



# A STUDY ON FINANCIAL PERFORMANCE OF TVS MOTORS LIMITED

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## **ABSTRACT**

*This study's main focus is to analyse the overall performance of TVS Motors using financial statements that show all incomes and expenses, as well as assets and liabilities, in the format of profit and loss and balance sheet. This statement is analyzed and is known as performance. It assists the firm in making decisions and learning about their financial functions in business. The method used to analyse their performance was ratio analysis (liquidity, profitability, and activity) and schedule changes in working capital. This method assisted in analyzing the company's performance.*

**Keywords:** *Working capital, TVS motors, Financial performance*

## **INTRODUCTION**

Finance is the life blood of all economic and commercial activity .Finance is the study of Fund management. it is a critical aspect of the business process .Finance performance is the process of defining a firm`s strengths and weaknesses because finance is important in all aspects of business activity. Financial changes or effects are reflected on policies, processes, activities, turnover, production, and all departments of business, so all aspects of business are dependent on financial aspects.

Financial statement analysis is a process of reviewing and analyzing a company's financial statements, such as ratio analysis, cash flow analysis, to gain insights into its financial health and performance. In this study, we will focus on TVS Motor, a leading two-wheeler manufacturer in India, and analyze its financial statements.

## **OBJECTIVES OF THE STUDY**

1. To study the long term financial position of the firm.
2. To analyse the profitability and liquidity of the company.
3. To examine the different components of TVS motors company financial statement for company financial statement for the past five year and review them in order to determine the company`s financial power.
4. To measure the overall financial performance of TVS motors.

## STATEMENT OF THE PROBLEM

This study addresses the issue of assessing TVS Motor's financial performance. Specifically, the study aims to identify the key financial indicators that are most relevant to understanding the company's financial health, assess the trends and patterns in these indicators over time, compare TVS Motor's performance to that of its competitors, and provide recommendations for improving the company's financial position."

## SCOPE OF THE STUDY

The scope of a financial statement analysis of TVS Motor Company would typically involve an in-depth examination of the company's financial statements, which include the ratio analysis, cash flow analysis. The primary objective of a financial statement analysis is to evaluate a company's financial performance and position over a particular period. This analysis would involve assessing the financial health of TVS Motor by looking at its profitability, liquidity, solvency, and efficiency. Overall, the scope of a financial statement analysis of TVS Motor would be to provide insights into the company's financial performance, strengths, weaknesses, opportunities, and threats, which can help investors and stakeholders, make well informed decisions about the company.

## RESEARCH METHODOLOGY

The research design used was analytical research design. The data was collected from secondary data from five years financial statement of the company period from (March 2018 – March 2022) the techniques used to analysis this study was ratio analysis, cash flow analysis.

### Research design

The method and procedure for conducting a research study are indicated by the research design. In pursuance of objectives stated above, the following research design is used for conducting the study.

### Nature of the study

The present study adopts descriptive and analytical in nature with support of secondary data.

### Sources of data

The study is based on secondary data. Secondary data for this study is gathered from TVS Motor Company's annual report, published materials in the form of reports, articles from journals, and websites.

### Period of study

The present study has gathered secondary sources of information for a period of 3 months.

### Tools of analysis

The tool used for analysis is ratio analysis, cash flow analysis.

- 1) **Ratio analysis:** - Ratio analysis is a technique for analysing a company's financial performance by comparing various financial ratios. Some of the key ratios that can be calculated are Gross profit ratio, current ratio, net profit ratio, operating profit ratio, fixed turnover ratio.
- 2) **Cash flow analysis:** -A cash flow statement is a useful tool for managing finances because it tracks an organization's cash flow. This statement is one of the three key reports that help in determining a company's performance (along with the income statement and the balance sheet).

### Limitations of the study

The period for the study is of last 5 years so it's not possible to show life time performance of company. The majority of the data is derived from financial statements. As a result, the limitations of financial statements may have an impact on the study.

