amount of workingcapital, composition of current assets and liabilities and ways of financing it.The study concluded that the whole organization is required to take effective measures tocontrol the demand of funds and scarce resources.

6.Mehta Bharat J.(1981) In the study ―Working Capital Management under Inflationary Conditions‖, observes that the additional working capital is required due

to inflation and the gap of such additional working capital can be financed by alternative long term sources like loans from financial institutions, floating of debentures, accepting public deposit, issue of equity shares by operational results.

7.ChowdhuriC.D.(1985)in the study of ¯Managing Working Capital‖ observes that in the industry dealing with long gestation products the ideal current ratio of 2:1 is not observed but 3:1 is observed. Trading companies having quick turnover do not face the cash shortages.

8.Yadav R.A.(1986) in the study of ¯Working Capital Management a Parametric Approach‖ examined 39 sick and 39 non- sick manufacturing companies.According to him three variables are to be given weightage in appraising the effectiveness of working capital management. They are (i) Cash flow to total tangible assets, (ii) Net sales to total tangible assets: and (iii) Defensive assets to total operating expenditures.

9.Sastry V.L.N.(1988) in the study of ¯Management of Working Capital‖ expressed working capital in specific number of month turnover and represents revenue nature on debit side and various types of income and sales on credit side. Cost reduction is possible if working capital management is efficient.

10.Basil S.N.(1992) In the study of ¯Working Capital Management in Tyre Companies‖ carried out the study for the period from 1987-88 to 1989-90 based onthe annual reports and various publications of Automotive Tyre Manufacturers Association (ATMA) He analyzed the various aspect of working capital and its impact on profitability, and concluded that the main emphasis is on success of short-term solvency and profitability of the company.

11. Banerjee Debasis and HazraManashkumar(1992) ¯carried out the study on ¯Working Capital Management in The Grasim India Ltd.‖, for the period of 1985-86 to 1989- 90. They observed that the company adopted middle approach for working capital financing which was neither aggressive nor conservative They suggested careful application of funds for increase in trade investments for long-term financial

health, efficient trading activities to refrain from unusual and risky practice of using longterm funds for working capital.

12. Das P.K. (1993) carried out the study of ―Working Capital Management in the Public Sector Undertakings in India - a case study‖, for National Jute Manufacturers Corporation Ltd. (NJMC) Govt. U/T for the period from 1981-82 to 1990-91.The suggestion was to give appropriate attention to reduce lock up of funds in the current assets.

13. DasSiddharthG.(1994)carried out an analysis of ―Working Capital Turnover in Pharmaceutical Companies‖ for 15 Large Public Ltd. Companies for the period from 1981 to 1990. They found that selected firms were doing very well in terms of efficient use of working capital funds, higher turnover and greater efficiency.

14.Verma H.L. and Garg M.C.(1995)carried out the study of ―Emerging Guidelines for Working Capital‖ discussed the case study of Iron and Steel Industry, with an objective of evaluating and analyzing the performance of management with regards to working capital, and its various components, and compare with public and private sectors.

15.Joshi Vijay Prakash(1995) carried out the study of ―Working Capital Management under Inflation‖ on certain capital intensive industries like Cement, Chemical and Engineering with an object of examining the efficient management of each component of working capital.

16. Vijaykumar A and Dr. Venkatachalam A.(1995) carried out the study for ―Working Capital and Profitability An Empirical Analysis‖ in the State of Tamil Nadu based on 13 Sugar Companies for the period from 1982-83 to 1991-92. The tools used are ratio analysis, correlation and regression, to study the association of profitability with working capital ratios and influence of working capital on profitability.

17.DattaSukamal(1995) carried out the study of ―Working Capital Management through Financial Statements‖, based on an annual reports and accounts personally collected and the financial statement used is fund flow and ratio analysis and

concluded that overall financial position of 40% firms is precarious and suggested to keep constant watch over working capital position to avoid shortages of it.

18. RaoNchhina and Rao K.V.(1995) in the study entitled ¯Working Capital ManagementA Perception of Chief Executives‖ of selected manufacturing Public Sector Enterprises of the State of Karnataka observed that • Trade off between profitability and liquidity, was desired by all the executives. • Working capital is of great importance and other factors like technology, economic and business influences the need for working capital.

19.Dr. Reddy P. Indrasena and Rao K. Someshwar (1996) carried out the study of ¯Working capital management - a case study‖ of the Hindustan Cables Ltd. (HCL), for the period from 1989-90 to 1993-94 and concluded that the inventory management was systematic, debtors to current assets ratio was not satisfactory, short term finance was used for purchase of fixed assets leading to decrease in working capital.

20.Vijaykumar A and Dr. Venkatachalam A. (1996)in the case study of ¯Responsiveness of Working Capital Management - a case study, of Tamil Nadu Sugar Corporation‖, for a period of 1985-86 to 1993-94, examined the various aspects of components of current assets, financing trends, and impact of working capital on profitablity. They concluded that, the investment in working capital is on moderate approach.

21.SubramanyanUrna (1996) carried out the study entitled ¯Working Capital Analysis of State Road Transport Undertakings in Tamilnadu‖, when the Govt, of Tamilnadu adopted a policy of decentralization and to ensure viability in operation and with an object of velocity of policy of decentralization in financial terms. , The objective of the study was to review financial performance of Road Transport.

22. Sur Debasis (1997) in the study of ¯Working Capital Management in Colgate Palmolive (India) Ltd - a case study‖, for the period from 1980 to 1991, carried out item wise analysis of components of working capital and identified the items responsible for changes in working capital. He suggested improvement in efficiency

of working capital with the use of ratio analysis. They concluded that short-term funds are blocked up in inventories.

23.Bose D.Chandra and Dr. Shankarnarayan K.C. (1997) carried out the study entitled ―Working Capital and Inventory‖ focused on the effect of inventory on the profitability and liquidity. Operating cycle is a measurement of time gap between investments of cash realization of sales revenue. The credit received from suppliers and payment deferral period reduces the time length of operating cycle.

24.MallickAmit and Sur Debasis (1998) carried out the study entitled ―Working Capital and Profitability:- a case study in interrelation‖ of the AFT Industries Ltd., a tea producing company for the period of 1986-87 to 1995-96. They examined the impact of working capital on profitability by simple, multiple correlations and multiple regression analysis.

25.Sarma M.S. &Thiruvengala C. (1999)carried out the study entitled ―Working Capital Management in VST- An Appraisal‖, for the period from 1989-1996. They observed that there is a disproportionate increase in current assets in relation to sales resulting in sharp decline.in working capital turnover. There is no consistent policy of inventory management and inventory turnover declined in five years out of eight years of study.

26.MohdAamirkhan (1999) carried out study entitled ―Working Capital Management at Escorts‖. He examined the four important components of working capital i.e. management of cash, inventory, receivable, loans & advances and financing of working capital. The study revealed that working capital is partly centralized andpartly decentralized and excess or surplus or deficit are taken/ sent to the headoffice.

27.Hydrabad R.L. (1999)in the study of ―Working Capital Leverage Management: Case Analysis‖ studied three Companies vizEssar Steels, Raymond Ltd. and BPLLtd. for the period of 1997-98 for Essar Steels and 1996-97 for BPL and RaymondLtd. They defined the leverage ―as power, influence or force used for lifting heavy

objects and incase of business it indicates ability or capacity to earn rate of return on assets leading to increase in profits.‖

28.Malick A.K. and Sur D. (1999) carried out study of ―Working Capital Management A Case Study of Hindustan Lever Ltd‖, for the period from 1987-1996. They carried out 34 comprehensive analysis of liquidity and profitability of working capital, variationof working capital, financing pattern, various component of working capital and its joint effects on profitability, leverages, closeness of association between the liquidity and the profitability. They concluded that the position of working capital management was encouraging.

29.Prasad R.S. (2000) carried out the study entitled ―Working Capital Management in Paper Industry‖, for the period from 1983-84 to 1992-93 of 21 Paper companies. They observed an irrational ratio between sales and inventory, low turnover of receivables, poor cash management, financing from internal sources leading to fall in reserve and surplus, inefficient collection system resulting into huge block of funds in receivables.

30.DuttaJoginder Singh (2001) carried out the study entitled, ―Working Capital Management of Horticulture Industry in H. P. - A Case Study of HPMC‖ for the period from 1990- 91 to 1997-98. He observed that the variation in the ratio of current assets to current liabilities rose more than proportionately as compared to current assets, where current assets proportion is higher as compared to total assets and fix assets for the reason of huge share of accumulated losses.

2.2 THEORETICAL REVIEW

2.2.1 STATEMENT OF CHANGES IN WORKING CAPITAL

Working capital means the excess of current assets over current liabilities. Statement of changes in working capital is calculated for comparing the figure of two consecutive years.

THE GENERAL RULE

a) An increase in current asset will increases working capital

b) A decrease in the current asset will decreases working capital

c) An increase in current liabilities will decreases working capital

d) A decrease in current liabilities will increases working capital.

The change in the amount of any current asset or current liability in the current balance sheet as compared to that of previous balance sheet either results in increase or decrease in working capital. The difference is recorded for each individualcurrent asset and current liability.

In case, current assets in the current period are more than in the previous period, the effect is an increase in working capital and it is recorded in the increase column. If a current liability in the current period is more than in the previous period, the effect is decrease in working capital and it is recorded in the decrease column.

2.2.2 RATIO ANALYSIS

A ratio is a relationship expressed in mathematical terms between two individual groups of data connected with each other in some logical manner. Ratio analysis is widely used tool of financial analysis. This systematic method helps to interpret the financial statement so that the strengths and weakness of a firm as well as the historical performance and current financial condition can be determined.

A ratio can be used as a yardstick for evaluating the financial position and performance of a concern, because the absolute accounting data cannot provide meaningful understanding and Interpretation. A ratio is the relationship between two accounting items expressed mathematically. Ratio analysis helps the analyst to makequantitative judgment with regard to concern's financial position and performance.

Purpose of the ratio analysis

- To study the short term solvency of the firm- liquidity of the firm.
- To interpret the profitability of the firm- profit earning capacity of the firm.
- To identify the operating efficiency of the firm- turnover of the ratios.

STEPS INVOLVED IN RATIO ANALYSIS

STEP 1

Calculation of ratios from the information obtained from financial statements according to the requirement of decision.

STEP 2

Compare the calculated ratios with pre-determined standard ratios. They may be a past ratio of the same organization average ratio or a projected ratio or the ratio ofthe most successful organization in the industry.

1. CURRENT RATIO

Current ratio may be defined as a relationship between current assets and current liabilities. It is a measure of general liquidity and is most widely used to make the analysis of short term financial position of a firm.

The current ratio compares all of a company‘s current assets to its current liabilities.These are usually defined as assets that are cash or will be turned into cash in a year or less, and liabilities that will be paid in a year or less.

