



# A STUDY ON FINANCIAL PERFORMANCE OF TATA MOTORS IN INDIA

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*Abstract:* Industry is “What makes in large scale or small scale but it is usually linked to number of employees that work for the company and the turn over generated each year”. The study focus on the Tata Motors the large scale industry financial performance in India. The term large scale refers to the size of a firm in terms of the number of employees and sometimes the annual turnover, depending on the economy and industrial sector perspective. Tata Motors has always taken its value not only in India; it has created its value in overall world economy. The aim of the study is to analyse the financial performance of Tata motors for the period 2000-2001 to 2022-2023 and its problems and prospects. Based on the objectives the major findings on major financial indicators such as current assets, current liabilities, net profit, current ratio and debt equity ratio were fluctuating during the study period.

*Index Terms* - Financial Performance, Large-Scale Industry, Tata Motors, Current Assets, Liabilities, Net Profit, Current Ratio, Debt Equity Ratio.

## Introduction

“A promise is promise and I kept my promise”- this is a historical statement which is given by Mr. Ratan Tata on the launch of his ambitious Tata Nano car which was considered as people’s car in India on 23<sup>rd</sup> March 2009. Tata motors has considered on value based products and in the Indian Car Market it has step on path breaking by launching TATA NANO or TATA INDICA which has built a unique brand in car industry and in diesel segment. The industries not only focus on passenger car but also on heavy vehicles and Tata Motors is one of the brand leader in heavy vehicle segment and it has captured its high market share not only in Indian economy but also in world economy. The organisation has created its value in outside world market by acquiring Jaguar-land Rover and Corus steel during the year 2007-2008. The company has been recognized has one of the top 10 company in the year 2008-2009 by fortune magazine. Tata motors is mostly valued in the world as its priority towards customer satisfaction and the organisation consistently work on it which results in providing best products with full money value what the customers has paid. On this background the study focus on the financial performance of Tata motors for the period 2000-2001 to 2022-2023.

## Overview of Tata Motors

Tata Indica India's largest selling car in 2005-2006 and it has created a new segment in launching India's first indigenously developed mini-truck. On January 2008, the company unveiled People's car, named as Tata Nano, and it was launched during the period March 2009. Further on May 2009, Tata Motors introduced its new range of world standard trucks. In June 2009, a new range of premium luxury vehicles from Jaguar and Land cover was introduced for in Indian market. The Tata Motors besides product development the Research and Development wing focus on eco-friendly technologies and it currently engaged in engineering and automotive solution, construction equipment manufacturing, automotive vehicle component manufacturing and supply chain activities, machine tools and factory automation solutions high-precision tooling and plastic and electronic factory automation solutions high-precision tooling and plastic and electronic components for automotive and computer applications and automotive detailing and service operations. In conformity with the traditional of the TATA Group, Tata Motors is also committed in letter and spirit to Corporate Social Responsibility. It is a Signatory to the United Nations Global Compact and is engaged in community and social initiatives on labour and environment standards in compliance with the principles of the Global Compact.

## Highlights on Performance of Tata Motors

- 2005 - Branded buses and coaches -Starbus and Globus -launched, Tata Ace, India's first mini truck launched.
- 2006 - Tata Motors and Marcopolo, Brazil, announce joint venture to manufacture fully built buses & coaches for India & markets abroad.
- 2007 - Tata Motors and Thonburi Automotive Assembly Plant Co. (Thonburi), announce formation of a joint venture company in Thailand to manufacture, assemble and market pickup trucks. Launch of Magic, Winger.
- 2008 - Tata Motors completes acquisition of Jaguar Land Rover, Indigo CS Launched.
- 2009 - Tata Motors launches Nano, Indigo Manza world Car. Also Launch of premium luxury vehicles – Jaguar XF, XFR and XKR and Land Rover.

## Review of literature

**Mahapatra, kumar and Chauhan (2010)**, has mentioned a study on customer satisfaction, dissatisfaction and post purchase evaluation: an empirical study on small size passenger cars in India with the main objectives to examine the satisfaction and impact on future purchase decision and explore the performance of different attributes in automobile in giving satisfaction to customer with the sample size of 150 customers and they used the multiple regression techniques and they revealed from this study that customers are highly satisfied with the performance of attributes like pickup, wipers, etc. and other attributes like pollution, engine, quietness, battery performance, and pick up influence the consumer future purchase decisions and consumer give the more importance to these factors.

**Singh (2011)**, revealed a study on " An empirical review of the product and customer satisfaction of Tata commercial vehicles" to find out the quality of service, performance of Tata motors and to know the consumer perception towards Tata motors with the sample size of 100 customers and used the statistical techniques tables, bar charts etc. This study concluded that consumer prefer the Tata commercial vehicles due to its better quality, brand image, easy availability of service stations, spare part quality etc.

