



# A Comparative Study On Financial Performance Of Tatamotors And Marutisuzuki

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**Abstract:** The financial performance tells investors about the general well-being of a firm. It's a snapshot of its economic health and the job its management is doing. Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. Tata Motors and maruti Suzuki are a prominent players in the automotive industry, has displayed a diverse financial performance over the years. The study's main goal is to learn about TATA Motors and Maruti Suzuki's financial strengths and weaknesses using Financial Ratio and to examine the different components of TATA Motors and Maruti suzuki financial statements in order to determine the companies' financial power. The scope of the financial analysis of Tata Motors and marutisuzuki is to provide a comprehensive understanding of the company's financial health. The study was conducted on the comparative study of financial performance of TATAMOTORS and MARUTI SUZUKI for the period of 5 years.

**Key words-** Assets, Liabilities, Financial ratio, Ideal ratio, Strength and weakness

## I. INTRODUCTION

The financial performance tells investors about the general well-being of a firm. It's a snapshot of its economic health and the job its management is doing. Financial performance is a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability. It is measured through various business related formulas that allow users to calculate exact details regarding a company's potential effectiveness. Financial performance signifies a firm's ability to manage its finances. Based on the analysis, firms strategize the improvement of capital structure, increase in revenue, enhancement of cash flow, and reduction in expenses. For internal users, financial performance is examined. Tata Motors and maruti Suzuki are a prominent players in the automotive industry, has displayed a diverse financial performance over the years. These companies operates in various segments, including passenger vehicles, commercial vehicles, and electric vehicles. Key factors influencing its financial performance include market

demand, economic conditions, and global automotive trends. Through a financial performance analysis, specific financial formulas and ratios are calculated, which, when compared between both TATA MOTORS AND MARUTI SUZUKI and to provide insight into a company's financial condition and performance. It involves analyzing key financial statements, such as income statements and balance sheets, to assess profitability, liquidity, and overall stability. Understanding a company's financial performance.

## II. LITERATURE RIVEW

This study observes the following researches for reference, **Dr.K.Jothi 2Ms.P.Kalaiani(2015)** : The automobile industry is one of the key drivers that boost the economic growth of the country. In India, automotive is one of the largest industries showing impressive growth over the years and has been significantly making increasing contribution to overall industrial development in the country. To compare and analyze liquidity, profitability, solvency ratios of the Honda and Toyota Automobile industry. The study is based on convenience sampling method. It is satisfying to note that the both (HONDA & TOYOTA) companies have comfortable short term liquidity position. In conclusion it appears safe to summarize that the Honda & Toyota seems to be sound financial management practice **GOWSALYA R S, MOHAMMED HASAN M(2017)**: The study of financial performance analysis of Company has revealed the great deal of their various financial aspects for five years. The comparative analysis unlocks the overall performance methodology. It aids the company, the shareholders as well as the creditors in taking valuable decisions and scope with deviations. As such, there are more avenues and scope for the companies to improve and thrive successfully in the nature **J.Pavithra,K.P.Thooyamani,Kermiki Dkhar(2017)** : This study was conducted to evaluate the financial performance analysis of JEPPIAAR CEMENTS PVT LTD, for the period of 5years ranging from 2009 to 2013. It helps to explore the strength and weakness of the company. Examination and explanation of financial statements show that, the present financial position of JEPPIAAR CEMENTS PVT LTD has improved quite a lot from the previous years. The central focus of the study was to conduct an evaluative study of the financial state of the firm by using ratio investigation, comparative financial statements, and trend analysis by taking into accounts the past years of the company's financial statements. The study concluded that company overall financial performance is good. Mala.K.M, Dr. **Raghu. G. Anand (2017)**:Finance studies and addresses the ways in which individuals, businesses, and organizations raise, allocate, and use monetary resources over time, taking into account the risks entailed in their projects. To provide suggestions on better working capital management based on the findings. Ratio Analysis are is the financial tool that has been used for the study. In this company every individual is committed; they plan on providing quality service to each and every company/customer regardless of the size of the business. The company treats everyone as individual and special. **Dr. G. Kanagavalli, R. Saroja Devi(2018)**: The study found that there is the positive strong relationship of liquidity ratio. It evolves the effective inventory management and conversion period leads to higher liquidity power to the companies. Therefore, the study proves that there are some significant changes to meet their liabilities. The Solvency Ratios of selected automobile companies have some fluctuation. This means they face a little risk to meet their long term obligations. The Efficiency or Turnover Ratios of Hero Motocorp is high rank among other Automobile companies. **Mrs.B.Saranya, Dr.S.Sekar, Dr.M. Uma Maheswari, Mr.P.Saravanapandi(2019)**: Management efficiency ratio provides the role of management in the industry to the investor, the management