Current Ratio = Current Assets / Current Liabilities

2. LIQUID OR QUICK RATIO

The liquidity ratios are a result of dividing cash and other liquid assets by the short term borrowings and current liabilities. They show the number of times the short term debt obligations are covered by the cash and liquid assets. If the value is greaterthan 1, it means the short term obligations are fully covered. Liquidity refers to the ability of a concern to meet its current obligations and when these become due. The ideal value of quick ration is 1:1.

Liquid Ratio = Liquid Assets / Current Liabilities

3.OPERATING PROFIT RATIO

Operating profit ratio is a profitability ratio that measures what percentage of total revenues is made up by operating income. This ratio shows what proportion of revenues is available to cover non-operating costs like interest expense. This ratio is important to both creditors and investors because it helps show how strong and profitable a company's operations are.

Operating profit ratio = (Operating profit / Net sales) × 100

4. FIXED ASSETS TURNOVER RATIO

Fixed-asset turnover is the ratio of sales to the value of fixed assets. It indicates how well the business is using its fixed assets to generate sales. This ratio measures the efficiency with which a firm is utilizing its fixed assets in generating sales.

Fixed assets turnover ratio = Net sales / Fixed assets

5. CURRENT ASSETS TURNOVER RATIO

Current assets turnover ratio is the relationship between sales or cost of goods sold and current assets employed in the business. This ratio measures the efficiency with which a firm is utilizing its current assets in generating sales.

Current assets turnover ratio = (Net sales / Current asset)

6. WORKING CAPITAL TURNOVER RATIO

The working capital turnover ratio is also referred to as net sales to working capital. It indicates a company's effectiveness in using its working capital. The working capital turnover ratio is calculated as follows.

A high working capital turnover ratio shows a company is running smoothly and has limited need for additional funding. A high ratio may also give the business a competitive edge over similar companies.

Working capital turnover ratio = Sales / Working capital

7. DEBT RATIO

The debt ratio is a financial ratio that measures the extent of a company‘s leverage. The debt ratio is defined as the ratio of total debt to total assets, expressed as a decimal or percentage. It can be interpreted as the proportion of a company‘s assets that are financed by debt.

A ratio greater than 1 shows that a considerable portion of debt is funded by assets. In other words, the company has more liabilities than assets. A high ratio alsoindicates that a company may be putting itself at risk of default on its loans if interest rates were to rise suddenly. A ratio below 1 translates to the fact that a greaterportion of a company's assets is funded by equity.

Debt ratio=Total assets/Total debt

8. CASH RATIO

The cash ratio or cash coverage ratio is a liquidity ratio that measures a firm‘s ability to pay off its current liabilities with only cash and cash equivalents. The cash ratio is much more restrictive than the current ratio or quick ratio because no other current assets can be used to pay off current debt–only cash.

The cash ratio measures a company‘s ability to pay off short-term liabilities with cash and cash equivalents. The cash coverage ratio is calculated by adding cash and cash equivalents and dividing by the total current liabilities of a company.

Cash ratio = Cash and Cash equivalents / Current Liabilities

2.2.3 COMPARATIVE BALANCE SHEET

The comparative balance sheet is a balance sheet which provides financial figures of Assets, Liability and equity for the ¯two or more period of the same company‖ or ¯two or more than two company of same industry‖ or ¯two or more subsidiaries of same company‖ at the same page format so that this can be easily understandable and easy to analysis.

The comparative balance sheet has two-column of amount against each balance sheet items; one column shows the current year financial position, whereas another column will show the previous year‘s financial position so that investors or other stakeholders can easily understand and analyze the company‘s financial performance against last year.

Comparative Financial Statements is the most commonly used technique for analyzing financial statements. This technique determines the profitability and financial position of a business by comparing financial statements for two or more time periods. Hence, this technique is also termed as Horizontal Analysis. Typically, the income statements and balance sheets are prepared in a comparative form to undertake such an analysis.

Furthermore, there is a provision attached to comparing the financial data showcased by such statements. This relates to making use of the same accounting principles for preparing each of the comparative statements. In case the same accounting principles are not followed to prepare such statements, then the difference must be disclosed in the footnote below.

A comparative balance sheet showcases:

- Assets and liabilities of business for the previous year as well as the current year.
- Changes (increase or decrease) in such assets and liabilities over the year both in absolute and relative terms.

Thus, a comparative balance sheet not only gives a picture of the assets and liabilities in different accounting periods. It also reveals the extent to which the assets and liabilities have changed during such periods.

Furthermore, such a statement helps managers and business owners to identify trends in the various performance indicators of the underlying business.

Steps To Prepare a Comparative Balance Sheet

1. Step 1

Firstly, specify absolute figures of assets and liabilities relating to the accounting periods considered for analysis. These amounts are mentioned in Column I and Column II of the comparative balance sheet.

2. Step 2

Find out the absolute change in the items mentioned in the balance sheet. This is done by subtracting the previous year‘s item amounts from the current year ones. This increase or decreases in absolute amounts are mentioned in Column III of the comparative balance sheet.

3. Step 3

Finally, calculate the percentage change in the assets and liabilities of the current year relative to the previous year. This percentage change in assets and liabilities is mentioned in Column V of the comparative balance sheet.

2.2.4 TREND ANALYSIS

Trend analysis is an analysis of the trend of the company by comparing its financial statements to analyze the trend of market or analysis of the future on the basis of results of past performance and it‘s an attempt to make the best decisions on the basis of results of the analysis done.

Trend analysis involves the collection of information from multiple time periods and plotting the information on a horizontal line for further review. The intent of this analysis is to spot actionable patterns in the presented information.

When trend analysis is being used to predict the future, keep in mind that the factors formerly impacting a data point may no longer be doing so to the same extent. This means that an extrapolation of a historical time series will not necessarily yield a valid prediction of the future. Thus, a considerable amount of additional research should accompany trend analysis when using it to make predictions.

Procedure for Calculating Trends:

(i) One year is taken as a base year. Generally, the first or the last is taken as base year.

(ii) The figures of base year are taken as 100.

(iii)Trend percentages are calculated in relation to base year. If a figure in other year is less than the figure in base year the trend percentage will be less than 100 and it will be more than 100 if figure is more than base year figure. Each year‘s figure is divided by the base year‘s figure.

CHAPTER 3

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying now research is done systematically. In that various steps, those are generally adopted by a researcher in studying his problem along with the logic behind them. It is important for research to know not only the research method but also know methodology. The procedures by which researchers go about their work of describing, explaining and predicting phenomenon are called methodology.

3.1 RESEARCH DESIGN

A research design is the arrangement of the condition for collection and analysis of data. Actually it is the blueprint of the research project.Research design is a statement or specification of procedure for collecting and analyzing the information required for the solution of a specific problem. It provides a scientific find work for conducting some research investigation. The conception of research of the research design plan is a critical step in the research process. The design of the study constitutes blue print for the collection, measurement, and analysis of the data.

3.2 DATA COLLECTION

There are two types of data collection methods available Primary data collection & Secondary data collection.

Primary Data: The primary data is that data which is collected fresh or first hand, and for first time which is original in nature. Primary data can collect through personal interview, questionnaire etc. to support the secondary data.

Secondary Data Collection Method: The secondary data are those which have already collected and stored. Secondary data easily get those secondary data from records, journals, annual reports of the company etc.

3.3 SOURCES OF DATA

Secondary Data has been collected from the company annual reports,records, journals, annual reports of the company supported by various books and internet sides.

3.4 TOOLS USED FOR THE STUDY

- FINANCIAL TOOLS
    - Ratio analysis
    - Statement of changes in working capital
    - Comparative Balance Sheet
    - Trend analysis

CHAPTER IV

ANALYSIS AND INTERPRETATION OF DATA

4.1 STATEMENT OF CHANGES IN WORKING CAPITAL

Table 4.1.1 Calculation of Working Capital (in Rs. Cr.)

	2020	**2019**	**2018**	**2017**	**2016**
A)Current assets	6596.96	7062.66	9235.63	9391.37	4725.25
B)Current liabilities	4253.21	4873.68	4111.29	3212.58	2780.99
Working capital(A-B)	**2343.75**	**2188.98**	**5124.34**	**6178.79**	**1944.26**

INTERPRETATION

From the above table we can identify that working capital increases at initial stage but after that it started increasing at a high rate finally in 2020 it decreases and went to a lower rate.

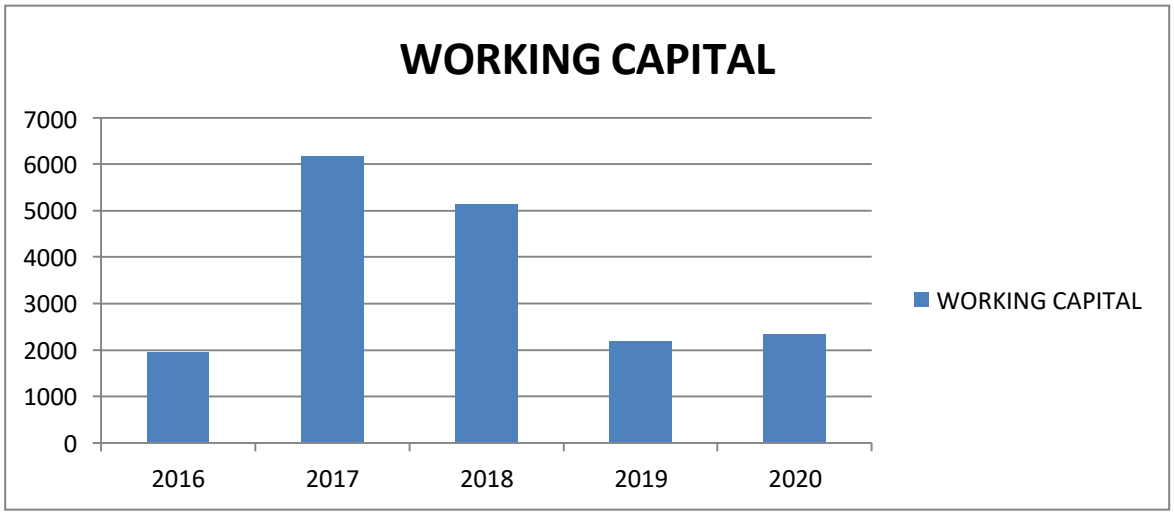

Chart 4.1.1 working capital

TABLE 4.1.2 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2016-17 (in Rs. Cr.)

