

A Study of Financial Performance of TATA Motors with Special Reference to the period 2017 - 2021

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Abstract

Financial ratio analysis is the process of reviewing the financial position of the company. Ratio analysis is extensively used by firms as a technique to forecast the financial soundness of the company to build future growth. This study aims at analyzing the financial performance of Tata Motors by calculating financial ratios. The primary objective of this study is to evaluate the performance of Tata Motors during the last decade. The reference period taken for the study is 5 years starting from 2017 to 2021. Five Ratios were calculated to serve the purpose of assessing the financial performance of the company which include net profit margin, return on capital employed, inventory turnover ratio, asset turnover & current ratio.

Secondary data was collected from the annual reports of Tata Motors to derive relevant information. The results reveal that the company has performed reasonably well during the reference period. The company has shown good potential by earning returns for their shareholders.

CHAPTER -1

INTRODUCTION

Introduction

The Company was incorporated on 1st September 1945 in Mumbai to manufacture diesel vehicles for commercial use, excavators, industrial shunter, dumpers, heavy forgings, and machine tools. The commercial diesel vehicles which were known "As Tata Mercedes Benz (TMB) are now called 'Tata' vehicles after the expiry of the collaboration agreement with Daimler-Benz AG, West Germany. The company also used manufactured pulp and paper-making machinery. In 1960 the company's name, which was Tata Locomotive & Engineering Company Ltd. was changed to Tata Engineering & Locomotive Company Ltd. In the year 1987 the company undertook to set up a new forge shop, a high output foundry line, a new paint shop as well as augmentation of engine and gearbox manufacturing facilities, all at Jamshedpur.

In 1991 During the year the company entered into a collaborative agreement with an internationally renowned engine research and development organization to jointly. develop higher horsepower, fuel-efficient diesel, and petrol engines to meet the future requirements of the company. The last quarter saw the company launching two new passenger vehicles, the SIERRA and the ESTATE totally designed and manufactured in India. The company acquired a BIFR company, M/s Noduron Founders Maharashtra Ltd. The total cost for Telco worked out to Rs, 18 crores as against setting up of similar critical castings foundry. During the year company launched new earthmoving equipment TWK-3036 Tata Front End Wheel Loader. Two new models in the EX-series of hydraulic excavators were launched. A 10 tonne pick and carry articulated crane, designed and developed inhouse was also introduced During the year company entered into an agreement with Nachi-Fujikoshi Corporation, Japan to manufacture arc and spot-welding robots suitable for automobile manufacturing applications. During the year, the company undertook to set up a joint venture with Asian Glass Co. Ltd., Japan to manufacture float glass to be used as windshields for automobiles, ACC along with Tata Exports Ltd. participated in the joint venture. The joint venture was named Floathlass India Ltd.; the Company would have a stake of 16.33%. Tata Cummins Ltd., Mercedes-Benz (India) Ltd., Tata Holset Ltd., Tata Precision Industries, Singapore, and Nita Company Ltd., are the joint ventures of the Company

Taking advantage of the broad banding policy announced by the Government of India, the Company entered into a collaboration agreement with Honda Motor Co. Ltd., Japan, for the manufacture of their ACCORD model of cars in India. On 22nd April, an agreement was entered into between Daimler-Benz AG and Mercedes Benz AG, Germany to set up a joint venture company Mercedes-Benz India to manufacture 'E' class paneyer cans and engines in India. During the year 1995, a new double pick-up and Army Version of various Telco Vehicles were developed. A new Petro engine and turbo diesel engine, an up-graded 709 LCV, new sports utility vehicle Safari are expected to be launched shortly. A 25 tonne 6 X 2 truck and a bus with Cummins engine were launched. Tata Engineering and Locomotive Company (TELCO), has acquired a second-hand paint shop, machine line and cylinders from the Australian unit of the Japanese auto giant, Nissan, TELCO is believed to have picked up the unit for Rs. 70 crores. The total cost of import duty would be Rs 100 crore. During the year a machine tool division was expanded so as to double its machine building capacity and significantly reduce production times.

The Company has launched "TATA SAFARI" in its Multi-utility vehicle segment. Tata Holset's turbocharger plant was inaugurated on November 25, 1996. In 1997, the Tata Engineering and Locomotive Company Ltd. (TELCO) has emerged as numerous in the Review 200 survey conducted by the Far Eastern Economic Review in association with Citi Bank. The Company introduced a 9-tonne vehicle which was well received in the market. A 40-tonne tractor-trailer powered by Tata Cummins Engineering was introduced. The Company developed a low floor bus chassis to meet the specific needs of urban transport. The Company signed a new agreement with Hitachi for the manufacture of upgraded versions of the existing range of excavators.

In the year 1998- Tata Engineering and Locomotive Company Ltd (Telco) announced a tie-up with Tata Finance Ltd and ANZ Grindlays Banks as the official financiers for its small car "Indica" to be launched in December. Tata Engineering Locomotive Company Ltd (Telco) sold its construction equipment business into a new subsidiary company, Telco Construction Equipment Company Ltd. The Company in its small car segment has launched "Tata Indica" which evoked an overwhelming response in the Indian market. A new range of Cummins engine-powered vehicles includes a 35 tonne and a 40-tonne articulated truck and two variants of buses.

To make a substantial improvement in the quality of bus bodies available with TATA vehicles, the Company encouraged collaboration between Fuji Heavy Industries of Japan and the Automobile Corporation of Goa. The new project undertakes the production of bodies on TATA chassis, conforming to the most exacting international standards. Concorde Motors Ltd., a Joint Venture between Tata Engineering and Jardine International Motors (Mauritius) Ltd. was appointed as a dealer for the Company's passenger cars in several cities across the country, in Feb 1998.