## REVIEW OF LITERATURE:

1. (Ali, 2022) Because of the need for privacy and security, the entire study can provide the most likely forecast about the future of the automotive industry. Social distancing will try to accrete the shift towards subscription model cars for safe ink. This will naturally encourage automakers to produce more subscription and private cars, resulting in increased sales in the future.
2. (Mahapatra, 2021) Profitability analysis reveals that the selected sample Company has a high earning potential. In conclusion, it appears safe to conclude that both of the sample companies appear to be following sound financial management practises.
3. (Swalih et al., 2021) they discovered that the Indian auto sector is showing early signs of recovery after experiencing a slowdown and a COVID crisis. The trend can be seen if we look at the last two quarters' revenue and EPS.As Indian economy is recovering from first ever recession after independence, Indian automobile sector will continue to remain a major contributor is India's GDP.The future of the Indian auto sector appears bright, with all three companies studied maintaining market leadership in their respective segments.

## OVERVIEW OF TVS MOTORS LIMITED

It has 243.55 billion consolidated revenue in year of 2021-2022. It has 4.95 million two- wheelers annual production capacity. It has 120000 three – wheelers annual production capacity. TVS Motor Corporation is a well-known two- and three-wheeler company with four advanced manufacturing facilities in Hosur, Mysuru, Nalagarh, India, and Karawang, Indonesia. . The company promotes progress through Sustainable Mobility .Based on our 100-year history of Trust, Value, and Passion for Customers and Exactness, we take pride in creating products of the highest quality that are sold all over the world using cutting-edge and environmentally friendly methods .We are the only manufacturer of two-wheelers to have won the coveted Deming Award Our goods are at the top of their respective J.D. Power IQS and APEAL surveys. We have been ranked No. 1 Company in /the J.D .For four years running, Power Customer Service Satisfaction Survey. One of the most sentimental motorbike brands in the world is Norton Motorcycles, a member of our group and based in the United Kingdom .Swiss E-Mobility Group (SEMG) and EGO Movement, two of our companies that operate in the personal e-mobility sector, are market leaders in the country's e-bike industry. The 80 nations in which TVS Motor Corporation operates are all committed to providing the best possible customer service.

## DATA ANALYSIS AND INTERPRETATION

In this chapter the analysis and interpretations of “**A STUDY ON FINANCIAL PERFORMANCE OF TVS MOTORS LIMITED**” as those it is finance project secondary data collected for last 5 years. We had analysis data used the tool ratio analysis, cash flow analysis.

**Ratio analysis:-**Ratio analysis is a technique used to analyze the financial performance of a company by comparing different financial ratios. Some of the key ratios that can be calculated are Gross profit ratio, current ratio, net profit ratio, operating profit ratio, fixed turnover ratio.

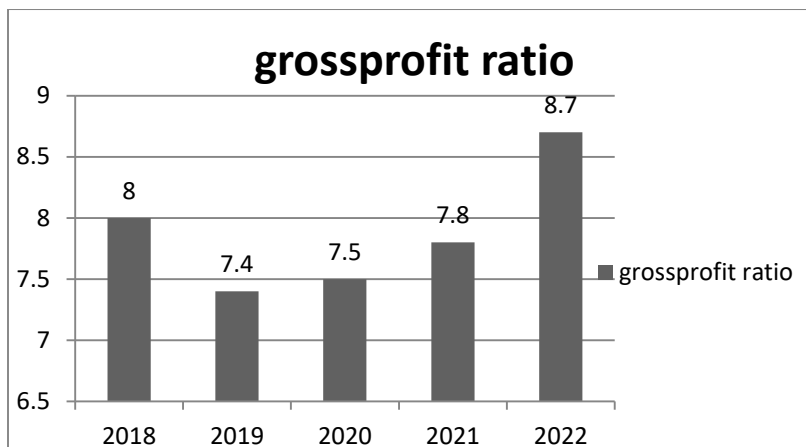
## 1.1 Gross profit ratio

This ratio indicates the efficiency of trading activities of TVS motors. The relationship of Gross profit to sale is known as gross profit ratio. This ratio is calculated as

$$\text{Gross profit ratio} = \text{Gross profit} / \text{Sales} * 100$$

**Table 1 showing Gross profit ratio**

S.NO	Year	Gross profit	sales	Gross profit ratio
1	2018	1217.37	15175.41	8
2	2019	1360.23	18209.92	7.4
3	2020	1243.44	16423.34	7.5
4	2021	1319.92		7.8
5	2022	1825.65	20790.51	8.7



### Interpretation

The above mentioned table and bar graph represent the level of gross profit in their business. The gross profit in 2018 was **8%** and in 2019 it slightly decreased into **7.4%** and it constantly increases in 2020 was **7.5%** and in 2021 increase in **7.8%** and in 2022 it was a greater level of increase percentage at **8.7%** to the gross profit of the firm perform well and healthy so they are maintaining a good efficiency.