Particulars	**2016**	**2017**	**Increase**	**Decrease**
Current assets				
Current Investments	1319.94	6050.08	4730.14	
Inventories	719.07	728.38	9.31	
Trade receivables	717.93	953.29	235.36	
cash & cash equivalents	859.52	293.68		565.84
Short term loans	7.05	6.47		0.58
Other current assets	1101.74	1359.47	257.73	
A)total current assets	4725.25	9391.37		
Current liabilities				
Trade Payables	2027.04	2235.73		208.69
Short Term Provisions	112.95	120.93		7.98
Other Current Liabilities	641	855.92		214.92
B)total current liabilities	2780.99	3212.58		
NET WORKINGCAPITAL(A-B)	**1944.26**	**6178.79**	**5232.54**	**998.01**
Increase or decrease in working capital	4234.53			4234.53
	6178.79	**6178.79**	**5232.54**	**5232.54**

Source: balance sheet of Bajaj auto ltd.

TABLE 4.1.3 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2017-18 (in Rs. Cr.)

Particulars	**2017**	**2018**	**Increase**	**Decrease**
Current assets				
Current Investments	6050.08	5,765.41		284.67
Inventories	728.38	742.58	14.2	
Trade receivables	953.29	1,491.87	538.58	
cash & cash equivalents	293.68	778.00	484.32	
Short term loans	6.47	6.26		0.21
Other current assets	1359.47	451.51		907.96
A)total current assets	9391.37	9,235.63		
Current liabilities				
Trade Payables	2235.73	3,244.32		1008.59
Short Term Provisions	120.93	125.60		4.67
Other Current Liabilities	855.92	741.37	114.55	
B)total current liabilities	3212.58	4,111.29		
NET WORKINGCAPITAL(A-B)	**6178.79**	**5124.34**	**1151.65**	**2206.1**
Increase or decrease in working capital		1054.45	1054.45	
	6178.79	**6178.79**	**2206.1**	**2206.1**

Source: balance sheet of Bajaj auto ltd.

TABLE 4.1.4 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2018-19 (in Rs. Cr.)

Particulars	**2018**	**2019**	**Increase**	**Decrease**
Current assets				
Current Investments	5,765.41	1576.48		4188.93
Inventories	742.58	961.51	218.93	
Trade receivables	1,491.87	2559.69	1067.82	
cash & cash equivalents	778.00	922.81	144.81	
Short term loans	6.26	6.34	0.08	
Other current assets	451.51	1035.83	584.32	
A)total current assets	9,235.63	7062.66		
Current liabilities				
Trade Payables	3,244.32	3786.73		542.41
Short Term Provisions	125.60	140.62		15.02
Other Current Liabilities	741.37	946.33		204.96
B)total current liabilities	4,111.29	4873.68		
NET WORKINGCAPITAL(A-B)	**5124.34**	**2188.98**	**2015.96**	**4951.32**
Increase or decrease in working capital		2935.36	2935.36	
	5124.34	**5124.34**	**4951.32**	**4951.32**

Source: balance sheet of Bajaj auto ltd.

TABLE 4.1.5 STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR 2019-20 (in Rs. Cr.)

Particulars	**2019**	**2020**	**Increase**	**Decrease**
Current assets				
Current Investments	1576.48	2779.75	1203.27	
Inventories	961.51	1063.50	101.99	
Trade receivables	2559.69	1725.10		834.59
cash & cash equivalents	922.81	308.27		614.54
Short term loans	6.34	6.11		0.23
Other current assets	1035.83	714.23		321.6
A)total current assets	7062.66	6596.96		
Current liabilities				
Trade Payables	3786.73	3199.70	587.03	
Short Term Provisions	140.62	157.97		17.35
Other Current Liabilities	946.33	895.54	50.79	
B)total current liabilities	4873.68	4253.21		
NET WORKINGCAPITAL(A-B)	**2188.98**	**2343.75**	**1943.08**	**1788.31**
Increase or decrease in working capital	154.77			154.77
	2343.75	**2343.75**	**1943.08**	**1943.08**

Source: balance sheet of Bajaj auto ltd.

4.2 RATIO ANALYSIS

1. CURRENT RATIO

Table 4.2.1 Current Ratio

	2016	2017	2018	2019	2020
Current assets	4725.25	9391.37	9235.63	7062.66	6596.96
Current liabilities	2780.99	3212.58	4111.29	4873.68	4253.21
Current ratio	1.69	2.92	2.24	1.44	1.55

INTERPRETATION

The chart shows that current ratio in 2016 is above 1.5, in 2017 is nearly 3,in 2018 it is above 2, in 2019 it is below 1.5 and in 2020 it falls nearly to 1.5. The current ratio of all the above five years is above the standard, so the society can meet its short term obligation.

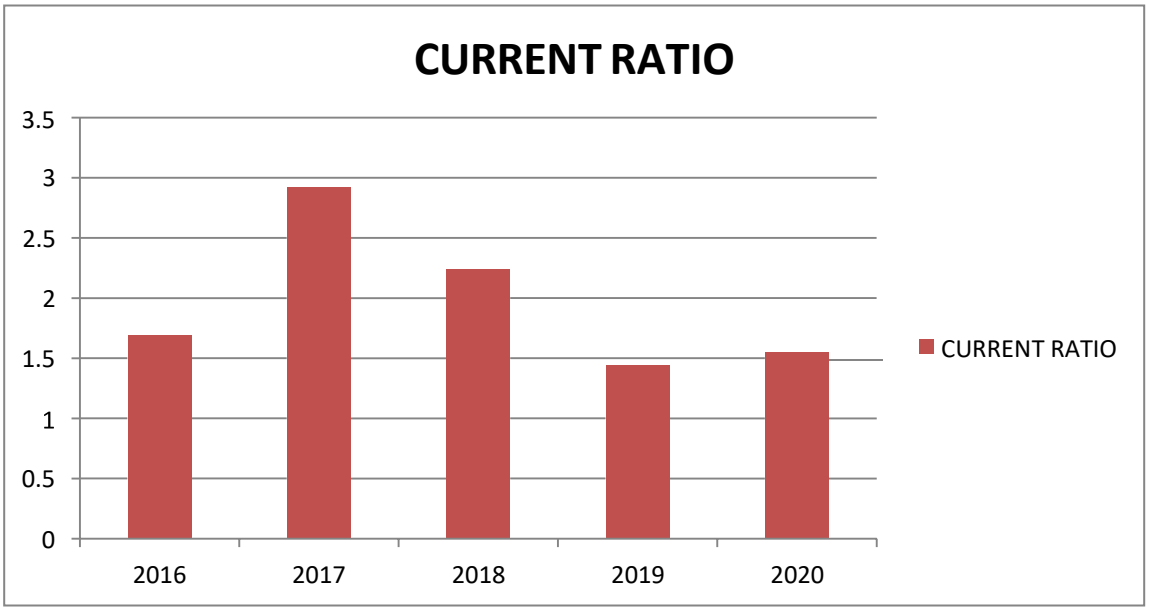

Chart 4.2.1 Current Ratio

2.LIQUID OR QUICK RATIO

Table 4.2.2 Liquid or Quick Ratio

	2016	2017	2018	2019	2020
Liquid assets	**4006.18**	**8662.99**	**8493.05**	**6099.15**	**6595.02**
Current Liabilities	**2780.99**	**3212.58**	**4111.29**	**4873.68**	**4253.21**
Liquid ratio	**1.44**	**2.69**	**2.06**	**1.25**	**1.30**

INTERPRETATION

The chart shows that liquid ratio in 2016 is below 1.5, in 2017 is above 2.5, in 2018 it is above 2, in 2019 it is below 1.5 and in 2020 it is 1.3 nearly the same. The liquid ratio of all the above five years is above the standard, so the society can meet its short term obligation.

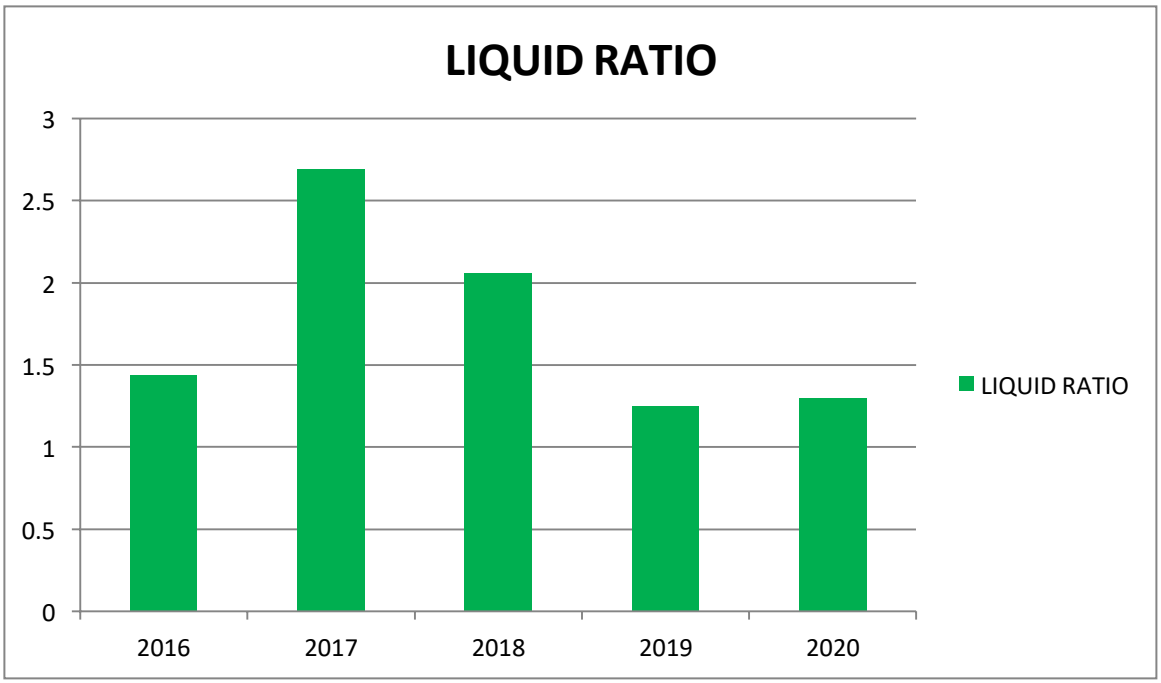

Chart 4.2.2 Liquid Ratio

3. OPERATING PROFIT RATIO

Table 4.2.3 Operating Profit Ratio

	2016	2017	2018	2019	2020
Operating profit	5096.23	4982.02	4783.43	4422.35	4781.94
Net sales	22586.52	21766.68	25164.92	30249.96	39918.65
	0.2256	0.2288	0.1900	0.1461	0.1197
Operating profit ratio	22.56%	22.88%	19%	14.61%	11.97%

INTERPRETATION

The chart shows that operating profit ratio for the all five years are decreasing year by year slowly. A higher operating margin is more favorable compared with a lower ratio. The graph shows that first two years operating profit ratio is higherthan remaining year ratio.

