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PROFITABILITY, SOLVENCY AND EFFICIENCY OF SELECTED AUTOMOBILE COMPANIES IN INDIA

(With Reference To Tata Motors Ltd., Mahindra& Mahindra Ltd And Maruthi Suzuki India Ltd.)

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Abstract
The automotive industry is a major industrial and economic force worldwide. The industry employs 4 million people directly, and many more indirectly. Despite the fact that many large companies have problems with overcapacity and low profitability, the automotive industry retains very strong influence and importance. In this aspect a study has been undertaken to examine the profitability, solvency and efficiency of three leading automobile companies in India viz., Tata Motors Ltd., Mahindra & Mahindra Ltd and Maruthi Suzuki India Ltd. The data were taken from the financial reports of the selected companies for a period of five years from 2013-14 to 2017-18. The companies' profitability is measured by OPM,PBITM, GPM, NPM, ROCE and RONW whereas liquidity and solvency is examined by CR, QR, DER and LTDR Besides, the efficiency of the management of these selected companies is professed by using ITR, DTR, Investment TR, FATR and TATR. The result of the analysis brings to light that the OPR, PBIT, GPM, NPM, ROCE and RONW in TML are found to be in negative figures in most of the years during the study period. On the other hand, almost in all years of the study period, a highest OPR, PBIT, GPM, NPM, ROCE and RONW have been registered both in MML and MSL during the period of study.

Key Words: Profitability, Liquidity, Solvency, Investment Turnover.

Introduction

A highly developed transportation system in a country refers to the development of the economy and India is not excluded in this perspective. Automobile is one of the largest industries in the global market. As a result of its strong forward and backward linkages with several key segments of the economy, the industry occupies a protuberant place in the Indian Economy. Automobile industryis identified as one of the drivers of economic growth and the domestic automobile industry is considered to be the barometer of the economy. Such a belief is in line with international trends since in most mature economies the automobile industry's performance is viewed as a reflection of the economy's health. This sector has emerged as sunrise sector in the Indian economy. Keeping the importance of the industry, the researcher indents to undertake a study on automobile industry with regard to their profitability, Liquidity, solvency and efficiency. In this context, the researcher has observed the extracts of literatures of many authors, some of which are presente4d under the head of Review of literatures. The entire study has been structured as Reviews, Objectives, Methodology, Analysis and interpretations and finally findings and conclusion.

Reviews of literatures

Ayad Shaker Sultan concluded from his study that financial strengths and weaknesses of the Baghdad Soft-drink Industry over the connected period there were gray areas took place in June 2007 to June 2009, which resulted in decline of all the concerned profitability ratios and subsequently the performance of Baghdad Soft-Drinks Industry, during the two years. In conclusion, ROE is the most comprehensive measure of profitability of a firm; it considers the operating and investing decisions made as well as the financing and tax related decisions.

Mosab I Tabash revealed from his study that there is a significant difference between Islamic banks and commercial banks of UAE in terms of Liquidity. He found that Islamic banks have maintained sound liquidity ratios while profitability and capital adequacy ratios are good for commercial banks of UAE. The results also show that there is a significant difference in the profitability between Islamic and commercial banks of UAE. Further, there is no significant difference found in liquidity and solvency for Islamic and commercial banks of

UAE. The results of stepwise regression analysis indicate that liquidity is a determinant variable in the profitability of Islamic banks while liquidity and capital adequacy are determinant variables in the profitability of commercial banks of UAE.

Velnampy, AloyNiresh had astudy to investigate the relationship between capital structure and profitability of ten listed Srilankan banks over the past 8 year period from 2002 to 2009.The data has been analyzed by using descriptive statistics and correlation analysis to find out the association between the variables. Results of the analysis show that there is a negative association between capital structure and profitability except the association between debt to equity and return on equity. Further the results suggest that 89% of total assets in the banking sector of Sri Lanka are represented by debt, confirming the fact that banks are highly geared institutions. The outcomes of the study may guide banks, loan-creditors and policy planners to formulate better policy decisions as far as the capital structure is concerned.

Hina Agha brings out from his research that there is a significant impact of the working capital management on profitability of company. Therefore, managers may enhance the profitability of their firms by minimizing the inventory turnover, account receivables ratio and by decreasing creditors turnover ratios but there is no significant effect of increasing or decreasing the current ratio on profitability. So, the results indicate that through proper working capital management the company can increase its profitability. This study will benefit the Pharmaceutical companies in the management of their working capital in such an efficient manner so that they can multiply their profitability.