In the year 1999-Telco became the first Indian manufacturer to offer commercial vehicles meeting euro-I emission norms, a year before they are due to be introduced in the country. It is proposed to make TCECL a one-stop-shop for construction equipment and earthmoving machinery. In Oct 1999, the Company won the National award for R&D Efforts in Development of Indigenous Technology in the Mechanical Engineering Industries Sector instituted by the Department of Scientific and Industrial Research, Ministry of Science and Technology for the year 1999. SKF Bearings India Ltd has signed an agreement with Telco to supply hub bearings for its latest model.

In 2005, Tata motors acquired a 21% stake in Hispano carrocera, a reputed Spanish bus and couch manufacture, with an option to acquire the remaining stake as well. Hispano's presence is being expanded in the other market.

IN 2006, Tata Motors entered into joint venture with Thonburi Automotive Assembly Plant company in Thailand to manufacture and market the company's pickup vehicle in Thailand. The new plant of Tata motors (Thailand) has begun production of the Xenon pickup truck, with Xenon having been launched in Thailand at the Bangkok Motor show 2008. Tata motors are also expanding its international footprint, established through export since 1961. The company's commercial and passenger vehicle are already being marketed in several countries in Europe, Africa the Middle East, south East Asia and South America. It has franchisee/joint venture assembly operation in Malaysia, Kenya, Bangladesh, Ukraine, Russia and Senegal. The foundation of the company's growth over the last 50 years is a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer-desired offerings through leading edge R&D. With over 2,500 engineers and scientists, the company's Engineering Research Centers, established in 1966, have enabled pioneering technologies and products. The company today has R&D centers in Pune, Jamshedpur, and Lucknow, in India, and in South Korea, Spain, and the UK. It was Tata motors, which developed the first indigenous developed Light Commercial vehicle< India's first sports Utility vehicle and in 1998 the Tata

Indica India's first fully indigenous passenger car. Within two years of launch Tata Indica became India's largest selling car in its segment.

In January 2008, Tata Motors unveiled its People's Car, the Tata Nano which India and the world have been looking forward to. A development which signifies a first for the global automobile industry the Nano brings the comfort and safety of a car within the reach of thousands of families. When launched in India later in 2008 the car will be available in both standard and deluxe versions. The standard version has been priced at 100,000 (excluding VAT and transportation cost. Designed with a family in mind, it has a roomy passenger compartment with generous leg space and head room. It can comfortably seat four people. Its mono – volume design will set a new benchmark among small cars. Its safety performance exceeds regulatory requirements in India. Its tailpipe emission performance too exceeds requirement. In terms of overall polluter, it India today. The lean design strategy has helped minimize weight, which helps maximize performance per unit fuel efficiency also ensures that the car has low carbon dioxide emission, thereby providing the twin benefits of an affordable transportation solution with a low carbon foot fits.

Tata Indica

Tata Indica became popular right from the word go and received over 1.15 lakh bookings in just one week of the launch and became the segment leader in just two years. Tata Indica's success gave the company confidence to launch the all-new Indica in its second generation in 2008 and was named as Indica Vista.

The Company launched the Indica 2000, the Euro II Complaint, 75 BHP multi-point fuel injection (MPFI) version of Indica. The Company has won the National Technology Award for indigenous development and commercialization of the Tata Indica car. The Company has launched its new hi-tech Indica 2000 car with MPFI Petro engine in Guwahati.

Tata Engineering & Locomotive Co. is renamed Tata Engineering Ltd. It replaced its three-shift production line with a one-shift daily schedule starting from 26th June. In the same year, the FICCI-SEDF-Businessworld-Compaq award for social responsiveness was awarded to the company. The Central Pollution Control Board for Environmental Technology award has been presented to Tata Engineering in recognition of its contribution toward efforts to conserve the environment. TATA Engineering on September 10 announced the addition of the MPFI petrol version to the Indica V2 range.

In the year 2002 Foreign Institutional Investors (FII) hike their stake in the company to 13.34% Launches six new products in light, medium, and heavy vehicles segments on Jan 15 during Auto Expo. Announces financial restructuring. Displays its Tata Sedan car at the Geneva Motor Show. Indica has adjudged the topselling B-segment car in 2002.Launches two new motorsport cars (The Zero and Double Zero Pace cars). High Court Approves Tata Engineering's Financial Restructuring. Tata Engg. BPCL tie up to market co-branded lubricants. Tata Steel's investment in Tata Engineering has been hiked to Rs 117.98 crore over the last year. Telco names Sedan as Tata Indigo. Unveils 'EX' series of medium and heavy commercial vehicles. Indica sales cross the two-lakh mark. Collaborates with Nippon-Arcelor for technical know-how on CR steel. Receives Teri's (The Energy and Resources Institute) CORE-BCSD (Corporate roundtable on the development of strategies for sustainable development and environment-business council for sustainable development) corporate social responsibility (CSR) awards for '01-02. Unleashes Safari's petrol version; priced at Rs 9.35 lakh.

With a total of over 14.69 lakh units being sold, Tata Indica completes 20 years in our market but has seen its popularity falling over the years with the arrival of modern offerings.

The year 2003- Tata Unveils City Rover. Tata Motors Ltd signed a binding Memorandum of Understanding (MoU) with Daewoo Commercial Vehicle Company Ltd (DWCV), Korea for the acquisition of this company.

It introduces Tata SFC 407 EX Turbo Light Commercial Vehicle (LCV). The Company changed from 'TELCO to TATAMOTORS' w.e.f December 24, 2003. In the same year, Tata Safari ranks No 1 in MUV/SUV segment.

