A

Project report

" RATIO ANALYSIS "

With reference to
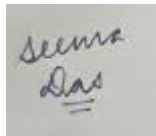
TATA MOTORS

Submitted in the partial fulfilment of the degree

Of

Bachelors of Commerce (H)
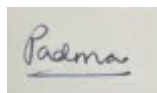
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AJU/191241

2019-2022

Financial performance of TATA Motors

ABSTRACT :

Ratio Analysis involve comparison for a useful interpretation of financial statement. The purpose of this project is to financially study company Tata Motors by doing ratio analysis and research. Both quantitative and qualitative methods are used for this report. Qualitative methods are introduction and literature review. Quantitative methods are analysis and charts .

This report shows whether the changes are major or minor and the financial position of Tata Motors.

Key word:

Ratio Analysis, liquid ratio, profitability ratio, solvency.

INTRODUCTION:

Financial ratios are conventional yet powerful tool of analysing the financial performance of the company. It facilitates the investors, creditors and marketers to have insights on firm's performance. They are used to make predictions about the company ongoing run and future growth. Primarily ratio are being used by the investor to make inter firm comparisons in order to maximize returns. The ratio are calculated by taking figures from the company's financial. Multiple ratios are calculated to ascertain the ability of an entity to pay debts, generate profits and maximise shareholder. Tata Motors receive profits firstly from it Jaguar's land rover segment which is assumed to make 73% total profit in the year 2020. Tata Motors is committed to social responsibility in letter and spirit.

The ratio analysis involve comparison for a useful interpretation of financial statement. A single ratio in itself does not indicate favourable and unfavourable position. It should be compared with that of some other firm in the same industry or with that of past ratio of the firm .

Ratio analysis are important for the business because it analysis the financial position of the business risk involved in the business, efficiency, effectiveness, solvency and involve proper utilisation of fund in a business and it also helps in the decision making in business.

OBJECTIVE:

The objective of financial statement is to provide information about the financial position, performance, and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions. Financial statement should be understandable, relevant ,reliable and comparable.

Literature of Review:

Review of literature consigns a research study in proper perspective by showing the quantity of work already been done in the related area of the study. This part of the paper helps in understanding the result of research undertaken in the relevant directions. Various researchers have demonstrated their alibi and demonstrated various results in their research.

Monika (2017) studied the relevance of behaviour finance in investment decisions using behavioural biases impact of investors. The paper concluded that investors do not always act in rational decisions making process and behavioural biases has an impact of decision making.

Sukheja G. (2016) studied biases ,moods and emotions influence the financial behaviour of individuals based on a detail study using an empirical approach.

Rushdi (2015) examined various psychological influence on investment behaviour of salaried investors in India . Study concluded that demographics factors ,gender appears to be the significant behaviour influence when it comes to investment decconcluded.

SUBHAS (2014) showed impact of behavioural biases on decision making process with various respondents. The study found anchoring and hindsight biases were affecting the most when it comes to decision making.

KABRA et. Al(2010) studied the factors that influenced the investment risk tolerance and decisions making process. The study included 100 individuals investor as respondents. The study concluded that demographics and personality traits influences the most when it comes to investment decisions making process.

Research Gap :

Research have been carried out on various investments bias and perception. A method of assessing the difference between the actual performance and expected performance in an organization or business we are looking at customers satisfaction and that also includes sales network expansion. The company is also introducing measures to cut costs at all same time, working on improving manufacturing quality as well as workforce efficiency at multiple levels.

Research Methodology:

The ratio Analysis done for this project were done with the help of the extraction of the balance sheet, income statement from the yahoo website . There was information only available for three years which are : 2017 , 2018 , 2019 . Hence , we used these three years for this . Annual report were accurate as they were taken from a valid and credible source. This research paper is an explanatory study to acquire an in – depth understanding of

various factors that affect the investment behaviour. This paper uses systematic review technique for the data collection of secondary data. Moreover various research papers have been assessed and different articles were collected to thoroughly study the investment behaviour patterns. All the papers and journals were qualitatively analysed before getting into conclusion.

Finding:

Research in this particular field had documented a range of decision making process which affects investment behaviour in various aspect . A process of inspecting, transforming and modelling data with the goal of discovering useful information and supporting decision making.

Financial Data

Item/year	2019	2018	2017
Current assets	1228,271,200	1362,648309	1163,336400
Liabilities	1447750600	1427782700	1152886200
Inventory	390015900	424296200	352953800
Cash	410723400	492394200	509206700
Receivable	189961700	198933000	140755500
Total asset	29871199900	3235937200	266661899
Sales	2993662400	2882951100	26564105
Cost of goods	1978855800	1869682900	167089540
EBIT	-203091700	-115737500	-639519788
INTREST	57856000	46365000	42365700
Net income/ loss	-293142700	66660800	61210500

Ratio Analysis

Current ratio:

	2019	2018	2017
Current assets	1228275200	1362648300	163336400
Current liability	1447750600	1427782700	115288612
Total	0.84	0.95	1.009

Conclusion:

To conclude, the Tata Motors company has shown its impact on the industry. We can see the downfall of Tata Motors, but it is expected, as it is such a big company. In this report, we have seen that there is an abnormal amount of debt from Tata Motors. Their ability to make the contractual payment has also been decreased . Looking at all the three years 2017 is considered the best financial year out of the years. Which clearly shows that liquidity has decreased over time . If the company manages its assets well and finance its debt properly, it is expected to recover from the loss.

Future Direction:

It ultimately provides strategic direction alongside a company's mission statement. It is based on Standrdization ,agility, resilince and leverage partnership to develop solutions that predict the market and consumer needs. Customers in all industries want companies to take a digital approach and it is up to the corporate technology executive to accelerate innovation in order to meet this challenge. While attracting and retaining top talent van be challenging, a company's workforce is critical to its long term success. Also find talent that can be up skilled can be automated wherever possible and continue to recruit core tech talent to fill any gaps

A directional plan establishes broad business objectives and general directions. It is a flexible plan that sets out general guidelines for process or meeting an objective.

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