

A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF TATA MOTORS LTD AND MARUTI SUZUKI LTD

Submitted in partial fulfilment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

LAVANYA R

Register No.40410090



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

Accredited with Grade "A" by NAAC | 12B Status by UGC

Approved by AICTE

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BONAFIDE CERTIFICATE

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DECLARATION

I **LAVANYA R (Reg.No.40410090)** hereby declare that the Project Report entitled "**A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF TATA MOTORS LTD AND MARUTI SUZUKI LTD**" done by me under the guidance of **Dr.DHIVYA SATHISH** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

Financial ratio analysis is the process of reviewing the financial position of the company. Ratio analysis is extensively used by firms as a technique to forecast the financial soundness of the company to build future growth. This study aims at analyzing the financial performance of Tata Motors and Maruti Suzuki by calculating financial ratios. The primary objective of this study is to evaluate the performance of Tata Motors and Maruti Suzuki during the last 5 years. The reference period taken for study is 5 years starting from 2016 to 2021. Ratios like Current ratio, liquid ratio debt equity ratio, interest coverage ratio and gross profit ratio were calculated to serve the purpose of assessing the financial performance of the company. Further trend analysis and comparative income statement were also analyzed. Secondary data was collected from annual reports of Tata Motors and Maruti Suzuki to derive relevant information. The results reveal that the company has performed reasonably well during the reference period. The company has shown a good potential by earning returns for their shareholders.

CHAPTER I

INTRODUCTION

This chapter introduces the thesis of “A COMPARATIVE STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF TATA MOTORS LTD AND MARUTI SUZUKI LTD”. The introduction provides an overview about financial statement analysis, and explores the necessity of financial analysis. Further this chapter states the objectives, significance, scope, research gap, and limitations of the study.

1.1. FINANCIAL PERFORMANCE: AN OVERVIEW

Every business organization, be it manufacturing or service oriented, needs finance for carrying on its activities. Even if the organization possesses sufficient money to support its activities, the success of the business depends on how well the management utilizes them, funds its capital and how efficiently it operates out of the invested capital to generate profits.

Financial performance analysis is the process of interpreting the firm's financial statement (i.e. Profit & Loss a/c, Balance Sheet, Cash Flow Statement, Fund Flow Statement etc) to determine the financial operations and characteristics of a firm. It gives an insight into the efficiency and performance of the firm's financial management. Financial analysis is a management tool used by the analysts, executives and investors in evaluating the comprehensive position of the company. By consolidating the financial statements, it gives in depth analysis about the liquidity position, long term solvency, financial viability and profitability of a firm. Ratio analysis shows whether the firm is escalating or deteriorating in the past financial years. Comparison of numerous financial aspects according to the needs of executives or investors can be done effectively.

The analyst measures the firm's solvency, liquidity, profitability and other indicators to know whether the business is conducted in a rational manner. The analyst gives overall emphasis on certain significant factors in any research on financial performance of a business organization. They are,

1. Assessing short term and long term solvency
2. Assessing the liquidity and profitability
3. Identifying the efficiency of financial operations
4. Analyzing the factors determining the solvency level of liquidity and profitability.

Financial performance analysis helps the clients/investors to assess, evaluate and decide in which firm they should invest so that they can reap maximum benefit out of it with minimal risk involved. Financial statement analysis and interpretation is significant especially for the shareholders, management, creditors and government. In short, Financial Statement Analysis gives an overview about the fiscal status of an organization.

1.2. FINANCIAL STATEMENTS:

Financial statements are formal records prepared by the company's management to depict a clear picture of its financial performance and position at a point of time. They stand as the principal method of communicating the business information of an entity to the outsiders. Technically, financial statements are a summation of financial position of an entity over a period of time. Generally, financial statements are prepared to meet the needs of present and potential owners and creditors. Publicly traded companies are also required to present these statements along with others to regulatory agencies in a timely manner.

AICP (American Institute of Certified Public Accountants) says "financial statements are prepared for the purpose of presenting a periodical review or report on the progress by the management and deal with (i) the status of Investments in the business and (ii) the results achieved during the period under review". The basic financial statements of an enterprise include (i) balance sheet (ii) income statement (iii) cash flow statement (iv) statement of changes in owner's equity.

Balance sheet is a snapshot of financial position of an entity, listing all the assets on one side and liabilities on the other side. The income statement presents a summary of the revenues, gains, expenses, losses and net income or net loss of an entity for a specified period. The cash flow statement summarises cash receipts and cash payments relating to its operating, investing, financing activities during a particular period. A statement of changes in equity reconciles the opening balance of equity with its closing balance. Notes to financial statements disclose additional and detailed information about the various items listed in the financial statements.

1.3. OBJECTIVES OF FINANCIAL ANALYSIS:

The primary objective of financial statement analysis is to comprehend the information contained in the statement analysis in order to view the profitability and fiscal strength of the firm and to forecast the potential future prospects. Some of the objectives are as follows,

1. **Assessment of current position:** The management will want to know whether the enterprise is heading towards as per plan or lagging in their targets. Frequent recording of the financial transactions helps them to identify their fiscal position.
2. **Assessment of past performance:** By having information about the past financial performance of the business, the management can identify their discrepancies, where they lagged etc. This in turn will help the management to be precocious while making similar decisions in the future. The investors can get possible indicators of future performance and invest accordingly.
3. **Future decision making:** quarterly, half-yearly and annual financial statement helps to execute plans in a better way. Its objective is to assess and predict the earning prospects with reliable information so as to help the executives/investors to make better decisions.
4. **Assessment of operational efficiency:** financial statements help to understand the operations of the firm and determine its efficiency. The calculated financial performance can be compared with the standards set earlier. Any difference or deviation between them and the actual performance can be used as the indicator of efficiency management

1.4. SIGNIFICANCE OF FINANCIAL ANALYSIS:

- 1. Importance to management:** The management needs up-to date, accurate and structured financial data for interpretation of operations of the company. Financial statements assist the management in comprehending the progress, prospects, and position of the business counterpart in the industry. It helps to identify whether the resources of the firm were utilized effectively, to determine the fiscal strength of the firm and to forecast the future prospects of the enterprise. Any discrepancies can be dealt with by structuring new policies and plans according to the result of the analysis.
- 2. Importance to stock exchange:** the value of shares and debentures being traded in the stock exchange are determined on the basis of financial/fiscal position and credit worthiness of the company. The financial statements give accurate and reliable information to fix the price for shares and debentures.
- 3. Importance to the stakeholders:** The stakeholders cannot be present in the day-day operations of the business. However, they need to be updated with the firm's financial position in order to review it. The management prepares the analysis to present it to the stakeholders in the annual general meeting so as to make them aware of the firm's fiscal standards. After evaluating the financial statements, the investors/stakeholders can make sound decisions for their future investment strategies.
- 4. Importance to the Government:** The financial statements helps the government in structuring taxations and regulations policies based on the operations of the company. The government has the authority to tax a business according to

their level of income and assets. The economic viability of a nation is identified by collecting such financial statements from various sectors.

5. Importance to bankers: By analyzing the financial statement of a company, the bankers can assess the ability of the enterprise to meet its obligations, short term and long term solvency, credit worthiness, earning capacity etc. the borrowing capacity can be identified and the extent of loan can be fixed by the banker after evaluating the financial statement.

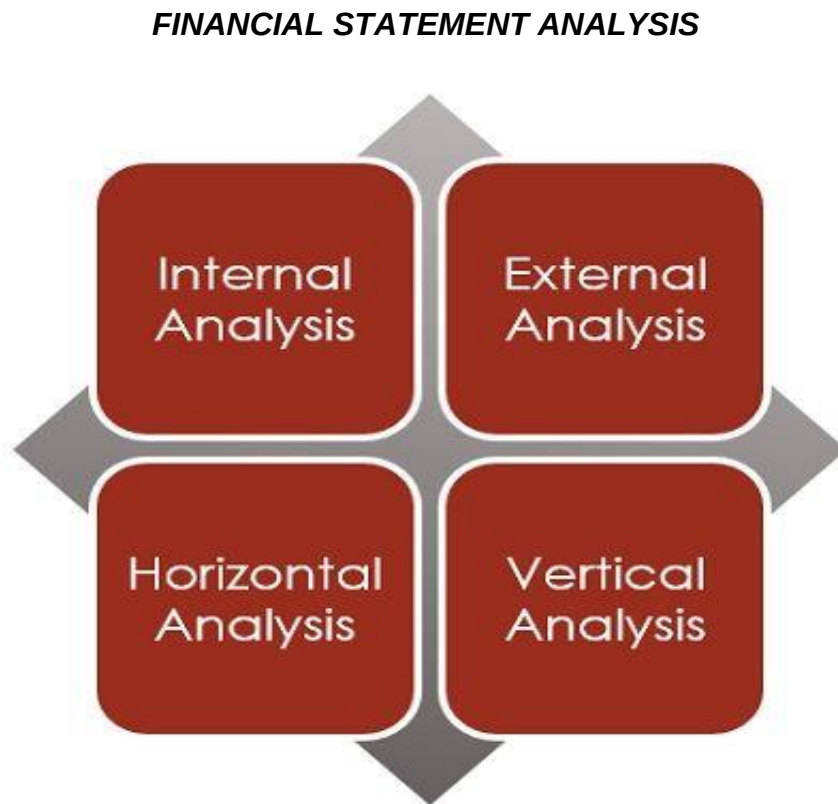
1.5. LIMITATIONS OF FINANCIAL STATEMENT ANALYSIS:

1. Based on past data: only the past data of the firms are included in the financial statements, which are then further analyzed. The future cannot be just like the past. So, the analysis of future estimation cannot be taken literally for forecasting, future budgeting and planning. It can, however, be considered as a precaution.
2. Problem in comparability: The size of the business concern can be varying according to their volume of transactions. Hence the figures of different financial statements and different firms lose the characteristic of comparability. So the analyst must choose the statements accordingly for comparison.
3. Reliability: Very rarely, in some companies, the financial managers tweak and manipulate the financial statements to make it look profitable to show favorable results.

4. Not a substitute of actual judgment: the consolidated financial statement analysis cannot be taken as final judgment. It only acts as a conclusion to the indicators.

1.6. TYPES OF ANALYSIS:

Analysis and interpretation of financial statements can be done by different methods.



ON THE BASIS OF INFORMATION USED:

External Analysis: This analysis is based on published financial reports of a firm. Generally, outsiders cannot access the internal records of a firm, so they depend on such published statements. This analysis is done by the creditors, suppliers, investors, and government agencies.

Internal Analysis: This analysis is based on the internal and unpublished statements. It is done by executives and very useful for the management in decision making.

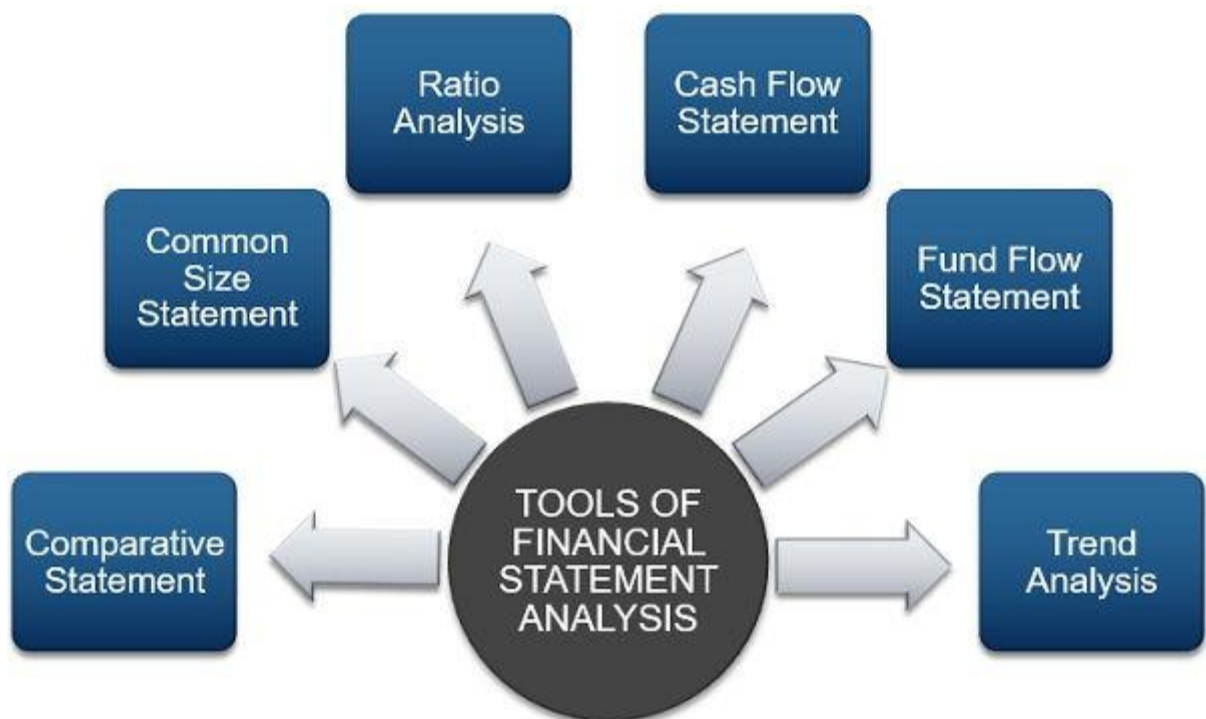
ON THE BASIS OF “MODUS OPERANDI” OF ANALYSIS:

Horizontal Analysis: It is also known as dynamic or trend analysis, as the analysis is prepared by analysing the statements of a number of years, taking the earliest year as the basis for calculating percentages.

Vertical Analysis: It is also known as static or structural analysis. This analysis establishes the quantitative relationship between different items shown in a particular statement.