2004: The year of glory. Tata Motors launch an upgraded version of Indica on January 15, 2004, in a bid to shore up sales of the small car. Auto Expo: Tata unveils a new version of Indica. Tata Motors unveils Indica V2. Tata Motors launches the new Indica V2 in Kerala. Tata Motors introduces a new 'Indicab' for tour operators. The much-hyped Rs one lakh passenger car project of Tata Motors was going ahead as planned. Tata Motors enters an agreement with a Ukraine bus building firm. Tata Motors enters into an agreement with Etalon. In a move to consolidate its presence in the light commercial vehicles segment, Tata Motors has launched a new variant of its 407 series with increased payload capacity called SFC 407EX. Tata Motors buys Daewoo truck unit for Rs 465 crore, Tata Motors unveils Tata SFC 407 EX. Tata Motors inks agreement with Austrian, and French companies. Acquires Daewoo Commercial Vehicle Company Ltd (DWCV), Korea. Tata Motors launches the most anticipated new 6-ton truck in India.

Tata Motors, the country's largest commercial vehicles manufacturer unveiled the new LPT 909EX Turbo Truck in Tamil Nadu. Tata Motors and Tata Africa unveiled a range of passenger cars, utility vehicles, pickups, trucks, and buses for the South African market. Tata Motors has launched a facelifted version of its multiutility vehicle, Tata Sumo. Tata Motors rolls out Tata SFC 407EX BS-II turbo light commercial vehicle.

Tata Motors unveils Tata Safari DICOR in the Kerala market on August 11, 2005. Tata Motors rolls out 2 luxury variants of Indigo. Tata Motors unveiled the new Indica V2 Turbo with a price tag of Rs 4.10 lakh for the DLG variant and Rs 4.31 lakh for DLX. Tata Motors ropes in CVTech to make parts for its small car. Tata Daewoo inks pact with Pakistan co.

Tata Motors has been presented the Golden Peacock Global Award for Corporate Social Responsibility (CSR) in the Large Business category by the Institute of Directors in 2007. Tata Motors buys Nissan facility in S. Africa. Tata Motors has got a prestigious order from the Delhi Transport Corporation (DTC) for 500 non-AC, CNG-propelled buses. Tata Motors Ltd has appointed Mr. P M Telang as Executive Director (Commercial Vehicles).

AREA OF BUSINESS

It is a leading global automobile manufacturing company. Its diverse portfolio includes an extensive range of cars, sports utility vehicles, trucks, buses and defence vehicles. Tata Motors is one of India's largest OEMs offering an extensive range of integrated, smart and e-mobility solutions.

Tata Motors' product range covers passenger cars, multi-utility vehicles as well as light, medium, and heavy commercial vehicles for goods and passenger transport. Seven out of 10 medium and heavy commercial vehicles in India bear the trusted Tata mark. The company developed India's first indigenously developed light commercial vehicle, India's first sports utility vehicle, and, in 1998, the Tata Indica India's first indigenously manufactured passenger car. Within two years of launch. Tata Indica became India's largest selling car in its segment.

Business Model of Tata

The business model of Tata is Customer Segmentation. Through financial services and its dedicated consumer retail segment, the Tata Group delivers precisely to consumers. It also caters to a wide range of industrial and corporate clients, including those in the automotive, shipbuilding, engineering, and agriculture sectors.

Research and development

Tata Motors invests approximately up to 2 percent of its annual turnover on research and development, with an emphasis on new product aggregates development and technology up-gradation. Its Engineering Research Centre in Pune employs over 1,400 scientists and engineers and has India's only certified crash-test facility and Hemi- anechoic chamber for testing noise and vibration.

The company also draws on the resources of leading international design and styling houses like the Institute of Development in Automotive Engineering, SPA, Italy, and Stile Bertoni, Italy. The company has also been implementing several environmentally sensitive technologies in manufacturing processes and uses some of the world's most advanced equipment for emission checking and control.

Environmental responsibility

Tata Motors has led the Indian automobile industry's anti-pollution efforts through a series of initiatives in effluent and emission control. The company introduced emission control engines in its vehicles in India before the norm was made statutory. All its products meet required emission standards in the relevant geographies. Modern effluent treatment facilities, soil, and water conservation programs, and tree plantation drives at its plant locations contribute to the protection of the environment and the creation of green belts.

Global Competition

Tata Motors has some distinct advantages in comparison to other MNC competitors. There is a definite cost advantage as labor cost is 8-9 percent of sales as against 30-35 percent of sales in developed economies. Tata motors have extensive backward and forward linkages and it is strongly interwoven with machine tools and metals sectors. India is an excellent source for IT-based engineering solutions for products & process Integration. There are strong supporting industries.

Exports

Tata Motors' vehicles are exported primarily to Europe, Africa, the Middle East, South, and Southeast Asia, and Australia. The company also has assembly operations in Malaysia, Bangladesh, Ukraine, Kenya, and Russia. Over the years, the company has received more than 50 awards from the government of India's Engineering Export Promotion Council, for its export initiatives. While currently, about 14 percent (as of March 31, 2005) of its revenues are from its international business, the company intends through organic and inorganic growth routes. increase international business.

SWOT Analysis

1) Strengths:

- Can cause inspection drive
- Customer-side measures will be attended shortly before.
- The operating area provided is very spacious
- They have their own finances.

- These dealers have a good service in the market.

2) Weakness:

- Fierce competition from rival companies.
- Dealers tend to be professional rather than talented.
- There is a difference in selling fuel vehicles because the public has already prepared TATA for diesel vehicles.

3) Opportunities:

- Once they planning to launch their new car, it will capture rural square measurements. Dealers will choose to diversify
- Dealers will exchange promotions to extend their sales

4) Threats:

- Changing market trends
- Globalization and privatization.
- Any explosive change in government policy will have an impact on sales.
- New competitors interact like value and quality.