required to be efficient to handle any kind of situation in the company and the management must aware of the bottom line – “profit line”, To study the management efficient ratios of Britannia Company Ltd. To generate insights about the Management Efficiency Ratios of Britannia Company Ltd, Fixed Assets Turnover Ratio – High ratio means higher efficiency in utilizing the assets. Low Ratio indicates the inability of a firm to utilize the fixed assets efficiently. Ideal Ratio means no benchmark. Can be compared with industry average and own past track. **Dr. K. Vanaja, Hema. S (2020)**: The study is about performance, so it deals with secondary data. The required data were collected from the published annual report of the Oil and Natural Gas Corporation. The statement that are studied are historical past cannot be the index for future estimation., Hence the performance should be continued and improvement to be made in order to attain the objectives of the concern which paves the way to have the result in attaining the competitive advantage. **Mr. S. Muruganatham, S.A Barkavi(2020)**: this study is to analysis over all position of TVS Motors Analysis show that the performance of business is good and they have healthy performance so the good performance depend on better utilization of resources so in future they have to increases their performance level they need to cut off expenses and cash outflow and they should have more liquidity position to meet their short term debts they should have more cash inflow over cash outflow to maintain they stability . They need to increase their sales volume, and generate more from capital and from available resources this help the company to increase their level of performance. **Dr. R Suresh, Sheikh Majedul Huq, Nandhini.S, Dr.L.Arunachalam(2020)**: The study was conducted to analyze the financial performance and changes in financial position of the super Auto forge company limited. The study reveals that liquidity and profitability position of the company is adequate. Working capital Turnover ratio are inefficient and further it can improve if the company concentrates on utilizing in working capital efficiently. The financial statement of the company was analyzed and interpreted by the help of balance sheet and profit and loss statement. So, as to identify the financial strength and weakness of the company. Thus, the result indicates that financial performance is increasing every year, but the company has to put more effort into making it effective. **Mr. Mathew George, Dr Shamsi Sukumaran K (2021)** HUL is one of the largest Indian consumer goods companies in India, headquartered in Mumbai. HUL is the leading consumer goods company in India having over 20 consumers categories. HUL’s total share price is Rs.2313.45. HUL’s overall profitability and financial performance over the last 5 years are satisfactory as their current market capitalization stands at Rs. 543560Cr. Net profit margin has been showing an increasing trend for the last 5 years. According to the data from financial express, HUL acquired gross sales of Rs. 38785 Cr and Income of Rs. 6880 Cr. Debt-Equity ratio is very low for the last 5 years so the firm is in safer side.

### III. OBJECTIVE

- The study's main goal is to learn about TATA Motors and Maruti Suzuki’s financial **strengths** and weaknesses using Financial Ratio
- To evaluate the liquidity, solvency, and profitability of TATA motors and maruti Suzuki.
- To examine the different components of TATA Motors and Maruti suzuki financial statements for the past five years in order to determine the companies' financial power

#### IV. METHODOLOGY

Ratio analysis is used for analyzing financial performance evaluation. The study has been undertaken for the period of 5 years from 2018-2019 to 2022-2023. The secondary data has been collected from the various data base, journals and magazines. Variables pertaining to behavior of solvency, liquidity, profitability had been collected from the balance sheet and profit and loss account of the TATA motors and Maruti Suzuki.

#### TOOLS AND TECHNIQUES

- liquidity ratio
- solvency ratio
- Profitability ratio

#### V. ANALYSIS

**TABLE 1.1.1**

**LIQUIDITY RATIO OF TATA MOTORS**

YEAR	CURRENT ASSETS(LKS)	CURRENT LIABILITIES(LKS)	CURRENT RATIO
2018-2019	13229.30	229940.81	0.58
2019-2020	13568.76	25810.82	0.53
2020-2021	15854.59	26251.55	0.60
2021-2022	15619.61	26992.81	0.58
2022-2023	11499.95	25803.53	0.45

**TABLE 1.1.2**

**LIQUIDITY RATIO OF MARUTI SUZUKI**

YEAR	CURRENT ASSETS(LKS)	CURRENT LIABILITIES(LKS)	CURRENT RATIO
2018-2019	12361.60	14150.30	0.87
2019-2020	8427.40	11294.80	0.75
2020-2021	18526.70	16106.70	1.15
2021-2022	16781.20	17013.70	0.99
2022-2023	11599.90	20099.30	0.57

#### INTERPRETATION

The current ratio calculation for TATA MOTORS is 0.58 for the year 2018-2019, 0.53 for the year 2019-2020, 0.60 for the year 2020-2021, 0.58 for the year 2021-2022, and 0.45 for the year 2022-2023 . while the MARUTI SUZUKI'S current ratio calculation is 0.87 for the year 2018-2019, 0.75 for the year 2019-2020, 1.15 for the year 2020-2021, 0.99 for the year 2021-2022, and 0.87 for the year 2022-2023. Through this current ratio analysis the MARUTI SUZUKI is better that of TATA MOTORS in all the five years



TABLE 1.2.1

## SOLVENCY RATIO OF TATA MOTORS

YEAR	TOTAL DEBT (CR)	TOTAL SHAREHOLDER S EQUITY(CR)	DEBT TO EQUITY RATIO
2018-2019	17532.46	22162.52	0.79
2019-2020	20897.87	18387.65	1.14
2020-2021	21748.72	19055.97	1.14
2021-2022	23232.65	19937.76	1.16
2022-2023	18872.44	22467.76	0.84

