Project Report (17MBA407) on

"A STUDY ON CAPITAL BUDGETING AT TVS MOTOR COMPANY, HOSUR"

BY

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1AZ17MBA50

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

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

MASTER OF BUSINESS ADMINISTRATION

Under the guidance of

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March 2019

TVS MOTOR COMPANY
Hosur Kothagondapalli
Tamil Nadu - 635126

16 / 02 / 2019
Hosur

CERTIFICATE

We hereby certify that **Mr. T. Ravi Reddy (Reg No. 1AZ17MBA50)** a student of MBA at **Acharya Institute of Technology**, **Bengaluru** has finished his work in our organisaion on an academic project entitled **"A study on Capital Budgeting at TVS Motor Company"** and he has submitted a report to us on his learning. He was working on the project between **03 / 01 / 2019 to 16 / 02 / 2019.** His code and conduct were found to be satisfactory during his tenure with us. He was assigned to **Mr. Prakash Chandra** during his stay with us.

We wish all success in his academic excellence.

Yours sincerely

For TVS Motor Company

Date: 04/04/2019

CERTIFICATE

This is to certify that **Mr. T Ravi Reddy** bearing USN **1AZ17MBA50** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on **"A Study on Capital Budgeting at TVS Motor Company, Hosur"** is prepared by him under the guidance of **Prof. Mallika B K,** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

4/4/19

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DECLARATION

I, **T.Ravi Reddy**, hereby declare that the Project report entitled "A study on capital budgeting at TVS Motors" with reference to "TVS MOTORS, Hosur" prepared by me under the guidance of MALLIKA BK, faculty of M.B.A Department, Acharya Institute of Technology and external assistance by **PRAKESH CHANDRA, Senior Officer HR, at TVS Motors** I also declare that this Project work is towards the partial fulfillment 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 Sixweeks. 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

T Ravi Reddy

Signature of the student

Place: Bangalore

Date: 08/04/2019

ACKNOWLEDGEMENTS

I wish to express my sincere thanks to our respected Principal, **Dr. Prakash M R**, beloved Dean-Academics**, Dr. Devarajaiah R M**, and deep sense of gratitude to **Dr. M M Bagali**, HOD, Acharya Institute of Technology, Bengaluru for their kind support and encouragement in completion of the Internship Report.

I would like to thank **MALLIKA B K,** Professor, Department of MBA, Acharya Institute of Technology, Bengaluru and external guide **Mr PRAKESH CHANDRA**, Senior Officer HR TVS MOTORS ,Hosur who gave me golden opportunity to do this wonderful Project in the esteemed organization, which helped me to learn various concepts

Finally, I express my sincere thanks to my Parents, Friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bangalore T.RAVI REDDY

Date: 08/04/2019 SN:1AZ17MBA50

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Executive summary

The summer project that do is to get an experience of how the corporate world function and how the theory is different from the practical aspects of the industry. For the same purpose got an opportunity for my project at TVS motors located at Hosur.

The first chapter of the project report, the basic information regarding the industry like industry major players, industry competitiveness and their products The second chapter consist data regarding company profile, like vision, mission, quality policy and its products. Information collected from both primary and secondary sources. Third chapter tells about the conceptual background it comprises information regarding capital budgeting, and its various technique like NPV, ARR, PBP and IRR etc. and literature review. in while chapter four will give information about research design like type research methodology used, method used for data collection and also limitation. Chapter fourth comprises data analysis and interpretation in which financial statement of the company is analyzed by using various ratios. And last chapter will tells about findings ,suggestion and conclusion regarding the project.

CHAPTER-1

INTRODUCTION

CHAPTER 1

1.1INTRODUCTION TO PROJECT:

The project report at **TVS motor company, Hosur** on the topic **capital budgeting** has been done for a period of six weeks. The report is first to have the theoretical insight about the techniques of capital budgeting and how practically these techniques can be applied to the manufacturing sector like TVS Motor company before making the investment in any proposals. Capital budgeting is a tool for maximizing a company's future profits since most companies are able to manage only a limited number of large projects at any one time.

1.2INDUSTRY PROFILE

Capital planning is the apparatus for amplifying an organization future benefit since most of the organizations can oversee just a set no of vast activities at one time industry profile in 1991 by the Dr.Manmohan singh vehicle business is growing rapidly in India.As of now, India is the second biggest maker of bikes. Just China and Japan are in accordance with the clearance of two-wheeled vehicles and bikes. In 2005-2006, the yearly generation of bikes in India was 7600801 units.

The pattern of responsibility for wheeled vehicles is in charge of India's novel decent variety. The most critical part of numerous pieces of India is poor open transport. Moreover, bicycles have a lot of adaptability and versatility for the Indian family.

Bajaj Auto began exchanging the imported Vespa bike in 1948. In the interim, Automobile Products of India (APII) began delivering bikes in the nation in the mid 50s. Until 1958, the API and Enfield were the bike creator in India. Be that as it may, Bajaj marked a specialized organization with Piaggio in Italy during the 1960s to deliver bikes. The understanding finished in 1971.

The state of bike makers was not extraordinary. Until the mid-80s, just three noteworthy bike producers in India were Rajdoot, Escorts, and Enfield. In the mid-80s a two-wheeled bicycle was opened to outside makers. The business, which originally observed a delicate ride, confronted an extreme outside challenge.

Cruiser organizations, for example, Yamaha, Honda and Kawasaki have set up a slows down in association with different bicycles in India. Escorts, Rajdot, and organizations confronted overwhelming challenge from the little 100 CC Japanese innovation cruisers. The bicycle fabricated by Hero Honda is the main organization that produces four-stroke cruisers around then.

In the mid-80s, the presentation of the Variomatic Gearless Scooter in a joint effort with Kinetic Honda. The bike turned out to be mainstream with the more youthful age, particularly for individuals who were hard to use with bikes outfitted. The presentation of bikes made another segment for individuals like ladies and teenagers who did not utilize bikes or gearless bikes to drive. Numerous organizations, for example, Kinetc, TVS, and Hero turned out to be an enormous notoriety with individuals who needed a straightforward engine motor.

The difference in government arrangement claimed by the Kyoto Protocol and the Kyoto Protocol saw two stroke bi-cycles wiped out from generation. There are at present around 10 bicycles in the nation, including Bajaj, Hero, Hero Honda, Honda, Indus, Kinetic, Royal Enfield, Suzuki, TVS, and Yamaha.

The most recent pattern in the bike showcase is the presentation of electric vehicles from makers, for example, Indus and Hero. These can be energized from helpful home power stations. The main burden is the speed, which is constrained to around 25 miles for every hour.

As of now, the bike advertise is requesting higher volume motors. Already, the 100 E bicycles were more eco-friendly. In any case, the market is quickly developing. As found in the development, Bajaj presented the Pulsar with double twin sparkle start (DTSI) innovation with 150, 180 and 200 cc motors.

India's bike autos are prepared for the following bicycles. It meets the restoration of the retro brands and the test of the BS VI as new partners

This is a fascinating year for the Indian bicycle industry.

Because of the streets being gotten in the coming months, decades-old bike brand Java has seen restoration. Another conventional bike brand, Lambretta, likewise returns it two years after the fact. Plainly, the individuals who are setting off to the retro are the most current approach to continue existing players in front of the additional outstanding mile.

As it goes to the present market, it appears to have hit Bull's-Eye, which is an extraordinary method to pull in javascript premiums. The Czech bike brand has left the scene for a long time, yet it is sufficient to get the adrenaline surge in purchasers as it is rebooting in the new symbol.

Jawa Vs Enfield?

Java has its market head Royal Enfield on its radar, yet its most recent 650 cc. Created with potential clients with twin contributions - Interceptor and Continental GT. How does Royal Enfield stop Java? Responding to million dollar question in the main portion of 2019.

The two players pull back all stops to connect with purchasers bigly. It has been around for a long time for Royal Enfield and is a fruitful player delivering in excess of 70,000 cruisers consistently.

Anyway these are as yet the soonest days, and there are numerous brands promising to just moon the moon at the outset. New purchasers of India additionally have a wide scope of discernments and different models. Regardless of whether it's 650 cc twins from Royal Enfield or Java, the genuine proportion of their prosperity can be crushed by their clients before the finish of 2019.

Lambretta to return

Lamberta isn't the top infamous and it endeavors to be diverse when the power symbol begins at the 2020 Delhi Auto Expo. As an occupant of the bike scene, as Java, there is no issue for the brand repositioning.

Nonetheless, both Vespa and Lambretta are striving to own a solid expression with their electric bikes. All things considered, the present more youthful age is worried about natural and clean outflows. In the event that they have confidence in these electric bikes, it's Vespa or Lambretta, the best versatility alternatives, and after that the force to take the story forward.

Forging partnerships

Past the Retro topic, Harley plans to build up its Asia nearness in 2018, which happens in a mid-able bike space. Since Harley is known to be the best way to help volumes in business sectors like India and ASEAN, Harley plans to create 250 cc-500 cc bicycles with a neighborhood accomplice.

His new mid-run cruiser run must guarantee that Harley additionally hits with the clients who are as yet searching for an extensive tone (Harley) DNA with the client. Harley's desires will in the long run have the capacity to have something increasingly moderate and still marked.

Bajaj likewise has an effective association with KTM in Austria, which represents 48 percent. The Chakan plant close Pune is the creation place for low-elevation KTM cruisers (125 cc-400 cc), which is transported the nation over.

TVS and BMW Motorroad have likewise dispensed medium-sized bikes, and it is a fantastic amusement for Indian bicycle producers. Accomplices are unquestionably eager to take their attach to the following dimension, with most models and TVS assuming a major job in the BMW tie-up.

Honda is relied upon to grow its abilities in Gujarat by 1.20 million units by 2020. The organization is developing at an abrupt speed since its division with Hero eight years prior and now four plants are on six million cruisers and bikes.

On the off chance that Hero keeps on being a noteworthy player, Honda is relied upon to enable its BSI period to control its worldwide capacities and at last rise at the most elevated amount. The new pull of war will rise in India's bike throughout the following decade. There are Suzuki and Yamaha striving to expand their essence. These are absolutely fascinating occasions.

1.3COMPANY PROFILE

The TVS Group was first presented in 1911 by Mr. Television. Sundaram Iyengar established. The TVS assemble has a solid nearness in the production of bicycles, auto parts, and PC peripherals. In 2016-17, the TVS Motor Company was the third biggest car maker in India, with more than 13,000 ($ 2 billion) income. The main organization of TVS Group is the yearly limit of 3 million units every year and 4 million vehicles every year. TVS Motor Company is the 2th biggest exporter in India with fares to 60 nations.

The main dispatch of the TVS Motor Company was in August 2006 with 50 cc. The sulked TVS was 50. It's 100 cc. The principal Indian organization to present Indo-Japanese. Business creation of cruisers began in 1984. It was additionally the principal Indian organization to dispatch nearby participation in India in 1994. It's developing quickly since it began to end up one of India's driving bike makers.

TVS Motor Company Limited (TVS Motor), an individual from the TVS Group, is the biggest gathering based on size and exchange, with more than 3 crore (30 million) clients riding a TVS bicycle

1.4 PROMOTORS:

- Sundaram clayton ltd
- Insurance companys
- Financial instituions

Vision :

TVS Motor Driven by the customer :

TVS motor will be responsive to customer requirements consonant with its core competence and profitability. TVS motor will provide total customer satisfaction by giving the customer the right product, at the right price , at the right time

Mission:

We are committed to being a highly profitable, socially responsible, and leading manufacturer of high value for money, environmentally friendly, life time personal transportation products under the TVS brand , for customers predominantly in Asian markets and to provide fulfilment and prosperity for employees, dealers and suppliers.

QUALITY POLICY:

The company began its TQM journey in the year 1987. During 2002 the company won the internationally coveted Deming Application Prize; it was the first two wheeler company in the world to get that prize.

1.5 Product /services profile:

Tvs motars Organization restricted is occupied with assembling of bike mono parts three with assembling of bike and embllishments incorporates Jupiter Scooty Getup and wego and 100 XL very hard core.