Scope of study

The study was conducted in Tata Motors Ltd to analyse the effectiveness of the financial performance of the company during the last five years ranging from 2016-2017 to 2020-2021 to have a clear and a proper outline regarding the financial aspects of the organization by using various analysis tools.

Significance of study

- Assessing the operational efficiency and managerial effectiveness of the company.
- Analysing the financial strengths and weaknesses and creditworthiness of the company.
- Providing information's about the cash position company is holding and how much debit the company has in relation to equity.
- Studying the reasonability of stock and debtors held by the company.

Objectives of the study

- To analyse the financial performance of the selected company
- To gain practical knowledge in analysis
- To assess the solvency, liquidity, and profitability.

CHAPTER-2

LITERACTURE REVIEW

Literature Review

A literature review is a search and evaluation of the available literature in a given subject. It documents the state of the art with respect to the subject. A literature view may consist of simply a summary of key sources. The purpose of the literature review is to establish a theoretical framework for the subject area. There are various sources of literature review such as a book, online articles, magazines, newspapers, etc.

- In 2004, Tata Motors acquired Daewoo's South Korea-based truck manufacturing unit, Daewoo Commercial Vehicles Company, later renamed Tata Daewoo.
- On 27 September 2004, Ratan Tata, the Chairman of Tata Motors, rang the opening bell at the New York Stock Exchange to mark the listing of Tata Motors.
- In 2005, Tata Motors acquired a 21% controlling stake in the Spanish bus and coach manufacturer Hispano Carrocera. Tata Motors continued its market area expansion through the introduction of new products such as buses (Starbus and Globus, jointly developed with subsidiary Hispano Carrocera) and trucks (Novus, jointly developed with subsidiary Tata Daewoo).
- In 2006, Tata formed a joint venture with the Brazil-based Marco polo, Tata Marco polo Bus, to manufacture fully built buses and coaches.
- Fernandez (2007) says through the study that those who lead to corporate finance everyday or are somehow related to this area, is important to have in mind all these methods and what are behind them. Valuation is not also essential for M&A opportunities but also to understand where the company is creating or destroying value.
- In 2008, Tata Motors acquired the English carmaker Jaguar Land Rover, manufacturer of the Jaguar and Land Rover from Ford Motor Company.
- In May 2009, Tata unveiled the Tata World Truck range jointly developed with Tata Daewoo the range went on sale in South Korea, South Africa, the SAARC countries, and the Middle East at the end of 2009.
- Tata acquired full ownership of Hispano Carrocera in 2009.
- In 2009, its Lucknow plant was awarded the "Best of All" Rajiv Gandhi National Quality Award.
- Devani (2010) concluded that the study on relationship between dividend per share, earnings per share, price earnings, dividend yield and dividend cover with equity share prices leads to a concept that all the selected explanatory variable have a significant impact on the equity share prices except growth variable.
- In 2010, Tata Motors acquired an 80% stake in the Italian design and engineering company Trimix for €1.85 million. The acquisition formed part of the company's plan to enhance its styling and design capabilities.
- Shinde Govind P. & Dubey Manisha (2011) conducted a study considering the segments such as passenger vehicle, commercial vehicle, and utility vehicle, two and three wheeler vehicle of key player's performance and also made a SWOT analysis and studied key factors influencing growth of automobile industry.
- In 2012, Tata Motors announced it would invest around ₹6 billion in the development of Futuristic Infantry Combat Vehicles in collaboration with DRDO.

- Zafar S.M.Tariq & Khalid S.M (2012) conducted a study and explored that ratios are calculated from financial statements which are prepared as desired policies adopted on depreciation and stock valuation by the management. Ratio is a simple comparison of numerator and a denominator that cannot produce complete and authentic picture of business. Results are manipulated and also may not highlight other factors which affect performance of firm by promoters.
- In 2013, Tata Motors announced it will sell in India, the first vehicle in the world to run on compressed air (engines designed by the French company MDI) and dubbed "Mini CAT".
- In 2014, Tata Motors introduced the first Truck Racing championship in India "T1 Prima Truck Racing Championship".
- On 26 January 2014, Managing Director Karl Slym was found dead. He fell from the 22nd floor to the fourth floor of the Shangri-La Hotel in Bangkok, where he was to attend a meeting of Tata Motors Thailand.
- Huda Salhe Meften & Manish Roy Tirkey (2014) have studied the financial analysis of Hindustan petroleum corporation Ltd. The study is based on secondary data. The company has got excellent gross profit ratio and trend is rising in with is appreciable indicating efficiency in production cost. The net profit for the year 2010-11 is excellent & it is 8 times past year indicating reduction in operating reduction in operating expenses and large proportion of net sales available to the shareholders of company.
- On 2 November 2015, Tata Motors announced Lionel Messi as a global brand ambassador in New Delhi, to promote and endorse passenger vehicles globally.
- Agarwal, Nidhi (2015) conducted a study focusing on the comparative financial performance of Maruti Suzuki and Tata motors Ltd. The financial data and information required for the study are drawn from the various annual reports of companies. The liquidity and leverage analysis of both the firms are done. To analyse the leverage position four ratios are considered namely, capital gearing, debt-equity, total debt and proprietary ratio. The result shows that Tata motors Ltd has to increase the portion of proprietor's fund in business to improve long term solvency position.
- On 27 December 2016, Tata Motors announced the Bollywood actor Akshay Kumar as brand ambassador for its commercial vehicles range.
- Kaur Harpreet (2016) tried to examine the qualities & quantities performer of Maruti Suzuki co. & how had both impact on its market share in India, For this study secondary data has been collected from annual reports, journals, report automobile sites. Result shows that MSL has been successfully leading automobile sector in India for last few years
- On 8 March 2017, Tata Motors announced that it has signed a memorandum of understanding with Volkswagen to develop vehicles for India's domestic market.
- On 3 May 2018, Tata Motors announced that it sold its aerospace and defense business to another Tata Group Entity, Tata Advanced Systems, to unlock its full potential.
- On 29 April 2019, Tata Motors announced a partnership with Nirma University in Ahmedabad to provide a B.Tech. the degree program for employees of its Sanand plant.
- On 24 March 2020, Tata Motors Ltd announced that it would spin off its passenger vehicles arm as a separate unit within the company.
- On 5 March 2021, Tata Motors' shareholders approved hiving off its passenger vehicles business into a separate entity.