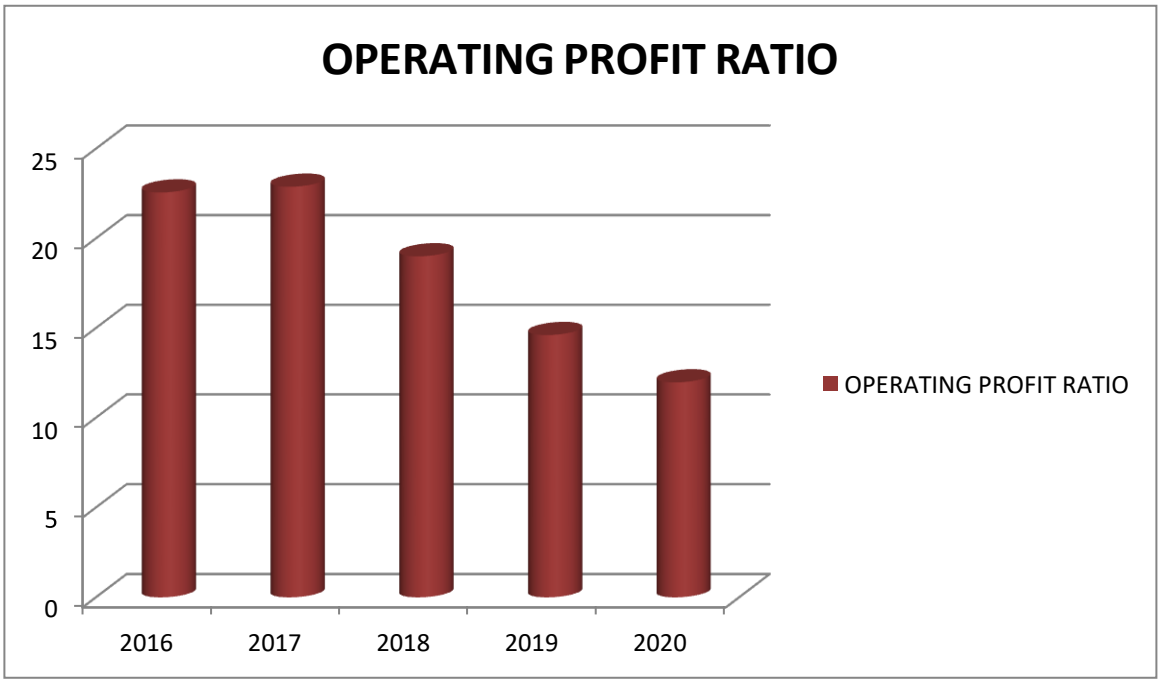

Chart 4.2.3 Operating Profit Ratio

4. FIXED ASSETS TURNOVER RATIO

Table 4.2.4 Fixed Assets Turnover Ratio

	2016	2017	2018	2019	2020
Net sales	22586.52	21766.68	25164.92	30249.96	39918.65
Fixed assets	2138.34	2043.96	1934.80	1811.96	1759.21
ratio	10.56	10.64	13	16.69	22.69

INTERPRETATION

A higher Fixed-asset turnover ratio is more favorable compared with a lower ratio. Analysis of fixed assets turnover ratio reveals that it is increasing in the last year signifying that there is an improvement in the utilization of resources, so it is satisfactory.

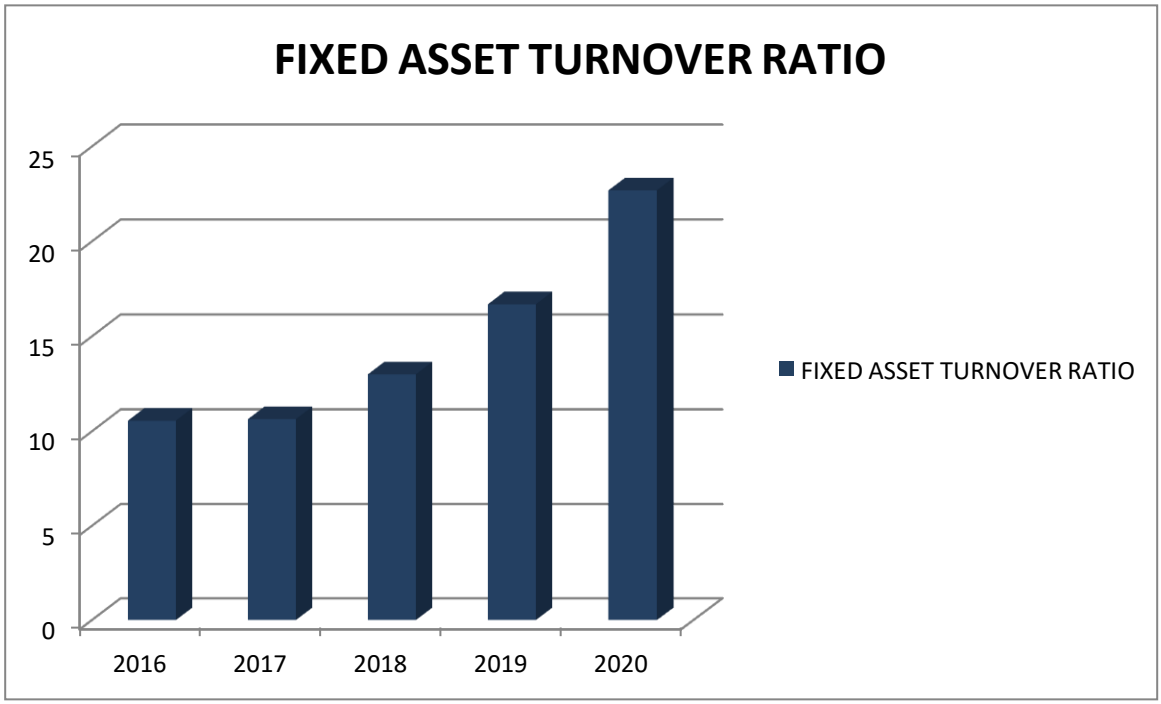

Chart 4.2.4 Fixed Assets Turnover Ratio

5. CURRENT ASSETS TURNOVER RATIO

Table 4.2.5 Current Assets Turnover Ratio

	2016	2017	2018	2019	2020
Net sales	22586.52	21766.68	25164.92	30249.96	39918.65
Current asset	4725.25	9391.37	9235.63	7062.66	6596.96
ratio	4.77	2.31	2.7	4.28	6.05

INTERPRETATION

Analysis of current assets turnover ratio reveals that it is increasing during 2017 to 2020 and a decreasing in the beginning. A higher ratio is always more favorable. Higher turnover ratios mean the company is using its assets more efficiently. This chart shows that the company isn't using its assets efficiently.

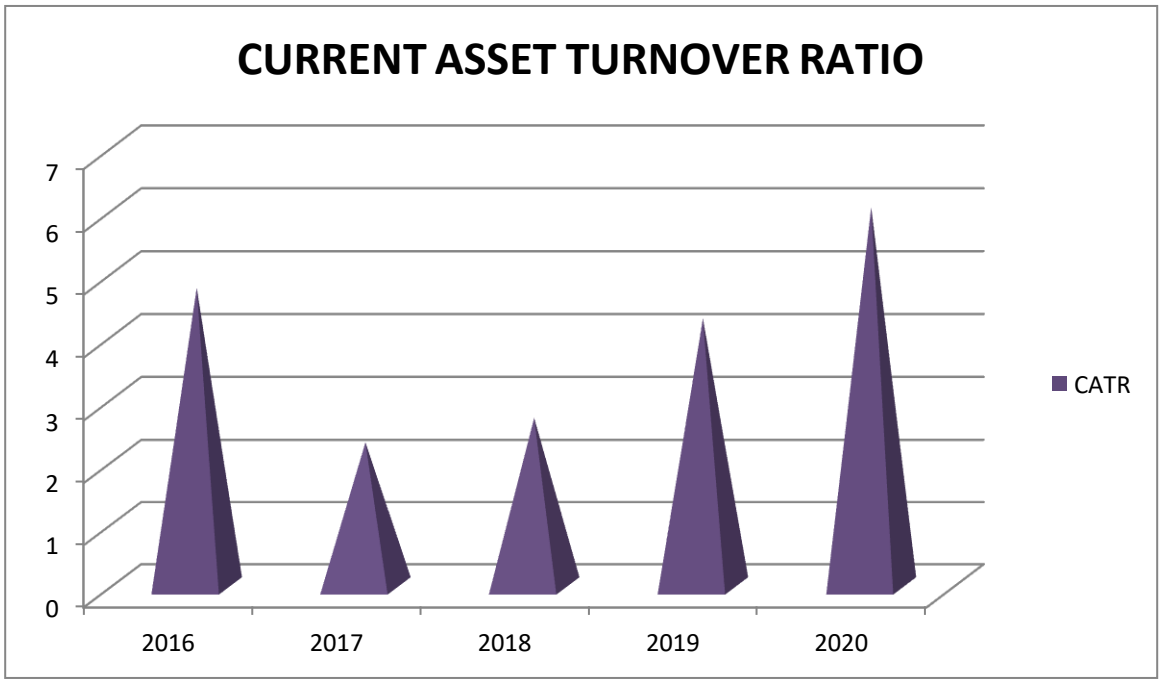

Chart 4.2.5Current Assets Turnover Ratio

6. WORKING CAPITAL TURNOVER RATIO

Table 4.2.6 Working Capital Turnover Ratio

	2016	2017	2018	2019	2020
Sales	22586.52	21766.68	25164.92	30249.96	39918.65
Working capital	1944.26	6178.79	5124.34	2188.98	2343.75
Ratio	11.61	3.5	4.91	13.81	17.03

INTERPRETATION

The chart shows that working capital turnover ratio in 2016 11, in 2017 it is decrease to 3, and in 2018 it increases little bit, in 2019 it raises a lot and in 2020 it went to its maximum. A low ratio shows that this business is investing in too many accounts receivable (AR) and inventory assets for supporting its sales.