Lazaridis and Tryfonidis investigated the relationship that is statistically significant between corporate profitability, the cash conversion cycle and its components. They used a sample of 131 companies listed in the Athnes Stock Exchange for the period of 2001-2004. The independent variables used were fixed financial assets, the natural logarithm of sales, financial debt ratio, cash conversion cycle and its components day's inventory, days receivable and day's payable. The dependent variable is profitability measured by gross operating profit. The research findings show negative relationship between cash conversion cycle, financial debt and profitability, while fixed financial assets have a positive coefficient. When the authors replaced cash conversion cycle with accounts receivable and inventory, they found negative relationship with these two variables; the opposite occurred with accounts payable. The authors conclude that companies can create more profit by handling correctly the cash conversion cycle and keeping each different component to an optimum level.

Hong Yuh Ching ,Ayrton Novazzi and Fábio Gerab revealed from their study that days inventory has negative relationship with ROS and ROA but has no statistical evidence in ROE improvement in working capital intensive group. It has also identified days of working capital as the variable that influences ROS in the second group (positive relationship) while debt ratio is the only variable that affects ROA (negative relationship). These results show that regardless the type of company, whether working capital or fixed capital intensive, managing working capital properly is equally important. Moreover, managing inventory as well as cash conversion efficiency to an optimum level will yield more profit in the working capital intensive type of company, while two other different variables create more profit in the fixed capital intensive type of company.

Objectives of the Study

1. To examine the Profitability of the selected automobile companies in India.
2. To assess the Liquidity and Solvency of the above stated companies.
3. To identify which of the selected companies is more efficient than others.

Methodology

Period of the study and data source

In general, secondary data are used for the study. The data related to Profitability, Liquidity, Solvency and Efficiency of TATA Motors Ltd, Mahindra and Mahindra Ltd and Maruthi Suzuki Ltd have been drawn from Money control, com for a period of five years from 2013/14 to 2017/18. The selected companies are the top three companies based on their Profitability, Sales turn over and Capitalization.

Tools and Techniques

Descriptive statistics are brief descriptive coefficients that summarize a given data set, which can be either a representation of the entire or a sample of a population. Descriptive statistics are broken down into measures of central tendency and measures of variability (spread).The mean, median, and mode are three types of measures of central tendency. The range, variance, and standard deviation are three types of measures of dispersion. Inferential statistics allow us to draw conclusions from our data set to the general population. In this research only mean is applied with various ratios related to Profitability, Liquidity, Solvency and Efficiency.

Profitability Analysis

In order to assess the profitability of the selected automobile companies, the study has been madefrom the standpoint of the shareholders. The shareholders of the selected companies are generally interested to assess the profitability of their companies. Because, they have invested their funds in the expectation of reasonable returns on their investment. In this context, the following questions have been raised

1. Have the selected companies earned sufficient amount of profit during the study period?
2. What are the rates of profit for the investment in the selected companies during the study period?
3. What is the rate of return to equity holders?

To get answers for the above questions, the following Profitability ratios have been selected for the study.

Profitability Ratios

Operating Profit Margin (OPR) is profitability used to calculate the percentage of profit a company produces from its operations, prior to subtracting taxes and interest charges. It is calculated by dividing the operating profit by total revenue, and expressed as a percentage. The margin is also known as EBIT (Earnings before Interest and Tax) Margin. This indicator gives information on a company's earnings ability. Increase in EBIT is mainly due to growth of net revenue, good cost control and strong productivity, Decrease in EBIT margin largely results from reduction in revenue and higher operating costs. EBIT margin is most useful when compared against other companies in the same industry.

Gross profit margin (GPM) is calculated by subtracting cost of goods sold (COGS) from total revenue and dividing that number by total revenue. Gross profit is extremely important to a company when evaluating the business and sales, because it tells whether the company has made money or lost money on its sales. This is one of the most important aspects of evaluating a company. In the most general sense, if a for-profit company is not making a profit, it is not succeeding.

Net profit margin (NPM) is calculated by subtracting total cost from total sales and then dividing the result by total sales.Net profit margin helps investors to assess if a company's management is generating enough profit from its sales and whether operating costs and overhead costs are being contained. Net profit margin is one of the most important indicators of a company's financial health.