- In August 2021, as a complimentary reward for Indian Olympians who finished a close fourth in Tokyo Olympics 2021 and missed the place for Bronze, the company planned to recognize the efforts by gifting an Altroz hatchback.

CHAPTER-3

INDUSTRY AND COMPANY PROFILE

Industry and Company Profile

Industry profile

The automotive industry comprises a wide range of companies and organizations involved in the design, development, manufacturing, marketing, and selling of motor vehicles. It is one of the world's largest industries by revenue. The automotive industry does not include industries dedicated to the maintenance of automobiles following delivery to the end-user [citation needed] such as automobile repair shops and motor fuel filling stations.

The word automotive comes from the Greek autos (self), and Latin motivus (of motion), referring to any form of self-powered vehicle. [clarification needed] This term, as proposed by Elmer Sperry [need quotation to verify] (1860- 1930), first came into use with reference to automobiles in 1898.

The automotive industry began in the 1860s with hundreds of manufacturers that pioneered the horseless carriage. For many decades, the United States led the world in total automobile production. In 1929, before the Great Depression, the world had 32,028,500 automobiles in use, and the U.S. automobile industry produced over 90% of them. At that time, the U.S. had one car per 4.87 persons. After 1945, the U.S. produced about 75 percent of world's auto production. In 1980, the U.S. was overtaken by Japan and then became world's leader again in 1994. In 2006, Japan narrowly passed the U.S. in production and held this rank until 2009, when China took the top spot with 13.8 million units. With 19.3 million units manufactured in 2012, China almost doubled the U.S. production of 10.3 million units, while Japan was in third place with 9.9 million units. From 1970 (140 models) over 1998 (260 models) to 2012 (684 models), the number of automobile models in the U.S. has grown exponentially.

Safety is a state that implies to be protected from any risk, danger, damage or cause of injury. In the automotive industry, safety means that users, operators or manufacturers do not face any risk or danger coming from the motor vehicle or its spare parts. Safety for the automobiles themselves, implies that there is no risk of damage.

Safety in the automotive industry is particularly important and therefore highly regulated. Automobiles and other motor vehicles have to comply with a certain number of regulations, whether local or international, in order to be accepted on the market. The standard ISO 26262, is considered as one of the best practice frameworks for achieving automotive functional safety.

In case of safety issues, danger, product defect or faulty procedure during the manufacturing of the motor vehicle, the maker can request to return either a batch or the entire production run. This procedure is called product recall. Product recalls happen in every industry and can be production-related or stem from the raw material.

Product and operation tests and inspections at different stages of the value chain are made to avoid these product recalls by ensuring end-user security and safety and compliance with the automotive industry requirements. However, the automotive industry is still particularly concerned about product recalls, which cause considerable financial consequences

In 2007, there were about 806 million cars and light trucks on the road, consuming over 980 billion litres (980,000,000 m³) of gasoline and diesel fuel yearly. The automobile is a primary mode of transportation for many developed economies. The Detroit branch of Boston Consulting Group predicted that, by 2014, one-third of world demand would be in the four BRIC markets (Brazil, Russia, India and China). Meanwhile, in the developed countries, the automotive industry has slowed. It is also expected that this trend will continue, especially as the younger generations of people (in highly urbanized countries) no longer want to own a car anymore, and prefer other modes of transport. Other potentially powerful automotive markets are Iran and Indonesia. Emerging automobile markets already buy more cars than established markets. According to a J.D. Power study, emerging markets accounted for 51 percent of the global light-vehicle sales in 2010. The study performed in 2010 expected this trend to accelerate. However, more recent reports (2012) confirmed the opposite; namely that the automotive industry was slowing down even in BRIC countries. In the United States, vehicle sales peaked in 2000, at 17.8 million units.

Automotive industry, all those companies and activities involved in the manufacture of motor vehicles, including most components, such as engines and bodies, but excluding tires, batteries, and fuel. The industry's principal products are passenger automobiles and light trucks, including pickups, vans, and sport utility vehicles. Commercial vehicles (i.e., delivery trucks and large transport trucks, often called semis), though important to the industry, are secondary. The design of modern automotive vehicles is discussed in the articles automobile, truck, bus, and motorcycle; automotive engines are described in gasoline engine and diesel engine. The development of the automobile is covered in transportation, history of: The rise of the automobile

Although the automotive industry has long been multinational in its organization and operation, beginning in the 1980s and accelerating in the late 1990s, it established a trend toward international consolidation. Larger, more financially secure firms bought controlling interest in financially troubled ones, usually because the weaker firm manufactured a highly prized product, had access to markets that the larger company did not, or both. However, the results were mixed. For example, Chrysler, as discussed above, acquired AMC in 1987 for access to AMC's Jeep vehicles and in 1998 was itself merged with Daimler-Benz, which sought Chrysler's expertise in high-volume manufacturing and design techniques. Recognizing its need to penetrate closed markets in Japan and South Korea, DaimlerChrysler in 2000 took a controlling 34 percent interest in Mitsubishi Motors Corporation and signed a cooperative venture in trucks with Hyundai Motor Company. Such deals failed to help the struggling DaimlerChrysler, and in 2007 Chrysler was sold to an American private equity firm.