1.7. TECHNIQUES OR TOOLS OF FINANCIAL STATEMENT ANALYSIS:

The most essential techniques used for analyzing and interpreting the financial statements are as follows:



(i) Ratio Analysis:

An analysis of financial statements based on ratios is known as ratio analysis. A ratio is a mathematical relationship between two or more items taken from the financial statements. Ratio analysis is the process of computing, determining and presenting the relation of items. It also included comparison and interpretation of ratios and using them as basis for the future projections. The ratios can be calculated easily but they

need to be analysed and interpreted appropriately to render meaningful results. Several ratios can be computed, however the analyst has to compute the most essential ratios that would render the desired objective.

Steps involved in Ratio Analysis:

- The first step in ratio analysis is to gather relevant information from financial statements and calculate appropriate ratios required for decision under consideration.
- The next step is to compare the calculated ratios with the past ratios and industry ratios in order to assess the relative meaning.
- The final step is to interpret the significance of various ratios, draw inferences and write a report. The report may contain specific action in matter of the decision situation or may present alternatives with comparative merits or it may just state facts and interpretations.

Advantages of Ratio Analysis:

- Ratios reveal the trends in costs, sales, profit and other inter-related facts, which will be helpful in forecasting future events.
- The analyzed ratios can be used as “instrument of control” regarding sales, costs and profit.
- Ratios help to determine the operational efficiency by comparison of present ratios with those of the past working and industry ratios.
- Ratios facilitates the investment decisions by computing the return on investment which in turn helps the management in taking effecting decisions regarding profitable avenues of investment.

Limitations of Ratio Analysis:

- A single ratio may not provide meaningful sense, for better understanding a number of ratios need to be calculated, which may lead to confusion.
- There are no standard norms for calculating ratios; hence the interpretation may become difficult.
- Each firm follows its own accounting procedure; hence comparison between the firms may not yield accurate results.
- Moreover past ratios may not be effective for future decision making.
- Price level changes are not considered while computing ratios; therefore it makes the ratio interpretation invalid.

(ii) Cash Flow Analysis:

Cash flow statement depicts the cash inflow and cash outflow of a concern. The cash flow of the firm can be found as a difference between opening and closing cash balance during a period of time. It clearly shows the sources of cash and how it is applied to every activity. The loan proceeds, issue of shares, sale of assets are the various sources of cash. Cash flow analysis is the study of movement of cash and cash equivalents through the business.

Steps involved in cash flow analysis:

- Compare the last two years balance sheet and income statement, to prepare the statement of cash flows in three parts.
- Analyze the various sources and application of cash, and then ascertain the cash balances which will be useful for future projects.
- Cash flow statement can also be prepared by analyzing the cash from operating, financing and investing activities.

Advantages of cash flow analysis:

- Cash flow statement provides information regarding liquidity and profitability of the firm. It helps to ascertain the cash earning capacity of the firm as well as the efficiency of the firm in paying off its obligations.
- It helps to maintain optimum cash balance of the firm, so that the firm can invest the surplus cash or borrow from lenders to meet the deficit.
- Cash flow statement enables proper management of cash, resulting in effective planning and coordination of various activities.
- Preparation of cash budget helps in appraising the performance of the cash of the firm.

Limitations of cash flow analysis:

- Cash flow statement does not provide net income as it does not consider various noncash items.
- Historical costs are the basis of preparation of cash flow statement; hence the cash flow statement will not be helpful to project the future cash flows.
- Inter-industry comparison is not possible as cash flow statement does not measure the economic efficiency of the firm.

c) Funds flow analysis:

The term 'funds' refers to working capital. Funds flow statement depicts the internal and external sources of working capital and how they are spend towards each activity. Thus funds flow shows the changes in working capital of the firm. Working capital is ascertained as a difference between current assets and current liabilities of the company. Fund flow analysis involves three parts,

- ❖ Schedule of changes in working capital
- ❖ Statement of funds from operation

❖ Statement of fund flow.

Steps involved in fund flow analysis:

- The first step is to prepare the schedule of changes in working capital, by analyzing the increase or decrease in the current assets and current liabilities of the company.
- Next is to ascertain the funds earned from the regular business operation by adding the non-operating expenses to the net profit earned during the period and then subtracting the non-operating income.
- The last step is to prepare the fund flow statement with the help of net increase/decrease working capital and funds from operation.

Importance of fund flow statement:

- Fund flow statement discloses the changes in assets, liabilities and equity of the company between two balance sheet dates.
- It helps to analyse the operational position of the concern.
- It helps in proper allocation of resources of the company in an effective and efficient manner.
- It is useful for the investors to interpret the strength and weakness of the firm.

Limitations of fund flow statement:

- Fund flow statement fails to consider the non-fund transactions, which may provide misleading information to the users of financial statements.
- Fund flow statement is prepared based on the data provided in the balance sheet and income statement; hence the reliability of fund flow statement depends on the accuracy of such statements.

- It is historical in nature as it prepared with the help of past data.

d) Comparative income statements:

This method establishes the comparison of data, either between two accounting years or between two firms. Generally these statements include comparative profit & loss account, comparative balance sheet. These statements indicate the trends in performance efficiency and financial position. The comparative income statement combines the data of various accounting periods and presents it in a single table for interpretation.

Steps involved in comparative income statement:

- Tabulate the value of assets, liabilities, income, expenses of the firm for desired accounting periods.
- Compute the increase or decrease amount by finding the difference between the two year's values.
- Ascertain the percentage change of the current year values in relation to the previous year.

Advantages of comparative income statement:

- Comparative income statement enables inter-comparison as well as intra-comparison of the financial results of the firm.
- It helps in evaluating the overall performance of the company.
- It is also useful for predicting the financial distress, so that corporate failures will also be predicted.

Disadvantages of comparative income statement:

- Inter-firm comparison would be more effective, when both the firm follows the same accounting procedures. Therefore mere preparation of comparative income statement does not yield proper comparison.
- It may provide misleading information as there could be negative amount in base year and positive amount in next year. Moreover percentage calculation becomes impossible.

e) Common size statements:

Common size statements emphasize the relation of various items to one common item (expressed as a percentage of some common item) in the financial statement. This method can be used in balance sheet and income statement. In case of income statements, sales figure is considered to be the common item to establish relation. In balance sheet, the total value of assets would be the base.

Steps involved in common size statement analysis:

- In case of comparative balance sheet, classify the assets into fixed assets and current assets; liabilities into proprietor's funds, long term liabilities, current liabilities and ascertain its total.
- Divide the computed total with the common base and ascertain the percentage.
- $\text{Percentage of base} = \left(\frac{\text{individual item amount}}{\text{common base amount}} \right) \times 100$

Advantages of common size statement analysis:

- Common-size statement can be easily computed by the analysts using the financial statements.
- It is helpful for comparing the financial performance at a single glance.
- It is also useful for understanding the structural composition of various items in the financial statements in relation to some common base.

Limitations of common size statement analysis:

- Common size statement cannot be used as a basis for making decision as it does not possess standard percentage regarding the change of percentage in various components.
- As it considers only the percentage increase or decrease, it does not provide details regarding liquidity and solvency position of the firm.
- Comparative income statement ignores the qualitative aspects of the firm.

f) Net working capital analysis:

Net working capital is a measure to interpret whether the business has sufficient liquid assets to pay off its short term obligations. Liquid assets refer to such assets that can be quickly converted into cash. It includes cash, bank balances, marketable securities, accounts receivables, and etc. In this method, schedule of changes in working capital is prepared to analyze the increase or decrease in working capital. Net working capital is ascertained as difference between current assets and current liabilities. A positive working capital reveals good financial

position of the firm, however too much of working capital denotes that the company's funds are idle, not being utilized towards the growth and success of the firm. It also denotes that either the company fails to take such opportunities towards growth or it is unaware of them. On the other hand, negative working capital results in delay in payment of dues to the suppliers, creditors. It may also lead towards bankruptcy and even liquidation of the firm.

g) Trend analysis:

Trend analysis ascertains the trend percentages of data over a particular period of time and provides information regarding changes in financial and operating data between specific periods. Trend analysis is basically analyzing the past and current data to reveal the future prospects of the firm. There are three types of trends namely short, intermediate, long term. It is also considered as a form of comparative analysis.

Steps involved in trend analysis:

- The first step is to identify the data that has to be analysed.
- Then choose the time period for gathering such data.
- Prepare trends and analyse it, so that the future could be predicted.

Advantages of trend analysis:

- Trend analysis helps in inter-firm comparison, as it provide absolute figures over a period of time.
- It is useful for analyzing the liquidity, solvency, profitability position of the firm
- As it forms as a basis of comparative analysis, it is also useful for decision making.

Limitations of trend analysis:

- It is very difficult to select a base year for the purpose of ascertaining trend analysis.
- It is also difficult to use the same accounting policies as the trends will be changed constantly.
- During price level changes, the trend analysis may not yield proper results.

1.8. METHODS OF RATIO ANALYSIS:

1. Current Ratio:

The current ratio is a liquidity ratio which is a liquidity ratio that measures a company's ability to pay short term obligations or those due within one year

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

2. Liquid Ratio:

Liquid ratios are used to determine the debtor's ability to pay off current debt obligations without raising external debt.

$$\text{Liquid Ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$

3. Absolute Liquid Ratio:

Absolute liquid ratio is a type of liquidity ratio which is calculated to analyze the short term solvency or financial position of the firm.

$$\text{Absolute liquid ratio} = \frac{\text{Cash} + \text{Marketable securities}}{\text{Current liabilities}}$$

4. Debt equity ratio:

The debt-to-equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets.

$$\text{Debt equity ratio} = \frac{\text{Total long term debt}}{\text{Shareholder's fund}}$$

5. Proprietary ratio:

Proprietary ratio is a type of solvency ratio that is useful for determining the amount or contribution of shareholders or proprietors towards the total assets of the business.

$$\text{Proprietary ratio} = \frac{\text{Shareholder's fund}}{\text{Total tangible assets}}$$

6. Fixed assets ratio:

Fixed-asset turnover is the ratio of sales to the value of fixed assets. It indicates how well the business is using its fixed assets to generate sales.

$$\text{Fixed assets ratio} = \frac{\text{Fixed assets}}{\text{Long Term funds/ capital employed}}$$

7. Gross profit ratio:

Gross profit ratio (GP ratio) is a financial ratio that measures the performance and efficiency of a business by dividing its gross profit figure by the total net sales.

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

8. Net profit ratio:

It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales, and income taxes recognized.

$$\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Net sales}} \times 100$$

9. Operating profit ratio:

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production such as wages, raw materials, etc.

$$\text{Operating profit ratio} = \frac{\text{Earnings before interest and tax}}{\text{Net sales}} \times 100$$

10. Return on capital employed:

Return on capital employed (ROCE) is a financial ratio that can be used to assess a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital as it is put to use.

$$\text{Return on capital employed} = \frac{\text{Operating profit}}{\text{Capital employed}} \times 100$$

11. Return on shareholders fund:

Return on shareholders' funds is an accounting measure of the rate of return that shareholders have obtained on the capital which they have invested in the business.

$$\text{Return on shareholders fund} = \frac{\text{Net profit after tax}}{\text{Shareholders fund}} \times 100$$

12. Earnings per share:

The earnings per share ratio (EPS ratio) measures the amount of a company's net income that is theoretically available for payment to the holders of its common stock.

$$\text{Earnings per share} = \frac{\text{Net profit after tax and preference dividend}}{\text{Number of equity shares}} \times 100$$

13. Book value per share:

It is a method to calculate the per-share book value of a company based on common shareholders' equity in the company.

$$\text{Book value per share} = \frac{\text{Share capital} + \text{Reserves and Surplus}}{\text{Number of equity shares}}$$

14. Dividend payout ratio:

The Dividend Payout Ratio (DPR) is the amount of dividends paid to shareholders in relation to the total amount of net income the company generates. In other words, the dividend payout ratio measures the percentage of net income that is distributed to shareholders in the form of dividends.

$$\text{Dividend payout ratio} = \frac{\text{Equity dividend per share}}{\text{Earnings per share}} \times 100$$

15. Working capital turnover ratio:

Working Capital Turnover Ratio helps in determining how efficiently the company is using its working capital (current assets – current liabilities) in the business.

$$\text{Working capital turnover ratio} = \frac{\text{Sales}}{\text{Net working capital}}$$

16. Inventory turnover ratio:

The inventory turnover ratio is an effective measure of how well a company is turning its inventory into sales. The ratio also shows how well management is managing the costs associated with inventory and whether they're buying too much inventory or too little.

$$\text{Inventory turnover ratio} = \frac{\text{cost of goods sold}}{\text{Average inventory}}$$

17. Debtors turnover ratio:

Debtor's Turnover Ratio is an accounting measure used to measure how effective a company is in extending credit as well as collecting debts.

$$\text{Debtors turnover ratio} = \frac{\text{sales}}{\text{Average accounts receivable}}$$

18. Comparative income statement:

Comparative Income Statement is the income statement in which multiple periods of the income statement are dealt and compared side by side so as to allow the reader to compare the incomes from a previous year and make investment decisions on whether or not to invest in the company.