Return on Capital Employed (ROCE), a profitability ratio, measures how efficiently a company is using its capital. Simply put, ROCE measures how well a company is using its capital to generate profits. The return on capital employed is considered one of the best profitability ratios and is commonly used by investors to determine whether a company is suitable to invest in or not. Return on capital employed formula is calculated by dividing net operating profit or EBIT by the employed capital.

The term Return on Net worth Ratio (RONW) is same as return on equity ratio. The ratio shows how much profit a company generates with the invested money of equity shareholders. Hence, it is also called Return on Equity Ratio. This ratio is quite helpful for comparing the profitability or annual return of a company to that of others in the same industry. Return on net worth ratio or RONW calculation consists of net income and shareholders' equity. Here net income refers profit of a company for a fiscal year. In order to get annual net income total revenue must be subtracted from total liabilities. Shareholders' equity refers the invested money of shareholders.

Liquidity and Solvency Analysis

Liquidity ratios and solvency ratios are tools to investors who use to make investment decisions. Liquidity ratios measure a company's ability to convert its assets to cash. On the other hand, solvency ratios measure a company's ability to meet its financial obligations. Solvency ratios include financial obligations in both the long and short term, whereas liquidity ratios focus more on a company's short-term debt obligations and current assets. In this perspective, the following questions have been raised

1. Have the selected firms been being able to meet the short term obligations during the study period?
2. Have the selected firms been being able to pay off the long term debt during the study period?

To answer these questions, the following ratios have been selected for the study

Current Ratio (CR)

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations, or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables. In other words, the current measures whether or not a firm has enough resources to meet its short-term obligations. It compares a firm's current assets to its current liabilities. The current ratio is an indication of a firm's liquidity. Current ratio is calculated by dividing current assets by current liabilities.

Quick Ratio (QR)

The Quick Ratio, also known as the Acid-test or Liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash. These assets are, namely, cash, marketable securities and accounts receivable. These assets are known as “quick” assets since they can quickly be converted into cash. The quick ratio is calculated by adding cash, cash equivalents, short-term investments, and current receivables together then dividing them by current liabilities.

Debt to Equity Ratio (DER)

The debt-to-equity ratio shows the proportion of equity and debt a company is using to finance its assets and the extent to which shareholder's equity can fulfill obligations to creditors in the event of a business decline. A low debt-to-equity ratio indicates a lower amount of financing by debt via lenders versus funding through equity via shareholders. A higher ratio indicates the company is getting more of their financing from borrowing which may pose a risk to the company if debt levels are too high. The debt to equity ratio is calculated by dividing total liabilities by total equity.

Management Efficiency Analysis

Management efficiency Analysis provides the role of management in the industry to the investor, the management required to be efficient to handle any kind of situation in the company and the management must aware of the profit line. There are some of the common efficiency ratios available for the investors to analyze the management efficiency to generate profit from normal activities. In this perspective, the following questions have been raised up.

1. Which of the selected companies have more efficiency than others in respect of sales?
2. Which of the selected companies have more efficiency than others in respect of Collection of Debts?
3. Which of the selected companies have more efficiency in generating sales revenue using the money it has invested in the company?

To answer these questions, the following efficiency ratios have been selected for the study

Inventory Turnover Ratio (ITR): The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. In other words, it measures how many times a company sold its total average inventory during the year. Inventory Turnover Ratio is calculated by dividing the Cost of Goods Sold by the Average Inventory at cost.

Debtors Turnover Ratio (DTR)

The Debtors Turnover Ratio also called as Receivables Turnover Ratio shows how quickly the credit sales are converted into the cash. Debtors Turnover Ratio is calculated by dividing net credit sales by the average debtors for that period. This ratio measures the efficiency of a firm in managing and collecting the credit issued to the customers. Ideally, a company compares its debtors turnover ratio with the companies that have similar business operations and revenue and lie within the same industry.

Investment Turnover Ratio (ITOR)

The investment turnover ratio measures the company's ability to generate sales revenue using the money it has invested in the company. The ratio equals sales divided by the sum of long-term liabilities plus shareholders' equity. The investment turnover ratio compares the revenues produced by a business to its debt and equity. It is calculated by dividing the net sales by all share holders' equity and outstanding debt.

Fixed Assets Turnover Ratio (FATR)

Fixed assets turnover is the ratio of sales to the value of fixed assets. It indicates how well the firm is using its fixed assets to generate sales. A high turnover indicates that assets are being utilized efficiently and large amount of sales are generated using a small amount of assets. A low turnover, on the other hand, indicates that the company isn't using its assets to their fullest extent. This could be due to a variety of factors.