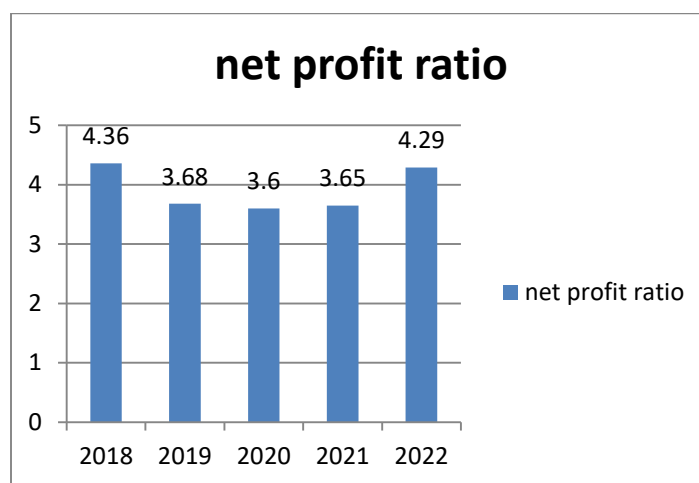
## 1.2. Net Profit Ratio.

This ratio determines the overall efficiency of the business. The relationship between the net profit for the financial year and the sales is known as NET PROFIT RATIO. The ratio is calculated as:

$$\text{Net profit ratio} = \text{Net profit/ Sales} * 100$$

**Table 2 showing net profit**

s.no	year	Net profit	sales	Net profit ratio
1	2018	662.59	15175.41	4.36
2	2019	670.14	18209.92	3.68
3	2020	592.25	16423.34	3.60
4	2021	612.04	16750.54	3.65
5	2022	893.56	20790.51	4.29



## Interpretation

This interpretation is about net profit it show the efficiency of business as the net profit in 2018 was **4.36%** and it decreased in 2019 and 2020 at **3.68%**, **3.60%** and it starts increasing in 2021 and 2022 at **3.65%**, **4.29%** and it shows a healthy performance business firm of efficiency of business firm.

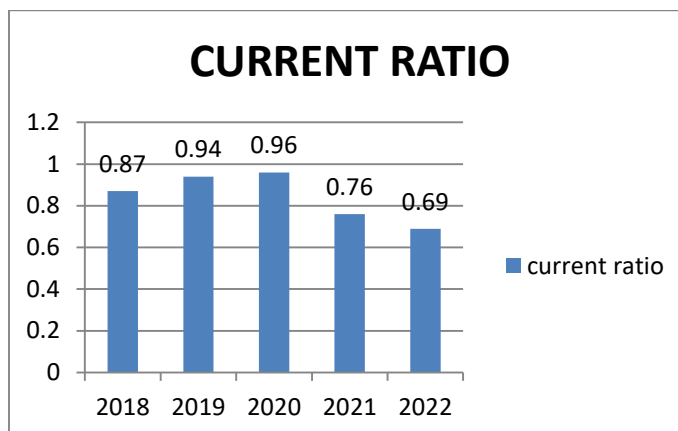
### 1.3. Current ratio

It is a measure of a company's liquidity and its ability to meet short-term obligation.

**Current ratio= Current assets/ Current liabilities**

**Table.3 Showing Current ratio**

S.no	year	Current asset	Current liabilities	Current ratio
1	2018	2529.97	2884.70	0.87
2	2019	3154.91	3350.80	0.94
3	2020	3221.59	3352.99	0.96
4	2021	3446.79	4484.91	0.76
5	2022	3232.05	4671.62	0.69



### Interpretation

The above mentioned bar graph shows the performance of current ratio in 2018 the ratio was **0.87:1** and increases in year 2019 and 2020 was **0.94:1** and **0.96:1** and decreases in year 2021 and 2022 the ratio is **0.76:1** and **0.69:1** and 2022 show a least level of net profit so it shows a unhealthy performance of efficiency of business so they had to make a healthy efficiency of business.