19. Trend analysis:

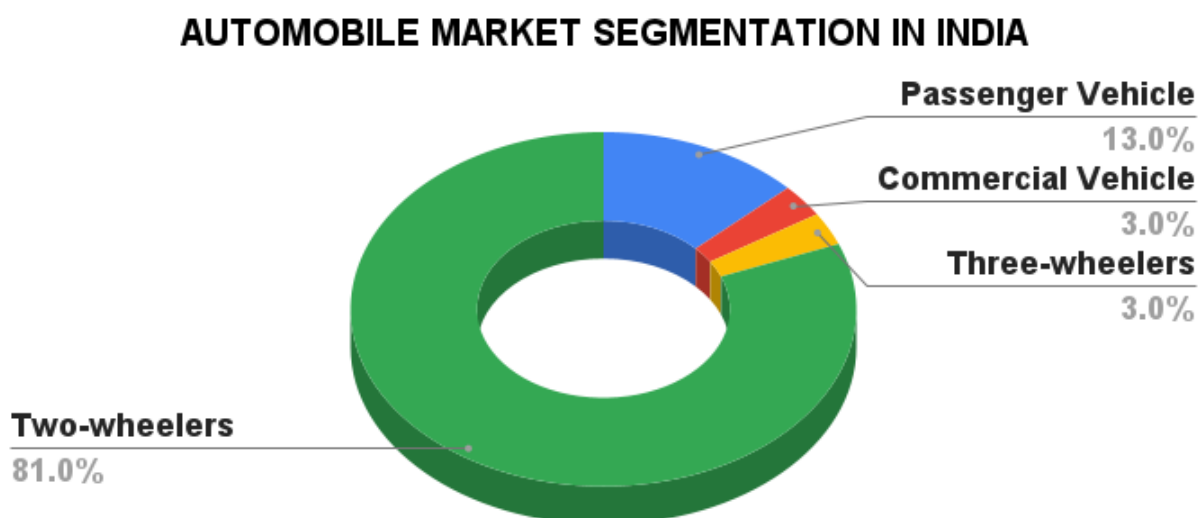
Trend analysis is a technique used in technical analysis that attempts to predict future stock price movements based on recently observed trend data. Trend analysis uses historical data, such as price movements and trade volume, to forecast the long-term direction of market sentiment.

1.9. INDUSTRY PROFILE

AUTOMOBILE INDUSTRY:

The automobile industry in India is a growing industry that shows promise and is necessary for the nation's economic and technological advancement. The availability of low-cost skilled labour, various research and development centers, and easy cheap steel production all help make India the viable choice. India is a growing economy and is a lucrative opportunity for investors.

The automobile industry in India was the fifth largest in the world in 2020. Several Indian automobile manufacturers have spread their operations globally as well, asking for more investments in the Indian automobile sector by the MNCs. The CAGR of the Indian automotive industry's sales between FY 2009 and FY 2020 comes around 8%. The vehicle registrations fell by 29% in the financial year 2020-2021 from 295.8 million registered vehicles to 221.85 million in 2020.



Top Automobile Companies in India:

Tata Motors

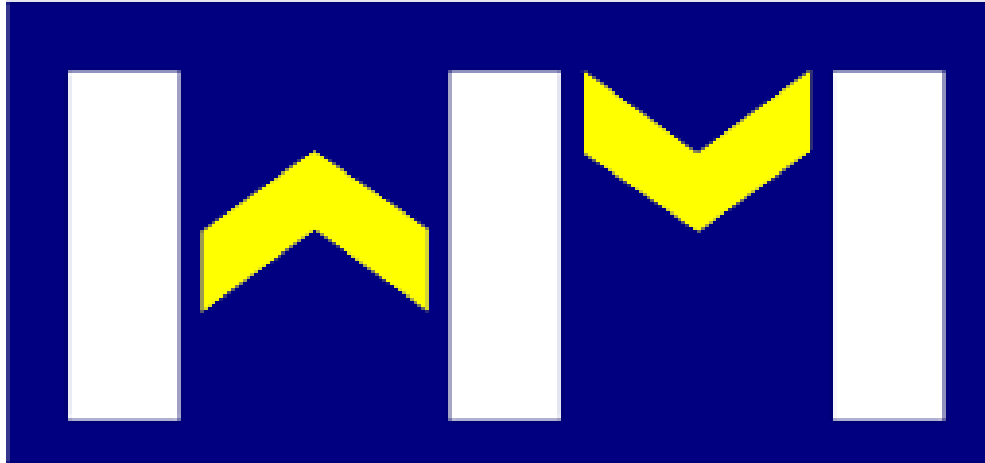


Tata Motors is the largest automobile manufacturing company in India. Established way back in 1945 Tata Motors is a multinational automobile company with its headquarters in Mumbai. Previously known as Telco TATA Engineering and Locomotive Company Tata Motors belongs to Tata Group.

This company manufactures compact medium-sized utility vehicles. Over the last few decades, it has stood as the undisputed leader in the commercial vehicles segment. It is also the third-largest producer of passenger cars in India. This automobile company in India is listed on both the Bombay Stock Exchange and the New York Stock Exchange. The revenues earned by Tata Motors in 2020 accumulated to 34.7 billion USD.

Some of the well-known cars manufactured by Tata Motors are Tata Indigo, Tata Indica, Tata Sumo, Tata Indigo Marina and Tata safari.

Hindustan Motors Limited



Hindustan Motors Limited

Hindustan Motors Limited was founded in the year 1942 by B.M Birla. It is an operative subsidiary of the Birla Technical Services group. This company held the title of the biggest manufacturer of cars in India before Maruti Udyog.

Hindustan Motors was the pioneer in manufacturing automobiles in India. Some of the important cars and multi-utility vehicles manufactured by Hindustan Motors Limited include; Mitsubishi Lancer, Trekker, Contessa, Ambassador, Porter, Pushpak and Mitsubishi.

Hindustan Motors shut down its factory at Uttarpara in West Bengal State, where it has been making the Ambassador since 1957.

Ashok Leyland



Ashok Leyland is a leading commercial vehicle manufacturer in India. It was established in 1948. The company over the years has become synonymous with the production of trucks, passenger buses and emergency military vehicles. It happens to be the second-largest commercial vehicle producer in India holding a market share of almost 30 per cent. The company holds a record for selling almost 60, 000 vehicles and almost 7000 engines per year. Ashok Leyland accounted for consolidated revenues of Rs. 174.67 billion in 2020. Some of the popular products by this company are; Panther BS-II Multi-axle Vehicles, Cheetah Bus-III, Tractors and Ecomet, Lynx BS-II, Diesel and Natural Gas gensets from 15KVA to 250KVA.

Maruti Suzuki India Limited



Maruti Suzuki India Limited was established in 1981. A part of this company is owned by Suzuki Motor Corporation of Japan. It is the country's largest passenger car manufacturing company.

Credited for having brought in the automobile revolution in the country, Maruti Suzuki India Limited was known as Maruti Udyog Limited till 2007. With its headquarters in Delhi, this automobile company in India happens to be the largest producer and market shareholder of cars.

The company accounted for consolidated revenues of Rs. 71,690.4 crore in 2020. Maruti Suzuki India Limited has been credited for manufactures a variety of passenger cars, SUVs, and Sedans.

Some of Maruti's most popular cars are Alto, Gypsy, Omni, Wagon R, Maruti 800, Versa, Zen, Esteem, Baleno and Swift.

Hyundai Motor India Limited



Hyundai Motor India Limited (HMIL) is owned entirely by Hyundai Motors of South Korea. Hyundai Motors happens to be the largest car manufacturer in South Korea and the sixth-largest in the world.

This automobile company in India is also the largest passenger cars exporter in India. Established on May 6 1996 this company in a short period has taken the Indian automobile industry by storm.

Some of the popular cars manufactured by this company are;

- Santro,
- Getz Prime
- Hyundai i10
- Hyundai i20 Accent
- Verna
- Sonata

Bajaj Auto



Bajaj Auto is another important automobile manufacturing company in India. It is one of India's most trusted car manufacturers. It is an operative subsidiary of the Bajaj Group.

Bajaj Auto happens to be the largest two and three-wheeler manufacturer in India and also ranks in this field across the globe. This automobile company was established on 2 November 1945.

The company was then known as M/s Bachraj Trading Corporation Private Limited. The company made a modest beginning by importing and then selling two and three-wheelers in India. Today Bajaj Auto has become synonymous with two and three-wheelers in the country.

Some of its popular two-wheelers are;

- Pulsar 220DTS
- Kawasaki Ninja 250R

1.10. Indian Automobile Industry SWOT Analysis:

Strengths

- The domestic market is large
- The government provides monetary assistance for manufacturing units
- Reduced labour cost
- Evolving industry
- Continuous product innovation and technological advancement
- Growth shifting to Asian markets
- Increase in demand for luxury commercial vehicles
- Manufacturing facilities in Asian nations to control cost

Weaknesses

- Infrastructural setbacks
- Low productivity
- Too many taxes levied by the government increase the cost of production
- Low investments in Research and Development

Opportunities

- Reduction in Excise duty
- Rural demand is rising
- Income level is at a constant increase
- Introducing fuel-efficient vehicles
- Changing lifestyle and customer demand causing a rise in the sale of two-wheelers and compact cars

Threats

- Increasing rates of interest
- Too much competition
- The rising cost of raw materials
- Steeply rising fuel prices
- Slow economy
- Economic recession
- High fixed costs and investments

1.11. COMPANY PROFILE:

Two automobile companies have been chosen for the study. They are tata motors ltd and maruti suzuki ltd.

TATA MOTORS:



Tata motors is an indian multinational automotive manufacturing company, founded in 1945, 77 years ago, by Jehangir Ratanji Dadabhoy Tata. It is headquartered in Mumbai, India. The company produces and manufactures passenger cars, trucks, vans, coaches, buses, luxury cars, sports cars, construction equipment. Tata motors has vehicle assembly operations in several countries apart from India, including the United Kingdom, South Korea, Thailand, Spain and South Africa. It further plans to establish plants in Turkey, Indonesia and Eastern Europe. In India it has manufacturing and assembly units in Jamshedpur, Ranjangaon, Pune, Lucknow, Sanand, Panthnagar and goa. The Manufacturing units at Jamshedpur and Pune are the oldest and largest of Tata Motors. Tata motors has more than 250 dealerships in more than 195 cities across 27 states and four union territories of India. Tata's dealership, sales, service and spare parts network comprises over 3,500 touch points. Tata also has fanchisee/joint venture assembly operations in Kenya, Bangladesh, Ukraine, Russia and Senegal. Tata has dealerships in 26 countries

across 4 continents.

REVENUE AND INCOME OF TATA MOTORS

Revenue	₹319,247 crore (US\$42 billion) (2021)
Operating Income	₹-2,377 crore (US\$-310 million)
Net income	₹-13,016 crore (US\$-1.7 billion) (2021)
Total Assets	₹343,125 crore (US\$45 billion) (2021)

In Share Market Tata Motors Ltd is traded as,

- BSE: 500570
- NSE: TATAMOTORS
- NYSE: TTM
- NSE: NIFTY 50 constituent

Share Holding Pattern of Tata Motors Ltd

Holder's Name	No of Share	% of Share Holding
Promoters	1540885009	46.4%
Foreign Institutions	479896460	14.45%
N Banks Mutual Fund	214929894	6.47%
Central Government	4789854	0.14%
General Public	550123974	16.57%
Financial Institutions	262669799	7.91%
Others	267367017	8.05%

The following are the automobiles launched by tata motors over the years,

- 1954 - First commercial vehicle in collaboration with Daimler-Benz AG(Ended in 1969)
- 1988 - Entered passenger vehicle market with the launch of TataMobile
- 1991 - Tata Seirra, becoming the first Indian Manufacturer to achieve the capability of developing a competitive indigenous automobile.
- 1998 - Tata Indica, a fully indigenous passenger car.
- 2008 - Tata Nano, The world's most affordable car.

Current Models:

- Tata Tiago (2015–present)
- Tata Tigor (2016–present)
- Tata Nexon (2017–present)
- Tata Hexa (2017–2019)
- Tata Harrier (2018–present)
- Tata Altroz (2020–present)
- Tata Nexon EV (2020–present)
- Tata Safari (2021–present)
- Tata Tigor EV (2021–present)
- Tata Punch (2021–present)

MARUTI SUZUKI:



Maruti Suzuki India Limited, formerly known as Maruti Udyog Limited, is an Indian automobile manufacturer, based in New Delhi. It was founded in 1981 and owned by the Government of India until 2003, when it was sold to the Japanese automaker Suzuki Motor Corporation. As of February 2022 Maruti Suzuki has a market share of 44.2 percent in the Indian passenger car market.

Maruti Suzuki has 3,598 sales outlets across 1,861 cities in India. The company aims to increase its sales network to 4,000 outlets by 2020. It has 3,792 service stations across 1,861 cities throughout India. Maruti's dealership network is larger than that of enough known companies combined. Service is a major revenue generator of the company. Most of the service stations are managed on franchise basis, where Maruti Suzuki trains the local staff. Also, The Express Service stations exist, sending across their repair man to the vehicle if it is away from a normal service center.

The following are the automobiles launched by Maruti Suzuki over the years,

- 1983- Maruti 800
- 1984- Omni
- 1985-Gypsy E
- 1990- Gypsy king
- 1993- 1000
- 1984- Zen
- 1999- Esteem
- 2000- Baleno
- 2001- Baleno Altura
- 2003- Versa
- 2007- Zen Estilo
- 2008- A-Star
- 2008- Swift Dzire
- 2008- Ritz
- 2010- Alto K10
- 2017- Baleno RS

CHAPTER II

REVIEW OF LITERATURE

2.1. REVIEWS ON FINANCIAL ANALYSIS

1. Bismark Maka¹, Dr. N. Suresh(2018) in their article “Review of financial performance analysis of corporate organizations”examined that, a standard shift to financial performance analysis which inspects the internal KPIs like current ratio, quick ratio, net profit margin, working capital ratio etc on the overall financial performance of the firms will supplement financial performance literature both in industry and academia. This approach will later complement in making decisions with respect to business planning, budgeting processes and investment decision making. Since the performance of internal KPIs are trackable and measurable; their significant contribution to the overall achievement of the goals of the company can be ascertained. Hence the key indicators which led to the non achievement of financial goals can be determined and new structure can be modeled to arrest the financial under performance.