- Motorcycles:(Apache series , Radeon, victor, star city+, sport)
- Scooters: (Ntorq, Jupiter, wego, scooty zest 110, scooty pep+)

- Mopeds: (XL 100, XL 100 comfort and XL 100heavy duty, xl high touch start).

1.6 Infrastructure facilities:

Manufacturing Excellence :

Begin 7 vehicles in a solitary day - Product magnificence makes this possibility:

In the core of the new item launcher, the creation group permits dream development in front of innovative work.

Five mainstays of the TQM were directed:

The executives standard depends on five mainstays of TQM (Total Quality Management), in light of complete worker association, day by day the board, and kaizen (propelled improvement).

Absolute Employee Involvement:

The Total Employee Involvement Program guarantees that obligation regarding the organization's execution is in charge of all dimensions of representatives. It furnishes all workers with the chance to take part in dynamic exercises and different enhancements regular.

Every day Work Management:

Every day work the executives Defines and regulates key procedures, guaranteeing they meet set objectives, distinguishing abnormalities and keeping their repeat. Cross-Functional Teams (CFT), Supervisory Improvement Teams (SIT) energizes consistent upgrades in all parts of TVS engine work utilizing quality control zones (QCC) and counseling plans.

Five columns start with approach the executives, which is utilized to achieve the yearly dynamic targets. There are typically no three organization expectations, which come after point by point work out, which are intermittently doled out and explored.

The organization conducts complete scope of preparing programs, using the inward aptitudes and advocate everywhere throughout the world. Projects for all workers at all dimensions.

The Inspiration Moment :

When we won the Deming title in 2002, we are the world's solitary bike producer to win the honor. Be that as it may, we keep on being supportive of the nature of kyzien standards (Japanese for constant improvement) and TQM (absolute quality administration).

TVS Motor Company Limited (TVS Motor) - The individuals from the TVS assemble are the gathering's biggest organization as far as size and business.

1.7 COMPETITORS

- **Bajaj Auto Limited**
- Hero Motor Corp (Hero Honda)
- **Yamaha**
- Suzuki
- **Harley Davidson**
- **Royal Enfield**

1.8 SWOT ANALYSIS

Strength:

- One of the Indian players in tremendous brand value and bicycles
- Excellent R and D, and different items in every classification
- Best Distribution and Good Service Centers
- The TVS Group has more than 40,000 workers and has in excess of 15 million clients
- Integrate itself with popular brand envoys
- 'scooty' is the second name for the bike area

Weakness:

- The nonattendance of premium bicycle section
- Lack of committed worldwide promoting structures
- Lack of experience giving deals backing to economically fueled bicycles

Opportunities:

- Motor Vehicle Division is a standout amongst the most developing ventures
- Fare of bicycles implies constrained worldwide markets

Threats

- Strong challenge from Indian and global brands

- Dependence on government approaches and rising fuel costs
- Affects offers of good open transportation bicycles

1.9 FUTURE GROWTH AND PROSPECTUS

In the second from last quarter finished December, TVS Motors detailed a net benefit of Rs 132.67 crore, as the automobile business was experiencing tension because of interruptions and product costs. 10.4% in benefit The organization had posted a net benefit of Rs 120.21 crore in 2015. Esteem Added Profit. Absolute pay for the December quarter remained at Rs 3,239.55 against Rs 3,151.12 crore in the year-back period.

TVS Motor's Chief Financial Officer SG Murali T.S. Narasimhan has helped the TVS and its future ventures. The organization's piece of the overall industry is around Rs. Raising to Rs 18 and Rs 350 crore in the pending financial year.

Demonitation happened toward the beginning of November, however net benefits developed after expense (PAT); We have great deals amid the bubbly season and the pipeline is sensible. Charging proceeded until November. And all brands were doing admirably when it came to spending showcasing exercises.

In the initial a half year, We have grown up to 20 percent and proceed with it in the bubbly season. We had the capacity to record great development in November thus our Q3 execution is surprisingly better.

The effect of the fiasco was seen just in the second half, a month and a half after the celebration's deal started. The initial two weeks of January were repressed. Indications of development have been seen after Pongal and Shankaranthi celebrations, yet these are still early days. Money supply steadily increments and the Ribbon plant likewise improves, and the emotions are great. Come back to development in February or March. The monetary allowance can likewise help create development dependent on measures taken by the administration.

Toward the start of the year, we have a 18 percent piece of the overall industry in under 3 years and state we have a 15 percent focus for FY17. The organization had a net benefit of 15.5 percent in the December quarter. Piece of the overall industry.

In the 2017-18 bike and cruiser fragments we will begin the host new items.

With respect to the BMW adventure, the venture is in advancement and won't be deferred on dispatch vehicles. In 2017-18, there were around 300-350 crores in 2017-18. (Around Rs 400 crore in 2016-17). They utilize these three units to upgrade limit by as of now four million units. Necessities for one year from now. What's more, limit extension, the organization will contribute a few new items

TVS M/otor - Business Leader:

Televisions make Amung the best bike creators in India and the best five bicycles in Asia.

TVS Motor - Global Overview:

TVS Motor has abroad productive tasks particularly in Asian markets, in view of the skill created in assembling, innovation and advertising areas. This weight is to accomplish a noteworthy offer of the all out exchange universal exchange.

TVS Motor - at the forefront:

TVS Motor Technology is building up its innovation edge through consistent benchmarking against universal pioneers.

TVS Motor - resolved to add up to quality:

TVS Motor focused on self-looking at the organization forever by receiving TVM as a way of life. The TVS Motor trusts the significance of the procedure. Individuals and ventures are assessed by their last outcome and assessment process.

TVS Motor - Human Factor:

TVS drivers sort out and trust that its prosperity relies upon the responsibility and advancement of its kin. There is a constant exertion through the advancement of precise preparing and arranging experts to improve representative abilities and to build work fulfillment. TVS Motor makes a functioning domain where each worker can accomplish most extreme self-realization. TVS Motor backings and empowers the auto-recharging process for all workers

TVS Motor - Responsible Corporate Citizen:

TVS guarantees workers' insurance and condition, including the improvement of trust and encompassing networks in the mix of all business exercises of engine security, wellbeing and natural components. TVS Motor takes a stab at long haul associations with its clients, representatives, wholesalers, and providers with certainty and common trust.

Technique - Motion in Innovation:

We are dependably at the cutting edge of bringing new and applicable innovation - in front of bend dependent on client desires.

The majority of our developments are clear outcomes from our activity regarding purchasers. Where the story starts.

Coming back to our innovative work lab, this short thought develops into a machine - it satisfies the market needs and surpasses desires.

Center is given to incredible administration and experience, which remembers the vehicle, the rich style of character and different angles.

Type of Vehicle	Fuel economy	Convenience
Motorcycle	High	Low
Scooter	Low	High
TVS AMT	High	High

Awards

- "Bike of the Year" CNBC-TV18 Autocar Auto Awards 2006
- "Bike of the Year" OVERDRIVE Awards 2006
- "Bike Of The Year" Business Standard Motoring Awards 2006
- "Indigenous design of the year" OVERDRIVE Awards 2006
- ."Design of The Year 2006 - Two Wheelers" BBC Top Gear Design Awards 2006

1.10 Financial statements

Table 1.1: Table showing balance sheet

BALANCE SHEET OF 2 YEARS:

	2018	**2017**
EQUITIES AND LIABLITIES		
SHARE HOLDER FUNDS		
EQUITY SHARE CAPITAL	**47.51**	**47.51**
TOTAL SHARE CAPITAL	**47.51**	**47.51**
RESERVERS AND SURPLUS	**2360.82**	**1889.29**
TOTAL RESERVE AND SURPLUS	**2360.82**	**1889.29**
TOTAL SHARE HOLDERS FUNDS	**2408.33**	**1936.80**
TOTAL SHARE HOLDERS FUNDS	**2408.33**	**1936.80**
NON CURRENT LIABLITIES		
LONG TERM BORROWINGS	**468.76**	**494.23**
DEFERRED TAX LIABLITY	**125.70**	**175.67**
LONG TERM PROVISIONS	**50.80**	**39.90**

TOTAL NON CURRENT LIABLITIES	**645.26**	**709.89**
CUURENT LIABLITIES		
SHORT TERM BORROWINGS	**616.38**	**264.23**
TRADE PAYABLES	**1859.36**	**1543.71**
OTHER CURRENT LIABLITIES	**312.47**	**449.47**
SHORT TERM PROVISIONS	**62.87**	**58.47**
TOTAL CURRENT LIABLITIES	**2581.08**	**2315.88**
TOTAL CAPITAL AND LIABLITIES	**5904.67**	**4962.57**
ASSETS		
NON CURRENT ASSETS		
TANGIBLE ASSETS	**1930.64**	**1545.93**
INTANGIBLE ASSETS	**53.23**	**46.92**
CAPITAL WORK IN PROGRESS	**62.28**	**30.96**
FIXED ASSETS	**2046.15**	**1623.81**
NON CURRENT INVESTMENTS	**1587.90**	**1184.57**

LONG TERM LOANS AND ADVANCES	**0.12**	**136.65**
OTHER NON CURRENT ASSETS	**83.61**	**0.00**
TOTAL NON CURRENT ASSETS	**3717.28**	**2945.03**
CURRENT ASSETS		
INVENTORIES	**966.65**	**825.97**
TRADE RECIVABLES	**723.77**	**578.69**
CASH AND CASH EQUIVALENTS	**8.51**	**32.84**
SHORT TERM LOANS AND ADVANCES	**0.00**	**521.91**
OTHER CURRENT ASSETS	**487.66**	**58.13**
TOTAL CURRENT ASSETS	**2186.89**	**2017.54**
TOTAL ASSETS	**5904.67**	**4962.57**

Table 1.2: Table showing profit and loss account

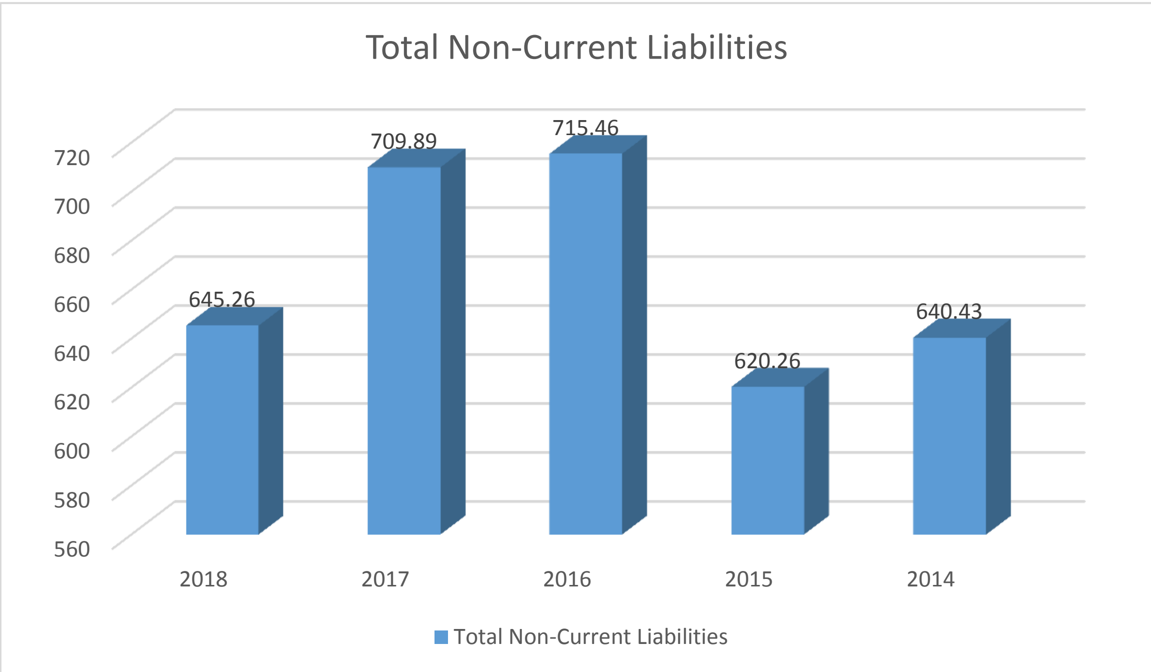
PROFIT AND LOSS ACCOUNT :

