



A STUDY ON FINANCIAL PERFORMANCE OF TVS MOTORS

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ABSTRACT

Financial statements refer to formal and original statements prepared by a business concern to disclose its financial information. The study used five years of TVS Motors is secondary data and the main objective of the study is used to analyse the liquidity and profitability position of TVS Motors. The tools that are used are profitability ratio, liquidity ratio, solvency ratio and operating profit ratio. The suggestion given by the study is liquidity ratio is not up to standard level so they need to increase their liquidity position then only they will be able to pay their short term debts.

KEYWORDS : *Liquidity ratio, standard level, short term debts.*

1. INTRODUCTION

Every business concern wants to know the various financial aspects for effective decision making. The term 'financial analysis' is also known as analysis and interpretation of financial statements. Financial analysis is the process of identifying the financial strength and weaknesses of the firm, by properly establishing the relationships between the items contains in balance sheet and profit and loss account. The purpose of financial analysis is to diagnose the information content in financial statements so as to judge the profitability, financial soundness of the firm and chalk out the way to improve existing performance. Financial statement is an official document of the firm, which explores the entire financial information of the firm. The main aim of the financial statement is to provide information and understand the financial aspects of the firm.

2. STATEMENT OF THE PROBLEM

The financial health of the TVS Motors and margins could come under pressure due to lower utilization and raising competition in the motor cycle

segment. These factors ultimately have an adverse impact on profitability. This has encouraged the researcher to study the financial performance of the TVS motors. Based on the above issues the researcher has probed the following questions:

1. How and when was the TVS motors originated?
2. What could be the trend of efficiency of TVS motors in India?
3. What is the profitability position of TVS motors in India?
4. What is the liquidity and solvency position of TVS motors in India?

3. OBJECTIVE OF THE STUDY

The objectives of the study are stated as follows:

1. To analyse the financial performance of the TVS Motors.
2. To analyse the data with the help of selected tools.
3. To offer suggestion for the improving financial performance of the TVS Motors.
4. To measure the growth of the TVS Motors.



4. RESEARCH METHODOLOGY

Source of data	Secondary data
Period of study	2015-2016 to 2019-2020
Framework of analysis	Financial Statements
Tools and techniques	Ratio analysis

5. STATISTICAL TOOLS

The following statistical tools were applied to analyse the statistical data collected for calculation of financial performance analysis:

- Current ratio
- Liquidity ratio
- Absolute liquid ratio
- Gross profit ratio
- Net profit ratio
- Operating profit ratio
- Operating ratio
- Expenses ratio
- Return on investment ratio
- Return on shareholder's funds
- Return on asset
- Capital turnover ratio

6. REVIEW OF LITERATURE

KESHAV JHUNJUNWALA, NIDHI NAGPAL & SIDDHANT MITTAL (2020) made a study on royal enfield with reference to effectiveness of training and development of the employees with the help of selected tools by using data analysis and findings. The Findings of the study is that it found the training programme attended by the trainees was more technical based and the study concluded that majority of the employees feels that training helps in improving employees – employer relationship in the long term.

S. Kumar, N. Saravanan (2019) conducted a analysis and study on Financial performance of comparative of MRF TYRES and Other Tyres industries in India the period of study was 5 years from (2014-2018) for three tyre companies in India with MRS Tyres namely MRF, APOLLO, CEAT, JK Tyres their problem of study was as financial manager they need to take decision on their focus with past record of performance to collect information so in this study to see MRF TYRES performance with compare to other top three companies using various tools to analysis their liquidity, profitability leverage and solvency performance this study was based on both data they had measured all growth efficiency level of MRF Tyres and all other companies and they suggested that MRF Tyres concern should develop their financial performance when compared to all other three companies.

Suman Rana (2019) they has entitled their study as financial analysis of tata motors and Maruti Suzuki to analysis performance of both company their research design is descriptive cum analysis in nature the data was collected in secondary data and period of study was 4 years from 2013-2018 and had used ratio as their tool and interpreted result in statistical analysis and graphic method they had find that tata motors are more ability in payment ratios are higher in Maruti Suzuki has more sales volume and overall the Maruti Suzuki is more efficient performance in comparative study .

7. TABLES

Year	Current Ratio	Liquid Ratio	Operating Profit Ratio	Operating Ratio	Expenses Ratio
2015-16	0.71	0.48	8.12	91.88	91.86
2016-17	0.78	0.49	7.91	92.09	91.06
2017-18	0.68	0.43	8.39	91.61	92.46
2018-19	0.76	0.43	8.49	91.51	93.42
2019-20	0.87	0.51	8.22	91.78	92.07

- The above table show the performance of current ratio in 2016 the ratio was 0.71 and decreases in 2017 to 0.78:1 in 2018 it decreased to 0.68:1 in 2019 it increased to 0.76:1 and it decreased in 2020 to 0.71:1
- The above table show the level of performance in 2016 it was 0.48:1 and decreased to 0.43:1 in 2017, 2018 and increased to 0.49:1 in 2019 and it decreased to 0.48 in 2020



- This table and charts evaluate about the operating profit ratio the operating profit ratio on 2016 was 8.22% and increased in 2017 at 8.49% and decreased in 2018 at 8.39% decreased in 2019 at 7.91% and in 2020 it increased to 8.12%
- The above table and chart shows about operating ratio in 2016 was 91.78% and decreased to 91.51% in 2017 and increased to 91.61% in 2018 and increased to 92.09% in 2019 and decreased to 91.88 in 2020
- The above table show the performance of expenses ratio in 2016 the expenses ratio was 92.07% and it increased in 2017 at 93.42% and in 2018 it decreased to 92.46% and it decreases the expenses level in 2019 at 91.06% in 2020 it increased to 91.86%

8. SUGGESTION

- As Liquidity ratio is not up to standard level so they need to increase their liquidity position then only they will be able to pay their short term debts.
- As profitability ratio have average level of performance so they need to increase their profitability position so they need to reduce their expenses and cash outflow and increase their turnover.
- They have normal and good return from capital in their performance but for future growth they need to improve profit and sales turnover to increase their capital turnover they have utilize their capital in healthy way.

9. CONCLUSION

After the analysis of various data related to TVS Motor for 5 years in analytical approach the main aim of this study is to analysis over all position of TVS Motor Analysis shows that the performance of business is good and they have healthy performance so it indicates that good performance depend on better utilization of resources so in future they have to increase their performance level they need to cut off expenses and cash outflow and they should have more liquidity position to meet their short term debts they should have more cash inflow over cash outflow to maintain their stability to meet their day to day operations. They need to increase their sales volume, and generate more from capital and from available resources this help the company to increase their level of performance.

10. REFERENCE

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