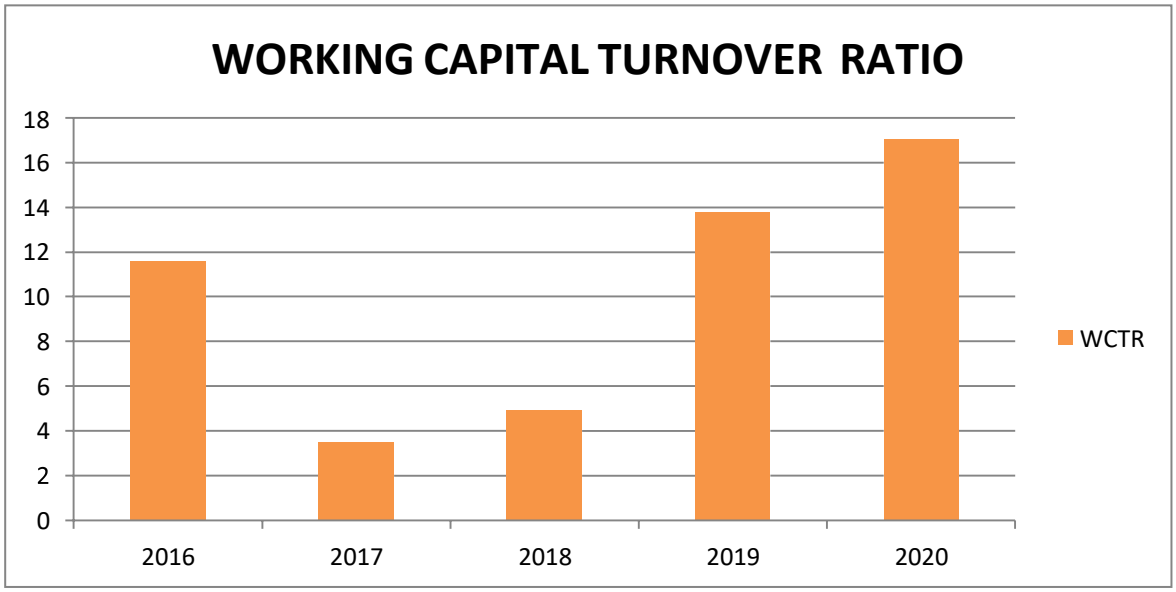

Chart 4.2.6 Working Capital Turnover Ratio

7. DEBT RATIO

Table 4.2.7 Debt Ratio

	2016	2017	2018	2019	2020
Current Liabilities	2780.99	3212.58	4111.29	4873.68	4253.21
Current Assets	4725.25	9391.37	9235.63	7062.66	6596.96
Debt Ratio	0.588	0.342	0.445	0.690	0.644

INTERPRETATION

The debt ratio is shown in decimal format because it calculates total liabilities as a percentage of total assets. As with many solvency ratios, a lower ratios is more favorable than a higher ratio.A ratio of 1 means that total liabilities equals total assets. But in this 2019 has the highest ratio and 2017 has the lowest debt ratio.

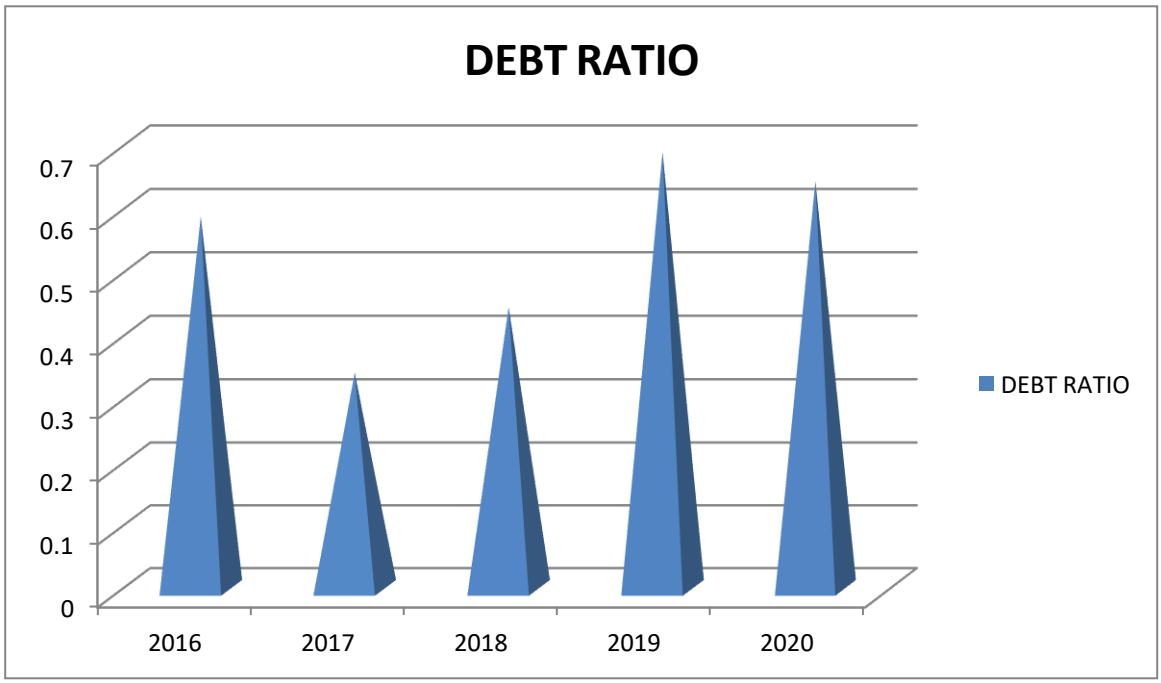

Chart 4.2.7 Debt Ratio

8. CASH RATIO

Table 4.2.8 Cash Ratio

	2016	2017	2018	2019	2020
CASH AND CASH EQUIVALENTS	859.52	293.68	778.00	922.81	308.27
CURRENT LIABILITIES	2780.99	3212.58	4111.29	4873.68	4253.21
CASH RATIO	0.309	0.091	0.189	0.189	0.072

INTERPRETATION

The cash ratio shows how well a company can pay off its current liabilities with only cash and cash equivalents. This ratio shows cash and equivalents as a percentage of current liabilities.A ratio of 1 means that the company has the same amount of cash and equivalents as it has current debt.

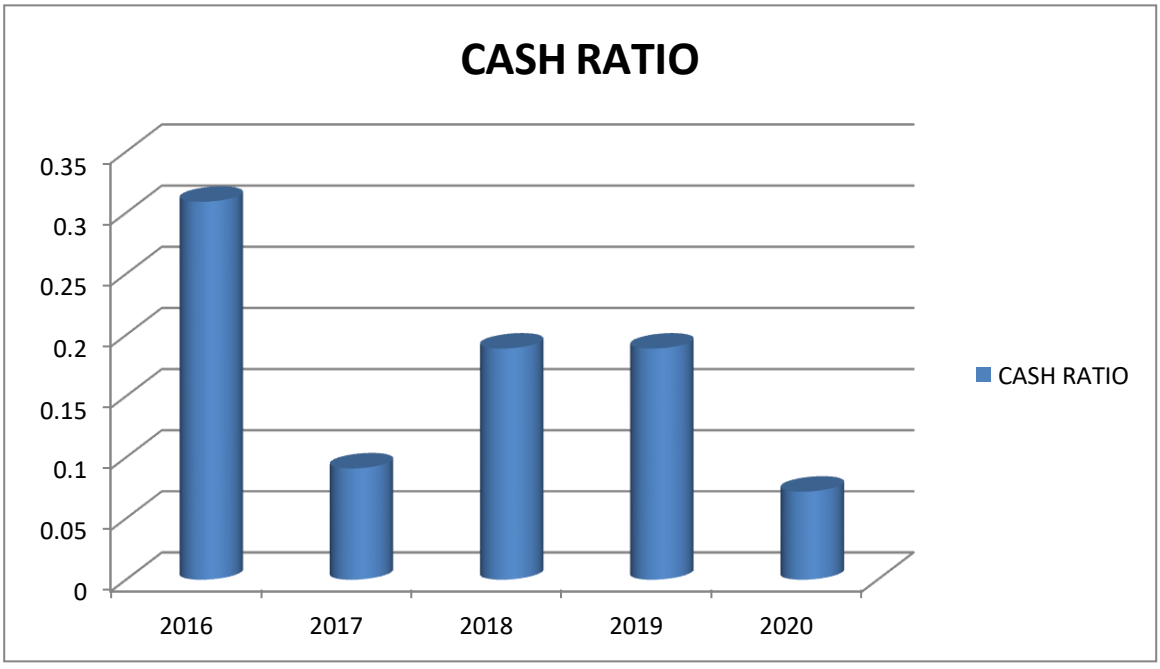

Chart 4.2.8 Cash Ratio

9. DEBT EQUITY RATIO

Table 4.2.9 Debt Equity Ratio

	2016	2017	2018	2019	2020
Long Term Debts	438.96	568.18	604.34	726.81	594.60
Shareholders Fund	13,266.55	17,034.13	19,103.86	21,779.90	19,925.49
Debt Equity Ratio	0.033	0.033	0.031	0.033	0.029

INTERPRETATION

A debt to equity ratio of 1 would mean that investors and creditors have an equal stake in the business assets. A lower debt to equity ratio usually implies a more financially stable business. The ratio is mostly the same for all the five years and all are below 1.

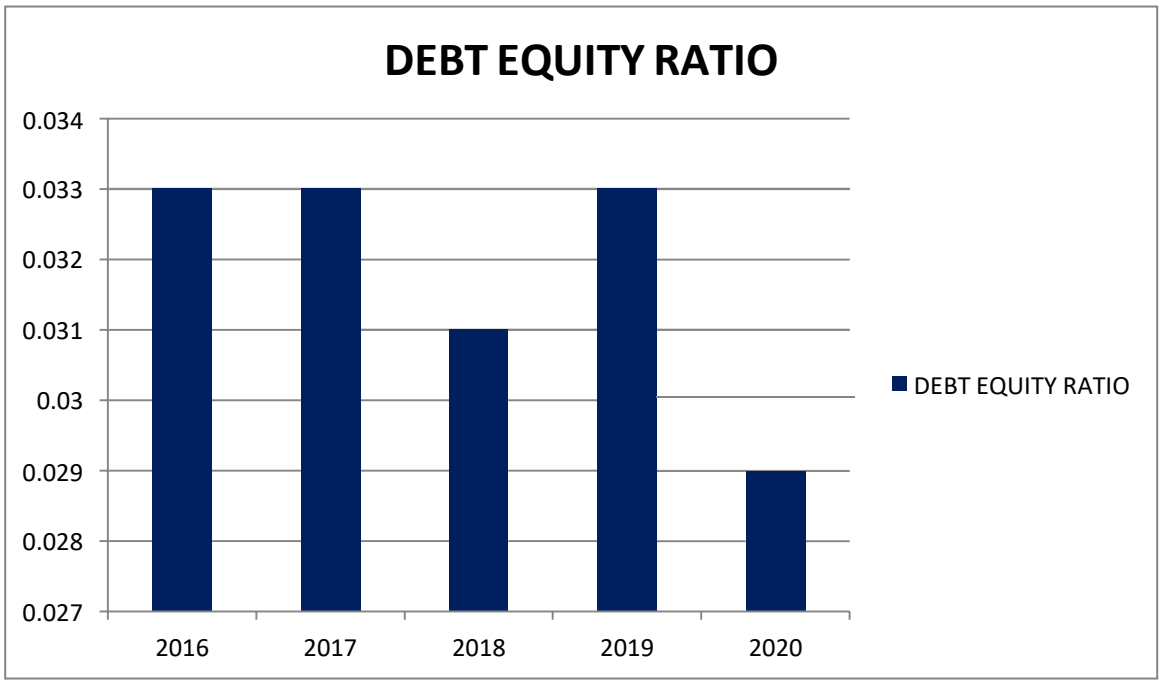

Chart 4.2.9 Debt Equity Ratio

10. PROPRIETARY RATIO

Table 4.2.10 Proprietary Ratio

	2016	2017	2018	2019	2020
Shareholders Fund	13,266.55	17,034.13	19,103.86	21,779.90	19,925.49
Total Assets	16,486.50	20,814.89	23,819.49	27,380.39	24,773.30
Proprietary Ratio	0.804	0.818	0.802	0.795	0.804

INTERPRETATION

Having a very high proprietary ratio does not always mean that the company has an ideal capital structure. Ideally, the ratio should be 1:3. Here all the five years are below 1 and all are mostly same.

