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A STUDY ON FINANCIAL PERFORMANCE OF TATA MOTORS LIMITED

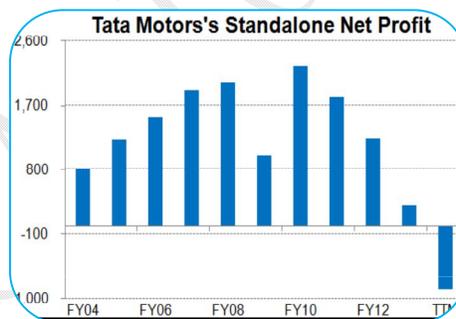
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ABSTRACT:

The industry has witnessed growth of several emerging markets. The automotive industry is now facing new and pressing challenges. Globalization, digitalization and increasing competition in the market are changing the face of the industry. Size of the organization is no longer a guarantee of success. The purpose of this paper is to present a short overview of the automotive industry today and highlight challenges that are faced the industry. We are also going to overview Tata motors used by them and how they were able to overcome the challenges and competition they faced in a foreign market, automobile companies can use Tata motors strategies,



KEYWORDS: : Automobile Industry, liquidity position, profitability, turnover position.

I.INTRODUCTION

The car business is a wide scope of organizations and associations engaged with the structure, advancement, assembling, promoting, and selling of engine vehicles, some of them are called automakers. It is one of the world's biggest monetary parts by income. The car business does exclude ventures committed to the support of cars following conveyance to the end-client, for example, car fix shops and engine fuelfilling stations. The word car was instituted from Greek automobiles (self), and Latin motus

(of movement) allude to any type of self-fueled vehicle. This term, as proposed by Elmer Sperry(1860-1930), first came into utilization with reference to vehicles in 1898 Around the world, there were around 806 million autos and light trucks out and about in 2007, devouring more than 980 billion liters (980,000,000 m³) of gas and diesel fuel yearly.

The car is an essential method of transportation for some created economies. The Detroit part of Boston Consulting Group predicts that, by 2014, 33% of world interest will be in the four BRIC markets (Brazil, Russia, India and China). In the interim, in the created nations, the car business

has backed off. It is additionally expected that this pattern will proceed, particularly as the more youthful ages of individuals (in exceptionally urbanized nations) never again need to possess a vehicle any longer, and favor different methods of vehicle. Other possibly ground-breaking car markets are Iran and Indonesia.

Developing auto advertises as of now purchase a greater number of autos than set up business sectors. As indicated by a J.D. Power consider, developing markets represented 51 percent of the worldwide light-vehicle deals in 2010. The investigation, performed in 2010 anticipated

that this pattern should quicken. In any case, later reports (2012) affirmed the inverse; to be specific that the car business was backing off even in BRIC nations. In the United States, vehicle deals crested in 2000, at 17.8 million units.

II.OBJECTIVES OF THE STUDY

1. To measure the performance of the company through financial ratio analysis.
- 2.To identify the profitability status of Tata Motors Ltd.

III.REVIEW OF LITERATURE

The report of (FICCI-2007) specified the overview of automotive industry of India and explained the added advantages of automobile industry in India. According to this article India has high potential of automobile industry, which contributes 4%GDP in Indian economy. Indian automobile industry offers different types of automobiles such as cars, scooters, bikes, busses, trucks, jeeps, tractors and all types of two wheelers, three wheelers as well as four wheelers.

Scott Dawson Peter H.BolochAndNancy.M (2001)has examined the influence of motives of consumers. They came out with the finding that it was the emotions and psychological states of the consumers to behave in a particular manner while shopping. They also found that behaviour of the consumers vary in different markets based on their emotions.

Balasubramanian and Jeyakumar(2003)²have advocated the benefits of embracing customers relationship management techniques in retail laptop to attract new consumers and retain the existing consumers .They also strongly contended that CRM techniques was used as sales promotional measures as well as consumers' retention strategy.

Shajahan(2004)³ has advocated that it was the cordial relationship that the retailer had with the consumer for his business success. So he strongly felt the maintaining customer relationship in a healthy manner all the times is imperative to the success of retailing business.

Nizam Mohammed (2001)¹In his study entitled "Heading for a bright future" has analyzed the causes of low capacity utilization during the 1970s. He observes that the major problem which causes the relatively low capacity utilization include the shortage of raw materials, inadequate supply of power, coal and transport bottlenecks. He has also observed that the capacity utilization in paper industry is influenced by several factors.

Kulkarni (2002)³In his article entitle the examination of the Indian level of taste during the two decades. He has observed that the capacity utilization declined very sharply from the first decade and to during the year was production level of also increased in a similar manner as form level in a same period. Thus, it is noted that the capacity utilization of the relationship with the install capacity improvement.