Company profile

Tata Motors limited, is an Indian multinational automotive manufacturing company headquartered in Mumbai, Maharashtra, India. It is a part of Tata group, an Indian conglomerate. Its products include passenger cars, trucks, vans, coaches, buses, sports cars, construction equipments and military vehicles.

Formally, known as Tata Engineering and Locomotive Company (TELCO), Tata Motors is a part of the Tata Group. Tata Motors has auto manufacturing and assembly plants in Jamshedpur, Pantnagar, Lucknow, Sanand, Dharwad, and Pune in India, as well as in Argentina, South Africa, Great Britain, and Thailand. It has research and development centers in Pune, Jamshedpur, Lucknow, and Dharwad, India and South Korea, Great Britain and span. Tata Motors' principle subsidiaries purchased the English premium car maker Jaguar Land Rover (the maker of Jaguar and Land Rover cars) and the South Korean commercial vehicle manufacturer Tata Daewoo. Tata Motors has a busmanufacturing joint venture with Fiat Chrysler which manufactures automotive components and Fiat Chrysler and Tata branded vehicles. Furthermore, Tata Motors has OEMs offering an extensive range of integrated, smart and emobility solutions. Its vehicles can now be found on the roads in more than 125 countries. The company generates majority of sales from international markets.

Founded in 1945 as a manufacturer of locomotives, the company manufactured its first commercial vehicle in 1954 in collaboration with Daimler-Benz AG, which ended 1969. Tata Motors entered the passenger vehicle market in 1988 with the launch of the Tata Mobile followed by the Tata Sierra in1991, becoming the first Indian manufacturer to achieve the capability of developing a competitive indigenous automobile. In 1998, Tata launched the first fully indigenous Indian passenger car, the Indica, and in 2008 launched the Tata Nano, the world's cheapest car. Tata Motors acquired the South Korean truck manufacturer Daewoo commercial vehicle company in 2004 and purchased Jaguar Land Rover from Ford in 2008.

Tata Motors is listed on the BSE (Bombay Stock Exchange), where it is a constituent of the BSE SENSEX index, the National Stock Exchange of India, and the New York Stock Exchange. The company is ranked 265th on the Fortune Global 500 list of the world's biggest corporations as of 2019. On 17 January 2017, Natarajan Chandrasekaran was appointed chairman of the company Tata Group. Tata Motors increases its utility vehicle market share to over 8% in FY2019.

Mission

Tata Motors ltd innovate mobility solutions with passion to enhance the quality of life.

Vision

By FY 2024, the company will become the most aspirational Indian auto brand, consistently winning, by

- Delivering superior financial returns.
- Delivering sustainable mobility solutions
- Exceeding customer expectations, and
- Creating a highly engaged work force.

CHAPTER-4

RESEARCH METHODOLOGY

Research Methodology

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. It is necessary for the researcher to know not only the research methods or techniques but also the methodology.

RESEARCH OBJECTIVE OF THE STUDY: - The objective is to study those factors which can accelerate the marketability of the TATA MOTORS compared to its competitors.

- To determine the acceptable price of the product and tata motors share.
- To determine the requirements and needs of the potential customers.
- To serve the customer through channel of distribution.
- To face the keen competition.

AREA CONSIDERED FOR THIS STUDY ARE: Automobile Industry, investment in automobile Industry and growth of automobile industries.

RESEARCH METHODOLOGY: - The process used to collect information and data for making business decision, the purpose of methodology include charts and website like money control, nse, tata motors.

METHOD OF COLLECTION: - The data is collected through secondary source which includes website, author, chart etc.

CHAPTER-5

DATA ANALYSIS AND INTERPRETATION

Financial Report

This data can be easily copy pasted into a Microsoft Excel sheet

PRINT

Tata Motors Previous Years »

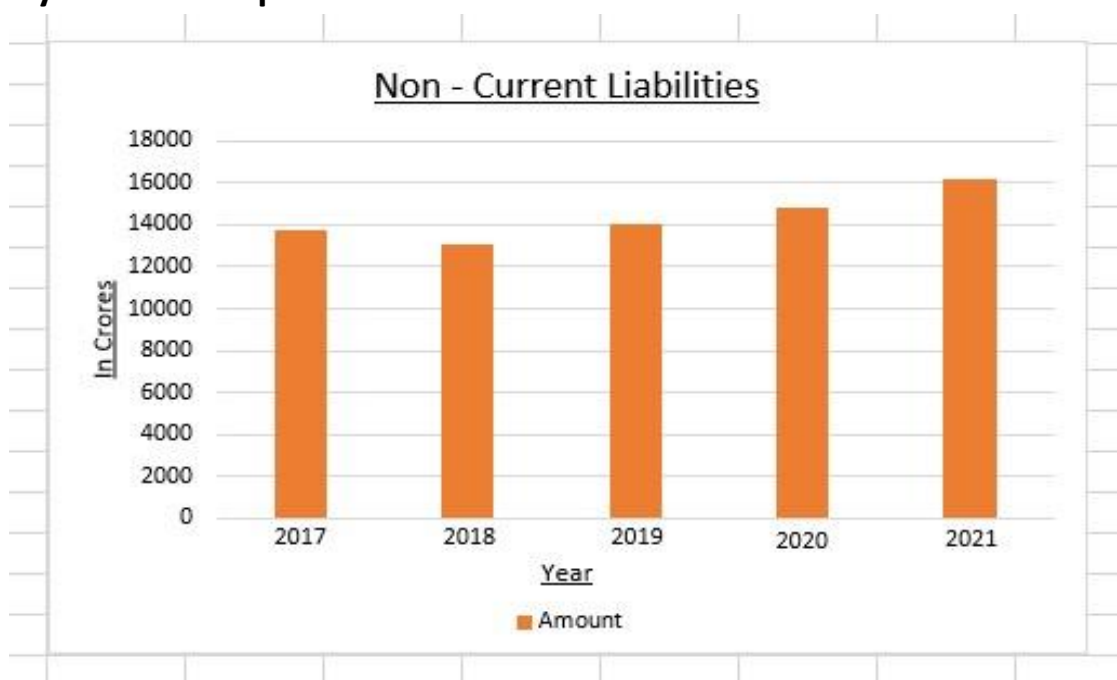
Standalone Yearly Results ----- in Rs. Cr. -----