2. Shaikh Salman Masood (2020) in his study Financial Statement Analysis of Tata Motors Limited carried out for the period 2017, 2018, 2019 has noticed abnormal amounts of debt of tata motors and pointed out their lack of ability to pay contractual payments. Out of the 3 financial years, 2017 had the highest quick and current ratios indicating the firm’s highest liquidity. It has decreased ever since.

3. Bhupender Kumar Som¹ , Himanshu Goel² (2020) in their journal “Ratio Analysis: A Study on Financial Performance of Tata Motors”, reviewed the

financial performance of Tata Motors from 2016-2020. The results reveal the Return on capital employed and Net worth were at all time low. The current ratio of the firm were to be considered a matter of concern for the investors as it directly influences the company's financial performance. The company seemed to produce good results in 2019, before the pandemic, may be due to the expected reasons such as voluntary retirement scheme and sell-off non-core assets which worked well in favor of the company.

4. MODI TANVIR R. and KHORAJIYA MAHMADARIF I. (2014) concluded that Tata Motors Ltd has been decreasing their profitability. Their study "ANALYSIS OF PROFITABILITY OF TATA MOTORS LIMITED" indicates that even though the sales revenue of the firm was high the gross profit margin the company was not increasing. Operating profit was low compared to the sales volume of the company. Over the period of the study the net profit margin of the company signifies lower level of profitability of the company.
5. Moses Joushva Daniel A (2013) in his study "A Study on Financial Status of Tata Motors Ltd" examined the financial performance of the firm from 2006-2007 to 2010-2011. He concluded that the financial performance was satisfactory and has had a stable growth over the years. It is said to reduce expenditure as it's been increasing every year. The net profit is increased but the net profit ratio has decreased so in order to have increased actual profit the firm must increase the sales.
6. V. Gokulapriya (2020) in her journal "A STUDY ON FINANCIAL PERFORMANCE OF MARUTI SUZUKI MOTORS" concluded that the firm should increase their profitability level by considering the internal and external

factors even though the the firm's profitability is satisfactory. The firm should invest more in their current assets as there seems to be a fluctuation in liquidity position.

7. Biswajit Rout **Abinash Dash ***Baisali Das (2020) in their journal "A Study on Financial Statement Analysis of Maruti Suzuki India Limited Company" reviewed the financial performance of the firm from 2009-2019. They concluded that the prosperity of Maruti Suzuki has been wealthy for the last 10 years. It was found to be in a gradually increasing manner regarding the Net Sales and Net Profits of the company since 2009 onwards.
8. Sudarshan Kumar (2020) in his article "A study on evaluation of financial performance of Maruti Udyog Ltd " analyzed that Maruti Suzuki has demonstrated that it is consistently ahead of its rivals as a result of continuous developments. What's more, mechanical upgrades. The organization has set a benchmark of greatness due to the Exploration and Development movement as Maruti Suzuki accepts that this action will empower the organization to offer better and climate cordial items than clients with complete fulfillment. Maruti Suzuki's ecological execution is truly uncountable. Thinking about the developing vehicle contamination, the organization presented a progressed K-Series motor in its vehicles which brought about a decrease of CO, THC and NOx discharges by right around 50%. To the extent financial execution is concerned, Maruti Suzuki's last not many year's measurements of Domestic deals, Fare, portrays that still Maruti Suzuki is the head of Indian Automobile sector.
9. B Navaneetha, R Padmasri and A Pavithira (2018) in their study "A ratio analysis of Maruti Suzuki India Ltd " have concluded that MSIL is following a

conservative working capital policy as it maintains minimum level of liquidity. Companies with low liquidity ratios have a higher risk of meeting its current obligations. In the case of MSIL the fall in the liquidity ratios is offset by the rise in profitability ratios. The company allocates more funds on investments to have an edge over the competitors. MSIL is the king of the Indian automotive industry. MSIL has been consistently surviving in the industry with the effective growth rate which is evidenced by high profit earning capacity.

10. MD Qamar Azam and MD Abrar Alam (2020) in their study "FINANCIAL RATIOS AND ANALYSIS OF TATA MOTORS" found out that the Overall Z score of Tata motors is lies between 0.71 to 2.44, lowest in 2015. Company needs serious studies. We can say that its main reason is company's working capital to total assets is negative during the periods. It's all profitability ratios are under the average and negative during the years. Debt to total assets is approx. 60-70% which is above the average. Debt to equity ratio is moving between 1.5 to 2.2 which is bad for any company. In the case of the liquidity ratios which are very low relatively to industry. On an average tata motors financial ratios indicates that its financial conditions are under performance.

11. Sebe-Yeboah and Mensah evaluated the financial performance of ADB by using varied analytical tools. The study was conducted with the help of secondary data i.e. audited financial statements and information pertaining to that domain with the help of important sources. Statements from 2006-2012 were gathered for the study. Descriptive statistics, Du Pont financial ratio analysis, vertical and horizontal analysis were implemented in the study. The study found that ADB's attitude towards the financing of agriculture was shrinking. The liquidity position of the banks indicated a descending trend and fell further down in 2010.

12. Tehrani (2012) in their study “A model for evaluating financial performance of companies by data envelopment analysis” developed a model for analyzing the company’s performance. The performance assessment indexes were generated from financial statements and ratios from articles and books. Data envelopment analysis was employed to evaluate the study due to the large number of variables. Parameters used to measure the performance of the company were liquidity, activity, leverage, economic added value and profitability ratios. The result indicated that nine out of thirty six companies were efficient.
13. Donkor and Tweneboaa-Kodua (2013) in their study Profitability, Liquidity and Efficiency of Rural Banks: Evidence from Ghana looked into the efficiency, liquidity and profitability of Asante Akyem Rural Bank (AARB) from 2007 to 2011. The parameters of the study were gross and net profit margin. Both primary data and secondary data were collected. Except for the financial year 2010, the bank achieved profitability for the rest of the years of study. The study also concluded that the bank’s liquidity is weak and the management of the bank is inefficient.
14. Vadiraj Deshpande and Dr.N.S.Narahari (2014) in their study “Statistical Modelling Approach to Estimation of Average Revenue per User in Telecom Service- a Case Study” attempted to structure a model for estimating Average Revenue Per User (ARPU) trends. The model was designed to serve as a guide to telecommunication service providers for structuring strategies to improve ARPUs. The study of regression analysis revealed that subscriber base, new users added periodically and number of operators are the key determinants of how much a user spends on the average.

15. Gahlot, Kishan Lal (2017) in his Analysis of financial statement of Rajasthan tourism Development Corporation, analyzed the origin and growth of tourism industry at national and international level. He made significant remarks about the various policies framed by the Indian Government towards the tourism sector. The study undertook the period of 2005-2006 to 2014-2015 by using the financial indicators of solvency, working capital, cash flow etc with the help of accounting ratios and trend analysis. The study conclude that overall there is a fluctuating trend in working capital and cash flow.
16. Manickavasugi,S P(July 2011) evaluated the production, sales, profitability and solvency performance of three major Indian Public Sector oil companies- Bharat Petroleum Corporation Limited, Hindustan Petroleum Corporation Limited and Indian Oil Corporation Limited after liberalization. The period of study was from 2001-2002 to 2008-2009. The data were primarily from secondary sources (annual reports, financial statements of the companies). Accounting ratios, statistical and mathematical methods were employed to analyze and arrive at the result that the oil companies showed good performance during the study period and suggested improving their liquidity position.
17. Basheer Ahamed, T M (2006) did an analytical study on the performance of selected units (i.e.), Madras Fertilisers Limited (MFL), Southern Petrochemical Industries Corporation Limited (SPIC), E.I.D. Parry (India) Limited (PARRY) and Neyveli Lignite Corporation (NLC) for a period of 10 years (1993- 1994 to 2002-2003). Statistical tools such as mean, regression techniques, correlation coefficient, autocorrelation coefficient, Durbin-Watson d-test, multicollinearity and ANOVA techniques were used to interpret the financial statements, and

suggested that Capital budgeting appraisal methods such as, pay-back period, average rate of return, internal rate of return, net present value and profitability index are to be prudently used by the firms to increase the return to equity shareholders to certain extent

18. Kharpas, A B (2004) has explained the financial indicators of 6 Public Ltd Engineering companies in Maharashtra which are selected on regional basis, for a period of 11 years (1992 – 2002). He evaluated the manufacturing cost incurred, profitability, short term and long term solvency using accounting methods and proposed to have standardization in operating and non operating expenses, adopt common depreciation cost system, and improve exports
19. Maria Nevis Soris N (2003) made a research on “financial viability of major ports in south India” by comparing the financial performance of Tuticorin port with other ports of South India for a period of 10 years, and revealed that Tuticorin port’s performance is more satisfactory by earning surplus revenue for repayment of loans and infrastructure development . And other ports except Cochin port are also performing well during the study period.
20. Manoharan, Padmaja (2002) had evaluated the profitability of cement industry in India by analysing the sample of 32 companies ,of which 31 are public limited companies in private sector and 1 company from the central sector. These companies were chosen for the reason that, they have financial data for a continuous period of 10 years (1990-91 to 1999-2000). The sample consists of 48% of entire cement industry in India. The companies were classified on the basis of size, age, region for the research. The required data were collected from the compilation made by the Centre for monitoring Indian Economy (CMIE). Statistical tools were employed for the study and suggested

that Altman's model and Lambda index would decipher the areas of weakness and take remedial measures.

21. Gupta, Dinesh chandra (1991) had interpreted the annual reports of cement industry in India with special reference to UPSCC Ltd from the period 1984-85 to 1988-1989 by explaining the origin, growth and development of cement industry and various tools of analysis; common size analysis (comparative financial & operating statements) , trend ratios , ratio analysis , break even analysis , funds flow analysis . And the study revealed reduced profits, low capital turnover rate, inadequate sales, deficit working capital and overall down in the cement industry in early 1990's.
22. Arya (1984) analysed the financial statements (balance sheet and profit & loss account) of 12 cement companies in India to determine its cost function during the period 1951 – 1970. He ascertained that there is no relation in capacity increase and total cost. And the factors responsible for slow growth of cement industry could be poor quality coal, power, technological obsolescence, price controls; by taking prompt measures these defects could be rectified to attain self sufficiency.

CHAPTER III

RESEARCH METHODOLOGY

3.1. OBJECTIVES OF THE STUDY:

PRIMARY OBJECTIVE:

1. To compare and analyze the financial performance of Tata Motors Ltd and Maruti Suzuki Ltd.

SECONDARY OBJECTIVE:

1. To evaluate the financial performance of Tata Motors Ltd and Maruti Suzuki Ltd using various financial ratios.
2. To examine the profitability , liquidity , leverage and effective performances of Tata Motors Ltd and Maruti Suzuki Ltd
3. To review the growth and development and compare the past five years financial results of Tata Motors Ltd and Maruti Suzuki Ltd.

3.2. SIGNIFICANCE OF THE STUDY:

The study of Financial Performance Analysis can be a learning criterion to the management as well as the investors to identify significant changes in the fiscal management and to analyze the financial operations in the enterprise in order to make investment decisions. This comparative study is done to identify the pattern and evaluate the areas in which the company is has been affected in order to arrive at standard solutions.

3.3. SCOPE OF THE STUDY:

- Two automobile companies have been chosen for the study (i.e. tata Motors and maruti suzuki)
- The study covers the financial aspect of 2 enterprises.
- The study is confined to analyzing the financial performance of the companies hence the theoretical scope consists of accounting aspects and financial ratios.

3.4. LIMITATIONS OF THE STUDY:

- The report focuses only on Tata Motors and Maruti Suzuki Ltd.
- The period of study is limited to 5 years
- The financial reports considered for the study are within the specified 5 years
- Certain ratios were only calculated due to insufficiency of data.
- The study is mainly based on secondary data derived from annual reports and accounts of Tata Motors and Maruti Suzuki, therefore the reliability and accuracy of the findings depends on such data.

3.5. SAMPLE DESIGN:

The study undertook convenience sampling to collect the required data.

3.6. SAMPLE SIZE:

Past 5 years of both Tata Motors Ltd and Maruti Suzuki Ltd are taken into consideration to analyze, evaluate and interpret the results.

3.7. SAMPLE SELECTION:

The balance sheet, Income statement and profit and loss A/C and other related Financial Reports of Tata Motors and Maruti Suzuki were incorporated in the study.

3.8. PERIOD OF THE STUDY:

The study was carried out from December 2021- March 2022

3.9. METHODS OF DATA COLLECTION:

Since the study is primarily based on secondary data, the financial reports, balance sheets, profit and loss A/Cs were taken from the Company's official annual reports, investment websites, previous research projects and journals relating to financial analysis.