	2018	**2017**
INCOME		
REVENUE FROM OPERATIONS	**13063.82**	**12904.50**
LESS:EXCISE/SERVICE	**1054.75**	**988.25**
REVENUE FROM OPERATIONS	**12009.07**	**11106.25**
OTHER OPERATING REVENUES	**126.24**	**137.62**
TOTAL OPERATING REVENUES	**12135.31**	**11243.87**
OTHER INCOME	**173.37**	**51.31**
TOTAL REVENUE	**12308.68**	**11295.18**
EXPENSES		
COST OF MATERIAL CONSUMED	**8620.88**	**7703.54**
PURCHASE OF STOCKS	**291.22**	**251.42**
CHANGES IN INVESTMENT OF FG WIP AND STOCK IN TRADE	**-58.73**	**70.53**

EMPLOYEE BENFIT EXPENSES	**745.64**	**664.23**
FINANCE COSTS	**43.95**	**46.24**
DEPRICATION AND AMORTISATION EXPENSES	**287.81**	**189.84**
OTHER EXPENSES	**1679.23**	**1803.42**
TOTAL EXPENSES	**11610.00**	**10729.21**

Graph 1.1 Graph showing non Current Liabilities

Comparison of Non Current Liabilities

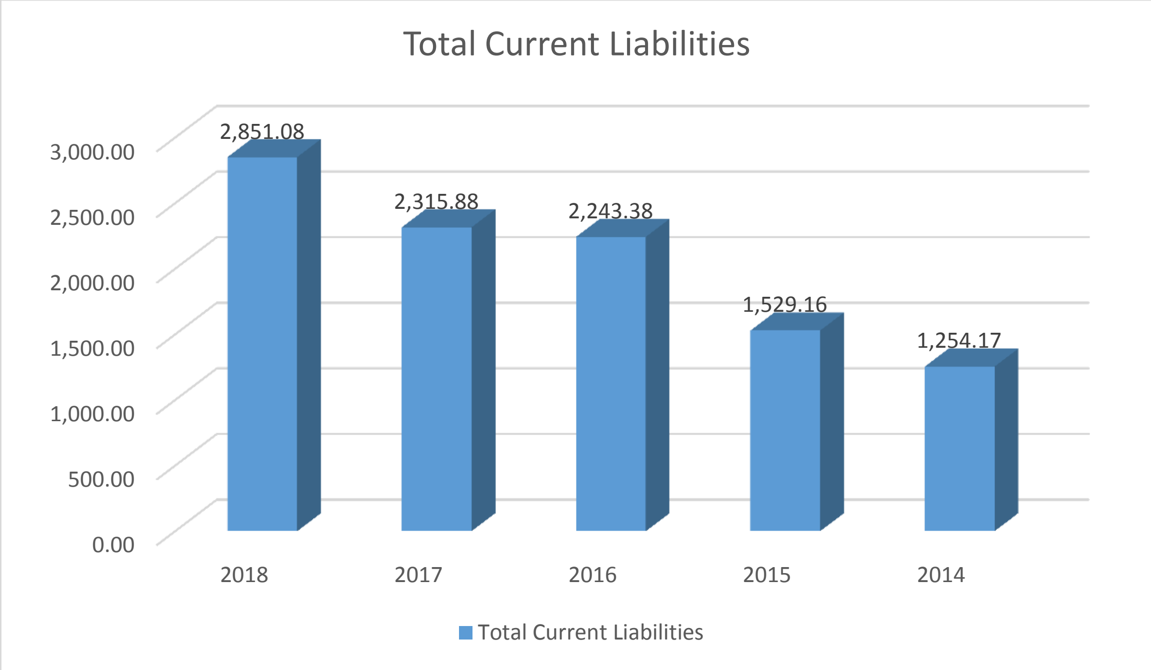


Interpretation :

From the above graph we can see that the total non current liabilities have come down drastically decreased for the current financial year of 2018. It was highest in the year 2016.

Graph 1.2: Graph showing current Liablities

Comparison of Current Liabilities

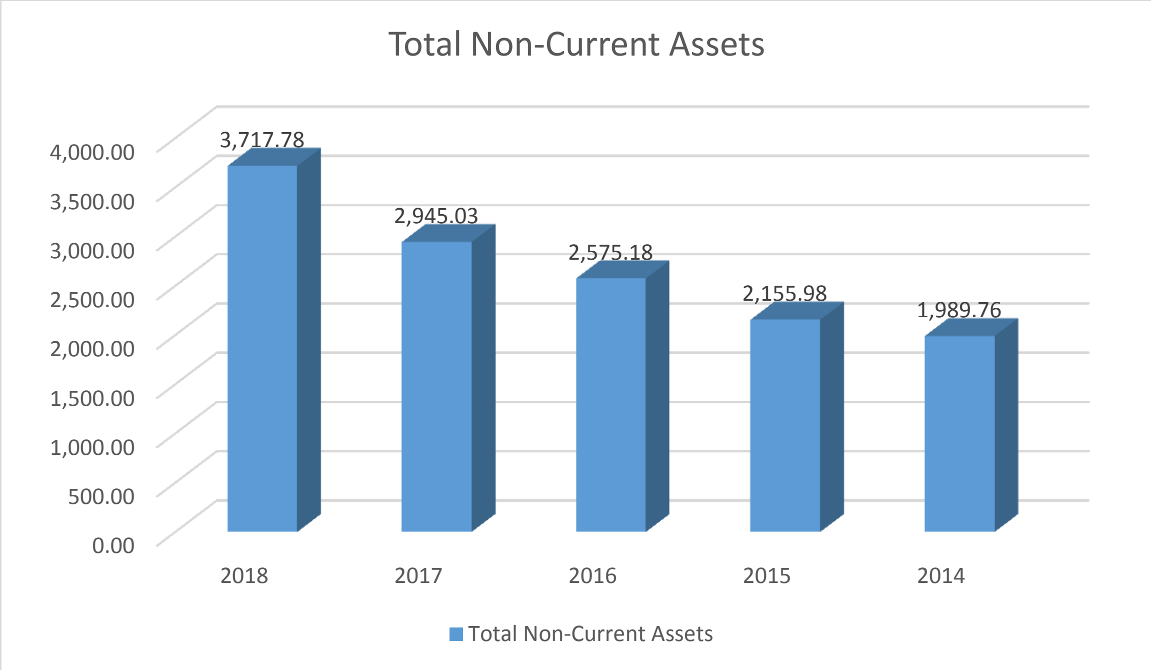


Interpretation :

From the above graph we can see that the total current liabilities has increased to almost double from the pas 4 years of total current liabilities. It was the lowest in the financial year of 2014.

Graph 1.3: Graph showing Total Non-current Liablities

Total Non current Assets

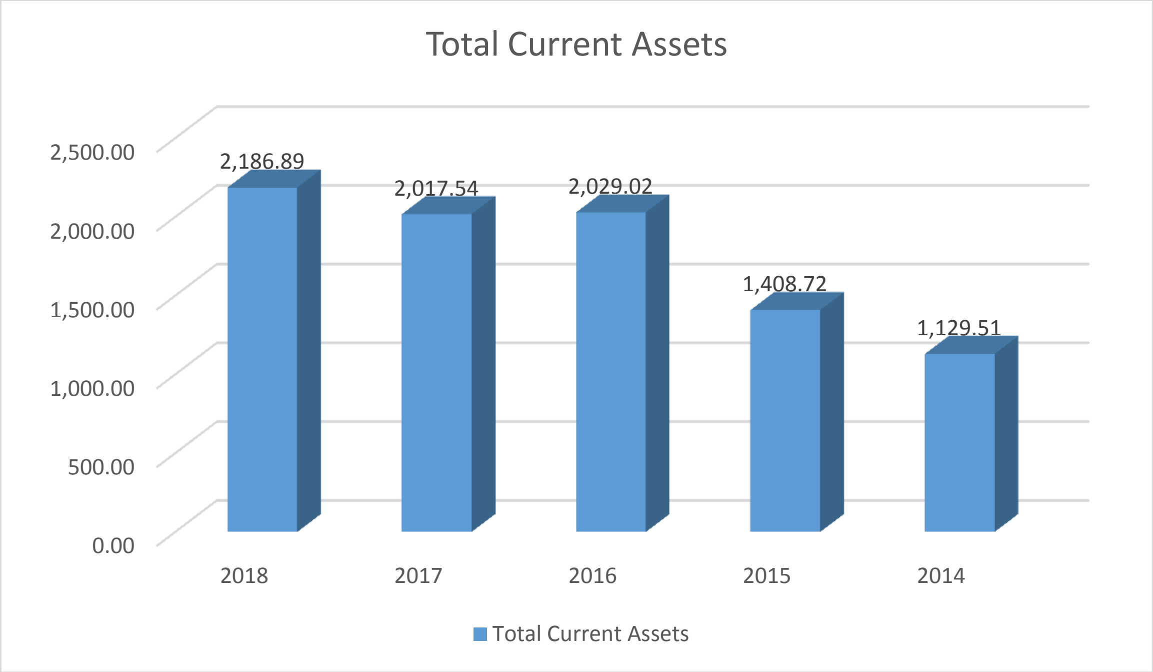


Interpretation :

From the above graph we can see that the total non current assets have been on an increasing note from the last 5 financial years.   For the past 3 years it has been almost constant.

Graph 1.4: Graph showing Current Assets:

Comparison of Current Assets



Interpretation

From the above graph we can see that the total current assets have been fluctuating throughout the past 5 years. It stood highest for the previous financial year of 2016.

CHAPTER-2

THEORETICAL BACKGROUND AND LITERATURE REVIEW

CHAPTER 2

2.1CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

Capital spending plan is a procedure that organizations can use to assess and use potential costs or ventures. Bigger Costs Buying new gear, remaking existing hardware, purchasing conveyance vehicles, building increments to structures, and so forth. The biggest sum spent on these plans is known as the capital expense.

The capital spending plan as a rule includes the quantity of years that each undertaking will consider the future bookkeeping advantage computation, the present estimation of income, the income withdrawal in the wake of considering the income, the estimation of the income after some time. Early money capital, chance evaluation, and different elements.

Capital Budgeting Techniques

Capital spending plans require most organizations to put resources into capital consumption on long haul ventures and to put resources into capital speculation on different undertakings. Capital is commonly constrained to its accessibility since venture ventures are separately assessed utilizing quantitative investigation and subjective data. Most Capital Budget Analysis utilizes money inflows and money surges as opposed to figuring total compensation utilizing a store base. A few organizations improve income figuring for net gain and deterioration and renting. Others see all the more explicitly for future fixes or redesigns of money outpourings, working costs, premium and hardware for the assessed money inflows from customers, low costs, resources and deals esteem, and speculation.

The cabin group is wanting to purchase $ 150,000 for pontoon rentals. The gadget remains for a long time and has a $ 5,000 shortage toward an incredible finish. Yearly money inflows are relied upon to be $ 250,000 and the yearly money outpouring is assessed at $ 200,000.

Payback technique

Installment estimates the organization's takeover time to recuperate its underlying venture cash. This idea can be portrayed as the time span to make a money comparable to contributing and take the arrangement to pay back the organization. It is determined by part capital from net yearly money streams. Net yearly money streams can be utilized if the net yearly money streams are not the equivalent.

$$\text{Cash Payback Period} = \frac{\text{Capital investment}}{\text{Average annual net cash flow}}$$

For the Cottage Gang, the cash payback period is three years. It was calculated by dividing the $150,000 capital investment by the $50,000 net annual cash flow ($250,000 inflows - $200,000 outflows)

$$\frac{\$150,000}{\$50,000} = 3.0 \text{ years}$$

The lower reimbursement period, the organization will before long pull back its money venture. The money reimbursement period is reliant on the organization's criteria that are great or poor or assess plans. A few organizations have various explicit rules for various years, however others must be not exactly the helpful existence of the property.