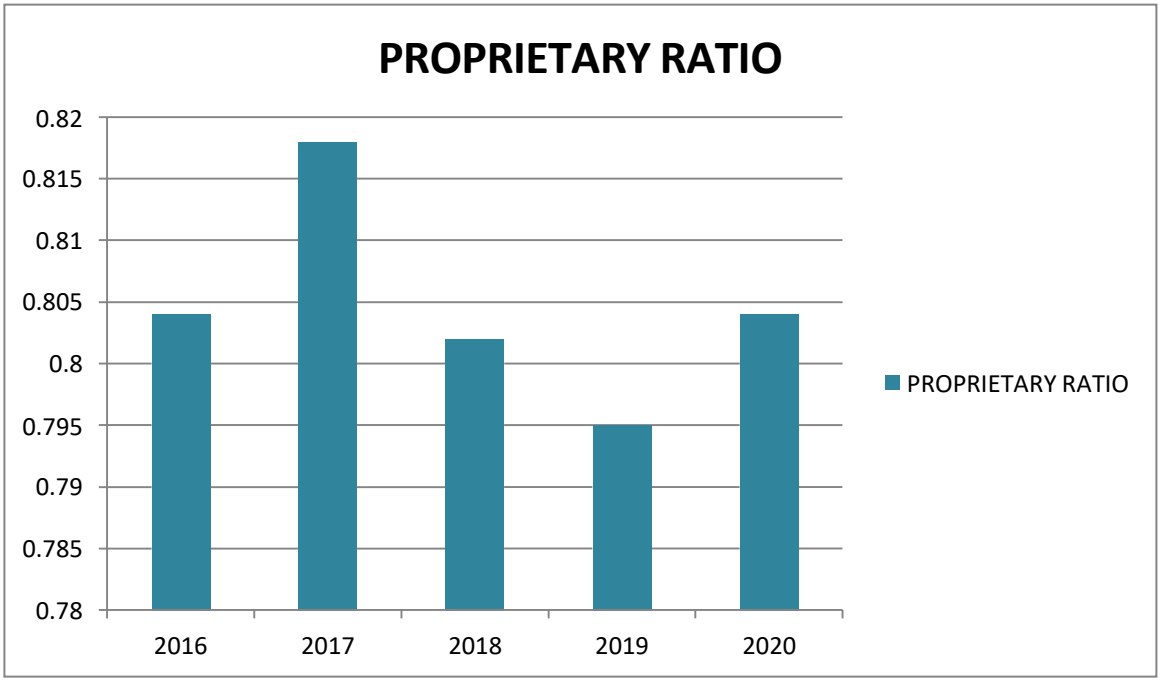

Chart 4.2.10 Proprietary Ratio

4.3 COMPARATIVE BALANCE SHEET

TABLE 4.3.1 COMPARATIVE BALANCE SHEET OF 2016-2017 (in Rs. Cr.)

	2016	2017	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	12,977.18	16,744.76	3767.58	29.03
TOTAL SHAREHOLDERS FUNDS	**13,266.55**	**17,034.13**		
NON-CURRENT LIABILITIES				
Long Term Borrowings	0.00	119.90	119.90	100
Deferred Tax Liabilities [Net]	202.80	313.62	110.82	54.64
Other Long Term Liabilities	188.59	56.53	(132.06)	(70)
Long Term Provisions	47.57	78.13	30.56	64.24
TOTAL NON-CURRENT LIABILITIES	**438.96**	**568.18**		
CURRENT LIABILITIES				
Trade Payables	2,027.04	2,235.73	208.69	10.29
Other Current Liabilities	641.00	855.92	214.92	33.52
Short Term Provisions	112.95	120.93	7.98	7.06

TOTAL CURRENT LIABILITIES	**2,780.99**	**3,212.58**		
TOTAL CAPITAL AND LIABILITIES	**16,486.50**	**20,814.89**	**4328.39**	**26.25**
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,936.38	1,898.61	(37.77)	(1.95)
Intangible Assets	89.29	44.65	(44.64)	(49.99)
Capital Work-In-Progress	26.89	10.64	(16.25)	(60.43)
Other Assets	60.43	58.53	(1.9)	(3.14)
FIXED ASSETS	**2,138.34**	**2,043.96**		
Non-Current Investments	8,940.65	8,681.39	(259.26)	(2.89)
Deferred Tax Assets [Net]	0.00	0.00	-	-
Long Term Loans And Advances	29.47	29.74	-	-
Other Non-Current Assets	652.79	668.43	15.64	2.39
TOTAL NON-CURRENT ASSETS	**11,761.25**	**11,423.52**		
CURRENT ASSETS				
Current Investments	1,319.94	6,050.08	4730.14	358.36
Inventories	719.07	728.38	9.31	1.29

Trade Receivables	717.93	953.29	235.36	32.78
Cash And Cash Equivalents	859.52	293.68	(565.84)	(65.83)
Short Term Loans And Advances	7.05	6.47	(0.58)	(8.22)
Other Current Assets	1,101.74	1,359.47	257.73	23.39
TOTAL CURRENT ASSETS	**4,725.25**	**9,391.37**		
TOTAL ASSETS	**16,486.50**	**20,814.89**	**4328.39**	**26.25**

Source: balance sheet of Bajaj auto ltd.

TABLE 4.3.2 COMPARATIVE BALANCE SHEET OF 2017-2018 (in Rs. Cr.)

	2017	**2018**	**ABSOLUTE CHANGE**	**PERCENTAGE CHANGE(%)**
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	16,744.76	18,814.49	2069.73	12.36
TOTAL SHAREHOLDERS FUNDS	**17,034.13**	**19,103.86**		
NON-CURRENT LIABILITIES				
Long Term Borrowings	119.90	120.77	0.87	.72
Deferred Tax Liabilities [Net]	313.62	323.42	9.8	3.12

Other Long Term Liabilities	56.53	47.96	(8.57)	(15.16)
Long Term Provisions	78.13	112.19	34.06	43.59
TOTAL NON-CURRENT LIABILITIES	**568.18**	**604.34**		
CURRENT LIABILITIES				
Trade Payables	2,235.73	3,244.32	1008.59	45.11
Other Current Liabilities	855.92	741.37	(114.55)	(13.38)
Short Term Provisions	120.93	125.60	4.67	3.86
TOTAL CURRENT LIABILITIES	**3,212.58**	**4,111.29**		
TOTAL CAPITAL AND LIABILITIES	**20,814.89**	**23,819.49**	**3004.6**	**14.43**
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,898.61	1,821.22	(77.39)	(4.07)
Intangible Assets	44.65	0.00	(44.65)	(100)
Capital Work-In-Progress	10.64	11.15	0.51	4.79
Other Assets	58.53	57.11	(1.42)	(2.42)
FIXED ASSETS	**2,043.96**	**1,934.80**		
Non-Current Investments	8,681.39	11,822.89	3141.5	36.18
Deferred Tax Assets [Net]	0.00	0.00	-	-

Long Term Loans And Advances	29.74	30.64	0.9	3.02
Other Non-Current Assets	668.43	795.53	127.1	19.01
TOTAL NON-CURRENT ASSETS	**11,423.52**	**14,583.86**		
CURRENT ASSETS				
Current Investments	6,050.08	5,765.41	(284.67)	(4.70)
Inventories	728.38	742.58	14.2	1.94
Trade Receivables	953.29	1,491.87	538.58	56.49
Cash And Cash Equivalents	293.68	778.00	484.32	164.91
Short Term Loans And Advances	6.47	6.26	(0.21)	(3.24)
Other Current Assets	1,359.47	451.51	(907.96)	(66.78)
TOTAL CURRENT ASSETS	**9,391.37**	**9,235.63**		
TOTAL ASSETS	**20,814.89**	**23,819.49**	**3004.6**	**14.43**

Source: balance sheet of Bajaj auto ltd.

TABLE 4.3.3 COMPARATIVE BALANCE SHEET OF 2018-2019 (in Rs. Cr.)

	2018	2019	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	18,814.49	21,490.53	2676.04	14.22
TOTAL SHAREHOLDERS FUNDS	**19,103.86**	**21,779.90**		
NON-CURRENT LIABILITIES				
Long Term Borrowings	120.77	0.00	(120.77)	(100)
Deferred Tax Liabilities [Net]	323.42	542.66	219.24	67.78
Other Long Term Liabilities	47.96	169.59	121.63	253
Long Term Provisions	112.19	14.56	(97.63)	(87)
TOTAL NON-CURRENT LIABILITIES	**604.34**	**726.81**		
CURRENT LIABILITIES				
Trade Payables	3,244.32	3,786.73	542.41	16.71
Other Current Liabilities	741.37	946.33	204.96	27.64
Short Term Provisions	125.60	140.62	15.02	11.95

TOTAL CURRENT LIABILITIES	**4,111.29**	**4,873.68**		
TOTAL CAPITAL AND LIABILITIES	**23,819.49**	**27,380.39**	**3560.9**	**14.94**
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,821.22	1,688.69	(132.53)	(7.27)
Intangible Assets	0.00	19.75	19.75	100
Capital Work-In-Progress	11.15	11.54	0.39	3.49
Other Assets	57.11	55.50	(1.61)	(2.81)
FIXED ASSETS	**1,934.80**	**1,811.96**		
Non-Current Investments	11,822.89	17,582.88	5759.99	48.71
Deferred Tax Assets [Net]	0.00	0.00	-	-
Long Term Loans And Advances	30.64	31.63	0.99	3.23
Other Non-Current Assets	795.53	891.26	95.73	12.03
TOTAL NON-CURRENT ASSETS	**14,583.86**	**20,317.73**		
CURRENT ASSETS				
Current Investments	5,765.41	1,576.48	(4188.93)	(72.65)
Inventories	742.58	961.51	218.93	29.48

Trade Receivables	1,491.87	2,559.69	1067.82	71.57
Cash And Cash Equivalents	778.00	922.81	144.81	18.61
Short Term Loans And Advances	6.26	6.34	0.08	1.27
Other Current Assets	451.51	1,035.83	584.32	129.41
TOTAL CURRENT ASSETS	**9,235.63**	**7,062.66**		
TOTAL ASSETS	**23,819.49**	**27,380.39**	**3560.9**	**14.94**

Source: balance sheet of Bajaj auto ltd.