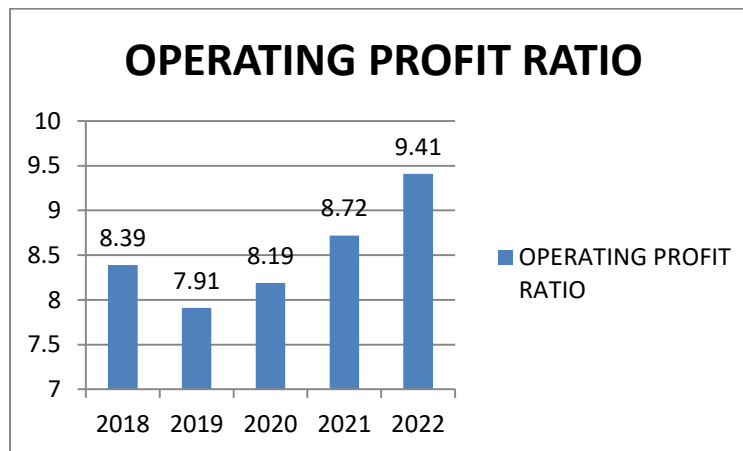
## 1.4. Operating Profit Ratio

This ratio is an indicator of the operational efficiency of the management. It establishes the relationship between operating profit and sales. The ratio is calculated as:

$$\text{Operating profit ratio} = \text{Operating profit} / \text{Sales} * 100$$

**Table :4 Shows the Operating profit ratios**

S.no	year	Operating profit	sales	Operating profit ratio
1	2018	1273.99	15175.41	8.39
2	2019	1440.79	18209.92	7.91
3	2020	1345.63	16423.34	8.19
4	2021	1461.52	16750.54	8.72
5	2022	1957.57	20790.51	9.41



### Interpretation

The above mentioned table and bar graph represent about the operating profit in their business. The operating profit in the financial year 2018 was **8.39%** and it decrease in the financial year 2019 to **7.91%**. It was the least compared to the other five year and it constantly increases year by year. In 2020 it was **8.19%** and in 2021 it was **8.72%** and it still increases. 2022 the ratio was **9.41%**. The operating profit was at its peak in this financial year. The firm performs well and healthy so they are maintaining a good efficiency level.

### FINDINGS

- Gross profit proves to be the highest in 2022 at 8.7% and lowest in 2019 at 7.4%.
- Net profit has in 2018 at 4.36% and lowest was in 2020 at 3.60%.
- Current ratio performed the highest in 2020 at 0.96:1 and performed the least in 2022 at 0.69:1.
- The operating profit ratio shows it peak in 2022 at 9.41% and lowest in 2019 at 7.91%.
- The fixed turnover ratio evaluated it highest in 2019 at 6.83% and lowest was in 2022 at 3.96%.
- Operating activities evaluated it highest in 2021 at 2560.88 and lowest was in the financial year 2019 at 1097.79.
- Investing activities shows highest in the financial year of 2021 at -920.61 and lowest in the financial year 2022 at -2141.04.

- Financing activities shows highest in the financial year 2020 at 270.51 and lowest in the financial year 2021 at -1195.59.
- Net cash is evaluated it highest in the financial year 2021 at 444.68 and the lowest in the financial year 2022 at -530.23.

## SUGGESTIONS

- Current ratio is less than the ideal ratio. The effective measure are to be taken to retain the inventories and other receivables accounts of the company
- They have good return from capital in their performance but for future growth they need to improve profit and sales turnover to increase their capital in healthy way.
- To achieve organisational success, an appropriate independent working environment should be created in order to achieve targeted goals more efficiently.
- The management provide an opportunity for their growth and welfare of its employees.
- In cash flow analysis operating investment activities and net cash flow negative financial year and operating activities least value in past year

## CONCLUSIONS

After analyzing various data related to TVS Motor for 5 financial years in an analytical approach, the main goal of this study to analyse TVS's overall position. Motors analysis shows that the performance of business is good and they have healthy performance so the good performance depend on better utilisation 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 revenue from capital and available resources, which will assist the company in increasing their level of profitability.

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