3.10. NEED FOR THE STUDY:

The need for the study is to find out which company performs satisfactorily in terms of fiscal performance and asset management and to identify the reasons as to why the enterprise is

3.11. ACCOUNTING TOOLS USED FOR THE STUDY:

- Ratio Analysis
- Trend Analysis
- Comparative Income Statement

CHAPTER IV
DATA ANALYSIS & INTERPRETATION

4.1. RATIO ANALYSIS

$$1. \text{ Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

TATA MOTORS:

Table 4.1.1. Current Ratio of Tata Motors

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2016-2017	116,119.75	115,629.52	1
2017-2018	135,972.84	143,219.47	0.95
2018-2019	123,431.16	145,457.43	0.85
2019-2020	119,587.25	140,454.05	0.85
2020-2021	146,887.64	157,749.18	0.93

MARUTI SUZUKI:

Table 4.1.2. Current Ratio of Maruti Suzuki

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	RATIO
2016-2017	8,798.00	13,236.80	1.504523755
2017-2018	7,930.00	15,448.50	1.948108449
2018-2019	12,372.70	14,160.50	1.144495543
2019-2020	8,440.60	11,305.40	1.339407151
2020-2021	18,544.30	16,120.50	0.869296765

Table 4.1.3. Consolidated Current Ratio of Tata Motors And Maruti Suzuki

YEAR	TATA	MARUTI
2016-2017	1	1.5
2017-2018	0.95	1.95
2018-2019	0.85	1.14
2019-2020	0.85	1.34
2020-2021	0.93	0.87

TATA and MARUTI

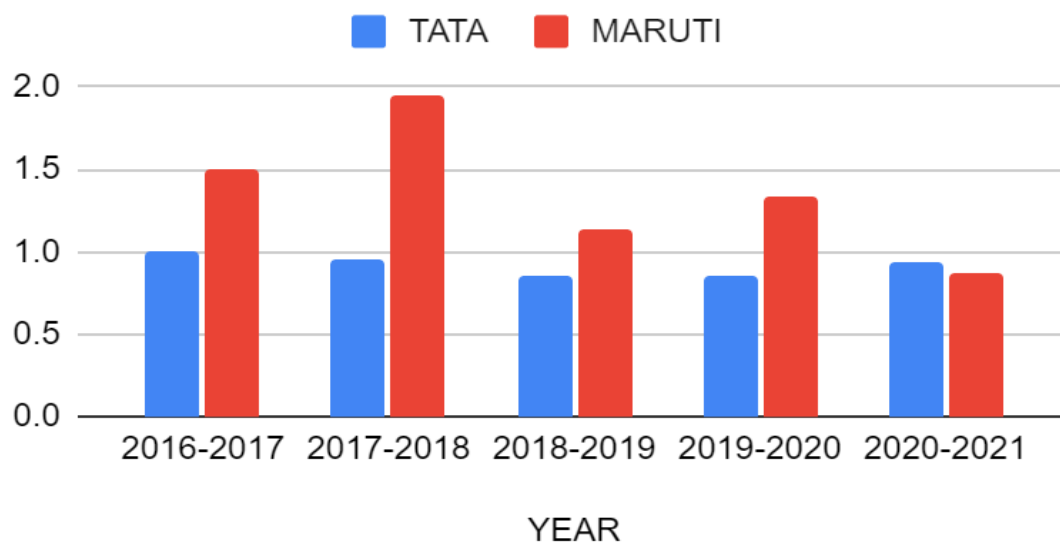


Figure 4.1.1. Current Ratio of Tata and Maruti

INFERENCE: Current ratio indicates the ability of a concern to meet its current obligations as and when they are due for payment. The expected standard current ratio is 2:1. All the financial years of both Tata and Maruti didn't meet the expected current ratio resulting in inadequate current assets. Whereas, during the years current ratio of Maruti is found to be higher than Tata except for the financial year 2020-2021.

2.Liquid Ratio= Quick assets

Current liabilities

TATA MOTORS

Table 4.1.4. Liquid ratio of Tata motors

YEAR	QUICK ASSETS	CURRENT LIABILITIES	RATIO
2016-2017	81,034.44	115,629.52	0.700811004
2017-2018	93,835.21	143,219.47	0.6551847315
2018-2019	84,417.43	145,457.43	0.580358322
2019-2020	82,130.37	140,454.05	0.5847490336
2020-2021	110,799.05	157,749.18	0.7023748079

MARUTI SUZUKI

Table 4.1.5. Liquid Ratio of Maruti Suzuki

YEAR	QUICK ASSETS	CURRENT LIABILITIES	RATIO
2016-2017	5,534.30	13,236.80	0.4180995407
2017-2018	4,769.80	15,448.50	0.3087548953
2018-2019	9,050.10	14,160.50	0.6391087885
2019-2020	5,226.70	11,305.40	0.4623188919
2020-2021	15,495.30	16,120.50	0.9612170838

Table 4.1.6. Consolidated Liquid Ratio of Tata Motors And Maruti Suzuki

YEAR	TATA	MARUTI
2016-2017	0.7	0.42
2017-2018	0.65	0.31
2018-2019	0.58	0.64
2019-2020	0.58	0.46
2020-2021	0.7	0.96

TATA and MARUTI

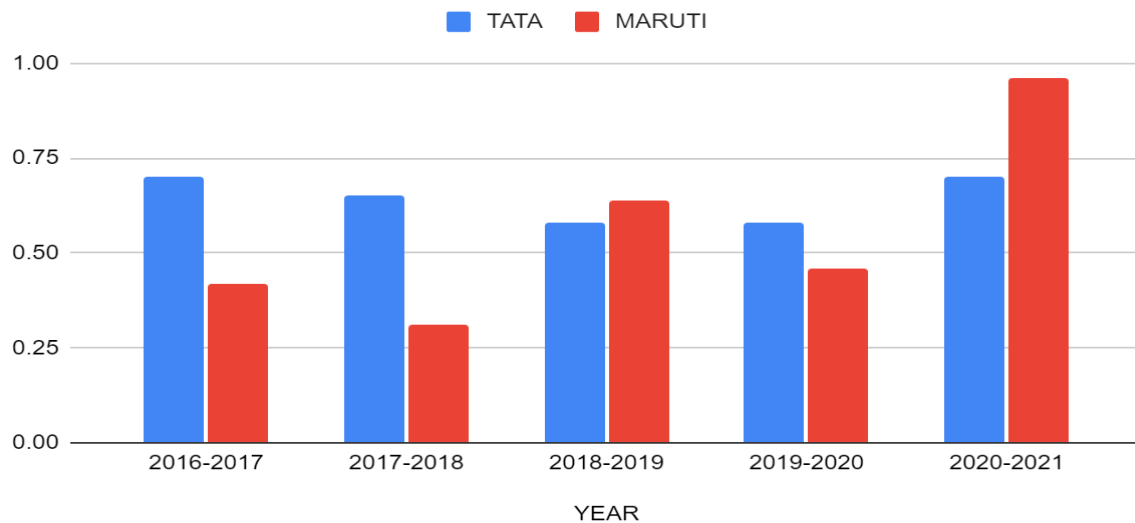


Figure 4.1.2. Liquid Ratio of Tata Motors and Maruti Suzuki

INFERENCE: Liquid ratios are used to determine the debtor's ability to pay off current debt obligations without raising external debt. The generally accepted quick ratio is 1:1. From the table, both maruti and suzuki have failed to attain the standard quick ratio. Over the years they both have maintained same quick ratio collectively

3. CASH POSITION RATIO =

Cash and bank balances + marketable securities

Current liabilities

TATA MOTORS

Table 4.1.7. Cash Position Ratio of Tata Motors

YEAR	CASH EQUIVALENTS	CURRENT LIABILITIES	RATIO
2016-2017	57,674.00	115,629.52	0.4987826638
2017-2018	65,188.52	143,219.47	0.455165209
2018-2019	52,913.69	145,457.43	0.3637744046
2019-2020	45,834.91	140,454.05	0.3263338437
2020-2021	61,220.94	157,749.18	0.388090385

MARUTI SUZUKI

Table 4.1.8. Cash Position Ratio of Maruti Suzuki

YEAR	CASH EQUIVALENTS	CURRENT LIABILITIES	RATIO
2016-2017	1,228.60	13,236.80	0.09281699504
2017-2018	1,542.40	15,448.50	0.09984140855
2018-2019	2,516.70	14,160.50	0.1777267752
2019-2020	2,023.70	11,305.40	0.1790029543
2020-2021	4,350.00	16,120.50	0.2698427468

Table 4.1.9. Consolidated Cash Position Ratio of Tata Motors and Maruti Suzuki

YEAR	TATA	MARUTI
2016-2017	0.5	0.09
2017-2018	0.45	0.09
2018-2019	0.36	0.18
2019-2020	0.37	0.18
2020-2021	0.37	0.27

TATA and MARUTI

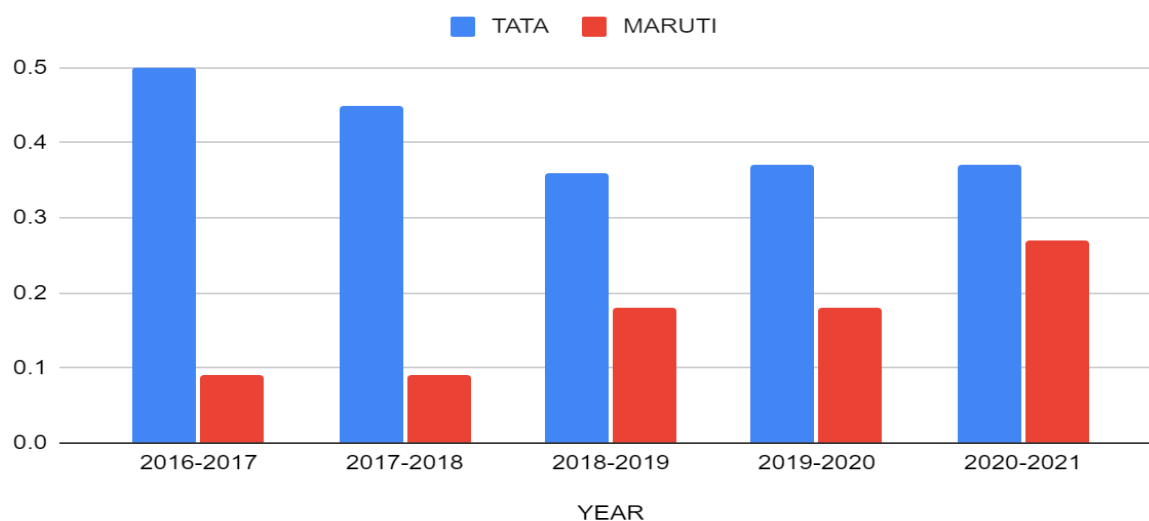


Figure 4.1.3. Cash Position Ratio of Tata Motors and Maruti Suzuki

INFERENCE: An ideal cash position ratio is 0.75:1 .During the study period,neither Tata nor Maruti had satisfactory cash ratio. The highest ever cash ratio for Tata and Maruti was 0.45 and 0.27 for the financial year 2017-2018 and 2020-2021. Between them, Tata managed to move past Maruti.

4. Debt equity ratio = $\frac{\text{Total long term debt}}{\text{Shareholder's fund}}$

TATA MOTORS

Table 4.1.10. Debt Equity Ratio of Tata Motors

YEAR	LONG TERM DEBT	SHARE HOLDERS FUND	RATIO
2016-2017	70,807.64	58,061.89	1.219520067
2017-2018	78,273.74	95,427.91	0.8202394876
2018-2019	84,163.39	60,179.56	1.398537809
2019-2020	99,994.18	63,078.53	1.585233201
2020-2021	114,949.65	55,246.72	2.080660173

MARUTI SUZUKI

Table 4.1.11. Debt Equity Ratio of Maruti Suzuki

YEAR	LONG TERM DEBT	SHARE HOLDERS FUND	RATIO
2016-2017	527.7	37,075.10	0.01423327247
2017-2018	638.5	42,559.40	0.01500256113
2018-2019	661.4	47,092.10	0.01404481856
2019-2020	714.5	49,413.00	0.01445975755
2020-2021	492.9	52,500.60	0.009388464132

Table 4.1.12. Consolidated Debt Equity Ratio of Tata Motors and Maruti Suzuki

YEAR	TATA	MARUTI
2016-2017	1.22	0.01
2017-2018	0.82	0.02
2018-2019	1.4	0.01
2019-2020	1.59	0.01
2020-2021	2.08	0.01

TATA and MARUTI

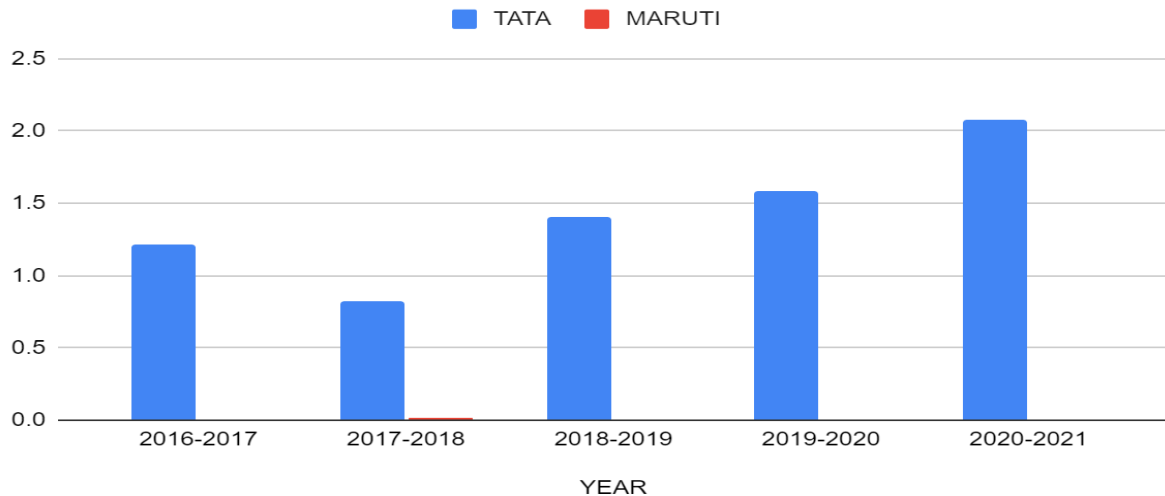


Figure 4.1.4. Debt Equity Ratio of Tata Motors and Maruti Suzuki

INFERENCE: The debt-to-equity ratio is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. ideal ratio is 0.5:1 for debt-equity. The debt-equity ratio is far less than 0.5:1 during all the years of study for Maruti Suzuki. This indicates that debt proportion is highly satisfactory and the company is highly solvent to pay off its long term debts. Meanwhile the least debt equity ratio for Tata during the study period is 1.4.