TABLE 4.3.4 COMPARATIVE BALANCE SHEET OF 2019-2020 (in Rs. Cr.)

	2019	**2020**	**ABSOLUTE CHANGE**	**PERCENTAGE CHANGE(%)**
LIABILITIES				
SHAREHOLDER'S FUNDS				
Equity Share Capital	289.37	289.37	-	-
Reserves and Surplus	21,490.53	19,636.12	(1854.41)	(8.62)
TOTAL SHAREHOLDERS FUNDS	**21,779.90**	**19,925.49**		
NON-CURRENT LIABILITIES				
Long Term Borrowings	0.00	0.00	-	-
Deferred Tax Liabilities [Net]	542.66	346.38	(196.28)	(36.16)
Other Long Term Liabilities	169.59	167.72	(1.87)	(1.10)

Long Term Provisions	14.56	80.50	65.94	452
TOTAL NON-CURRENT LIABILITIES	**726.81**	**594.60**		
CURRENT LIABILITIES				
Trade Payables	3,786.73	3,199.70	(587.03)	(15.50)
Other Current Liabilities	946.33	895.54	(50.79)	(5.36)
Short Term Provisions	140.62	157.97	17.35	12.33
TOTAL CURRENT LIABILITIES	**4,873.68**	**4,253.21**		
TOTAL CAPITAL AND LIABILITIES	**27,380.39**	**24,773.30**	**(2607.09)**	**(9.52)**
ASSETS				
NON-CURRENT ASSETS				
Tangible Assets	1,688.69	1,602.03	(86.66)	(5.13)
Intangible Assets	19.75	43.09	23.34	118.17
Capital Work-In-Progress	11.54	46.54	35	303.29
Other Assets	55.50	53.90	(1.6)	(2.88)
FIXED ASSETS	**1,811.96**	**1,759.21**		
Non-Current Investments	17,582.88	15,416.20	(2166.68)	(12.32)
Deferred Tax Assets [Net]	0.00	0.00	-	-

Long Term Loans And Advances	31.63	32.46	0.83	2.62
Other Non-Current Assets	891.26	968.47	77.21	8.66
TOTAL NON-CURRENT ASSETS	**20,317.73**	**18,176.34**		
CURRENT ASSETS				
Current Investments	1,576.48	2,779.75	1203.27	76.32
Inventories	961.51	1,063.50	101.99	10.60
Trade Receivables	2,559.69	1,725.10	(834.59)	(32.60)
Cash And Cash Equivalents	922.81	308.27	(614.54)	(66.59)
Short Term Loans And Advances	6.34	6.11	(0.23)	(3.62)
Other Current Assets	1,035.83	714.23	(321.6)	(31.04)
TOTAL CURRENT ASSETS	**7,062.66**	**6,596.96**		
TOTAL ASSETS	**27,380.39**	**24,773.30**	**(2607.09)**	**(9.52)**

Source: balance sheet of Bajaj auto ltd.

4.4 TREND ANALYSIS

Table 4.4.1 Trend Analysis of Current Assets

YEAR	CURRENT ASSETS	TREND ANALYSIS(%)
2016	4725.25	100
2017	9391.37	198.74
2018	9235.63	195.43
2019	7062.66	149.46
2020	6596.96	139.61

INTERPRETATION

By seeing the trend, which is a remarkable growth of over 100% from one year to the next, we can also see that the trend itself is not that remarkable it decreases 3% from 2017 at 198% to 195% in 2018. And finally it falls 60% from 2019 to 2020.

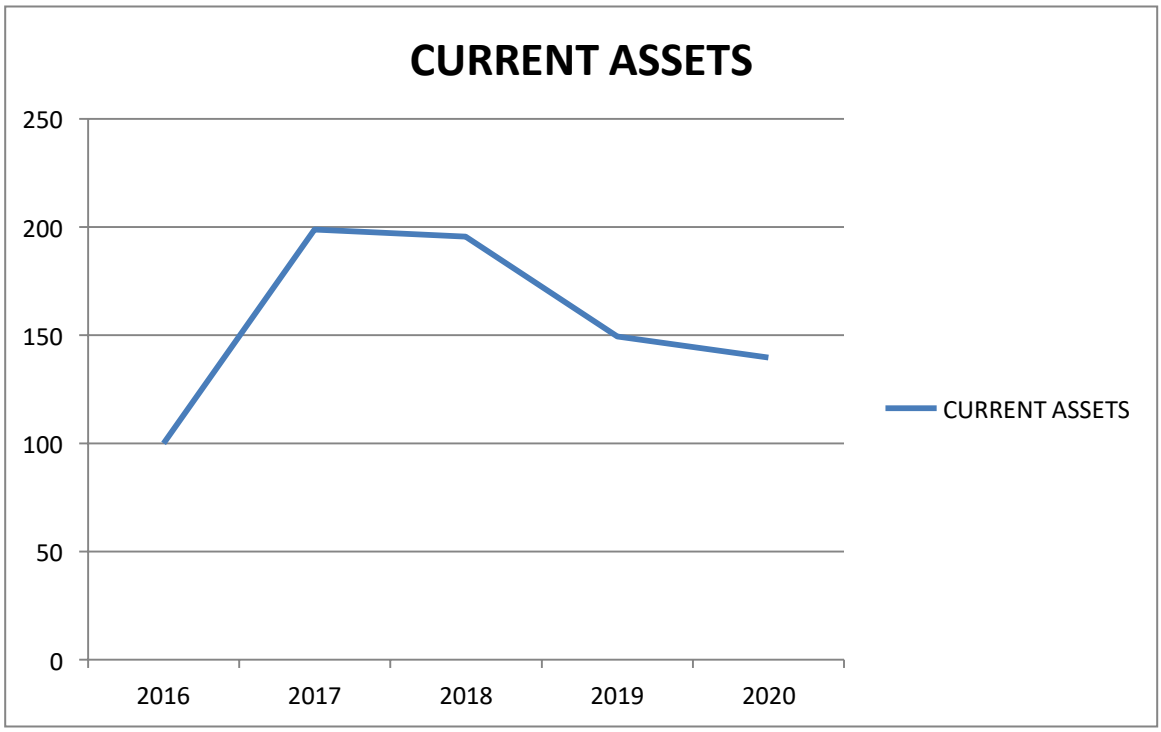

Chart 4.4.1 Trend Line For Current Assets

Table 4.4.2 Trend Analysis of Current Liabilities

YEAR	CURRENT LIABILITIES	TREND ANALYSIS(%)
2016	2780.99	100
2017	3212.58	115.51
2018	4111.29	147.83
2019	4873.68	175.24
2020	4253.21	152.93

INTERPRETATION

By seeing the trend, it had a growth of over 15% from one year to the next, we can also see that the trend itself is not that remarkable of only 30% change from 2017 at 115% to 147% in 2018. and it raises to 175% at 2018 finally falls to 152% in 2020.

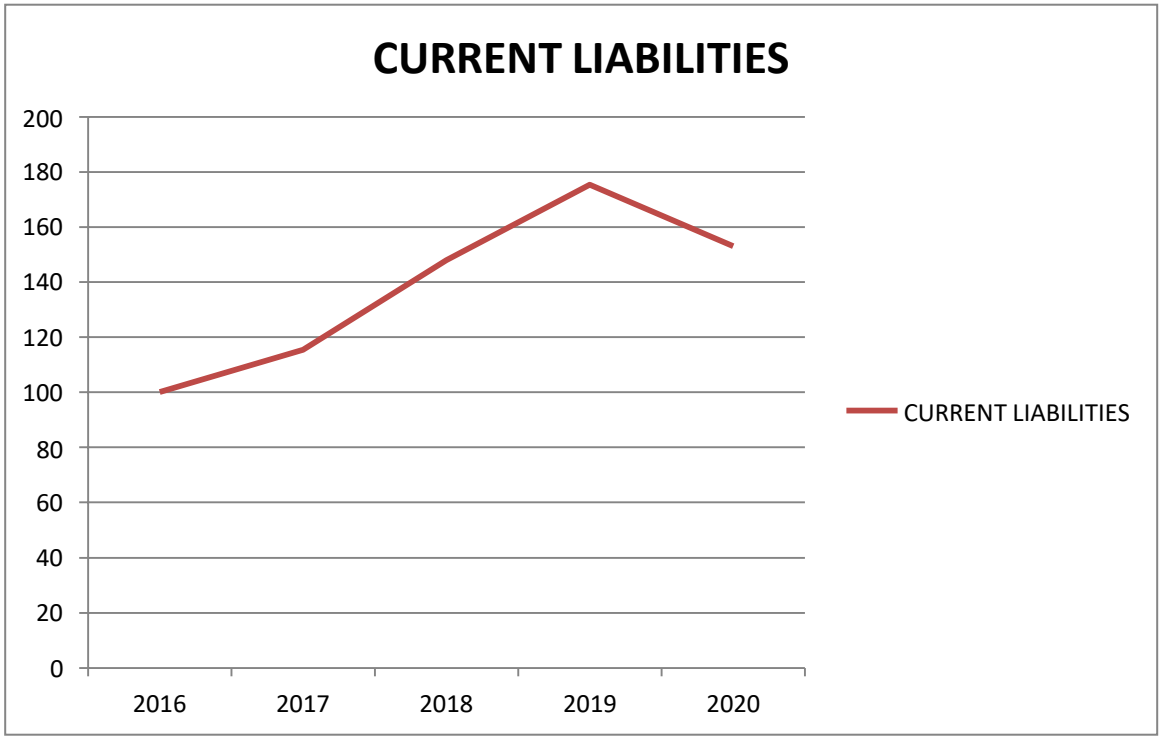

Chart 4.4.2 Trend Line For Current Liabilities

Table 4.4.3 Trend Analysis of Working Capital

YEAR	WORKING CAPITAL	TREND ANALYSIS (%)
2016	1944.26	100
2017	6178.79	317.79
2018	5124.34	263.56
2019	2188.98	112.58
2020	2343.75	120.54

INTERPRETATION

By seeing the trend, which is a remarkable growth of over 200% from one year to the next, we can also see that the trend itself decline by 40% from 2017 at 317% to263% in 2018. again declined to 110% at 2019 and finally had a growth to 120% at 2020.