In the event that net yearly money streams are extraordinary, aggregate net yearly money streams are utilized to decide the discount time frame. The Turtles Cange is arranging a $ 150,000 expense and yearly money inflow in the initial seven years of the undertaking: $ 30,000 in the year, $ 50,000 in the year, $ 55,000 for the year, $ 60,000 for four, $ 60,000 out of five years, $ 60,000 in the year six and $ seven in the seven years 40,000, at that point its money reimbursement period is 3.25 years. See the precedent underneath.

The money reimbursement period is anything but difficult to compute yet isn't the main measure to pick speculation plans. This strategy disregards the distinction in income time and undertaking varieties in the task. The income of the two ventures can be a similar generally speaking however the income time is altogether different.

For instance, LJM had $ 3,000, $ 4,000, $ 7,000, $ 1,500, and $ 1,500 money streams and envision that the undertaking had MEM $ 6,000, $ 5,000, $ 3,000, $ 2,000 and $ 1,000 money streams. The two plans cost $ 14,000 and have a 3.0 year restitution, however money streams are altogether different. Thus, two plans may have a similar restitution period, however an arrangement surpasses five years of reimbursement period and the last one year.

Net present value

It is essential to consider the time estimation of cash while assessing plans with various costs, diverse money streams, and different administration life. Consider limited income systems, for example, Net Present Value Method, Cash Flow Time and Amount. To utilize the net current esteem strategy, you have to realize the income, money outpourings and the organization's required rate on its venture. The required rate is the markdown rate utilized in the net current esteem count. For the accompanying models, money streams are required to be gotten toward the finish of the term.

Utilizing information for the house posse and getting 12% of the interest sum, the net present esteem is $ 80,452. Yearly net money streams and funds are determined through limits through 12% limited things. Cabin packs have break even with net money streams of $ 50,000 ($ 250,000 money receipt $ 200,000 working expense), bringing about the present estimation of net money streams determined utilizing the present estimation of seven years of 1 year. Utilizing a 12% rebate rate, the factor is 4.5638 and the present estimation of net money streams is $ 228,190.

Toward the finish of seven years (the life of the advantage), the estimation of the security is once acknowledged, so its present esteem is $ 2,262, with the present estimation of 1 table factor for seven periods and the 12% markdown rate determined by multiple times the estimation of $ 5,000. Since $ 150,000 as of now exists in the present dollars (estimation of 1.0000), it doesn't need to be limited.

To figure the Net Present Value (NPV), speculation is deducted from the present estimation of the complete money inflow of $ 230,452. See precedents that pursue. As the net present esteem (NPV) is certain, the required rate is met.

On the off chance that net money streams are not the equivalent, the money streams of every period must be determined on a different individual esteem. The money related number cruncher or spreadsheet can be utilized to compute the present esteem. Expecting a similar venture data for the house pack speculation, with the exception of net money streams, its present esteem figurings are condensed underneath.

Income is the contrast between the distinction between NPV (seven years or $ 350,000 $ 50,000 every year) and unequal money streams ($ 350,000 unevenly spread more than seven years) under equivalent money.

The Return of Most Companies is the expense of their capital. The expense of the capital is the rate at which the organization gets capital (cash) from its banks and financial specialists. In the event that dangers happen while anticipating money streams later on, a few organizations will add a hazard factor to the expense of funding to adjust for vulnerabilities in the task and, in this way, in real money streams.

Most organizations have more arranging recommendations than designs for cash. An assortment of capital and distinctive NPVs are required. Contrasted with designs for conceivable power, organizations utilize a beneficial list. The record partitions current venture money streams from the required capital. For the cabin pack, the productive list of the arrangement with equivalent income is 1.54, and the rewarding list of the venture with uneven income is 1.56.

Internal rate of return

Inner rate return likewise utilizes current esteem ideas. Inside Rate Return (IRR) decides the yield of the focused on capital arrangement, where net current esteem is equivalent to zero where the present estimation of net money inflows squares with speculation. In the event that the IRR is higher than the organization's necessity, the arrangement might be acknowledged. Two stages are required to decide the inside rate return.

Right off the bat, the inner rate of return factor is determined by isolating the proposed speculation sum from net yearly money inflows. At that point, the factor is that the quantity of years will be found at the present current estimation of 1 table utilizing venture administration life. Interior rate return is the rebate rate that is close to the factor. An arrangement for Knightsbridge,

Inc. has $ 50,000 net inflow in its multi year life and $ 200,000 task cost. By partitioning money streams to the expense of task venture, a 4.00 point ($ 200,000 ÷ $ 50,000) is found.

The seven-year line (which has a seven-year life) is seen at 4.00 at the present estimation of 1 table and the interior rate of 16% is resolved.

Annual rate of return method

Three past capital planning techniques depend on money streams. Home loan based arranged overall gain to compute the normal benefit of the venture. The annualized rate of the year looks at the organization's required cost. On the off chance that the yearly rate return is higher than the required rate, the arrangement will be acknowledged. The higher the rate of return, the higher the arrangement.

Yearly rate returns are rate by isolating the normal yearly net gain from normal venture. The normal speculation is generally determined by partitioning the begin and venture book esteems and isolating by two.

Assam The Cottage Gang is relied upon to put $ 150,000 in yearly net gain for $ 150,000 and the protection estimation of $ 5,000. The proposed arrangement is 7.2% every year ($ 5,572 overall gain ÷ $ 77,500 normal speculation) for the year.

Yearly income ought not be utilized in capital planning choices, as its outcomes might misdirect. It utilizes the collection premise of bookkeeping and does not utilize genuine money streams or cash time esteem.

In past parts pragmatic investigation of Capital Budgeting practices to assess venture proposition in the corporate segment in India. Correlation, wherever conceivable, is done through practices and techniques in outside nations.

It ought to be noticed that dependent on this sort of study, ends ought to be taken as a more extensive sign. Nonetheless, the aftereffects of this investigation demonstrate that huge scale organizations in India know the requirement for all around structured spending choices.

2.2 LITERATURE REVIEW

Atexon and Cole, 2005: In the previous five decades, numerous scientists have pulled in and central investigations present numerous hypotheses (for instance, Markovitz, 1952; Modigliani and Miller, 1958; Markowitz, 1959; Miller and Modigliani, 1961; , 1970; Black and Scholes, 1973; Ross, 1976; Roll, 1977; Myers, 1977; Myers, 1984; Jensen, 1986; Ritta Allow, 1991; Graham and Harvey, 2001; Myers, 2003;

Bornholet, 2013: However, because of globalization, ecological changes and strategic progressed innovative improvements, recently created hypotheses and models today don't have any significant bearing and a large number of them condemn and practice their training.

Wassenhov, 1995: An intriguing precedent represented by Brownne, de Jong and Koedizzak (2004), is that Nobel Prize winning ideas, for example, the Capital Property Pricing Model and Capital Structural Theories are lauded and educated in homerooms, however at what degree these praised thoughts are to some degree obscure in their approach to corporate board rooms " (Page 72) Radayika capital planning techniques for diminishing the aggressiveness of cutting edge generation innovation and receiving increasingly about the preclusions and has been censured by Western establishments.

Kursite, 2011: Several examination researchers center around their crucial grants and their execution of the speculation hypothesis spending plan (e.g., Mookiezy and Henderson, 1987; Arnold and Hatzopoloss, 2000; Graham and Harvey, 2001; Cooper, Morgan, Redman and Smith, 2002 ; Brown and others., 2004; Kersey, 2011).

Emmanuel, Harris, and Comecach: practical conditions working firms must react to change to endure, endure, and develop in business sectors (Ghahremani, Agai and Abedzad, 2012). Much changes in capital speculation choices that incorporate expansive wholes of cash over a more drawn out timeframe (e.g., Peterson and Fabazzi, 2002, Cooper et al., 2002; Dayanand, Irons, Harrison, Herbon and Roland, 2002) and these choices make overseeing vital changes and long haul corporates It is essential to spare execution.

Capital speculation choice acquisitions, venture of new offices, new item advancement, appropriation of new innovation, and usage of new business procedures or a blend of these (Emanuel et al., 2010)

Capital spending venture choices are basic for survival and long haul accomplishment because of numerous variables and are regularly named as vulnerability.

Hakka, 2006 worldwide monetary emergency mirrors this reality. A standout amongst the most powerless issues looked by analysts, how to distinguish, catch, and assess the vulnerability related with long haul ventures

Hakka, 2006, wellsprings of vulnerability from the 2006 common (income estimation, inexact mistake, number and so forth) are progressively puzzling (venture choices, alternatives given by speculation openings, venture opportunity costs, and so forth.)

Segelod, 1997: The choice to put resources into capital speculation is because of the high measure of subsidizing, which is reasonable in basic leadership. Used to recognize speculation openings, techniques, routine systems and strategies used to survey exactness of the undertaking to assess the arrangement and control the venture plan in explicit speculation recommendations, for example, the Capital Budget.

Dickerson, 1963: Complex strategies are utilized relying upon the hypothesis of vulnerability and different possibilities (Singh, Jain and Yadav, 2012; Zhang, Huang and Tang, 2011; Kerstite, 2011; Bock because of venture spending plans and truck, 2011; Byrne and Davis, 2005; Cooper et al., 2002; Arnold and Hatzopollos, 2000; Mao, 1970

Verbeten, 2006: In the period of full-scale globalization and vicious challenge (Verma, Gupta and Batra, 2009), propelled improvements in innovation, other macroeconomic components and statistic factors have imbued capital planning rehearses

Slope, 2008: In the realm of geo-political, social and monetary vulnerabilities, the procedure of progress of vital monetary administration requires an amendment of fundamental speculations (e.g., successful market thought, fama, 1970) all through the customary limits of budgetary administration

Kester and Robins, 2011: Through constrained credit and different sources in the present dubious and testing monetary condition, the gainfulness and achievement of proposed capital speculations should be assessed legitimately and to convey restricted capital up until this point

Diggerson, 1963: The quantity of methodologies utilized by organizations to assess speculation plans. Nonetheless, there is an issue in setting up a hypothetical model and applying that design as training (for example Arnold and Hatzopoloss, 2000;

Young, Ashby, Boz and Grayson, 2002, p.220: Some hypotheses recently created don't have any significant bearing today. Over the most recent two decades corporate practices are not reliable with authoritative practices, almost certainly they are not quite the same as speculations. This investigation gives orderly audit on the writing of capital planning rehearses distributed over the most recent two decades. By utilizing the convention to manage the class procedure, for the most part by the attentiveness of the commentator, the stage, the full straightforwardness of the stage, and the watchfulness of what (and what)

Atril, 2009: Over the most recent twenty years (1993-2013), the spending hypothesis is characterized by many expanded applications dependent on the hazard and vulnerability brought about by worldwide monetary, innovative and propelled scholastic changes, for example, expansion chance, financing cost and hazard rate trade. Capital spending plan is spine for monetary administration. The cutting edge money related administration hypothesis by and large accept the amplification of the abundance of the association's proprietor

Easterby-Smith et al., 2002 Another vital philosophical thought is the possibility of epistemology. It will ask about worthy learning in a specific field

Blakey, 2007: Knowledge can be accomplished through literary examination with substance modes. Subsequently, it as of now gives a wide scope of artistic holes, which definitely think about free enterprise strategies and fundamentally analyze writing. This exploration takes on a nitty gritty technique on learning hypothesis to address inquire about inquiries. The fact of the matter isn't autonomous of individual reasoning, thus all examination discoveries can not compare to each other

Miles and Huberman's (1984): A proposed strategy including capacity, decrease, presentations and ends has been taken. Contingent upon the set criteria, 363 research papers were dropped to 201 and they broke down the coding technique.

The net present esteem is the contrast between the sum contributed and the present estimation of future income (Alan, 2004). Charles et al (2009) audits that the NPV strategy ascertains the normal money related advantage or loss of the arrangement and computes the limited future money inflows and the arrival return required for the present advance required.

Colin (2006): NPV is a more straightforward approach to recoup the advantage of elective value hazard interests in exchange securities.