IV. PROFILE OF THE COMPANY

Goodbye Motors was built up in 1945 as Tata Engineering and Locomotive Co. Ltd. to fabricate trains and other building items. It is India's biggest vehicle organization, with independent incomes of Rs. 25,660.79 crores (USD 5.5 billion) in 2008–09. It is the pioneer in business vehicles in each portion, and among the best three in traveler vehicles with winning items in the smaller, medium size vehicle and utility vehicle fragments. The organization is the world's fourth biggest truck maker, and the world's second biggest transport producer.

The organization's 23,000 workers are guided by the vision to be 'best in the way in which they work best in the items they convey and best in their worth framework and ethics.'Tata Motors' quality surely cuts over the length and broadness of India. More than 4 million Tata vehicles employ on Indian streets, since the principal took off in 1954. The organization's assembling base in India is spread crosswise over Jamshedpur (Jharkhand), Pune (Maharashtra), Lucknow (Uttar Pradesh), Pantnagar (Uttarakhand) and Dharwad (Karnataka). Following a vital collusion with Fiat in 2005, it has set up a modern joint endeavor with Fiat Group Automobiles at Ranjangaon (Maharashtra) to create both Fiat and Tata autos and Fiat powertrains. The organization is setting up another plant at Sanand (Gujarat).

The organization's business, deals, administrations and extra parts system contains more than 3500 touch focuses; Tata Motors additionally conveys and showcases Fiat marked autos in India.

Goodbye Motors, the main organization from India's building division to be recorded in the New York Stock Exchange (September 2004), has likewise developed as a global car organization. Through auxiliaries and partner organizations, Tata Motors has tasks in the UK, South Korea, Thailand and Spain. Among them is Jaguar Land Rover, a business containing the two famous British brands that was gained in 2008. In 2004, it procured the Daewoo Commercial Vehicles Company, South Korea's second biggest truck creator. The rechristened Tata Daewoo Commercial Vehicles Company has propelled a few new items in the Korean market, while likewise sending out these items to a few universal markets. Today 66% of overwhelming business vehicle fares out of South Korea are from Tata Daewoo. In 2005, Tata Motors gained a 21% stake in Hispano Carrocera, a presumed Spanish transport and mentor maker, with a choice to get the rest of the stake too. Hispano's quality is being extended in different markets.

In 2006, it framed a joint endeavor with the Brazil-based Marcopolo, a worldwide pioneer in lifting weights for transports and mentors to fabricate completely manufactured transports and mentors for India and select universal markets. In 2006, Tata Motors went into joint endeavor with Thonburi Automotive Assembly Plant Company of Thailand to fabricate and advertise the organization's pickup vehicles in Thailand. The new plant of Tata Motors (Thailand) has started generation of the Xenon pickup truck, with the Xenon having been propelled in Thailand at the Bangkok Motor Show 2008.

Goodbye Motors is additionally growing its global impression, set up through fares since 1961. The organization's business and traveler vehicles are as of now being promoted in a few nations in Europe, Africa, the Middle East, South East Asia, South Asia and South America. It has franchisee/joint endeavor gathering tasks in Kenya, Bangladesh, Ukraine, Russia and Senegal. Tata Motors Group (Tata Motors) is a \$45 billion association. It is a main worldwide car assembling organization. Its different portfolio incorporates a broad scope of autos, sports utility vehicles, trucks, transports and barrier vehicles.

Goodbye Motors is India's biggest and the main Original Equipment Manufacturer (OEM) offering broad scope of coordinated, keen and e-versatility arrangements. Some portion of the USD100 billion Tata gathering established by Jamsetji Tata in 1868, Tata Motors is among the world's driving makers of vehicles. We put stock in 'Associating desires', by offering creative portability arrangements that are in accordance with clients' yearnings.

Goodbye Motors has dependably been at front line of advancing advances and giving items and encounters taking into account the observing needs of our clients crosswise over both traveler and business vehicles business. With its corporate image personality - Connecting Aspirations, Tata Motors keeps on making section characterizing items that will start up the creative mind of clients - many generations; repeating the organization's guarantee of offering better adventures.

They have recognized six key portability drivers that will lead us into the future - measured design, intricacy decrease in assembling, associated and self-ruling vehicles, clean drivelines, shared versatility, and low all out expense of proprietorship. Our sub-image TAMO is a hatching focus of advancement that will start new versatility arrangements through new advances, plans of action and organizations.

V. SAMPLING METHOD

The study is based on convenience sampling method.

VI. PERIOD OF THE STUDY

The period of this study covered five years from 2013-14 to 2017-18.