5. Interest coverage ratio = EBIT/Interest

TATA MOTORS

Table 4.1.13. Interest Coverage Ratio of Tata Motors

YEAR	EBIT	INTEREST	RATIO
2016-2017	12,438.24	4,238.01	2.934924646
2017-2018	13,861.68	4,681.79	2.960765007
2018-2019	4,039.01	5,758.60	0.70138749
2019-2020	-465.21	7,243.33	0.06422598446
2020-2021	11,383.91	8,097.17	1.405912189

MARUTI SUZUKI

Table 4.1.14. Interest Coverage Ratio of Maruti Suzuki

YEAR	EBIT	INTEREST	RATIO
2016-2017	10,043.80	89.4	112.3467562
2017-2018	11,349.40	345.8	32.82070561
2018-2019	10,544.00	75.9	138.9196311
2019-2020	7,118.60	134.2	53.04470939
2020-2021	5,253.80	101.8	51.60903733

Table 4.1.15. Consolidated Interest Coverage Ratio of Tata Motors and Maruti Suzuki

YEAR	TATA	MARUTI
2016-2017	2.93	112.35
2017-2018	3	32.82
2018-2019	0.7	138.92
2019-2020	-0.06	53.04
2020-2021	1.4	51.61

TATA and MARUTI

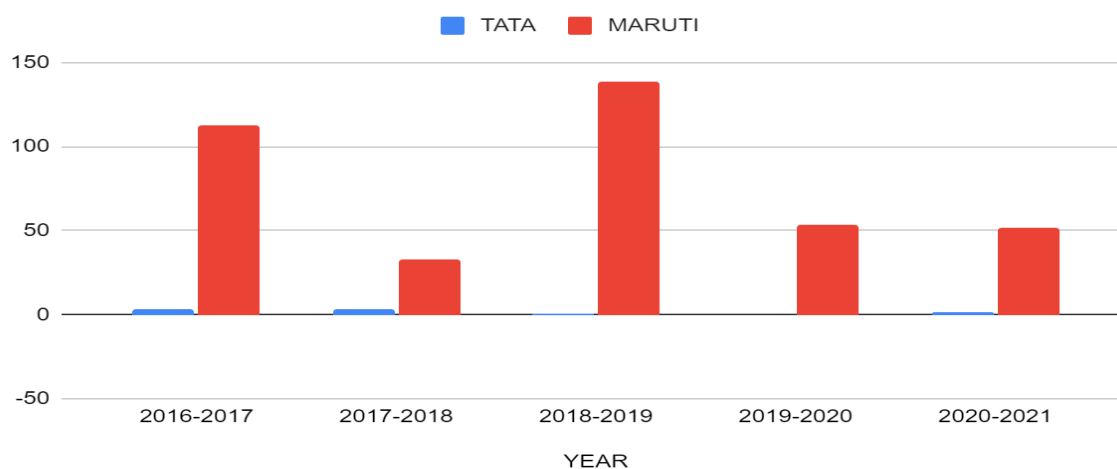


Figure 4.1.5. Interest Coverage Ratio of Tata Motors and Maruti Suzuki

INFERENCE: The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt. Generally, an interest coverage ratio of at least two (2) is considered the minimum acceptable amount for a company that has solid, consistent revenues. From the above table and analysis, Maruti has highest interest coverage ratio in all the years compared to tata with the highest being 138.92 as it meets the standard ratio. It has high possibility of paying off their interest. Tata only meets the standard ratio in the financial year 2016-2017 which is 2.93

6. **GROSS PROFIT RATIO** = $\frac{\text{Gross profit}}{\text{Net sales}} \times 100$

Net sales

TATA MOTORS

Table 4.1.16. Gross Profit Ratio of Tata Motors

YEAR	GROSS PROFIT	NET SALES	RATIO
2016-2017	27219.78	269692.52	10.09%
2017-2018	32708.62	291550.47	11.22%
2018-2019	-7780.52	301938.41	-2.58%
2019-2020	10845.45	261067.97	4.15%
2020-2021	13072.43	249794.75	5.23%

MARUTI SUZUKI

Table 4.1.17. Gross Profit Ratio of Maruti Suzuki

YEAR	GROSS PROFIT	NET SALES	RATIO
2016-2017	12731.1	68085	18.70%
2017-2018	13926.7	79809.4	17.45%
2018-2019	13644.6	86068.5	15.85%
2019-2020	10631.2	75660	14.05%
2020-2021	8355.1	70372	11.87%

Table 4.1.18. Consolidated Gross Profit Ratio of Tata Motors and Maruti Suzuki

YEAR	TATA	MARUTI
2016-2017	10.09	18.7
2017-2018	11.22	17.45
2018-2019	-2.58	15.85
2019-2020	4.15	14.05
2020-2021	5.23	11.87

TATA and MARUTI

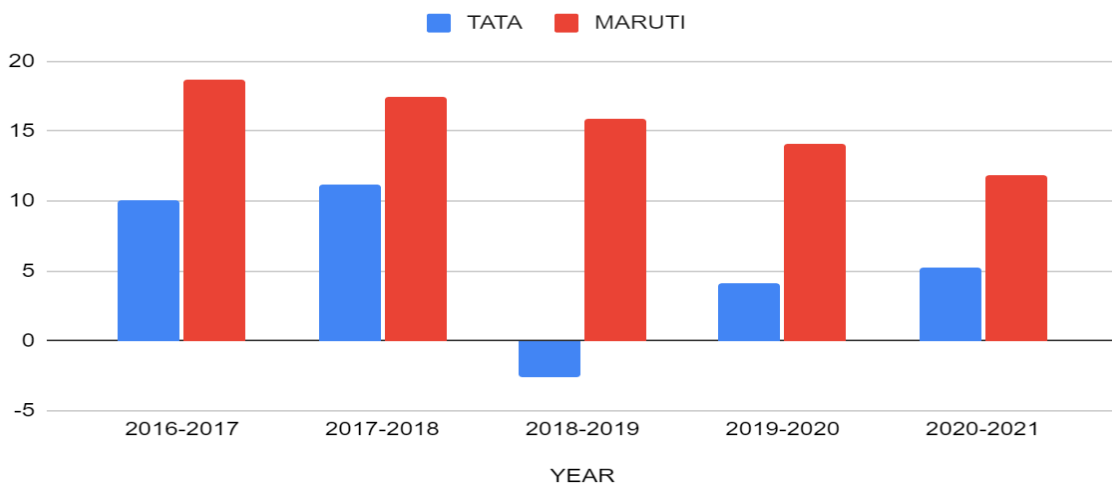


Figure 4.1.6. Gross Profit Ratio of Tata Motors and Maruti Suzuki

INFERENCE: Gross profit ratio (GP ratio) is a financial ratio that measures the performance and efficiency of a business. The above table and figure show almost a constant but low decline in the gross profit of Maruti Suzuki, the highest being in the year 2016-2017 of 18.7. Tata Motors has the lowest gross profit. During the financial year 2018-2019 it had a gross loss of 2.58.

4.2. TREND ANALYSIS

TREND ANALYSIS OF SALES

TATA MOTORS

Table 4.2.1. Trend Analysis of Sales of Tata Motors

YEAR	SALES	TREND %	DIFFERENCE %
2016-2017	265,498.47	100	0
2017-2018	288,596.09	108	8
2018-2019	299,190.59	112	12
2019-2020	258,594.36	97	-3
2020-2021	246,972.17	93	-7

MARUTI SUZUKI

Table 4.2.2. Trend Analysis of Sales of Maruti Suzuki

YEAR	SALES	TREND %	DIFFERENCE %
2016-2017	66,924.70	100	0
2017-2018	78,117.10	117	17
2018-2019	83,038.50	124	24
2019-2020	71,704.80	107	7
2020-2021	66,571.80	99	-1

Table 4.2.3. Consolidated Trend Analysis of Sales of Tata Motors and Maruti Suzuki

YEAR	TATA TREND %	MARUTI TREND %
2016-2017	100	100
2017-2018	108	117
2018-2019	112	124
2019-2020	97	107
2020-2021	93	99

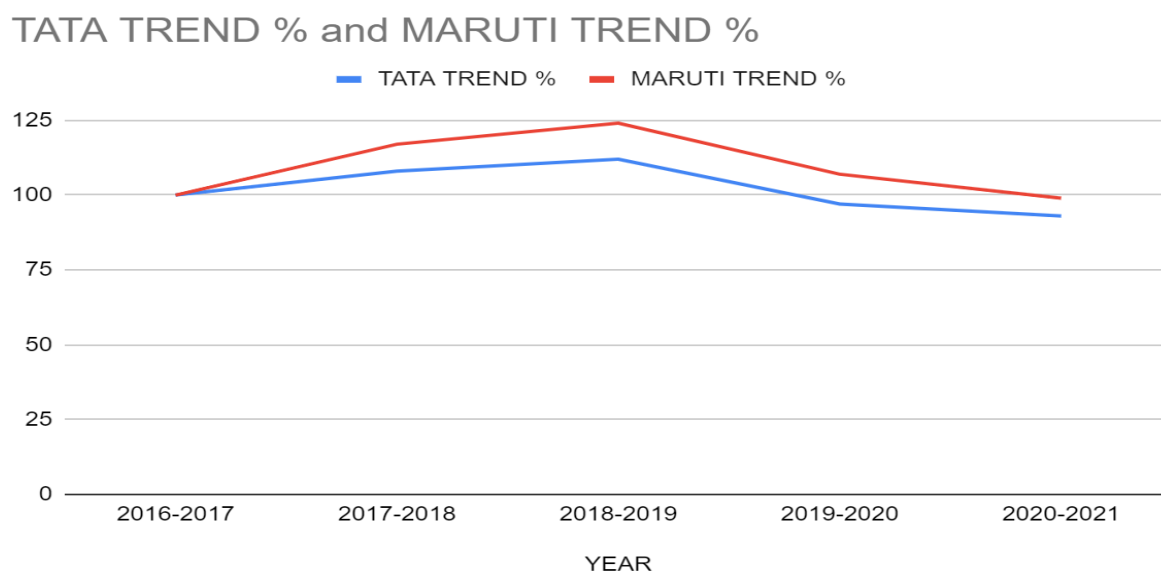


Figure 4.2.1. Trend Analysis of Sales of Tata Motors and Maruti Suzuki

INFERENCE: The table and figure indicates that for Maruti, the sales gradually increased from 2016-17 to 2019-20, however it decreased by 1 % during 2020-21. The sale value was highest during 2018-19 with **83,038.50 crores**. The huge increase in current assets is due to increase of the investments in other companies. Meanwhile for Tata , the sales value were fluctuating having the highest sale value in the year 2018-19 with **299,190.59 crores**.

TREND ANALYSIS OF CURRENT ASSETS

TATA MOTORS

Table 4.2.4. Trend Analysis of Current Assets of Tata Motors

YEAR	CURRENT ASSETS	TREND %	DIFFERENCE %
2016-2017	116,119.75	100	0
2017-2018	135,972.84	117	17
2018-2019	123,431.16	106	6
2019-2020	119,587.25	102	2
2020-2021	146,887.64	127	27

MARUTI SUZUKI

Table 4.2.5. Trend Analysis of Current Assets of Maruti Suzuki

YEAR	CURRENT ASSETS	TREND %	DIFFERENCE %
2016-2017	8,798.00	100	0
2017-2018	7,930.00	90	-10
2018-2019	12,372.70	141	41
2019-2020	8,440.60	96	-4
2020-2021	18,544.30	211	111

Table 4.2.6. Consolidated Trend Analysis of Current Assets of Tata Motors and Maruti Suzuki

YEAR	TATA TREND %	MARUTI TREND %
2016-2017	100	100
2017-2018	117	90
2018-2019	106	141
2019-2020	102	96
2020-2021	127	211

TATA TREND % and MARUTI TREND %

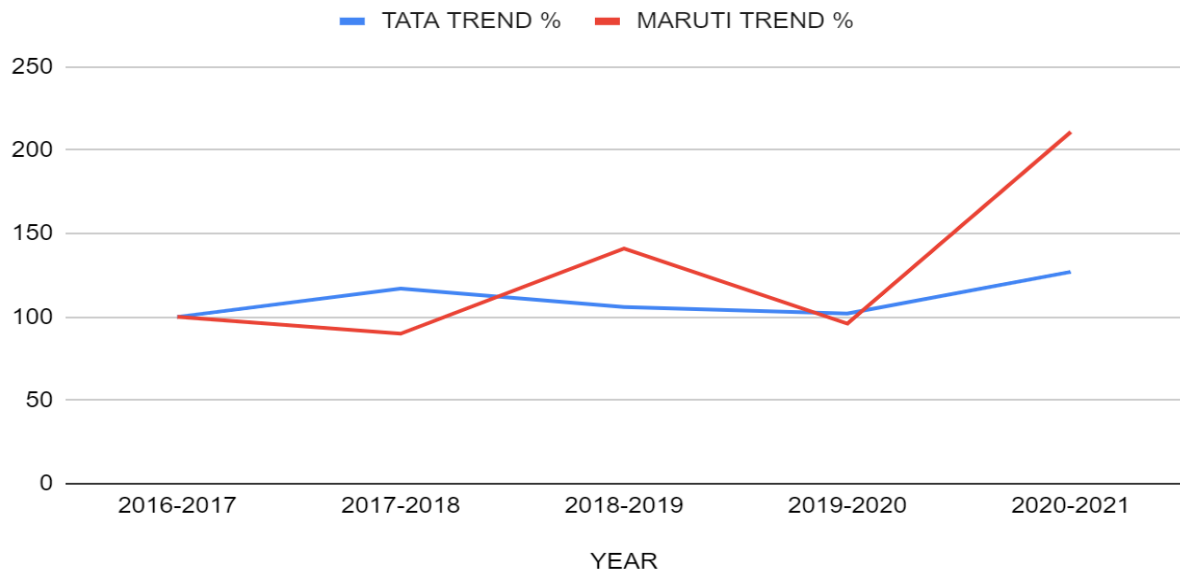


Figure 4.2.2. Trend Analysis of Current Assets of Tata Motors and Maruti Suzuki

INFERENCE: The figure clearly shows that even though the current asset of Maruti was fluctuating, it reached a direct peak in the year 2020-2021 having 18,544.30 crores worth current asset. The current asset of Tata was steadily declining. The highest ever it managed to reach was 146,887.64 crores in 2020-2021.