The arrival on plan is more than coming back from value chance interests in securities exchanged on the monetary markets, the NPV is sure, the present estimation of net inflow inflows lower than the venture's underlying speculation capital. Conversely, if the arrival rate is low, the NPV is negative (Colin, 2006). It demonstrates that a positive NPV must be endorsed for speculation, yet it demonstrates that negative NPV venture ought to be rejected (Colin, 2006).

Kashyap (2006): The key contributions of the NPV figuring incorporate the loan cost or markdown rate that thinks about the present qualities of future money streams. At the point when the investors have a higher rebate rate than the income necessity and along these same lines have a positive NPV, investors expect extra advantage with the present esteem equivalent to NPV (Kashyap, 2006).

(Palin, 2006): Another venture spending technique is like the NPV system in utilizing IRR cash time esteem, however results in the appropriate response communicated in rate (Pauline, 2006). The IRR speaks to the rebate rate that prompts zero net current esteem where the present estimation of money inflows levels with money surges

Charles et al (2009): The IRR technique ascertains the limited rate, while the present estimation of contributed imminent money inflows levels with the present estimation of expected money surges. That is, the rebate rate offered by NRV = £ 0 is IRR.

(Alan, 2004): The Payback Period is utilized to anticipate the time allotment it takes to recover the normal net money inflows from venture. As per Alan (2004), this strategy is especially helpless to an extensive number of firms, and particularly if the loan fees are especially high and/or firms face income issues. This strategy estimates the time taken to recover the first money streams from the net money income stream from the capital

CHAPTER-3

RESEARCH DESIGN

CHAPTER 3

RESEARCH DESIGN

Title of the study :

“A study on Capital Budgeting at TVS Motors”

3.1Statement of the Problem :

Capital planning is a well ordered proceduring that business used to decide the benefits of a speculation venture the choice of wheather to acknowledgment our everyday and ventures extends as a major aspects of an organization speculation side of the arrival that such a is regarded satisfactory are worthy is explicit to the organization just as te undertaking.

3.2 NEED FOR THE STUDY

Capital Planning is critical on the grounds that it makes responsibility and another was to put its assets in a undertaking without understanding the hazard and return involved would be considered as mindful by its vary own investors for the more if an individual as no chance to get of exempting the viability and its speculation choices chances are that business will have minimal possibility of getting by in the aggressive commercial center.

3.3 Objectives of the study:

- To evaluate the cash inflows and out flows of the company
- To determine the average rate of return
- To analyze the company’s investment decisions by Applying capital budgeting techniques
- To determine the net cash available for the investment purpose.

3.4 Scope of the study :

The study has been conducted from information over a period of 5 years from financial year 2014 to 2018

3.5 RESEARCH METHODOLOGY :

The method I used for research methodology was

- Primary Data
- Secondary data

PRIMARY DATA:

The primary data is the data which is collected fresh and first hand and for the first time which is originals nature. Primary data can collect through personal interview questionnaire etc. To support the secondary data

SECONDARY DATA:

The secondary data for the project regarding investment and various investment analysis were collected from websites, textbooks and magazines.

Sources of data collection:

Company yearly Reports.

Company audited financial statements.

Tools used

Following techniques are used to make decision regarding capital budgeting.

- Payback period.
- Accounting rate of return.
- Net present value.
- Internal rate of return.

3.6 **Limitations**

- A strong unwillingness on the part of the company officials, to participate and aid the research.

- The study was limited to the geographical region of Bangalore
- The study is limited only to one company TVS Motors.

3.7 HYPOTHESES:

H0: there is no significant generation of value for the share holders

H1: there is significant of value for the share holders

3.8CHAPER SCHEME:

Chapter 1: INTRODUCTION

It contains information of capital budgeting and industry profile background of the company and promoter's, vision and mission & quality policy competitors of the TVS and future growth and prospectus and the financial statements of the company.

Chapter 2: CONCEPTUAL BAK GROUND AND REVIEW OF LITERATURE

It contains the information about the Theoretical background and review of literature.

Chapter 3: RESEARCH DESIGN

It contains the information related to the statement of the problem, need for the study, data collection and tools, objectives of the study and research methodology, limitations and chapter schemes.

Chapter 4: ANALYSIS AND INTERPRETATION

It the showing the comparison of net present value and payback period and accounting rate of return for the five years and various tables and graphs of the company.

Chapter 5: FINDINGS AND SUGGEDTION AND CONCLUSION

It contains the findings suggestion and conclusion of the capital budugeting , bibliography.

CHAPTER-4

DATA ANALAYSIS INTERPRETATION

CHAPTER 4

4.1 DATA ANALYSIS AND INTERPRETATION

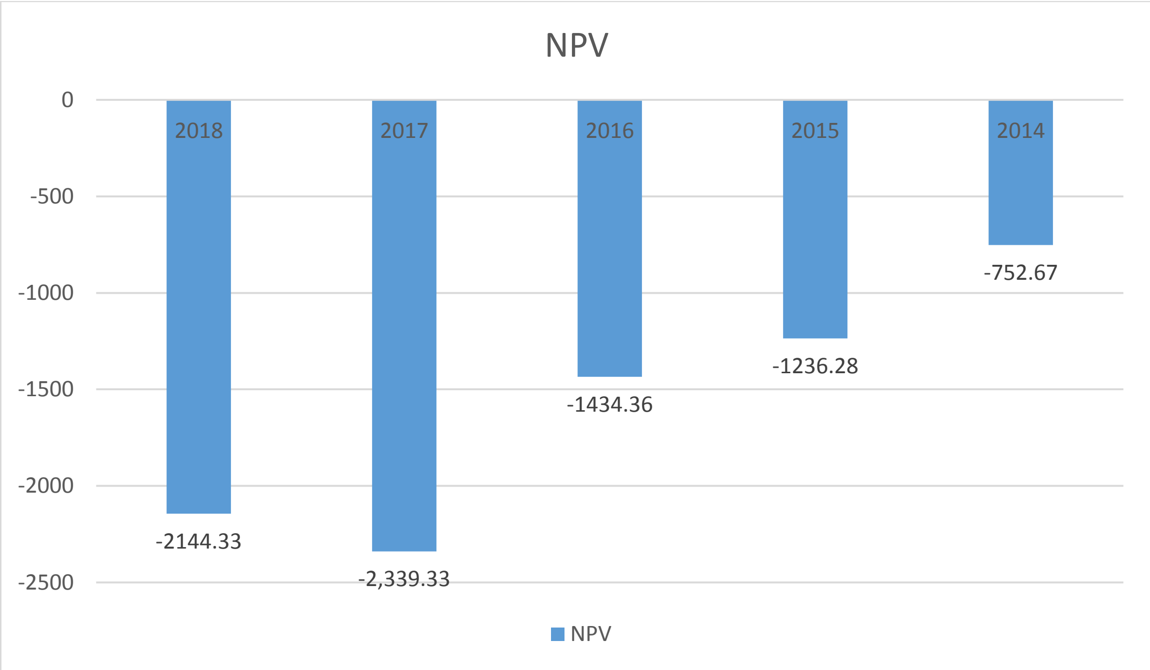
Table No. 4.1

Table showing Comparison of NET PRESENT VALUE for five years from 2014 to 2018

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Initial Investment	2,408.33	1,936.80	1,645.36	1,415.28	1,224.67
Net Cash Flow per annum	-96.89	25.49	-77.61	65.57	173.38
NPV	**-2144.33**	**-2,339.33**	**-1434.36**	**-1236.28**	**-752.67**

Graph No. 4.1

Graphs showing Comparison of NET PRESENT VALUE for five years from 2014 to 2018



Analysis and Interpretation :

From the above graph we can see that the NPV has been fluctuating over the past five financial years. It stood at about -2144.33 for the current financial year as compared to the previous financial years figure of about -2339.33.

The NPV is negative for two years where the company is not able to get the cash inflows out of the fund invested.

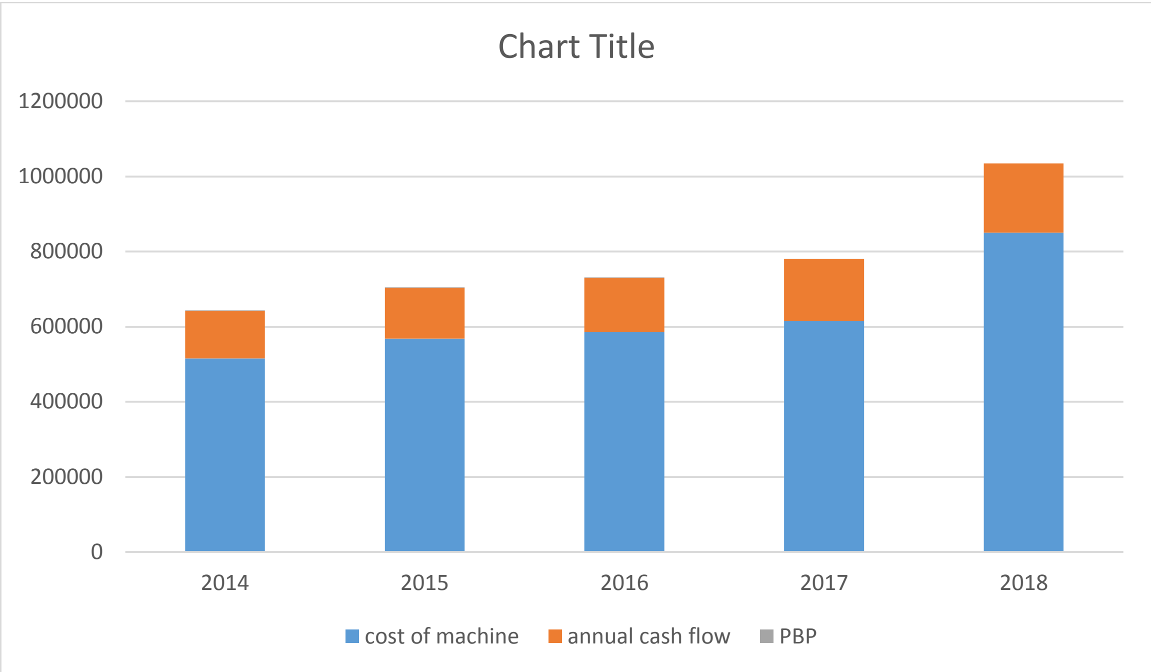
Table no.4. 2

Table showing comparision of Pay Back period for five years from 2014 to 2018

YEAR	2018	2017	2016	2015	2014
Cost of machinery	850000	615000	585000	568000	515000
Annual cash flow	185000	165000	145000	136000	127000
PBP	4.59	3.72	4.0	4.17	4.05

Graph no. 4.2

Graph showing comparision of Pay Back period for five years from 2014 to 2018



Analysis and Interpretation : From the above graph we can see that the PBP has been fluctuating over the past five financial years. It stood at about 4.59 for the current financial year as compared to the previous financial years figure of about 4.05

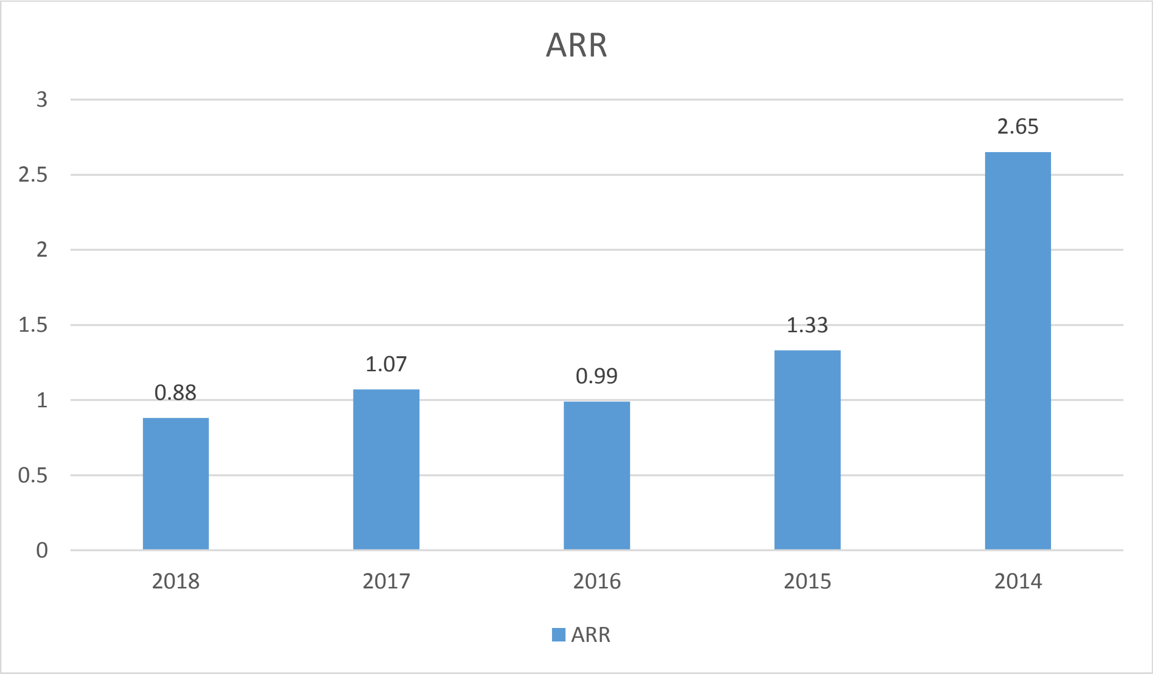
Table no. 4.3

Table showing Comparison of accounting rate of return for five years 2014 to 2018