	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17
Net Sales/Income from operations	46,559.39	43,485.76	68,764.88	58,831.41	44,363.60
Other Operating Income	472.08	442.41	437.88	--	--
Total Income From Operations	47,031.47	43,928.17	69,202.76	58,831.41	44,363.60
EXPENDITURE					
Consumption of Raw Materials	30,010.61	26,171.85	43,748.77	37,080.45	27,654.40
Purchase of Traded Goods	5,490.67	5,679.98	6,722.32	4,762.41	3,945.97
Increase/Decrease in Stocks	-69.02	722.68	144.69	842.05	-251.43
Power & Fuel	--	--	--	--	--
Employees Cost	4,212.99	4,384.31	4,273.10	3,966.73	3,558.52
Depreciation	3,681.61	3,375.29	3,098.64	3,101.89	2,969.39
Excise Duty	--	--	--	--	--
Admin. And Selling Expenses	--	--	--	--	--
R & D Expenses	--	--	--	--	--
Provisions And Contingencies	--	--	--	--	--
Exp. Capitalised	-817.53	-1,169.46	-1,093.11	-855.08	-941.55
Other Expenses	6,711.21	8,789.99	10,467.44	9,726.39	8,899.05
P/L Before Other Inc. , Int., Excpt. Items & Tax	-2,189.07	-4,026.47	1,840.91	206.57	-1,470.75
Other Income	842.96	1,383.05	2,554.66	1,557.60	978.84
P/L Before Int., Excpt. Items & Tax	-1,346.11	-2,643.42	4,395.57	1,764.17	-491.91
Interest	2,358.54	1,973.00	1,793.57	1,744.43	1,590.15
P/L Before Exceptional Items & Tax	-3,704.65	-4,616.42	2,602.00	19.74	-2,082.06
Exceptional Items	1,392.08	-2,510.92	-203.07	-966.66	-338.71
P/L Before Tax	-2,312.57	-7,127.34	2,398.93	-946.92	-2,420.77
Tax	82.87	162.29	378.33	87.93	59.22
P/L After Tax from Ordinary Activities	-2,395.44	-7,289.63	2,020.60	-1,034.85	-2,479.99
Prior Year Adjustments	--	--	--	--	--
Extra Ordinary Items	--	--	--	--	--
Net Profit/(Loss) For the Period	-2,395.44	-7,289.63	2,020.60	-1,034.85	-2,479.99
Equity Share Capital	765.81	719.54	679.22	679.22	679.22
Reserves Excluding Revaluation Reserves	18,290.16	16,800.61	21,483.30	19,491.76	20,483.39
Equity Dividend Rate (%)	--	--	--	--	--
EPS Before Extra Ordinary					
Basic EPS	-6.59	-21.06	6.94	-3.05	-7.30
Diluted EPS	-6.59	-21.06	6.94	-3.05	-7.30
EPS After Extra Ordinary					
Basic EPS	-6.59	-21.06	6.04	-3.05	-7.30
Diluted EPS	-6.59	-21.06	6.04	-3.05	-7.30
Public Share Holding					
No Of Shares (Crores)	--	--	--	--	--
Share Holding (%)	--	--	--	--	--

[tps://www.moneycontrol.com/stocks/company_info/print_main.php](https://www.moneycontrol.com/stocks/company_info/print_main.php)