TREND ANALYSIS OF CURRENT LIABILITIES

TATA MOTORS

Table 4.2.7. Trend Analysis of Current Liabilities of Tata Motors

YEAR	CURRENT LIABILITIES	TREND %	DIFFERENCE %
2016-2017	115,629.52	100	0
2017-2018	143,219.47	124	24
2018-2019	145,457.43	126	26
2019-2020	140,454.05	121	21
2020-2021	157,749.18	136	36

MARUTI SUZUKI

Table 4.2.8. Trend Analysis of Current Liabilities of Maruti Suzuki

YEAR	CURRENT LIABILITIES	TREND %	DIFFERENCE %
2016-2017	13,236.80	100	0
2017-2018	15,448.50	117	17
2018-2019	14,160.50	107	7
2019-2020	11,305.40	85	-15
2020-2021	16,120.50	122	22

Table 4.2.9. Consolidated Trend Analysis of Tata Motors and Maruti Suzuki

YEAR	TATA TREND %	MARUTI TREND %
2016-2017	100	100
2017-2018	124	117
2018-2019	126	107
2019-2020	121	85
2020-2021	136	122

TATA TREND % and MARUTI TREND %

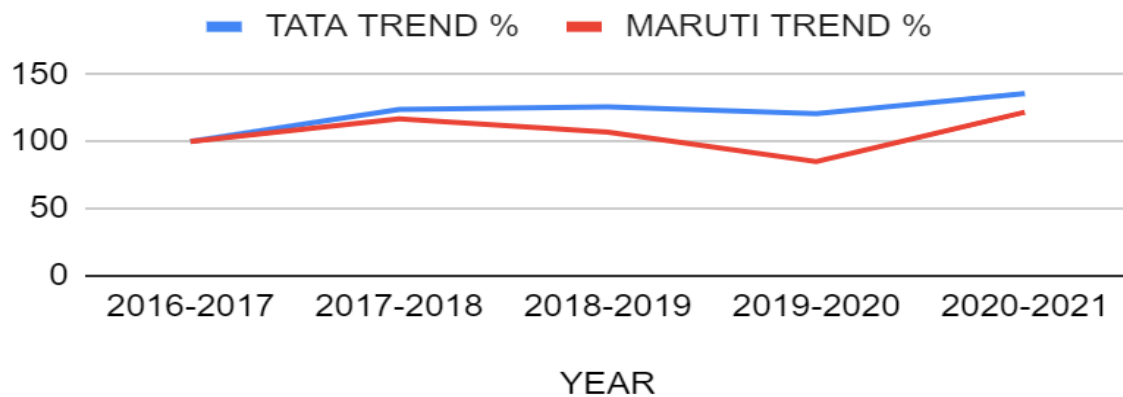


Figure 4.2.3. Trend Analysis of Current Liabilities of Tata Motors and Maruti Suzuki

INFERENCE: The current liabilities of Maruti was steadily decreasing from 2017-2018 to 2019-2020. It had the lowest current liability in 2019-2020 with 11,305.40 crores. It made a sharp rise in 2020-2021 with 15%. Meanwhile Tata maintained a constant current liability throughout, reaching the highest in 2020-2021 with 157,749.18 crores.

TREND ANALYSIS OF SHARE CAPITAL

TATA MOTORS

Table 4.2.10. Trend Analysis of Share Capital of Tata Motors

YEAR	SHARE CAPITAL	TREND %	DIFFERENCE %
2016-2017	679.22	100	0
2017-2018	679.22	100	0
2018-2019	679.22	100	0
2019-2020	719.54	106	6
2020-2021	765.81	113	13

MARUTI SUZUKI

Table 4.2.11. Trend Analysis of Share Capital of Maruti Suzuki

YEAR	SHARE CAPITAL	TREND %	DIFFERENCE %
2016-2017	151	100	0
2017-2018	151	100	0
2018-2019	151	100	0
2019-2020	151	100	0
2020-2021	151	100	0

Table 4.1.12. Consolidated Trend Analysis of Tata Motors and Maruti Suzuki

YEAR	TATA TREND %	MARUTI TREND %
2016-2017	100	100
2017-2018	100	100
2018-2019	100	100
2019-2020	106	100
2020-2021	113	100

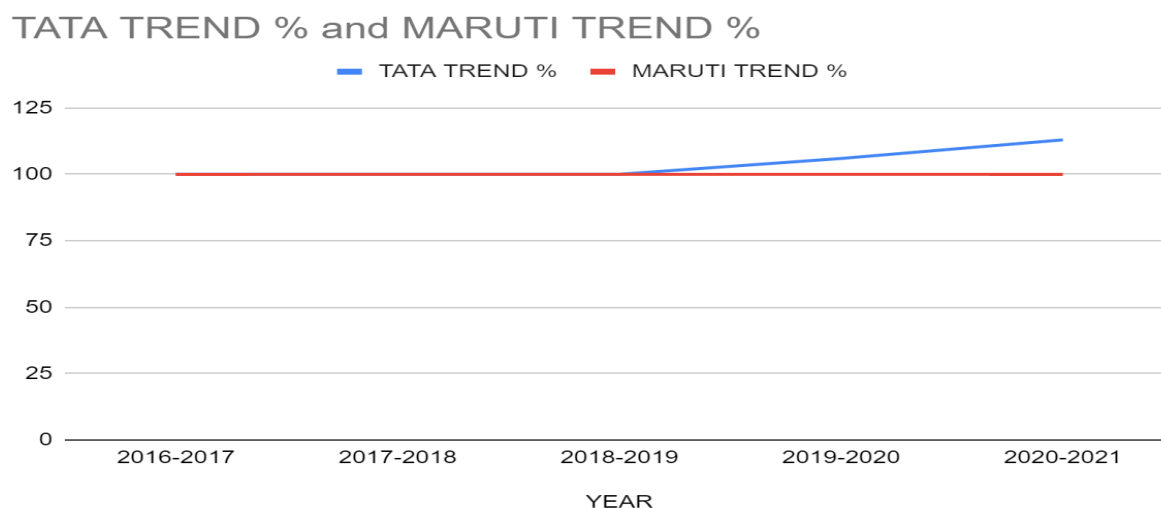


Figure 4.2.4. Trend Analysis of Share Capital of Tata Motors and Maruti Suzuki

INFERENCE: Tata Motors had steady share capital till 2018-2019 after which it had steady rise in 2020-2021 of 13% having 765.81 crore. Over the study period Maruti Suzuki maintained constant share capital of 151 crores.

4.3. COMPARATIVE INCOME STATEMENT:

TATA MOTORS:

TABLE 4.3.1. COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2017 AND 2018.

PARTICULARS	2017	2018	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations				
[Gross]	270,298.08	289,386.25	19,088.17	7.06%
Less: Excise	4,799.61	790.16	-4,009.45	-83.54%
Other operating revenues	4,194.04	6,023.09	1,829.05	43.61%
Other Income	754.54	888.89	134.35	17.81%
Total Revenue	270,447.05	295,508.07	17,042.12	6.30%
EXPENSES				
Cost Of Materials Consumed	159,369.55	171,992.59	12,623.04	7.92%
Purchase Of Stock-In Trade	13,924.53	15,903.99	1,979.46	14.22%
Operating And Direct Expenses	3,413.57	3,531.87	118.30	3.47%
Changes In Inventories Of FG,WIP And Stock-In Trade	-7,399.92	-2,046.58	5,353.34	-72.34%
Employee Benefit Expenses	28,332.89	30,300.09	1,967.20	6.94%

Finance Costs	4,238.01	4,681.79	443.78	10.47%
Depreciation And Amortisation Expenses	17,904.99	21,553.59	3,648.60	20.38%
Other Expenses	59,340.16	58,998.93	-341.23	-0.58%
Less: Amounts Transfer To Capital Accounts	16,876.96	18,588.09	1,711.13	10.14%
Total Expenses	262,246.82	286,328.18	27,503.62	10.49%
P/L Before Exceptional Items & Tax	8,200.23	9,179.89	979.66	11.95%
Exceptional Items	1,114.56	1,975.14	860.58	77.21%
Tax	3,251.23	3,251.23	0.00	
Profit after tax	6,063.56	7,903.80	1,840.24	30.35%

INFERENCE:

The above statement discloses that the other income had increased by 17.81%, resulting in increase of total revenue. Moreover the finance cost increased by 10.47%, the total expenses had increased by 10.49% and the tax expenses were nil. However the profit increased by 30.35% compared to the previous year. This shows that the performance of the company was good during the year 2017-18.

TATA MOTORS:

4.3.2. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2018 AND 2019.

PARTICULARS	2018	2019	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	289,386.25	299,190.59	9,804.34	3.39%
Less: Excise	790.16	0	-790.16	-100.00%
Other operating revenues	6,023.09	2,747.81	-3,275.28	-54.38%
Other Income	888.89	2,965.31	2,076.42	233.60%
Total Revenue	295,508.07	304,903.71	9,395.64	3.18%
EXPENSES				
Cost Of Materials Consumed	171,992.59	181,009.08	9,016.49	5.24%
Purchase Of Stock-In Trade	15,903.99	13,258.83	-2,645.16	-16.63%
Operating And Direct Expenses	3,531.87	4,224.57	692.70	19.61%
Changes In Inventories Of FG,WIP And Stock-In Trade	-2,046.58	2,053.28	4,099.86	-200.33%
Employee Benefit Expenses	30,300.09	33,243.87	2,943.78	9.72%
Finance Costs	4,681.79	5,758.60	1,076.81	23.00%

Depreciation And Amortisation Expenses	21,553.59	23,590.63	2,037.04	9.45%
Other Expenses	58,998.93	63,144.03	4,145.10	7.03%
Less: Amounts Transfer To Capital Accounts	18,588.09	19,659.59	1,071.50	5.76%
Total Expenses	286,328.18	306,623.30	20,295.12	7.09%
P/L Before Exceptional Items & Tax	9,179.89	-1,719.59	-10,899.48	-118.73%
Exceptional Items	1,975.14	-29,651.56	-31,626.70	-1601.24%
Tax	3,251.23	-2,437.45	-5,688.68	-174.97%
Profit after tax	7,903.80	-28,933.70	-36,837.50	-466.07%

INFERENCE:

The above statement discloses that total revenue and total expenses had increased by 3.18% and 7.09% respectively. However the changes in inventories were decreased by 200.33% The finance cost increased by 23% following the previous year. The profit increased to 466.07% indicating good performance of the company during the year 2018-19.

TATA MOTORS:

4.3.3. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2019 AND 2020.

PARTICULARS	2019	2020	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	299,190.59	258,594.36	-40,596.23	-13.57%
Less:Excise	0	0	0	
Other operating revenues	2,747.81	2,473.61	-274.20	-9.98%
Other Income	2,965.31	2,973.15	7.84	0.26%
Total Revenue	304,903.71	264,041.12	-40,862.59	-13.40%
EXPENSES				
Cost Of Materials Consumed	181,009.08	152,671.47	-28,337.61	-15.66%
Purchase Of Stock-In Trade	13,258.83	12,228.35	-1,030.48	-7.77%
Operating And Direct Expenses	4,224.57	4,188.49	-36.08	-0.85%
Changes In Inventories Of FG,WIP And Stock-In Trade	2,053.28	2,231.19	177.91	8.66%
Employee Benefit Expenses	33,243.87	30,438.60	-2,805.27	-8.44%
Finance Costs	5,758.60	7,243.33	1,484.73	25.78%

Depreciation And Amortisation Expenses	23,590.63	21,425.43	-2,165.20	-9.18%
Other Expenses	63,144.03	58,826.20	-4,317.83	-6.84%
Less: Amounts Transfer To Capital Accounts	19,659.59	17,503.40	-2,156.19	-10.97%
Total Expenses	306,623.30	271,749.66	-34,873.64	-11.37%
P/L Before Exceptional Items & Tax	-1,719.59	-7,708.54	-5,988.95	348.28%
Exceptional Items	-29,651.56	-2,871.44	26,780.12	-90.32%
Tax	-2,437.45	395.25	2,832.70	-116.22%
Profit after tax	-28,933.70	-10,975.23	17,958.47	-62.07%

INFERENCE:

The above statement discloses that the revenue from operations decreased by 13.57%, other operating revenues had decreased by 9.98%, resulting in decrease of total revenue. Moreover except for the finance cost, all other expenses were decreased , the total expenses had decreased by 11.37% and the tax expenses decreased by 116.22%. However the profit increased by 62.07% compared to the previous year. This shows that the performance of the company was good during the year 2019-20.

TATA MOTORS:

4.3.4. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2020 AND 2021.