YEAR	**2018**	**2017**	**2016**	**2015**	**2014**
Average accounting profit	662.59	558.08	489.28	347.83	261.63
Average investment	748.12	519.52	493.27	259.84	98.49
ARR	**0.88**	**1.07**	**0.99**	**1.33**	**2.65**

Graph no 4.3

Graph showing the comparison of accounting rate of return for five years from 2014 to 2018



Interpretation :

From the above graph we can see that the Accounting rate of return figures have come down from 2.65 in the financial year of 2014 to about 0.88 for the current financial year of 2018.

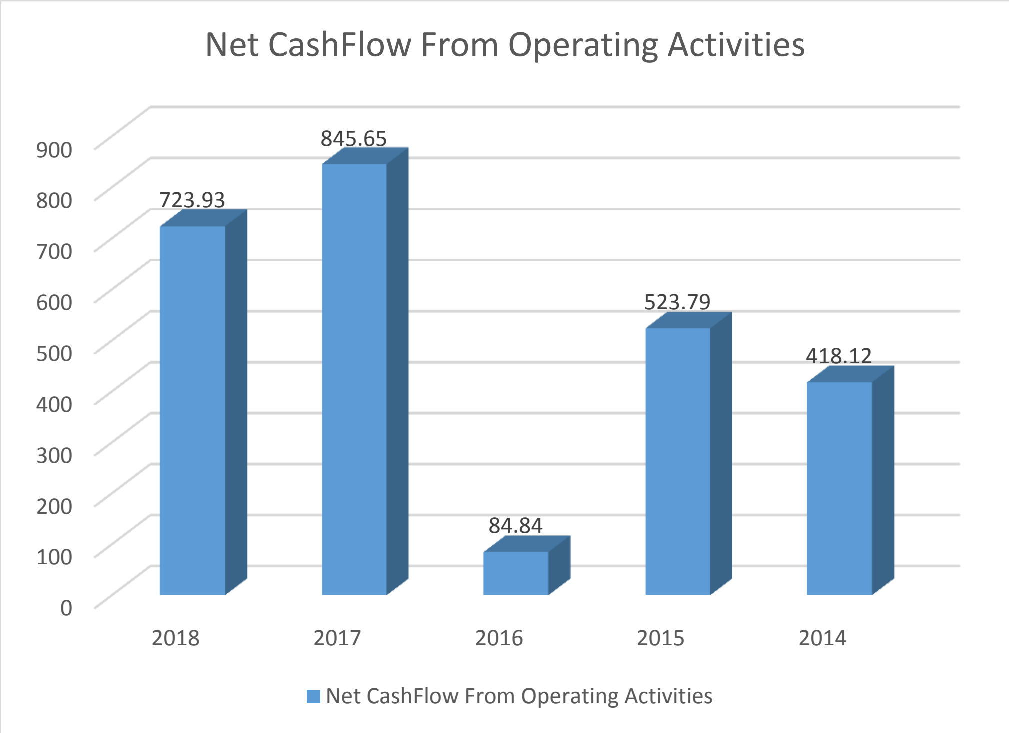
Table no 4.4

Table is showing comparision of cash flow statement for five years 2014 to 2018

YEAR	**2018**	**2017**	**2016**	**2015**	**2014**
Net Profit/Loss Before Extraordinary Items And Tax	**698.68**	**565.97**	**456.16**	**348.45**	**162.79**
Net CashFlow From Operating Activities	723.93	845.65	84.84	523.79	418.12
Net Cash Used In Investing Activities	-748.12	-519.52	-493.27	-259.84	-98.49
Net Cash Used From Financing Activities	-72.70	-300.64	330.82	-198.38	-146.25
Net Inc/Dec In Cash And Cash Equivalents	**-96.89**	**25.49**	**-77.61**	**65.57**	**173.38**
Cash And Cash Equivalents Begin of Year	-131.95	2.85	80.46	14.89	-207.65
Cash And Cash Equivalents End Of Year	-228.84	28.34	2.85	80.46	-34.27

Graph no 4.5

Graph showing the comparison of Net CashFlow From Operating Activitiesfor five years from 2014 to 2018

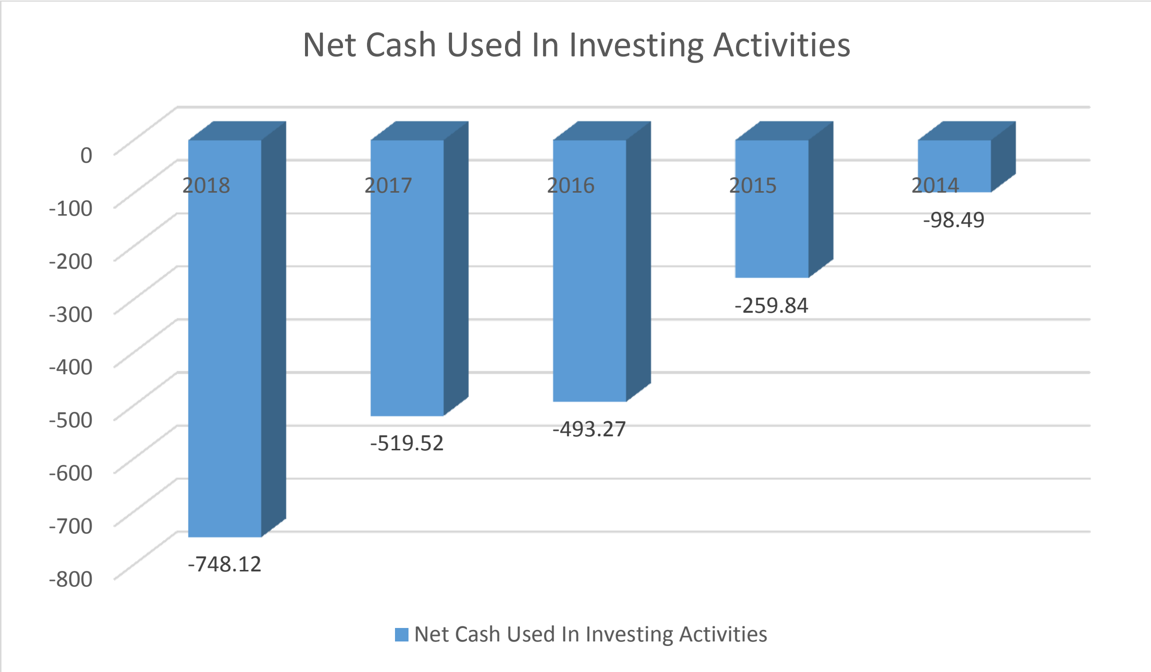


Interpretation :

From the above graph we can see that the net cashlfow from operating activites has increased which stood at its lowest in the financial year of 2016. Then onwards, it started to increase and stands at 723.93 for the current finance year of 2018.

Graph no.4. 6

Graph is showing comparision net cash used in investing activities for five years 2014 to 2018

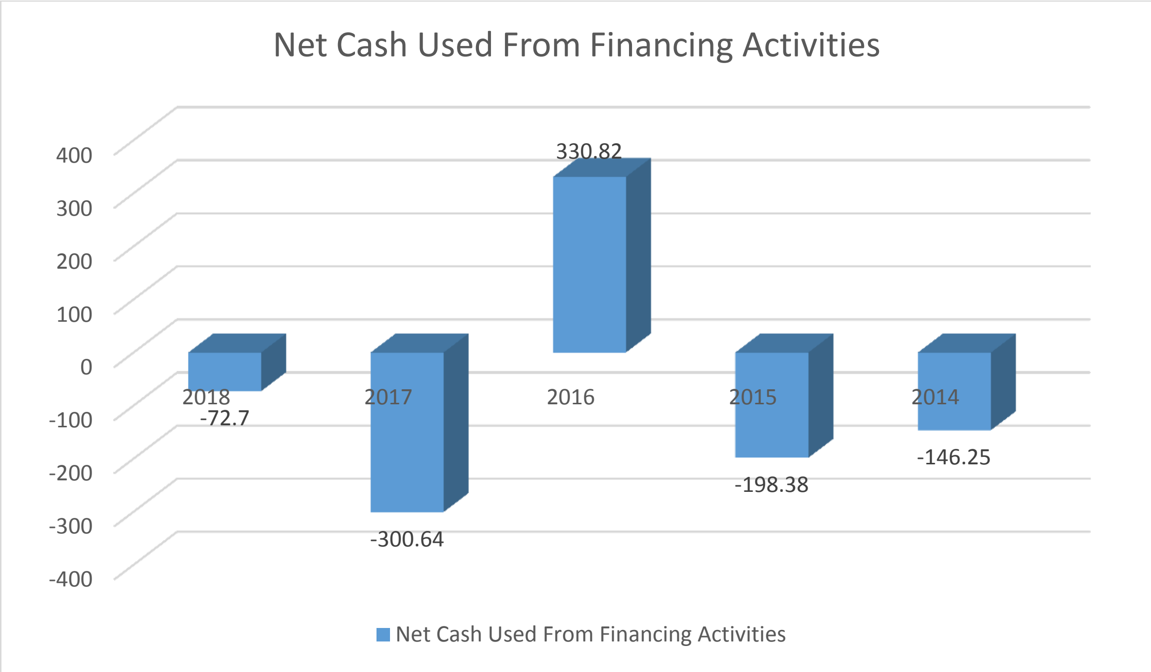


Interpretation :

From the above graph we can see that the net cash used in investing activities has been almost nill for the past 2 financial years. It was highest in the financial year of 2014.

Graph no.4. 7

Graph is showing comparision of net cash used from financing activities for five years 2014 to 2018



Interpretation :

From the above graph we can see that the net cash used from financing activites has seen a lot of fluctuation over the last 5 financial years. It was positive in the financial year of 2016 and it came to a negative value for the financial year of 2018.

