



# A STUDY ON FINANCIAL PERFORMANCE OF TATA MOTORS

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## ABSTRACT

The present study deals with the research of A STUDY ON FINANCIAL PERFORMANCE OF TATA MOTORS. Through financial analysis companies can review their performance in the past years which identifying their performance and weakness and improving them. This study was carried under the period of six years 2015-2020 of balance sheet and profit and loss account. This research is done with the help of secondary data gathered from the annual report of TATA MOTORS Company. Hence it is necessary to evaluate the financial performance to know whether the companies stand in the market and how they can improve their future development and financial stability of the company.

**KEYWORDS:** Financial performance, Ratio analysis, profitability ratio.

## 1. INTRODUCTION

Finance is considered to be very important function of every business organization. Financial performance is an important aspect of long-term stability, profitability and liquidity of the company. Financial position of the financial statement is profit and loss account and balance sheet of the company. Ratio analysis is a systematic use of ratio to determine the current financial condition. Ratio analysis is one of the techniques of financial analysis where it used for evaluating the financial condition and financial performance.

## 2. STATEMENT OF THE PROBLEM

The problem is to be determining the financial ratio analysis and to earn sufficient profitability to manage the proper functioning of the TATA motors every

effort has been made to conclude and suggest for the best performance of the TATA motors.

## 3. OBJECTIVES OF THE STUDY

- To interpret the analysis and the trend of the financial results.
- To use various ratios liquidity ratios to find out the activity of assets and liabilities and to find the liquidity position of the company.
- Standardize financial information comparisons.
- Compare performance against other firms or industry standards.
- Compare performance with past performance.

## 4. RESEARCH METHODOLOGY

SOURCE OF DATA	SECONDARY DATA
PERIOD OF STUDY	2015-2020
FRAME WORK OF ANALYSIS	FINANCIAL STATEMENTS
TOOLS AND TECHNIQUES	RATIO ANALYSIS

## 5. STATISTICAL TOOLS

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

### RATIO ANALYSIS

1. Liquidity ratio
2. Profitability ratio
3. Solvency ratio
4. Activity ratio

## 6. REVIEW OF LITERATURE

**Dr. P. Ganapathi 2020 TNPL Karur district, ISSN (PRINT) 2393-8374 online volume-s issue 6 2018,** The author had made attempt to determine the financial performance of TNPL KARUR DISTRICT is to identify and categories the financial ratio into a small number of latent variables to represent a compact view of financial performance for a specific time period. Factor analysis extracted three factors solvency asset and cash flow management.

**Dewan M.d. Zahurul Islam A study on financial performance of SMEs 2020, VOL XXIX, N3,587-593.** A study on financial performance SMEs Baes on this evidence, we suggest that entrepreneurial efficacy will be able to help entrepreneurs energize to work hard with a dedicated focus on their goals, thus maintain their financial performance even the current pandemic.

**Dr. M. Ravichandran 2016 A study financial performance of force limited VOLUME 2 issue 11 April 2015 ISSSN online 2349-6010.** The author made study on financial performance analysis of force motor limited it can be concluded that the anticipated inputs to this study to the firms is to assist strategic thinkers pay attention to the appropriate actions, that apply learnt and strong effect on them automobile performance.

## 7. FINDINGS

- The current ratio of the company was highest in the year 2015-2016 and the lowest ratio is 0.85 for both 2018-2019 & 2019-2020. Which the standard value of ratio is 2. Which this company is not belong to the standard value of current ratio.
- The liquid ratio of the company was highest in the year 2014-2015 and the lowest value of ratio is 0.58 in the year 2018-2019 & 2019-2020.
- Absolute liquid ratio of the company was highest in the year 2016-2017 and the lowest in the year 2018-2019.

- The gross profit of firm maintains the ratio in higher level and increase the sales. The highest value of ratio in the year 2015-2016&216-2017 and the lowest in the year 2018-2019&2019-2020.
- The net profit of the company was highest in the year 2014-2015 and the lowest value of ratio in the year 2018-2009&2019-2020.
- The return-on-investment ratio determine the highest value in the year 2014-2015 and the lowest belong to minus of value of ratio to the company in the year 20182019&2019-2020.
- Equity ratio of the company was highest value in the year 2015-2016 and the lowest value of the company in the year 2019-2020.
- The inventory ratio analysis with purchasing policy of the company for investment in inventory and the highest value of ratio in the year 2017-2018 and the lowest ratio in the year 2019-2020.
- The fixed asset turnover of the company was highest value of ratio in the year 20172018 and the lowest value of ratio in the year is 2019-2020.it determine with the sales contribution.
- The total asset turnover ratio of the company was highest in the year 2014-2015 and the lowest in the year 2019-2020.

## 8. SUGGESTIONS

- Tata motors can have a reasonable gross profit to ensure adequate coverage for operating expenses.
- Tata motors can retain their profitability position by making efficient employment of their available resources.
- The company can invest more in current assets than in working capital.
- The company can improve the net profit by reducing interest and financial charges.
- The company may maintain its planning and control techniques in order to regulate and optimize the use of cash balance.
- The company should try to keep the costs lower and increase its sales.

## 9. CONCLUSION

The study on financial performance analysis of TATA MOTORS is stated in this report, this company has revealed the great deal of their financial aspects for six years. However, the profitability position of the company is not much better, that the company, has to decrease the cost of production and



keep the cost lower or increase the sales price and also need to improve the efficiency in converting sales into actual price.

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