Total Assets Turnover Ratio (TATR)

The Total Assets Turnover Ratio shows how efficiently the total assets of the firm are employed to generate sales. This ratio gives an idea to the investor and the creditor about how the firm is managed, and the assets are utilized to generate revenues. Ideally, the firm's asset turnover ratio is compared with the other companies within the same industry because of the same business operations and the similar amount of investments made in the fixed assets. The higher the ratio, the better is the utilization of total assets in the firm. This shows that a firm is able to generate revenues with the minimum amount of total assets without raising an additional capital.

Analysis and Interpretation

It is clear from Table 1 that the OPR in TML for the years from 2013/14 to 2014/15 have been registered negatively and in 2015/16, the highest OPR in TML is found to be 6.87%.The mean value of the OPR in the company during the five years of study period is known to be 2.01%. Likewise, the OPR for the years from 2013/14 to 2017/18are found to have gradually increased to 11.65% in MML and the mean value of OPR is witnessed as 11.33%. In case of MSL, the highest OPR is brought into being 15.44% in the year 2015/16. The mean value of OPR in MSL is found to be 14.17 % during the study period.

Table 1: Profitability of TML, MML and MSL (2013-14 to 2017-18)

Measure of Profit	Companies	2013-14	2014-15	2015-16	2016-17	2017-18	MEAN
OPR (%)	TML	-2.65	-3.40	6.87	3.63	5.62	2.014
	MML	12.78	10.24	11.30	10.71	11.65	11.33
	MSL	15.12	15.21	15.44	13.43	11.66	14.17
PBIT (%)	TML	-7.82	-10.06	1.39	-3.14	0.34	-3.85
	MML	9.35	8.03	8.51	6.58	9.54	8.40
	MSL	6.76	8.35	10.27	11.01	11.37	9.55
GPM (%)	TML	-8.69	-10.58	1.44	-3.21	0.35	-4.13
	MML	9.52	8.21	8.68	6.78	9.74	8.58
	MSL	6.86	8.49	10.53	11.39	11.66	9.78
NPM (%)	TML	0.97	-13.05	-0.14	-5.48	-1.75	-3.89
	MML	9.27	8.52	7.83	8.27	8.94	8.56
	MSL	6.36	7.42	9.32	70.80	9.68	20.71
	TML	2.52	-5.61	5.38	-1.11	4.84	1.204

ROCE (%)	**MML**	22.29	18.51	18.13	14.66	17.43	18.20
	MSL	16.91	21.24	25.11	27.22	27.10	23.51
RONW (%)	**TML**	1.74	-31.93	0.28	-11.48	-5.13	-9.30
	MML	22.39	17.25	14.29	13.60	14.27	16.36
	MSL	13.26	15.66	17.95	20.17	18.49	17.10

Source: Centre for Monitoring Indian Economy, New Delhi

Table 1 also shows that the PBIT in TML for the years from 2013/14 to 2014/15 and 2016/17 have been registered negatively and in 2015/16, the highest OPR in TML is found to be 1.39% The mean value of the PBIT in the company during the five years of study period is known to be -3.58%. Likewise, the PBIT for the years from 2013/14 to 2017/18are found to have gradually increased to 9.54% in MML and the mean value of PBIT is witnessed as 8.40%. In case of MSL, the highest PBIT is brought into being 11.37% in the year 2017/18. The mean value of PBIT in MSL is found to be 9.55 % during the study period.

In addition, the Table 1 discloses that the GPM in TML for the years from 2013/14 to 2014/15 and 2016/17 are also found to be in negative figures and in 2015/16, the highest GPM in TML is found to be 1.44% The mean value of the GPM in the company during the five years of study period is known to be -4.13%. Likewise, the GPM for the years from 2013/14 to 2017/18are found to be highly fluctuating and the mean value of GPM is witnessed as 8.52%. In case of MSL, the highest GPM is brought into being 9.74% in the year 2017/18. The mean value of GPM in MSL is found to be 9.78 % during the study period.

As well, the Table 1 let slip that the NPM in TML for the years from 2014/15 to 2017/1/are known to be in negative figures and in 2013/14, the NPM in TML is found to be 0.97%. The mean value of the NPM in the company during the five years of study period is known to be –3.89%. Likewise, the NPM for the years from 2013/14 to 2017/18 are found to be highly fluctuating and the mean value of NPM is witnessed as 8.56%. In case of MSL, the highest /NPM is brought into being 70.80% in the year 2016/17. The mean value of NPM in MSL is found to be 9.78 % during the study period.