Table no. 4.5

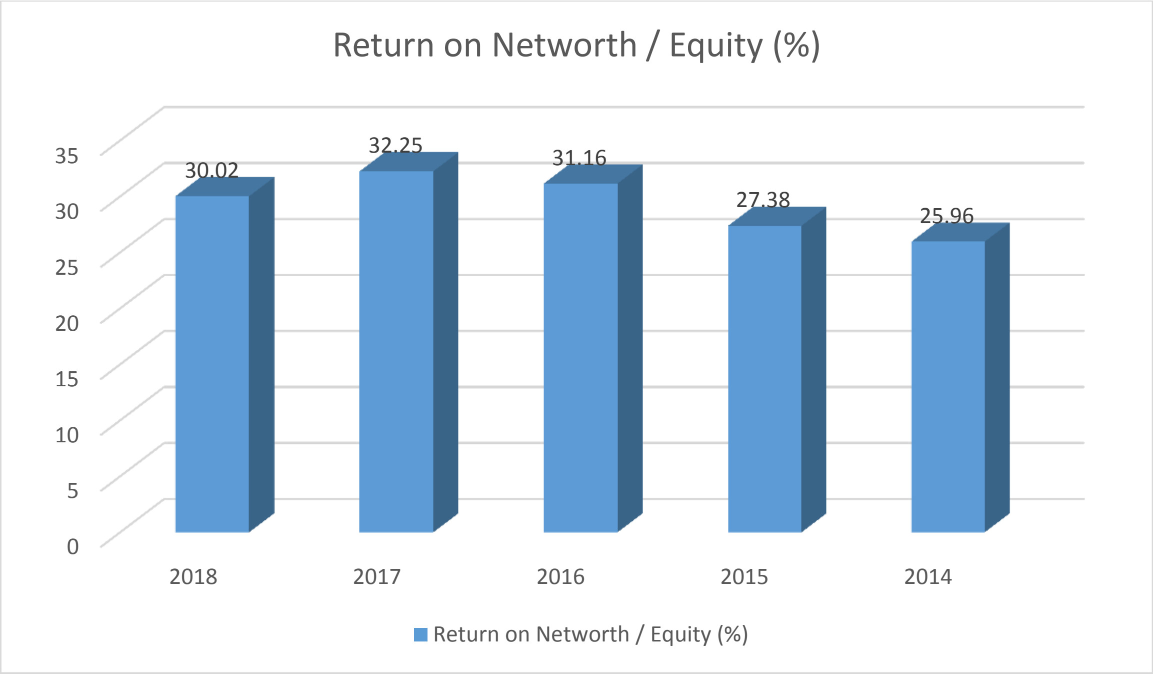
Table is showing comparision of return on net worth for five years from 2014 to 2018

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Return on Networth / Equity (%)	30.02	32.25	31.16	27.38	25.96
Net income	12308.68	11295.18	10130.83	7992.06	7088.84
Shareholder equity	2408.33	1936.80	1645.36	1415.28	1224.67

Return on Networth / Equity = Net Income / Shareholders equity

Groph no.4.8

Graph is showing return on net worth and equity for five years from 2014 to 2018



Interpretation :From the above graph we can see that the return on networth or equity percentage has stood at 30.02 for the current financial year of 2018.

Table no. 4.6

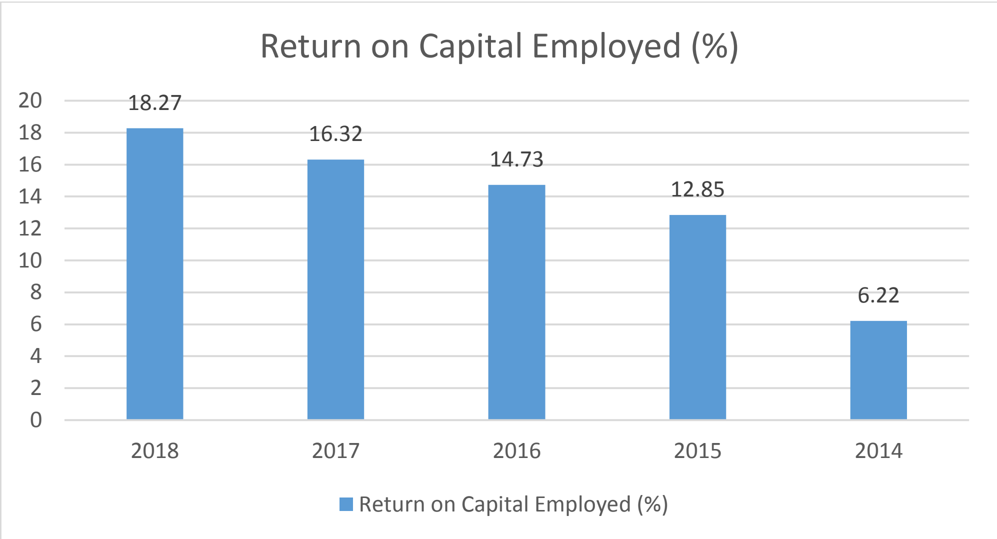
Table is showing comparision of return on capital and employed for five years from 2014to 2018

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Return on Capital Employed (%)	18.27	16.32	14.73	12.85	6.22
Net operating profit	12009.07	11106.25	9916.57	7854.45	6965.40
Capital employed	2408.33	1936.80	1645.36	1415.28	1224.67

Return on Capital Employed = Net Operating Profit / (Total assets – Current Liabilities)

Graph 4. 9

Graph is showing the comparision of return on capital and employed for five years 2014 to 2018



Interpretation :

From the above graph we can see that the return on capital employed percentage has seen an increasing trend and stands almost at triple for the financial year of 2018.

Table no.4.7

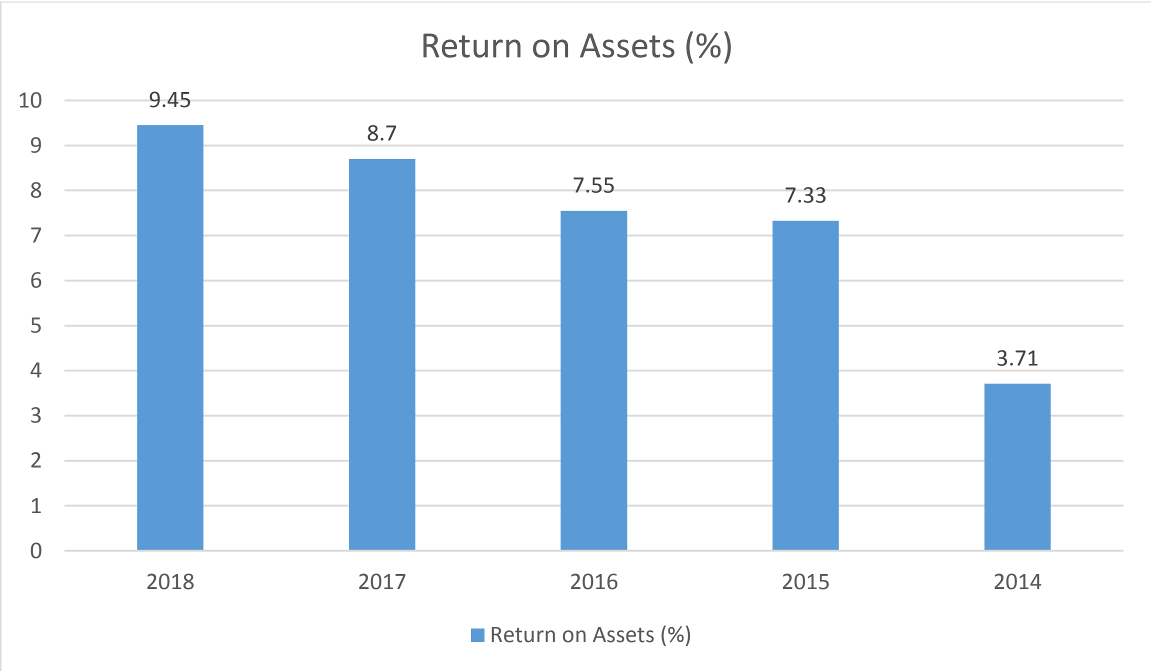
Table is showing comparision of return on assets for five years from 2014 to 2018

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Return on Assets (%)	9.45	8.70	7.55	7.33	3.71
Net income	12308.68	11295.18	10130.83	7992.06	7088.84
Total assets	5904.67	4962.57	4604.20	3564.70	3119.27

Return on Assets = Net Income / Total Assets

Graph no.4.10

Graph is showing the return on assets for five years 2014 to 2018



Interpretation :

From the above graph we can see that the return on assets percentage has been increasing after the financial year of 2014. It is the highest in the financial years 2018.

Table no. 4.8

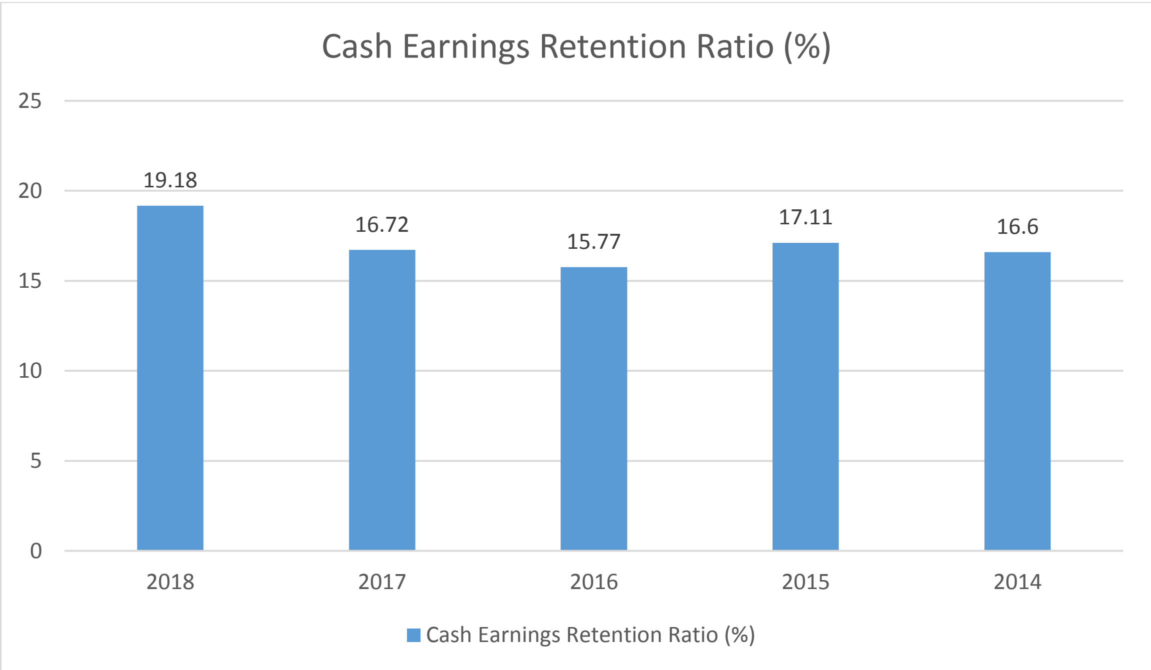
Table is showing comparision of cash earnings rention ratio for five years 2014 to 2018

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Cash earnings retention ratio	19.18	16.72	15.77	17.11	16.60
Retained earnings	2360.82	1889.29	1597.85	1367.77	1177.16
Net income	12308.68	11295.18	10130.83	7992.06	7088.84

Cash Earnings Retention Ratio = Retained Earnings / Net Income

Graph no. 4.11

Graph is showing comparision of cash earnings retention ratio for five years 2014 to 2018



Interpretation :

From the above graph we can see that the cash earnings retention ratio percentage has been almost constant over the last 4 financial years from 2014 to 2018. However it increased for the current financial year and stood highest.

Table no. 4.9

table is showing comparision of valuation ratio for five years 2014 to 2018

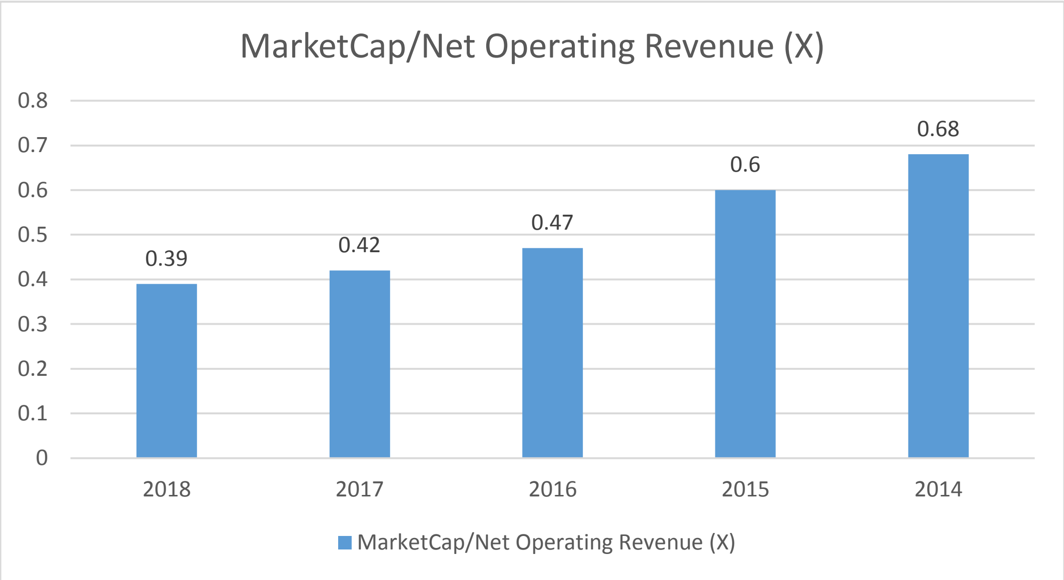
Valuation Ratios

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Market capital	0.39	0.42	0.47	**0.60**	0.68
Net operating revenue	**12009.07**	**11106.25**	**9916.57**	**7854.45**	**6965.40**
Capital	47.51	47.51	47.51	47.51	47.51

MarketCap/Net Operating Revenue = Revenue generated by real estate - Operating expenses

Graph no. 4.12

Graph is showing comparision of valuation ratio for five years 2014 to 2018



Interpretation :From the above graph we can see that the market cap or net operating revenue has been steadily increasing for the last 5 financial years and for the current financial year of 2018 it has stood at about 0.39.