VII. DATA ANALYSIS AND INTERPRETATION

INTRODUCTION

Accounting process involves recording, classifying, and summarising various business transactions. Financial analysis refers to the process of determining financial strength and weakness of a firm by establishing strategic relationship between the items of a financial statement like balance sheet, profit & loss account and other operative data. The data used in this study are secondary in nature which contains the Financial data and profile of the Companies.

RATIO ANALYSIS

The relationship between two figures which expressed mathematically is called a ratio. It is a numerical relationship between two numbers which are related in some manner.

TABLE-1

RATIO ANALYSIS OF TATA MOTORS						
YEAR	CR	QR	DER	NP	INV.R	ATR
2013-14	0.43	0.36	0.76	-41.307	9.78	1.02
2014-15	0.42	42	1.35	2.1056	8.23	1.06
2015-16	0.51	0.41	0.61	-0.011	9.26	1.18
2016-17	0.53	0.42	0.89	0.1722	8.83	1.14
2017-18	0.57	0.44	0.81	0.1494	10.52	1.54
MEAN	0.492	8.726	18.506	-7.77816	9.324	1.188
STD.DEV	0.058103	16.63702	35.24789	16.78246	0.78528	0.184868
COFF	11.80963	190.6603	190.4674	-215.764	8.422132	15.56124

Source: Primary Data

Interpretation

The table-1 shows the year of current ratio, quick ratio and debt equity ratio. All are in level of increasing. Net profit ratio level is in declined position. Inventory ratio and asset turnover ratio was to the satisfactory. Standard deviation is always in positive position at level of Mean. Coefficient of variance in net profit ratio also in a decline position in Tata motors.

TABLE-2

RATIO ANALYSIS OF TATA MOTORS						
YEAR	OP	RCM	FATR	TATR	LTDR	DTR
2013-14	-2.83	1.08	1.49	1.12	0.51	22.60
2014-15	-3.84	-16.02	1.48	1.16	0.83	31.14
2015-16	8.68	5.31	1.36	1.26	0.46	27.12
2016-17	4.74	-1.19	1.30	1.19	0.65	21.24
2017-18	9.74	5.04	1.65	1.78	0.65	20.98
MEAN	16.49	-5.78	7.28	6.51	3.1	123.1
STD.DEV	7.82	8.04	2.38	2.14	1.021	40.39
COFF	47.44	-139.26	32.70	32.87	32.93	32.82

Source: primary Data

Interpretation

The table-2 shows the ratio analysis of Tata motors. Operating ratio is used to measure company's pricing strategy and operating efficiency. Return on capital employment is a -139.26 decline position. Turnover ratios both are to the satisfactory. Standard deviation shows high position. In coefficient of variance return on capital employment is in decline stage.

COMPARITIVE WITH TREND ANALYSIS

A series of financial statements may be analysed by determine the trend of the data shown in the statements. This analysis shows the direction upward or downward and involves the computation of percentage relationship that each statement of item bears to the item in the base year which may be the earliest year involved in comparison of the last year.

TABLE-3
TREND COMPARISON OF TOTAL PROFIT WITH NET SALES

YEAR	TOTAL PROFIT	SALES
2013-14	34288.11	100
2014-15	36301.63	105
2015-16	42845.47	125
2016-17	44316.34	129
2017-18	58831.41	172

Source : primary Data

Interpretation

The above table shows that through the sales trend values are increasing all the year. This shows positive trend.

A.FINDINGS

- 1) From the above data analysis it has been found that, the company's profitability ratio is satisfied.
- 2) Short term liquidity position is satisfactory because current ratio and quick ratio level meet the liquidity position of Tata motors.
- 3) The turnover ratio of the company are also to the satisfactory.
- 4) Trend value shows the company's position as a better working

CONCLUSION

I would like to conclude that the prosperity of Tata motors ltd , is wealthy for the last five year period, it was found that a strong automobile company that has gained large market share through acquisition and mergers. Therefore Tata motors limited is always committed to understanding the customer needs. That shows that company challenges proper investment in the quality of automobile products.

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LIST OF ABBREVIATION

CR	- CURRENT RATIO
QR	-QUICK RATIO
DER	-DEBIT EQUITY RATIO
NP	-NET PROFIT RATIO
INVTR	-INVENTORY TURNOVER RATIO
ATR	-ASSET TURNOVER RATIO
STDV	-STANDARD DEVIATION
COVAR	-COFFICIENT OF VARIATION
OP	-OPERATING PROFIT
RCM	-RETURN ON CAPITAL EMPLOYMENT
FATR	-FIXED ASSET TURNOVER RATIO
TATR	-TOTAL ASSET TURNOVER RATIO
LTDR	-LONG TERM DEBT EQUITY RATIO
DTR	-DEBTORS TURNOVER RATIO