Furthermore, it is clear from the above Table that the ROCE in TML for the years 2014/15 and 2016/17 is found to be in negative figures and in 2013/14, 2015/16 and 2017/18, the ROCE in TML is found to be 2.52%, 5.38 and4.84% respectively. The mean value of the ROCE in the company during the five years of study period is known to be 1.204%. Likewise, the ROCE in MML for the years from 2013/14 to 2017/18 are found to be highly fluctuating and the mean value of ROCE is witnessed as 18.20%. In case of MSL, the highest ROCE is brought into being 27.22% in the year 2016/17. The mean value of ROCE in MSL is found to be 23.51 % during the study period. The ROCE in MSL during the study period is observed as gradually increasing.

Table 1 also shows that the RONW in TML is found to be more or less in negative figures during the period of study including the mean value. Similarly, the RONW for the years from 2013/14 to 2017/18are found to have gradually increased to 17.25% in MML and the mean value of RONW is witnessed as 16.36%. In case of MSL, the highest RONW is brought into being 20.17% in the year 2016/17. The mean value of RONW in MSL is found to be 17.10 % during the study period.

In order to examine the liquidity and solvency of the selected automobile companies, related ratios are prepared and analyzed and the results are presented in Table 2

Table 2 reveals CR, QR, DER and LTDER. It is clear from the Table that CR in TML is found be less than 1 in all the selected companies during the period of study. The mean value of CR in this company is known to be 0.49. In case of MML, the CR is found to be more than 1 in all the years of study. The mean value of CR in MML during the period of study is observed as 1.104.In case of MSL, the CR is found to be less than 1 in all the years of study. The mean value of CR in MSL during the period of study is witnessed as 0.64.

Table 2: Liquidity and Solvency of TML, MML and MSL (2013-14 to 2017-18)

Liquidity Ratios	Companies	2013-14	2014-15	2015-16	2016-17	2017-18	Mean
CR	TML	0.43	0.42	0.51	0.53	0.57	0.492
	MML	1.19	1.05	1.10	1.12	1.06	1.104
	MSL	0.77	0.68	0.70	0.55	0.49	0.638
QR	TML	0.36	0.42	0.51	0.53	0.57	0.478
	MML	0.93	0.84	0.90	0.89	0.92	0.896
	MSL	0.67	0.41	0.45	0.35	0.31	0.438
DER	TML	0.76	1.35	0.61	0.89	0.81	0.884
	MML	0.22	0.14	0.08	0.10	0.09	0.126
	MSL	0.08	0.01	-	-0.01	-	0.026
LTDER	TML	0.51	0.83	0.46	0.65	0.65	0.62
	MML	0.22	0.13	0.07	0.08	0.07	0.114
	MSL	0.02	0.01	-	-	-	0.015

Source: Centre for Monitoring Indian Economy, New Delhi

Table 2 also states that QR in TML is found be less than 1 in all the selected companies during the period of study. The mean value of QR in this company is known to be 0.48. In case of MML, the QR is found to be nearly 1 in all the years of study. The mean value of QR in MML during the period of study is observed as 0.90. In addition, in MSL, the QR is found to be less than 1 in all the years of study. The mean value of QR in MSL during the period of study is witnessed as 0.44.

It is observed from the above Table that DER in TML is found be less than 1 in all the selected companies during the period of study. The mean value of DER in this company is known to be 0.884. In case of MML, the DER is also found to be less than 1 in all the years of study. The mean value of DER in MML during the period of study is observed as 0.126. In addition, in MSL, the DER is found to be less than 1 in all the years of study. The mean value of DER in MSL during the period of study is witnessed as 0.026.

The above Table further divulges that LTDER in TML is found be less than 1 in all the selected companies during the period of study. The mean value of LTDER in this company is known to be 0.062. In case of MML, the LTDER is also found to be less than 1 in all the years of study. The mean value of LTDER in MML during the period of study is observed as 0.114. In addition, in MSL, the LTDER is found to be less than 1 in all the years of study. The mean value of LTDER in MSL during the period of study is witnessed as 0.015.

To assess the efficiency of the selected automobile companies, related ratios are prepared and analyzed and the results are presented in Table 3.

