



ORIGINAL RESEARCH PAPER

Accountancy

FINANCIAL ANALYSIS OF TVS MOTORS LTD

KEY WORDS:

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ABSTRACT

Finance is regarded as the life-blood of every business enterprise. No business, either big, medium or small can be started without adequate amount of finance. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial analysis. This study is based on the "Financial analysis of TVS Motor Limited".

INTRODUCTION TO STUDY

Every business concern wants to know the various financial aspects for effective decision making. The term 'financial analysis' is also known as analysis and interpretation of financial statements. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm, by properly establishing the relationships between the items contains in balance sheet and profit and loss account.

Statement Of The Problem

The goal of such analysis is to determine the efficiency of operation of firm. The financial statement only shows the process and activity done but financial analysis shows dept efficiency of functions. Hence this study conducted analysis to know efficiency of TVS Motors and to identify their growth of firm and to know how financial performance play a vital role in growth of the firm.

Objectives Of Study

- To analyze the financial performance of the company.
- To analysis Liquidity and Profitability position of business

Scope Of Study

The study entitled " Financial analysis of TVS Motor Company" is to analyze the financial position of TVS motor company for last 5 years. The study is based on financial position of the firm by using ratio analysis. This study will help the management to understand more possibilities.

Review Of Literature

Surekha B. & Krishnalal K. Rama (2015) this study reveals the prosperity of Tata motors company. It can be concluded that inner strength of company is remarkable. Company can further improve its profitability by optimum capital gearing, reduction in administration and financial expenses for the growth of company

Nandhini, M. & Sivasalithi, V.(2015) have studied the impact of both financial leverage as well as operating language on the profitability of TVS motor company. The result shows that company suffers from certain weakness & suggested to control fixed cost as well as variable cost to gain adequate profits.

Research Methodology

**Data Collection
Secondary Data**

Secondary data have been mainly obtained from the annual reports, Articles, records and Books.

Data on performance of working capital and company's liquidity position related data also taken as a secondary data.

Period Of Study

The study covers an analyze of the overall financial performance of the company which help of financial ratio for 5 years from 2018-2022.

Tools Used For The Study

Comparative Balance sheet
Ratio analysis

Limitation Of Study

The financial analysis is done only with 5 years of financial statement of the company and it's based on the past and historical information

The study is done with the sources and data collected from secondary data from website

**Data Analysis And Interpretation
Comparative Balance Sheet Of 2021-2022**

PARTICULARS	2021 (in Crs)	2022 (in Crs)	Changes	%
EQUITY AND LIABILITY				
Shareholder's Funds:				
Equity share Capital	47.51	47.51	-	-
Total share capital	47.51	47.51	-	-
Reserves and surplus	3779.10	4351.94	572.84	15.15
Total Reserves and Surplus	3779.10	4351.94	572.84	15.15
Total Shareholder's fund	3826.61	4399.45	572.84	14.96
Minority Interest	387.90	653.56	265.66	68.48
Non-Current Liability:				
Long Term Borrowings	6280.26	7305.77	1025.51	16.32
Deferred Tax Liability	218.90	207.56	-11.34	-5.18
Other Long-Term Liability	210.87	457.78	246.91	117.09
Long Term Provision	159.44	196.24	36.8	23.08
Total Non-Current Liability	6869.47	8167.35	1297.88	18.89
Current Liability:				
Short term Borrowings	3069.25	7991.51	4922.26	160.37
Trade payables	4298.60	4624.99	326.39	7.59
Other Current Liability	3455.52	1127.80	-2327.72	-67.39
Short term Provisions	85.34	107.42	22.08	25.87
Total Current Liability	10908.71	13851.72	2943.01	26.97
Total Capital and Liability	21992.69	27072.08	5079.39	23.09