**Lohana and sharma (2012)**, conducted a study on "customer satisfaction towards Hyundai cars in Nanded city" with the objectives is to identify the customer preferences and parameter about the Hyundai cars. They have taken the sample of 60. They concluded from the study that 50% customers are satisfied with the overall performance of their vehicle. The customers are satisfied with the fuel efficiency, brand image, after sales and services economic purchase etc.

**Govind Shinde and Dr. Manish Dubey (2013)** analyzed the industry for the period of 2005 to 2010 and say that the Indian automobile industry has been able to sustain during the tough time of the recession and have had record breaking sales growth.

## Objectives of the Study

- To analyse the financial performance of Tata Motors for the period 2000-2001 to 2022-2023.
- To access the prospects and problems of Tata Motors.

## Statement of the Problem

Public sector financial investigation is the process of the monetary strength and weakness of the firm or industry by properly establish the item of balance sheet profit and loss account balance sheet income and expenditure effectual and sound financial tools area very much necessary at all levels of operation. To investigate the operation efficiency and the ultimate success or failure of a business. A financial analysis reveals where an industry stands in respect to liquidity, solvency and profitability financial reports provide the frame work within which the business planning has taken place.

## Research Methodology

The study is based on the secondary data which collected from the annual reports of TATA MOTORS. The period of study was taken to twenty three years from 2000-2001 to 2022-2023. Further the secondary data was based on the published sources like balance sheet and annual reports. The tools of the study included Percentage analysis, Annual growth rate, and Compound growth rate were used in descriptive manner.

## Limitation of the Study

The study based on published data for a selected period only. These data were taken from balance sheet and annual report.

## Data Analysis and Interpretation

Current assets are held for short period of time as against fixed assets which were held for relatively longer periods. The major component of current assets includes cash, sundry debtors, inventories, loans and advances and prepaid expenses. The data on current assets of Tata Motors were taken for the period 2001-2002 to 2022-2023 and the following table illustrates it.

**Table I: Table Showing Current Assets of Tata Motors for the Period 2001-2002 to 2022-2023**

Year	Amount (in Crores)	AAGR
2000-2001	2440.40	-
2001-2002	2314.55	-5.16
2002-2003	2685.85	16.04
2003-2004	2408.26	-10.34
2004-2005	2701.14	12.16
2005-2006	3002.74	11.17
2006-2007	10646.16	254.55
2007-2008	3613.70	-66.06
2008-2009	5707.05	57.93
2009-2010	6747.01	18.22
2010-2011	18113.02	168.46
2011-2012	12864.50	-28.98
2012-2013	11504.85	-10.57
2013-2014	11564.60	0.52
2014-2015	51703.48	347.08
2015-2016	45765.85	-11.48
2016-2017	49930.64	9.10
2017-2018	34643.91	-30.62
2018-2019	17035.58	-50.83
2019-2020	19959.03	17.16
2020-2021	23372.68	17.10
2021-2022	31286.57	33.87
2022-2023	33949.52	8.50
<b>CAGR</b>	<b>12.10</b>	

**Source: Annual Report of Tata Motors**

The above table shows that the current assets Tata Motors were fluctuated for the period 2000-2001 to 2022-2023. The current assets were valued at INR.49930.64 crores at 2016-2017 and the lowest value of current assets INR. 2314.55 crores at 2001-2002. The annual growth rate of total assets was fluctuated over the period. It was observed that higher percentage of average annual growth rate was 347.08 percent at 2014-2015 and the lowest annual average growth rate 0.51 percent at 2013-2014. The compound growth rate over the period was 12.10 times.

Current liabilities and provisions, as per the classification under the companies act consists of the amount due to the suppliers of goods and services bought on credit, advance payments received, accrued expenses, unclaimed dividend, provisions for taxes, dividends and so on. The data on the current liabilities of Tata Motors were taken up for the period 2001-2002 to 2022-2023 annual growth rate and compound growth rates were calculated

The below table II analysed the current liabilities of Tata Motors which was observed to be fluctuated during the study period. Current Liabilities was valued to INR. 53644.83 crores during the period 2021-2022 and the lowest value was INR.1667.55 crores during the period 2001-2002. The average annual growth rate was 96.83 percent at 2010-2011 and the lowest average annual growth rate was -0.05 percent in 2018-2019. Moreover during the study period the compound annual growth rate was 15.39 percent.