TABLE 3: Efficiency of TML, MML and MSL (2013-14 to 2017-18) (in times)

Efficiency Ratios	Companies	2013-14	2014-15	2015-16	2016-17	2017-18	Mean
ITR	TML	9.78	8.23	9.26	8.83	10.52	9.324
	MML	15.38	16.87	16.24	17.18	16.30	16.394
	MSL	28.65	21.08	20.77	23.69	25.94	24.026
DTR	TML	22.60	31.14	27.12	21.24	20.98	24.616
	MML	17.17	15.37	16.13	16.17	15.93	16.154
	MSL	30.31	40.24	48.11	53.97	59.95	46.516
ITOR	TML	9.78	8.23	9.26	8.83	10.52	9.324
	MML	15.38	16.87	16.24	17.18	18.30	16.794
	MSL	28.65	21.08	20.77	23.69	25.94	24.026
	TML	1.49	1.48	1.36	1.30	1.65	1.456

FATR	**MML**	4.02	3.55	3.35	3.32	3.34	3.516
	MSL	1.96	1.94	3.87	3.76	3.84	3.074
TATR	**TML**	1.12	1.16	1.26	1.19	1.78	1.302
	MML	1.99	1.79	1.76	1.56	1.53	1.726
	MSL	1.94	2.12	1.94	1.86	1.92	1.956

Source: Centre for Monitoring Indian Economy, New Delhi

It is observed from the above Table that the ITR in TML is found to be from 9 to 10 times in all years of the study. The mean value of ITR in TML during the years of study is perceived just about 9 times. Besides, in case of MML, the ITR is found to be from 15 times to 16 times in all the years of the study. The mean value of ITR in MML is observed nearly 16 times. Likewise, the ITR in MSL is witnessed from 20 times to 28 times during the study period and the mean value of ITR during the period has been registered just about 24 times.

Table 3 also shows that the DTR in TML is found to be from 20 to 32 times in all years of the study. The mean value of DTR in TML during the years of study is perceived just about 25 times. Moreover, in case of MML, the DTR is found to be from 15 times to 17 times in all the years of the study. The mean value of DTR in MML is observed nearly 16 times. Likewise, the DTR in MSL is witnessed from 30 times to 60 times during the study period and the mean value of DTR during the period has been registered just about 47 times.

It is also observed from the Table that that the ITOR in TML is found to be from 8 to 10 times in all years of the study. The mean value of ITOR in TML during the years of study is known to be just about 9 times. Besides, in case of MML, the ITOR is found to be from 15 times to 18 times in all the years of the study. The mean value of ITOR in MML is observed nearly 17 times. Likewise, the ITOR in MSL is witnessed from 21 times to 29 times during the study period and the mean value of ITOR during the period has been registered just about 24 times

Moreover, the Table let slip that the FATR in TML is found to be from 1.30 to 1.65 times in all years of the study. The mean value of FATR in TML during the years of study is known to be just about1.456 times. Besides, in case of MML, the FATR is found to be from 3.32 times to 4.02 times in all the years of the study. The mean value of FATR in MML is observed nearly 13.5 times. Likewise, the FATR in MSL is witnessed from 1.96 times to 3.84 times during the study period and the mean value of FATR during the period has been registered just about 3.04 times.

Apart from the above, the Table reveals that the TATR in TML is found to be from 1.12 to 1.78 times in all years of the study. The mean value of TATR in TML during the years of study is known to be just about1.302 times. Besides, in case of MML, the TATR is found to be from 1.53 times to 1.99 times in all the years of the study. The mean value of TATR in MML is observed nearly 1.7 times. Likewise, the TATR in MSL is witnessed from 1.86 times to 1.94 times during the study period and the mean value of TATR during the period has been registered just about 2 times.

Findings and Conclusion

The result of the analysis brings to light that the OPR, PBIT, GPM, NPM, ROCE and RONW in TML are found in negative figures in most of the years during the study period. On the other hand, almost in all years of the study period, a highest OPR, PBIT, GPM, NPM, ROCE and RONW have been registered both in MML and MSL during the period of study. With regard to liquidity of the selected companies, a poor CR and QR are witnessed almost in all the companies during the study period. The CR and QR in these companies are found to be less than the rule of thumb. In respect of solvency, the DER in all the selected companies during the period of study is found to be less than 1 which is less than the rule of thumb. Of course, all three companies have a high solvency position during the period of study. Moreover, the LTDER is also found to be less than the rule of thumb in all the selected companies during the period of study. The TML is suggested to improve its Profitability and liquidity and solvency position.

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