

PROJECT REPORT ON
“A STUDY ON THE IMPACT OF INTEREST RATE SWAPS ON
CORPORATE FINANCE”

Submitted By

Pramod

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Submitted To



VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

In partial fulfilment of the requirements for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

Under the guidance of

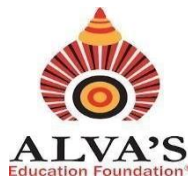
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MAY-2024



Date: 10-06-2024

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr. Pramod**, bearing Reg No: **4AL22BA060**, Master of Business Administration (**MBA**) Student of the **Alvas Institute of Engineering and Technology, Mijar**, has successfully completed his project on topic "**A study on financial performance of Eicher Motors Limited**" from 23rd April 2024 to 8th June 2024.

The project work carried out by him was to the entire satisfaction of ours and we appreciate his sincere and excellent work in this regard.

We wish his success in all his future endeavours.

For, **Eicher Motors Limited**.



Bhanu Prathap

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Date: 10/09/2024

CERTIFICATE

This is to certify that **Pramod** bearing **USN 4AL22BA060**, is a bona-fide student of Master of Business Administration course of Alva's Institute of Engineering and Technology, Moodbidri for the batch 2022-2024, affiliated to Visvesvaraya Technological University, Belagavi. The Project report on "A study on Financial Performance of Eicher Motors Limited." is prepared by him under the guidance of Mr. Ashok Rao Assistant. Professor, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi, Karnataka.


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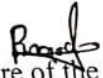
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DECLARATION

I Pramod hereby declare that the Project report entitled "A STUDY ON FINANCIAL PERFORMANCE OF EICHER MOTOR LIMITED" prepared by me under the guidance of Mr. Ashok Rao Assistant professor, faculty of M.B.A Department, Alva's Institution of Engineering and Technology, Mijar and external assistance by Mr. Bhanu Prathap, Deputy manager, Bendoorwell, Mangalore. I also declare that this Project work is towards the partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of 6 weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

Place: Mijar


Signature of the Student

Date: 9-9-2024

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I would like to take this opportunity to express my sincere gratitude to all those who have helped me throughout this Project. It gives me immense pleasure to acknowledge all those who have encouraged and supported for the successful completion of this work.

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I express my deepest gratitude to my parents and family members for their active role in my professional development without which my higher studies would have been just a dream.

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EXECUTIVE SUMMARY

The financial performance of Eicher Motors Limited is thoroughly studied in this research covering the period from March 2019 to March 2023. The study uses a number of financial measures and variables to evaluate the operational effectiveness, liquidity, solvency, and profitability of the organization.

Eicher Motors demonstrated resilience in maintaining solid gross profit margins, consistently above 40%, indicating efficient production and cost control. However, the company faced challenges in its Operating-Profit margins, which showed fluctuations before recovering to 25% in 2023. This recovery suggests improved operational efficiency and effective cost management strategies. Net-Profit margins, while experiencing a decline in the initial years, showed signs of improvement towards the end of the study period, reaching 17.86% in 2023.

The company's return on assets (ROA) and return on equity (ROE) followed similar patterns, with significant declines from 2019 to 2021, followed by notable recoveries in subsequent years. By 2023, ROA improved to 15.55% and ROE to 20.33%, indicating enhanced asset utilization and value generation for shareholders.

At the conclusion of the research period, there were worrying tendencies in Eicher Motors' liquidity situation as shown by the current and quick ratios. Risks to liquidity and the need for vigilant management of working capital were heightened in 2023 when the current ratio fell precipitously to 1.15 and the quick ratio fell below 1 to 0.80. In terms of solvency, Eicher Motors maintained an exceptionally low debt-to-equity ratio throughout the study period, reflecting a conservative financing approach with minimal reliance on debt. With this strategy, the business takes far less financial risk. In 2023, the interest coverage ratio reached 269.89, indicating that the corporation could still meet its interest commitments.

Efficiency ratios showed mixed outcomes. Despite maintaining a constant inventory turnover ratio, which indicates successful inventory management, the Accounts-Receivable turnover ratio substantially decreased, suggesting that the time spent collecting was extensive. Since the asset turnover ratio has decreased over time, it is possible that there are inefficiencies in the process of earning income from assets.

Despite facing profitability and liquidity challenges, Eicher Motors demonstrated strong solvency and efficient inventory management. The company's conservative approach to financing, coupled with its focus on improving operational efficiency, positions it well for

future growth. However, the declining liquidity ratios in recent years warrant careful monitoring and potential strategic adjustments. Eicher Motors Limited has shown resilience in a dynamic market environment, maintaining profitability and financial stability. The company's prudent financial management and strategic focus on core operations have contributed to its overall positive performance. In order to maintain its growth trajectory and competitive advantage in the automotive sector, Eicher Motors should prioritize boosting asset utilization, optimizing working capital management, and strengthening its liquidity position going forward.