**Table II: Table Showing Current Liabilities of Tata Motors for the Period 2001-2002 to 2022-2023**

Year	Amount (In Crores)	AAGR
2000-2001	1712.88	-
2001-2002	1667.55	-2.65
2002-2003	2012.55	20.69
2003-2004	2368.20	17.67
2004-2005	2689.83	13.58
2005-2006	2835.99	5.43
2006-2007	3523.20	24.23
2007-2008	3855.26	9.42
2008-2009	6039.86	56.67
2009-2010	6653.09	10.15
2010-2011	13095.89	96.84
2011-2012	16903.64	29.08
2012-2013	16488.65	-2.46
2013-2014	18881.76	14.51
2014-2015	43586.22	130.84
2015-2016	47953.97	10.02
2016-2017	50051.29	4.37
2017-2018	25607.34	-48.84
2018-2019	25593.65	-0.05
2019-2020	30871.30	20.62
2020-2021	29313.32	-5.05
2021-2022	53644.83	83.00
2022-2023	46437.30	-13.44
<b>CAGR</b>	<b>15.39</b>	

**Source: Annual Report of Tata Motors**

The current ratio is the financial ratio that shows the quantity of current assets to current liabilities. The current ratio is used as an indicator to identify the company's liquidity position. In other words, a large amount of current assets in association to a small amount of current liabilities grant some statement that the compulsion coming due will be paid. The below table current ratio of Tata Motors were taken up for the period 2000-2001 to 2022-2023.

**Table III: Table Showing Current Ratio of Tata Motors for the Period 2001-2002 to 2022-2023**

Year	Amount (In Crores)	AAGR
2000-2001	1.54	-
2001-2002	1.53	-0.65
2002-2003	1.35	-11.76
2003-2004	1.03	-23.70
2004-2005	1.1	6.80
2005-2006	1.1	0.00
2006-2007	2.15	98.18
2007-2008	0.9	-58.72
2008-2009	1.12	24.44
2009-2010	1.15	2.68
2010-2011	1.91	66.09
2011-2012	1.82	-4.71
2012-2013	1.75	-3.85
2013-2014	1.59	-9.14
2014-2015	1.7	6.92
2015-2016	1.33	-21.76
2016-2017	1.44	8.27
2017-2018	1.46	1.39
2018-2019	1.39	-4.79
2019-2020	1.4	0.72
2020-2021	0.97	-30.71
2021-2022	1.07	10.31
2022-2023	1.01	-5.61

Source: Annual Report of Tata Motors

The current ratio from the above table III shows that there is a fluctuating over the period. During the study period the highest current ratio value was 2.18 percent at 2006-2007 and the lowest value 0.9 percent on 2007-2008.

The Debt equity ratio reveals the debt position of an organisation compared to its assets. It is observed by dividing an organisation's total debt by shareholder equity. A higher debt equity ratio means the organisation may have a harder time covering its liabilities.

**Table IV: Table Showing Debt Equity Ratio of Tata Motors for the Period 2001-2002 to 2022-2023**

Year	Amount (In Crores)	AAGR
2000-2001	1.06	-
2001-2002	1.75	65.09
2002-2003	1.02	-41.71
2003-2004	0.36	-64.71
2004-2005	0.15	-58.33
2005-2006	0.02	-86.67
2006-2007	0.12	500.00
2007-2008	0.61	408.33
2008-2009	0.78	27.87
2009-2010	0.61	-21.79
2010-2011	1.60	162.30
2011-2012	1.22	-23.75
2012-2013	1.42	16.39
2013-2014	1.77	24.65
2014-2015	1.84	3.95

2015-2016	1.54	-16.30
2016-2017	1.72	11.69
2017-2018	1.37	-20.35
2018-2019	1.43	4.38
2019-2020	1.42	-0.70
2020-2021	0.98	-30.99
2021-2022	0.52	-46.94
2022-2023	0.61	17.31

**Source: Annual Report of Tata Motors**

The debt equity ratio for the study period 2000-2001 to 2022-2023 shows an fluctuation over the period. The highest debt equity ratio was 1.84 percent on 2014-2015 and the lowest value was about 0.02 percent on 2005-2006.

### Findings and Conclusion

The financial performance of Tata Motors was analysed for the period 2000-2001 to 2022-2023 with five financial indicators such as Current Assets, Current Liabilities, Current ratio and Debt equity ratio which witnessed an fluctuation on overall study period. It was identified that the highest value of current assets was in 2016-2017 was INR.49930.64 crores, Current liabilities was valued to be INR.53644.83 crores on 2021-2022. The current ratio and debt equity ratio was 2.18 percent at 2006-2007 and 1.84 percent was 2014-2015 which showed a highest percent during the study period.

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