ASSETS				
Non-current Assets:				
Tangible Assets	3504.30	4515.68	1011.38	28.86

Intangible Assets	528.44	889.49	361.05	68.32
Capital Work in process	873.89	320.18	-553.71	-63.36
Fixed Assets	5073.51	5969.70	883.19	17.40
Non-current Investments	468.01	474.33	6.32	1.35
Deferred Tax asset (Net)	127.62	217.88	90.26	70.72
Long Term Loans&Advances	5361.97	6716.45	1354.48	25.26
Other Non-Current Assets	236.43	289.17	52.74	22.30
Total Non-Current Assets	11455.85	14224.00	2768.15	24.16
Current Assets:				
Current Investments	0.00	130.23	-	-
Inventories	1367.43	1642.36	274.93	20.10
Trade Receivables	1035.97	1155.24	119.27	11.51
Cash and Cash Equivalents	1656.85	1535.61	-121.24	-7.31
Short Term Loans & Advances	5794.23	7299.25	1505.02	25.97
Other Current Assets	682.36	1085.39	403.03	59.06
Total current asset	10536.84	12848.08	2311.24	21.93
Total Assets	21,992.69	27072.08	5079.39	23.09

Interpretation

The comparative balance sheet shows that the Company's equity and liabilities, as well as its assets, have been steadily increasing over the years, indicating a positive financial position

Ratio Analysis

Gross Profit Ratio

Year	GrossProfit(in Rs.Crs)	Sales(in Rs.Cr)	Grossprofit Ratio
2018	1217.37	15175.41	8.02
2019	1360.23	18209.92	7.47
2020	1243.44	16423.34	7.57
2021	1319.92	16750.54	7.88
2022	1824.65	20790.51	8.78



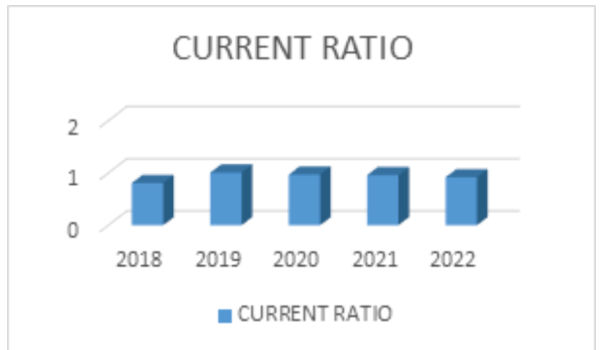
Interpretation Of Gross Profit Ratio

The table indicates the Gross profit ratios from year 2018 to 2022, It is generally positive trend over time, there was a significant increase in gross profit ratio from 2021 to 2022, which suggests that the company was able to improve its profitability by increasing its gross profit relative to its net sales revenue

Current Ratio

Year	Current Assets (in Rs.Crs)	Current Liabilities (in Rs.Crs)	Current Ratio
2018	6372.89	7853.08	0.81
2019	8331.67	8184.79	1.01
2020	9739.00	10025.24	0.97

2021	10536.84	10908.71	0.96
2022	12848.08	13851.72	0.92



Interpretation Of Current Ratio

The table indicates the current ratio from the year 2018 to 2022. The trend of the current ratio suggests that the company's liquidity position may have declined over the past few years, with the current ratio consistently below 1, indicating a higher level of short-term liabilities than short-term assets.

Findings, Suggestions And Conclusions

Findings

- The gross profit ratio has fluctuated between 7.47% and 8.78% over the years, with the highest ratio seen in 2022
- The trend of the current ratio suggests that the company's liquidity position may have declined over the past few years, with the current ratio consistently below 1, indicating a higher level of short-term liabilities than short-term assets.
- The comparative balance sheet shows that the Company's equity and liabilities, as well as its assets, have been steadily increasing over the years, indicating a positive financial position

Suggestions

- The current ratio is less than the ideal ratio, the effective measures are to be taken to retain the inventories and other receivables accounts of the company
- As profitability ratio have average level of performance so they need to increase their profitability position so they need to reduce their expenses and cash outflow and increase their turnover.

CONCLUSION

After the analysis of various data related to TVS Motors for 5 years in analytical approach the main aim of this study is to analysis over all position of TVS Motors Analysis shows 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 increase 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.

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