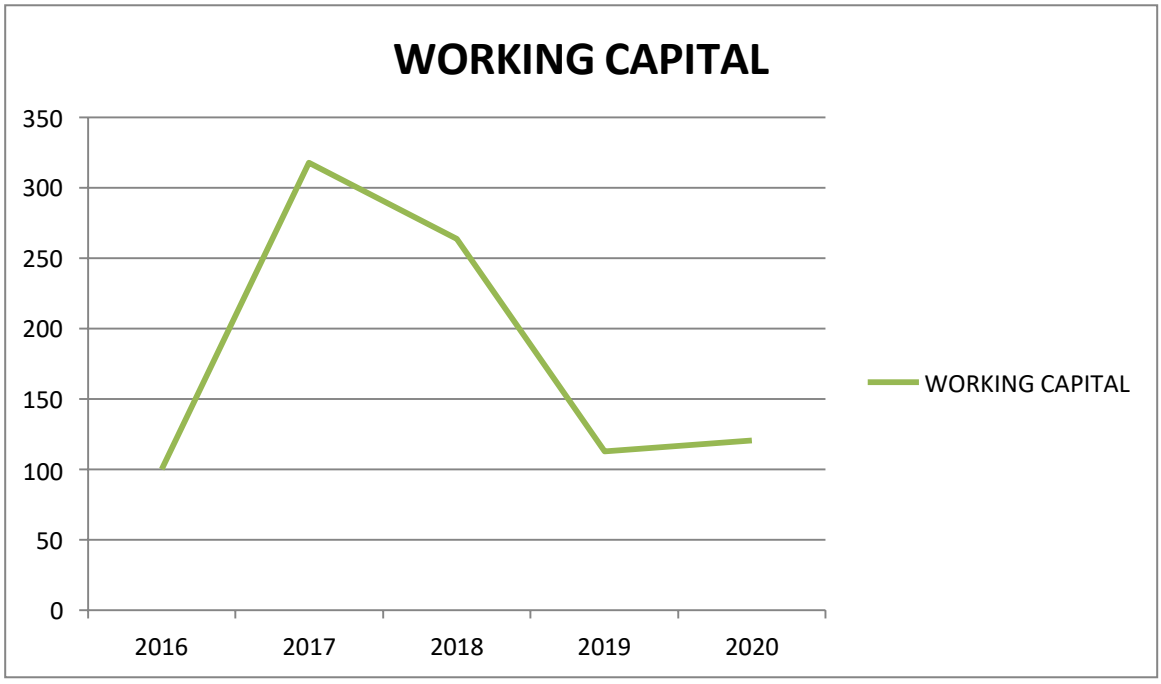

Chart 4.4.3 Trend Line For Working Capital

CHAPTER 5

5.1 FINDINGS

1) The end result of the statement of changes in working capital after comparing all the increases and decreases the highest increase in amount of working capital is 4234.53 during year 2016-17 which is the highest of all.

2) There has been an increase in working capital only in the initial years, there after there has been a steady decrease in working capital. Hence we observe that the company has not maintained sufficient current assets to meets its working capital requirements.

3) The Liquid or quick ratio of all the above three years is above the standard liquid or quick ratio, which is 1:1.

4) In the case of current ratio the standard convention ratio is 2:1,which means the current assets should be double the current liabilities where as in this case we observe That the current assets are not sufficient to meet requirements.
5) The working capital turnover ratio is negative in all years except 2020 and hence we observe that it has a weak velocity of utilization of working capital.

5.2 SUGGESTIONS

1) The company has to maintain more of current assets than current liabilities to have a better working capital.
2) The company should concentrate on the current ratio by utilizing current asset for productive purpose in order to achieve the standard ratio.
3) Current assets turnover ratio is fluctuating. It is not good for society so in order to increase the current assets turnover ratio a society need to increase its sales.
4) Working capital ratio is not stable. So in order to increase the sales the society wants to increase the production.
5) The company has to work towards maintaining an increase in working capital, as it is very essential for the effective functioning of the company.
6) The company has to maintain more of current assets than current liabilities to have a better working capital.
7) The liquidity value of the company has to be increased in order to meet continuous needs of the company. A liquidity position ensures safety for the company in times of contingencies.

5.3 CONCLUSION

The study conducted on working capital management at ¯Bajaj auto ltd.‖ gives a view of assessing the performance of working capital management of the society by analyzing the financial data with the help of ratio analysis. During the period of study, there were a few up and downs in the working capital and ratio analysis it will affect the operations of the society but it is observed that the overall financial position is good. Based on the analysis and interpretation I tried to give my findings and suggestions for the company as per my best knowledge.

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APPENDIX- BALANCE SHEET OF BAJAJ AUTO (in Rs. Cr.)

	MAR 16	MAR 17	MAR 18	MAR 19	MAR 20
LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	289.37	289.37	289.37	289.37	289.37
Reserves and Surplus	12,977.18	16,744.76	18,814.49	21,490.53	19,636.12
TOTAL SHAREHOLDERS FUNDS	**13,266.55**	**17,034.13**	**19,103.86**	**21,779.90**	**19,925.49**
NON-CURRENT LIABILITIES					
Long Term Borrowings	0.00	119.90	120.77	0.00	0.00
Deferred Tax Liabilities [Net]	202.80	313.62	323.42	542.66	346.38
Other Long Term Liabilities	188.59	56.53	47.96	169.59	167.72
Long Term Provisions	47.57	78.13	112.19	14.56	80.50
TOTAL NON-CURRENT LIABILITIES	**438.96**	**568.18**	**604.34**	**726.81**	**594.60**

CURRENT LIABILITIES					
Trade Payables	2,027.04	2,235.73	3,244.32	3,786.73	3,199.70
Other Current Liabilities	641.00	855.92	741.37	946.33	895.54
Short Term Provisions	112.95	120.93	125.60	140.62	157.97
TOTAL CURRENT LIABILITIES	**2,780.99**	**3,212.58**	**4,111.29**	**4,873.68**	**4,253.21**
TOTAL CAPITAL AND LIABILITIES	**16,486.50**	**20,814.89**	**23,819.49**	**27,380.39**	**24,773.30**
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	1,936.38	1,898.61	1,821.22	1,688.69	1,602.03
Intangible Assets	89.29	44.65	0.00	19.75	43.09
Capital Work-In-Progress	26.89	10.64	11.15	11.54	46.54
Other Assets	60.43	58.53	57.11	55.50	53.90
FIXED ASSETS	**2,138.34**	**2,043.96**	**1,934.80**	**1,811.96**	**1,759.21**
Non-Current Investments	8,940.65	8,681.39	11,822.89	17,582.88	15,416.20

Deferred Tax Assets [Net]	0.00	0.00	0.00	0.00	0.00
Long Term Loans And Advances	29.47	29.74	30.64	31.63	32.46
Other Non-Current Assets	652.79	668.43	795.53	891.26	968.47
TOTAL NON-CURRENT ASSETS	**11,761.25**	**11,423.52**	**14,583.86**	**20,317.73**	**18,176.34**
CURRENT ASSETS					
Current Investments	1,319.94	6,050.08	5,765.41	1,576.48	2,779.75
Inventories	719.07	728.38	742.58	961.51	1,063.50
Trade Receivables	717.93	953.29	1,491.87	2,559.69	1,725.10
Cash And Cash Equivalents	859.52	293.68	778.00	922.81	308.27
Short Term Loans And Advances	7.05	6.47	6.26	6.34	6.11
Other Current Assets	1,101.74	1,359.47	451.51	1,035.83	714.23
TOTAL CURRENT ASSETS	**4,725.25**	**9,391.37**	**9,235.63**	**7,062.66**	**6,596.96**
TOTAL ASSETS	**16,486.50**	**20,814.89**	**23,819.49**	**27,380.39**	**24,773.30**

APPENDIX II PROFIT & LOSS ACCOUNT OF BAJAJ AUTO (in Rs. Cr.)

	2016	2017	2018	2019	2020
INCOME					
REVENUE FROM OPERATIONS [GROSS]	**23,448.39**	**22,694.87**	**25,098.64**	**29,567.25**	**29,111.54**
Less: Excise/ Sevice Tax/Other Levies	1,296.68	1,321.35	398.34	0.00	0.00
REVENUE FROM OPERATIONS [NET]	**22,151.71**	**21,373.52**	**24,700.30**	**29,567.25**	**29,111.54**
TOTAL OPERATING REVENUES	**22,586.52**	**21,766.68**	**25,164.92**	**30,249.96**	**29,918.65**
Other Income	1,073.59	1,221.97	1,347.25	1,649.31	1,733.56
TOTAL REVENUE	**23,660.11**	**22,988.65**	**26,512.17**	**31,899.27**	**31,652.21**
EXPENSES					
Cost Of Materials Consumed	13,717.01	13,285.36	15,999.16	20,301.35	19,484.62
Changes In Inventories Of FG,WIP And Stock-In Trade	63.45	-43.68	9.68	-56.42	-63.01
Employee Benefit Expenses	917.12	997.07	1,069.09	1,255.40	1,389.21
Finance Costs	1.05	1.40	1.31	4.48	3.16
Depreciation And Amortisation Expenses	307.16	307.29	314.80	265.69	246.43
Other Expenses	1,847.62	1,745.38	1,926.38	2,218.33	2,454.90
TOTAL EXPENSES	**18,112.79**	**17,653.02**	**20,697.60**	**25,538.11**	**25,072.01**

PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX	**5,547.32**	**5,335.63**	**5,814.57**	**6,361.16**	**6,580.20**
Exceptional Items	0.00	0.00	-32.00	342.00	0.00
PROFIT/LOSS BEFORE TAX	**5,547.32**	**5,335.63**	**5,782.57**	**6,703.16**	**6,580.20**
TAX EXPENSES-CONTINUED OPERATIONS					
Current Tax	1,641.42	1,455.92	1,646.36	1,818.59	1,547.26
Less: MAT Credit Entitlement	0.00	0.00	0.00	0.00	0.00
Deferred Tax	-23.77	50.41	68.11	209.39	-67.04
Tax For Earlier Years	0.00	1.74	0.00	0.00	0.00
TOTAL TAX EXPENSES	**1,617.65**	**1,508.07**	**1,714.47**	**2,027.98**	**1,480.22**
PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS	**3,929.67**	**3,827.56**	**4,068.10**	**4,675.18**	**5,099.98**
PROFIT/LOSS FROM CONTINUING OPERATIONS	**3,929.67**	**3,827.56**	**4,068.10**	**4,675.18**	**5,099.98**
PROFIT/LOSS FOR THE PERIOD	**3,929.67**	**3,827.56**	**4,068.10**	**4,675.18**	**5,099.98**