PARTICULARS	2020	2021	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	258,594.36	246,972.17	-11,622.19	-4.49%
Less:Excise	0	0	0	0
Other operating revenues	2,473.61	2,822.58	348.97	14.11%
Other Income	2,973.15	2,643.19	-329.96	-11.10%
Total Revenue	264,041.12	252,437.94	-11,603.18	-4.39%
EXPENSES				
Cost Of Materials Consumed	152,671.47	141,357.27	-11,314.20	-7.41%
Purchase Of Stock-In Trade	12,228.35	12,250.09	21.74	0.18%
Operating And Direct Expenses	4,188.49	5,226.63	1,038.14	24.79%
Changes In Inventories Of FG,WIP And Stock-In Trade	2,231.19	4,684.16	2,452.97	109.94%
Employee Benefit Expenses	30,438.60	27,648.48	-2,790.12	-9.17%
Finance Costs	7,243.33	8,097.17	853.84	11.79%

Depreciation And Amortisation Expenses	21,425.43	23,546.71	2,121.28	9.90%
Other Expenses	58,826.20	39,189.82	-19,636.38	-33.38%
Less: Amounts Transfer To Capital Accounts	17,503.40	12,849.13	-4,654.27	-26.59%
Total Expenses	271,749.66	249,151.20	-22,598.46	-8.32%
P/L Before Exceptional Items & Tax	-7,708.54	3,286.74	10,995.28	-142.64%
Exceptional Items	-2,871.44	-13,761.02	-10,889.58	379.24%
Tax	395.25	2,541.86	2,146.61	543.10%
Profit after tax	-10,975.23	-13,016.14	-2,040.91	18.60%

INFERENCE:

The above statement discloses that the revenue from operations decreased by 4.49%, other income was reduced by 11.10%, while the other operating revenues had increased by 14.11%, resulting in 4.39% decrease of total revenue. During the financial year, cost of materials consumed employee benefit expenses depreciation were decreased resulting in the decrease in overall expenses by 8.32% and increase in profit of 18.60%. This shows that the performance of the company was good during the year 2020-21.

MARUTI SUZUKI:

4.3.5. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2017 AND 2018.

PARTICULARS	AMOUNT	AMOUNT	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	76,156.10	80,348.80	4,192.70	5.51%
Less: Excise	9,231.40	2,231.70	-6,999.70	-75.82%
Other operating revenues	1,160.30	1,692.30	532.00	45.85%
Other Income	2,289.60	2,045.80	-243.80	-10.65%
Total Revenue	70,374.60	81,855.20	11,480.60	16.31%
EXPENSES				
Cost Of Materials Consumed	42,627.90	44,943.20	2,315.30	5.43%
Purchase Of Stock-In Trade	4,493.60	10,002.10	5,508.50	122.59%
Changes In Inventories Of FG,WIP And Stock-In Trade	-379.3	40.8	420.1	-110.76%
Employee Benefit Expenses	2,360.30	2,863.40	503.10	21.32%
Finance Costs	89.4	345.8	256.4	286.80%
Depreciation And Amortisation Expenses	2,603.90	2,759.80	155.90	5.99%
Other Expenses	8,728.00	9,995.60	1,267.60	14.52%

Less: Inter Unit / Segment / Division Transfer	103.6	99.1	-4.5	-4.34%
Total Expenses	60,420.20	70,851.60	10,431.40	17.26%
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	9,954.40	11,003.60	1,049.20	10.54%
Tax	2,616.20	3,286.20	670.00	25.61%
Profit after tax	7,338.20	7,717.40	379.20	5.17%

INFERENCE:

The above statement discloses that the other income had increased by 10.65%, however other operating revenues were increased by 45.85% resulting in increase of total revenue. The inventories and stock in trade decreased by 110.76%, the total expenses had increased by 17.26% and the tax expenses increased by 25.61%. However the profit increased by 5.17% compared to the previous year. This shows that the performance of the company was good during the year 2017-18.

MARUTI SUZUKI:

4.3.6. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2018 AND 2019.

PARTICULARS	2018	2019	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	80,348.80	83,038.50	2,689.70	3.35%
Less:Excise	2,231.70	0	-2,231.70	-100.00%
Other operating revenues	1,692.30	3,030.00	1,337.70	79.05%
Other Income	2,045.80	2,561.60	515.80	25.21%
Total Revenue	81,855.20	88,630.10	6,774.90	8.28%
EXPENSES				
Cost Of Materials Consumed	44,943.20	45,025.70	82.50	0.18%
Purchase Of Stock-In Trade	10,002.10	15,026.60	5,024.50	50.23%
Changes In Inventories Of FG,WIP And Stock-In Trade	40.8	211.6	170.8	418.63%
Employee Benefit Expenses	2,863.40	3,285.00	421.60	14.72%
Finance Costs	345.8	75.9	-269.9	-78.05%
Depreciation And Amortisation Expenses	2,759.80	3,020.80	261.00	9.46%
Other Expenses	9,995.60	11,638.50	1,642.90	16.44%

Less: Inter Unit / Segment / Division Transfer	99.1	122.1	23	23.21%
Total Expenses	70,851.60	78,162.00	7,310.40	10.32%
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	11,003.60	10,468.10	-535.50	-4.87%
Tax	3,286.20	2,973.20	-313.00	-9.52%
Profit after tax	7,717.40	7,494.90	-222.50	-2.88%

INFERENCE:

The above statement discloses that the other income had increased by 25.21%, other operating revenues were increased by 79.05% resulting in increase of total revenue. During the financial year only the finance cost was reduced by 78.05% in expenses resulting in the increase in total expense by 10.32%. The profit decreased by 2.88% compared to the previous year. This shows that the performance of the company was satisfactory during the year 2018-19.

MARUTI SUZUKI:

4.3.7. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2019 AND 2020.

PARTICULARS	2019	2020	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	83,038.50	71,704.80	-11,333.70	-13.65%
Less:Excise	0	0	0	0.00%
Other operating revenues	3,030.00	3,955.20	925.20	30.53%
Other Income	2,561.60	3,334.40	772.80	30.17%
Total Revenue	88,630.10	78,994.40	-9,635.70	-10.87%
EXPENSES				
Cost Of Materials Consumed	45,025.70	34,634.80	-10,390.90	-23.08%
Purchase Of Stock- In Trade	15,026.60	18,767.20	3,740.60	24.89%
Changes In Inventories Of FG,WIP And Stock- In Trade	211.6	-238.7	-450.3	-212.81%
Employee Benefit Expenses	3,285.00	3,416.20	131.20	3.99%
Finance Costs	75.9	134.2	58.3	76.81%
Depreciation And Amortisation Expenses	3,020.80	3,528.40	507.60	16.80%
Other Expenses	11,638.50	11,889.60	251.10	2.16%

Less: Inter Unit / Segment / Division Transfer	122.1	121.7	-0.4	-0.33%
Total Expenses	78,162.00	72,010.00	-6,152.00	-7.87%
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	10,468.10	6,984.40	-3,483.70	-33.28%
Tax	2,973.20	1,425.20	-1,548.00	-52.07%
Profit after tax	7,494.90	5,559.20	-1,935.70	-25.83%

INFERENCE:

The above statement discloses that the total revenue had decreased by 10.87%. During the financial year inventories and cost of material consumed were decreased by 212.81% and 23.08% resulting in the overall decrease in expense by 7.87%. The profit decreased by 25.83% compared to the previous year. This shows that the performance of the company was satisfactory during the year 2019-2020.

MARUTI SUZUKI:

4.3.8. A COMPARATIVE INCOME STATEMENT FOR THE YEAR ENDING 31ST MARCH 2020 AND 2021.

PARTICULARS	2020	2021	AMOUNT OF INCREASE/DECREASE	PERCENTAGE
Revenue From Operations [Gross]	71,704.80	66,571.80	-5,133.00	-7.16%
Less:Excise	0	0	0	0.00%
Other operating revenues	3,955.20	3,800.20	-155.00	-3.92%
Other Income	3,334.40	2,936.30	-398.10	-11.94%
Total Revenue	78,994.40	73,308.30	-5,686.10	-7.20%
EXPENSES				
Cost Of Materials Consumed	34,634.80	33,296.40	-1,338.40	-3.86%
Purchase Of Stock-In Trade	18,767.20	17,254.10	-1,513.10	-8.06%
Changes In Inventories Of FG,WIP And Stock-In Trade	-238.7	273.6	512.3	-214.62%
Employee Benefit Expenses	3,416.20	3,431.60	15.40	0.45%
Finance Costs	134.2	101.8	-32.4	-24.14%
Depreciation And Amortisation Expenses	3,528.40	3,034.10	-494.30	-14.01%
Other Expenses	11,889.60	10,837.50	-1,052.10	-8.85%

Less: Inter Unit / Segment / Division Transfer	121.7	72.8	-48.9	-40.18%
Total Expenses	72,010.00	68,156.30	-3,853.70	-5.35%
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	6,984.40	5,152.00	-1,832.40	-26.24%
Tax	1,425.20	931.9	-493.30	-34.61%
Profit after tax	5,559.20	4,220.10	-1,339.10	-24.09%

INFERENCE:

The above statement discloses that the revenue from operations(gross) had decreased by 7.16%. Other operating revenues and income were also reduced by 3.92% and 11.94% resulting in the overall decrease in the total revenue of 7.20%. During the financial year, apart from employee benefit expenses, all other expenses were decreased which led to total decrease in expenses by 5.35%. The profit decreased by 24.09% compared to the previous year. This shows that the performance of the company was poor during the year 2020-2021.

CHAPTER V

FINDINGS, SUGGESSTIONS & CONCLUSION

This chapter comprises the project findings, conclusions and suggestions.

5.1. FINDINGS:

- All the financial years of both Tata and Maruti didn't meet the expected current ratio resulting in inadequate current assets.
- Both maruti and suzuki have failed to attain the standard quick ratio of 1:1 in the study period 2017-2021.
- The highest ever cash ratio for Tata and Maruti was 0.45 and 0.27 for the financial year 2017-2018 and 2020-2021. Between them, Tata managed to move past Maruti .Neither Tata nor Maruti had satisfactory cash ratio of 0.75:1
- The debt-equity ratio is far less than 0.5:1 during all the years of study for Maruti suzuki. This indicates that debt proportion is highly satisfactory and the company is highly solvent to pay off its long term debts. Meanwhile the least debt equity ratio for Tata during the study period is 1.4.
- From the above table and analysis, Maruti has highest interest coverage ratio in all the years compared to tata with the highest being 138.92 as it meets the standard ratio. It has high possibility of paying off their interest . Tata only meets the standard ratio in the financial year 2016-2017 which is 2.93 with the standard ratio being minimum 2.

- There is a constant but low decline in the gross profit of Maruti Suzuki, the highest being in the year 2016-2017 of 18.7. Tata motors has the lowest gross profit. During the financial year 2018-2019 it had a gross loss of 2.58. Highest being 11.22 in the year 2017-2018
- The sales trend shows fluctuating trend (increasing in the beginning and declining at the end) during the study period. For both Tata and Maruti. However during the financial year 2017-2018 and 2018-2019 Maruti had higher sales Trend with 17% and 24% while tata only had 8% and 12%.
- The current asset trend of Maruti was fluctuating in the start of the study period, however it reached a direct peak in the year 2020-2021 having 18,544.30 crores worth current asset. The current asset of Tata was steadily declining. The highest ever it managed to reach was 14,887.64 crores in 2020-2021.
- The trend percentage of current liabilities of Maruti was steadily decreasing from 2017-2018 to 2019-2020. It had the lowest current liability in 2019-2020 with 11,305.40 crores. It made a sharp rise in 2020-2021 with 15%. Meanwhile Tata maintained a high but constant current liability through out, reaching the highest in 2020-2021 with 157,749.18 crores.
- Trend percentage of share capital of Tata Motors was steady till 2018-2019 after which it had sharp rise in 2020-2021 of 13% having 765.81 crore. Over

the study period Maruti Suzuki maintained constant share capital of 151 crores.

- Overall in the financial year 2018-2019 Tata Motors have show high profits of 466.07%, while during the same financial year Maruti Suzuki had a loss of 2.88%
- During the study period 2019-2020, Tata motor had decrease in the expense by 11.37% having decreased all their expenses and showed a profit of 62.07%. Maruti had decreased expense of 7.87%. Both of the company showed less expense in the entire study period of 2017-2021.
- Tata motors also had less revenue in the financial year 2019-2020 with - 13.40% and maruti having -10.87. Even though maruti had reduced expenses, their revenue were also decreased so they had a loss of 25.83%.
- The decrease in overall expenses of tata motors by 8.32% compensated the reduced revenue of 4.39% resulting in profit of 18.60% for the financial year 2020-2021.
- Tata Motor's other income had increased by 17.81%, resulting in increase of total revenue. Moreover the finance cost increased by 10.47%, the total expenses had increased by 10.49% and the tax expenses were nil. However the **profit increased by 30.35%** compared to the previous year. This shows that the performance of the company was good during the year 2017-18. Maruti suzuki's other income had increased by 10.65%, other operating revenues were increased by 45.85% resulting in increase of total revenue. The

inventories and stock in trade decreased by 110.76%, the finance cost increased to 282.60% the total expenses had increased by 17.26% and the tax expenses increased by 25.61%. However the **profit increased by 5.17%** compared to the previous year. This shows that the performance of the company was good during the year 2017-18.

5.2. SUGGESTIONS

- Both Tata Motors and Maruti Suzuki have to increase their current assets to meet the fixed standard.
- Both the company must increase their quick ratio to pay off current debt obligations without raising external debt.
- The cash ratio must be met with the standard to be able to meet the liquidity of the company to pay off short term debt.
- Tata must increase their debt equity to pay off long term debts.
- Tata must raise its interest coverage ratio to pay off the interest on its outstanding debts.

5.3. CONCLUSION:

- Most of the obligations were not met by Tata motors while compared to Maruti Suzuki.
- During the study period, Tata Motors didn't meet the qualified standards for measuring ratios like current ratio, quick ratio, cash position ratio, debt equity ratio and interest coverage ratio, which are the primary factors and indicators for the fiscal well being of the company.
- The trend analysis of Tata in terms of sales, current assets were declining compared to Maruti. Only the Trend analysis of Current liabilities was high in Tata Motors.
- The overall profits of Tata Motors were low when compared to Maruti Suzuki. Finally the company is loss making or rather we can say decreasing their profitability but they have good future opportunities.

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