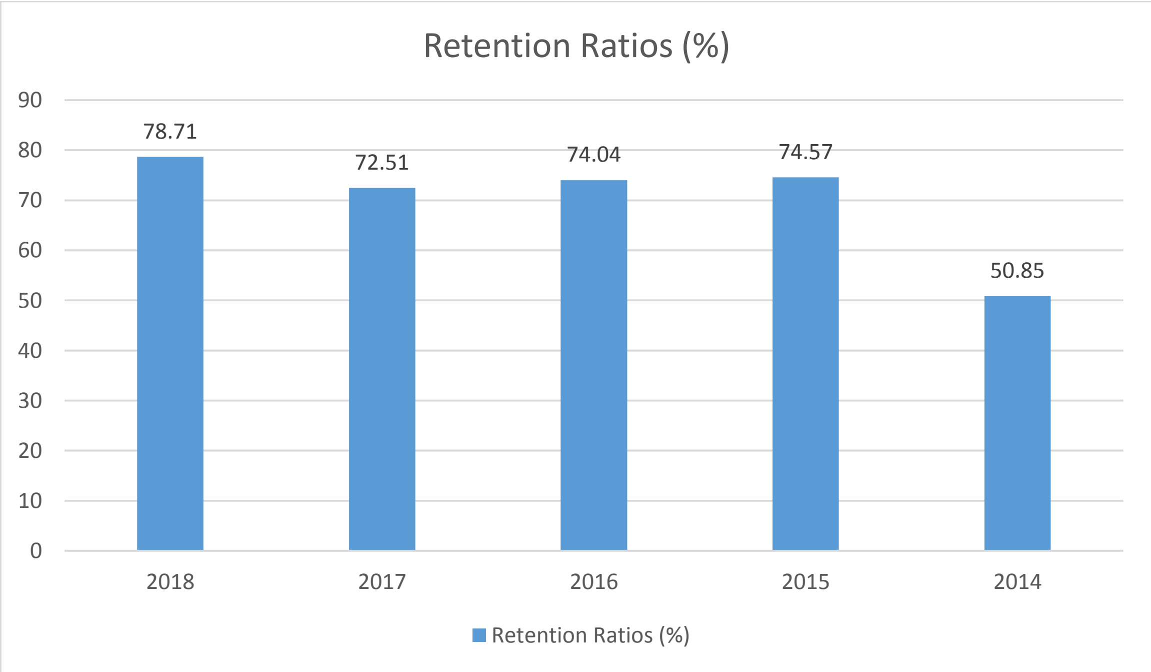
Table no.4.10

Table is showing comparision of retention ratio for five years 2014 to 2018

Year	**2018**	**2017**	**2016**	**2015**	**2014**
Retention Ratios (%)	78.71	72.51	74.04	74.57	50.85

Graph no 4.13

Graph showing the comparison of Retention Ratios (%) for five years from 2014 to 2018



Interpretation :

From the above graph we can see that the retention ratio percentage has been showing a slight fluctuating trend over the past five financial years and for the current financial year of 2018 it is about 78.71.

CHAPTER-5

FINDINGS,SUGESSTIONS& CONCLUSIONS

CHAPTER 5

FINDING AND SUGGESTIONS

5.1FINDINGS:

1. Speculation put resources into property is recouped amid a brief timeframe, and the offer is suitable for an organization
2. Paid benefit is useful for the organization The review rate to come back to 2018 is 56.94%. The capital returns the expense of their costs. ARR has a standard rate.
3. Since the net present esteem is sure, the venture will in the long run be practical by the organization
4. The reimbursement time frame gives some data about the danger of venture. Be that as it may, the solid choice does not give the criteria to demonstrate whether speculation will build the estimation of the organizations.
5. The capital spending technique gives crude liquidity of liquidity yet overlooks the danger of money streams, cash time valuation and future income past the expansion time frame.
6. This technique likewise needs to evaluate the expense of money to ascertain recompense yet disregard money streams over the limited reimbursement time frame
7. Net present esteem estimation of the capital spending states that the speculation can expand the estimation of the firm, however the expense of the capital expense is required to compute the net present esteem.
8. The inner rate of return procedure for the capital spending plan may not be esteemed - augmenting the choice utilized when contrasted with one another's individual tasks.

5.2 SUGGESTIONS

- The exhortation made for the organization is that the accompanying counsel ought to be embraced in the organization's every day exercises.
- This is a valid justification to receive the NPV strategy in settling on a budgetary choice since it depends on the present esteem. Supplanted PBP
- The organization must have a decent match between various offices.
- It is important to keep up an arrangement of book books that can enable you to settle on a superior choice.
- The organization must have a similar procedure to compute the venture choice, generally befuddling it.
- Cost components ought to be viewed as when choosing what is ideal, for example, work costs, bookkeeping costs, and so forth.

5.3 CONCLUSION

The spending plan is one of the key procedures for budgetary administration to assess the proficiency of the undertaking. So purchasing new hardware, beginning business, extending, changing the oldness of old apparatus. The cutting edge approach is more successful than the customary technique on the grounds that the advanced strategy is thinking about the time estimation of cash. The Capital Budget has its own impediment however its favorable circumstances spread its unfriendly impacts with its utilization. In any case, in India, the capital spending procedure can not be utilized legitimately at the dimension of institutional and administrative administration.

Subsequent to considering this theme, I comprehend the hugeness of the spending plan. I figure capital aptitudes can be used in government organization ventures like corporate and open organization administrations, open transportation administrations.

I for one figure the open dislikes to utilize this strategy later on because of absence of information. Capital spending plans can be utilized from local dimensions to MNCs and this sentence can express the significance of the capital spending plan.

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ANNEXURE

Balance sheet – 5 years comparison

	2018	**2017**	**2016**	**2015**	**2014**
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	47.51	47.51	47.51	47.51	47.51
Total Share Capital	**47.51**	**47.51**	**47.51**	**47.51**	**47.51**
Reserves and Surplus	2,360.82	1,889.29	1,597.85	1,367.77	1,177.16
Total Reserves and Surplus	**2,360.82**	**1,889.29**	**1,597.85**	**1,367.77**	**1,177.16**
Total Shareholders Funds	**2,408.33**	**1,936.80**	**1,645.36**	**1,415.28**	**1,224.67**
NON-CURRENT LIABILITIES					
Long Term Borrowings	468.76	494.23	518.98	442.41	494.14
Deferred Tax Liabilities [Net]	125.70	175.67	152.75	124.68	93.12
Long Term Provisions	50.80	39.99	43.73	53.17	53.17
Total Non-Current Liabilities	**645.26**	**709.89**	**715.46**	**620.26**	**640.43**

CURRENT LIABILITIES					
Short Term Borrowings	616.38	264.23	399.76	33.47	51.72
Trade Payables	1,859.36	1,543.71	1,263.82	998.91	822.80
Other Current Liabilities	312.47	449.47	474.77	428.82	326.23
Short Term Provisions	62.87	58.47	105.03	67.96	53.42
Total Current Liabilities	**2,851.08**	**2,315.88**	**2,243.38**	**1,529.16**	**1,254.17**
Total Capital And Liabilities	**5,904.67**	**4,962.57**	**4,604.20**	**3,564.70**	**3,119.27**
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	1,930.64	1,545.93	1,294.93	1,105.94	1,006.85
Intangible Assets	53.23	46.92	34.70	19.77	4.63
Capital Work-In-Progress	62.28	30.96	89.36	48.08	36.09
Fixed Assets	**2,046.15**	**1,623.81**	**1,418.99**	**1,173.79**	**1,047.57**
Non-Current Investments	1,587.90	1,184.57	1,012.46	895.92	868.84
Long Term Loans And Advances	0.12	136.65	143.73	86.27	73.35

Other Non-Current Assets	83.61	0.00	0.00	0.00	0.00
Total Non-Current Assets	**3,717.78**	**2,945.03**	**2,575.18**	**2,155.98**	**1,989.76**
CURRENT ASSETS					
Inventories	966.95	825.97	819.68	548.15	509.66
Trade Receivables	723.77	578.69	503.86	334.12	300.52
Cash And Cash Equivalents	8.51	32.84	5.39	82.57	17.45
Short Term Loans And Advances	0.00	521.91	632.78	364.31	178.44
OtherCurrentAssets	487.66	58.13	67.31	79.57	123.44
Total Current Assets	**2,186.89**	**2,017.54**	**2,029.02**	**1,408.72**	**1,129.51**
Total Assets	**5,904.67**	**4,962.57**	**4,604.20**	**3,564.70**	**3,119.27**

Profit and Loss A/c – 5 years comparison

	2018	2017	2016	2015	2014
INCOME					
Revenue From Operations [Gross]	**13,063.82**	**12,094.50**	**10,632.21**	**8,544.69**	**7,633.28**
Less: Excise/Sevice Tax/Other Levies	1,054.75	988.25	715.64	690.24	667.88
Revenue From Operations [Net]	**12,009.07**	**11,106.25**	**9,916.57**	**7,854.45**	**6,965.40**
Other Operating Revenues	126.24	137.62	181.65	107.40	99.60
Total Operating Revenues	**12,135.31**	**11,243.87**	**10,098.22**	**7,961.85**	**7,065.00**
Other Income	173.37	51.31	32.61	30.21	23.84
Total Revenue	**12,308.68**	**11,295.18**	**10,130.83**	**7,992.06**	**7,088.84**
EXPENSES					
Cost Of Materials Consumed	8,620.88	7,703.54	7,162.32	5,418.82	4,912.32
Purchase Of Stock-In Trade	291.22	251.41	226.88	244.35	151.49
Changes In Inventories Of	-58.73	70.53	-92.07	9.65	32.70

FG,WIP And Stock-In Trade					
Employee Benefit Expenses	745.64	664.23	585.42	476.11	407.13
Finance Costs	43.95	46.24	27.42	25.40	48.04
Depreciation And Amortisation Expenses	287.81	189.84	153.33	131.65	130.41
Other Expenses	1,679.23	1,803.42	1,611.37	1,334.82	1,152.33
Total Expenses	**11,610.00**	**10,729.21**	**9,674.67**	**7,640.80**	**6,834.42**

ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

NAME OF THE STUDENT: T.RAVI REDDY

INTERNAL GUIDE: PROF. MALLIKA B.K

USN: 1AZ17MBA50

COMPANY NAME: TVS MOTOR COMPANY

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3rd Jan 2019 – 9th Jan 2019	Industry Profile and Company Profile		
10th Jan 2019 – 17th Jan 2019	Preparation of Research instrument for data collection		
18th Jan 2019 – 25th Jan 2019	Data collection		
26th Jan 2019 – 2nd Feb 2019	Analysis and finalization of report		
3rd Feb 2019 – 9th Feb 2019	Findings and Suggestions		
10th Feb 2019 – 16th Feb 2019	Conclusion and Final Report		

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