TABLE 1.2.2

## SOLVENCY RATIO OF MARUTI SUZUKI

YEAR	TOTAL DEBT (CR)	TOTAL SHAREHOLDER S EQUITY(CR)	DEBT TO EQUITY RATIO
2018-2019	149.60	46141.50	0.03
2019-2020	106.30	48437.00	0.02
2020-2021	488.80	51366.80	0.09
2021-2022	381.90	54086.00	0.07
2022-2023	1215.80	60382.00	0.20

## INTERPRETATION

The TATA MOTORS company minimum debt-to-equity ratio over the five-year period was 0.79, which was recorded in 2018-2019, while the maximum debt-to-equity ratio was 1.16, which was recorded in 2021-2022. The average debt-to-equity ratio over the five-year period was 1.00. The MARUTI SUZUKI company minimum debt-to-equity ratio over the five-year period was 0.02, which was recorded in 2019-2020, while the maximum debt-to-equity ratio was 0.20, which was recorded in 2022-2023. The average debt-to-equity ratio over the five-year period was 0.08. Through this ratio analysis both the companies ratios are fluctuating over the five year period and the TATA MOTORS company performing well than the MARUTI SUZUKI

TABLE 1.3.1

## PROFITABILITY RATIO OF TATA MOTORS

YEAR	NET PROFIT	NET SALES	NET PROFIT MARGIN RATIO
2018-2019	2020.60	69202.76	2.91
2019-2020	(7289.63)	43928.17	(16.59)
2020-2021	(2395.44)	30175.03	(7.93)
2021-2022	(1390.86)	47263.68	(2.17)
2022-2023	2728.13	65757.33	4.15

TABLE 1.3.2

## PROFITABILITY RATIO OF MARUTI SUZUKI

YEAR	NET PROFIT	NET SALES	NET PROFIT MARGIN RATIO
2018-2019	7500.60	86020.30	8.71
2019-2020	5650.60	75610.60	7.47
2020-2021	4229.70	70332.50	6.01
2021-2022	3766.30	88295.60	4.26
2022-2023	8049.20	117522.90	6.85

## INTERPRETATION

The TATAMOTORS company maximum net profit margin ratio was 2.91%, which was recorded in 2018-2019. The average net profit margin ratio over the five-year period was -5.11%. The data suggests that the company has struggled to maintain a positive net profit margin over the five-year period, with an average net profit margin ratio of -5.11%. The company experienced a significant loss in 2019-2020, with a net profit margin ratio of -16.59%. The company's net profit margin ratio improved in 2022-2023 to 4.15%, indicating that the company has made progress in improving its profitability. The MARUTI SUZUKI company has a positive progress in its profitability the minimum net profit obtained in the year 2021-2022 of 4.26% and the maximum net profitability obtained in the year 2018-2019 of 8.71%. according through this net profit analysis the MARUTI SUZUKI is doing good over the five year period when compared to TATA MOTORS COMPANY.

## VI. FINDINGS

- The MARUTI SUZUKI Current ratio is higher than ideal ratio which shows that the company more current assets than liabilities to offset its liabilities. But all the current ratio of TATA Motors is below ideal ratio, so the organization should put its full effort into reducing current liabilities in order to keep liquid capital at an optimal pace.

- A debt-equity ratio of 2 is regarded as ideal ratio and both the companies i.e. TATA Motors and MARUTI SUZUKI are having ratios less than 2 which indicates the good sign for both the companies
- The TATA MOTOR company experienced a significant loss in 2019-2020, with a net profit margin ratio of -16.59%. The company's net profit margin ratio improved in 2022-202 to 4.15%, indicating that the company has made progress in improving its profitability. And the maruti Suzuki company has an positive experience over the five year period

## VII. SUGGESTION

- It is suggested to MARUTI SUZUKI to continue the same with respect to the liquidity ratio, net profit margin ratio, gross margin profit ratio as these are higher ideal norm which is beneficial for the company
- The TATAMOTOR company is struggling in maintaining and improving its profitability. So, it is suggested to manage its activities efficiently in order to improve its profitability. The company should focus on increasing its deposits and cash & cash equivalents to increase its liquidity ratio

## VIII. CONCLUSION

The study was conducted on the comparative study of financial performance of TATAMOTORS and MARUTI SUZUKI for the period of 5 years. From the study it is determined that the MARUTI SUZUKI company financial performance was seeing to be sound than the TATA Motors company, because the company tries to increase its production and also net profit. So, the investors can make decision to invest in MARUTI SUZUKI Company. Tata Motors has experienced both ups and downs in recent years. To continue to succeed in a highly competitive market, the company should focus on innovation, supply chain management, branding and marketing, sustainability, and employee development. By addressing these areas, Tata Motors can improve its financial performance and maintain its position as a leading automotive manufacturer

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