Chart 1

Data Analysis and Interpretation



Year	Amount
2017	13700
2018	13100
2019	14000
2020	14800
2021	16200

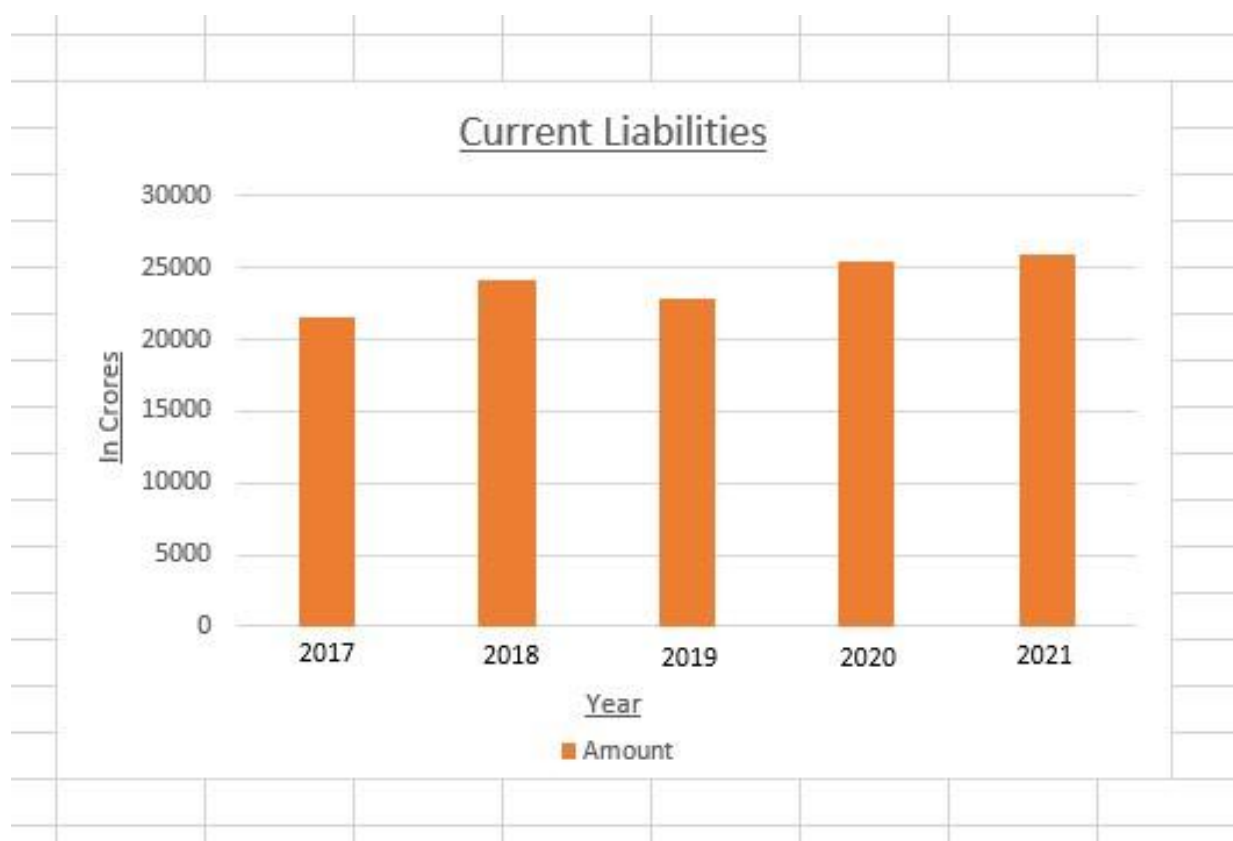
Chart 2

Non-current liabilities are referred to as the long-term debts or financial obligations that are listed on the balance sheet of a company. These are also known as long term liabilities.

Noncurrent liabilities include debentures, long-term loans, bonds payable, deferred tax liabilities, long-term lease obligations, and pension benefit obligations. The portion of a bond liability that will not be paid within the upcoming year is classified as a noncurrent liability.

The non – current Liabilities of Tata motors is increasing year by year, as company is growing the non-current liabilities of company is also growing which is not good for any company.

If the company is using all these funds in proper way, then it is good for the company and the company will be able to pay the loans easily.



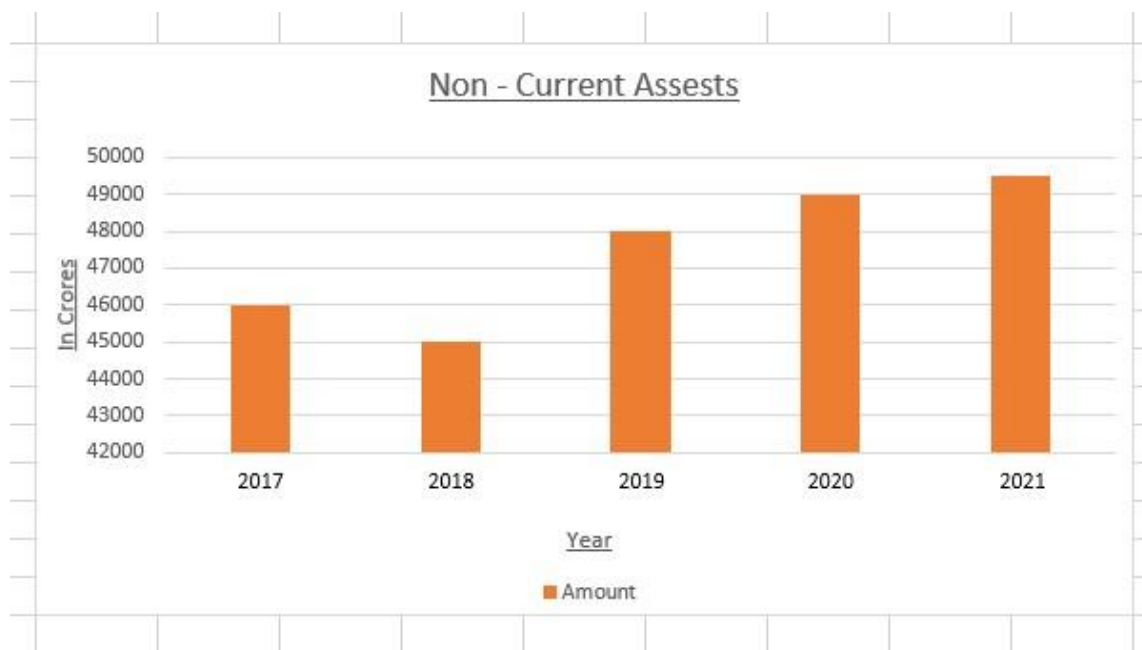
Year	Amount
2017	21500
2018	24200
2019	22800
2020	25500
2021	26000

Chart 3

Current liabilities are a company's short-term financial obligations that are due within one year or within a normal operating cycle. Current liabilities are typically settled using current assets, which are assets that are used up within one year

Current liabilities are also called "short-term liabilities." They are debts that must be paid within the next year, including:

- Short-term debt, such as a line of credit
- Rent for space or equipment
- Bills for goods or services
- Near-term obligations to provide goods or services



Year	Amount
2017	46000
2018	45000
2019	48000
2020	49000
2021	49500

Chart 4

Noncurrent assets are a company's long-term investments for which the full value will not be realized within the accounting year. They are typically highly illiquid, meaning these assets cannot easily be converted into cash. The assets are recorded on the balance sheet at acquisition cost, and they include property, plant and equipment, intellectual property, Goodwill, intangible assets. Like all assets, intangible assets, and other longterm assets.

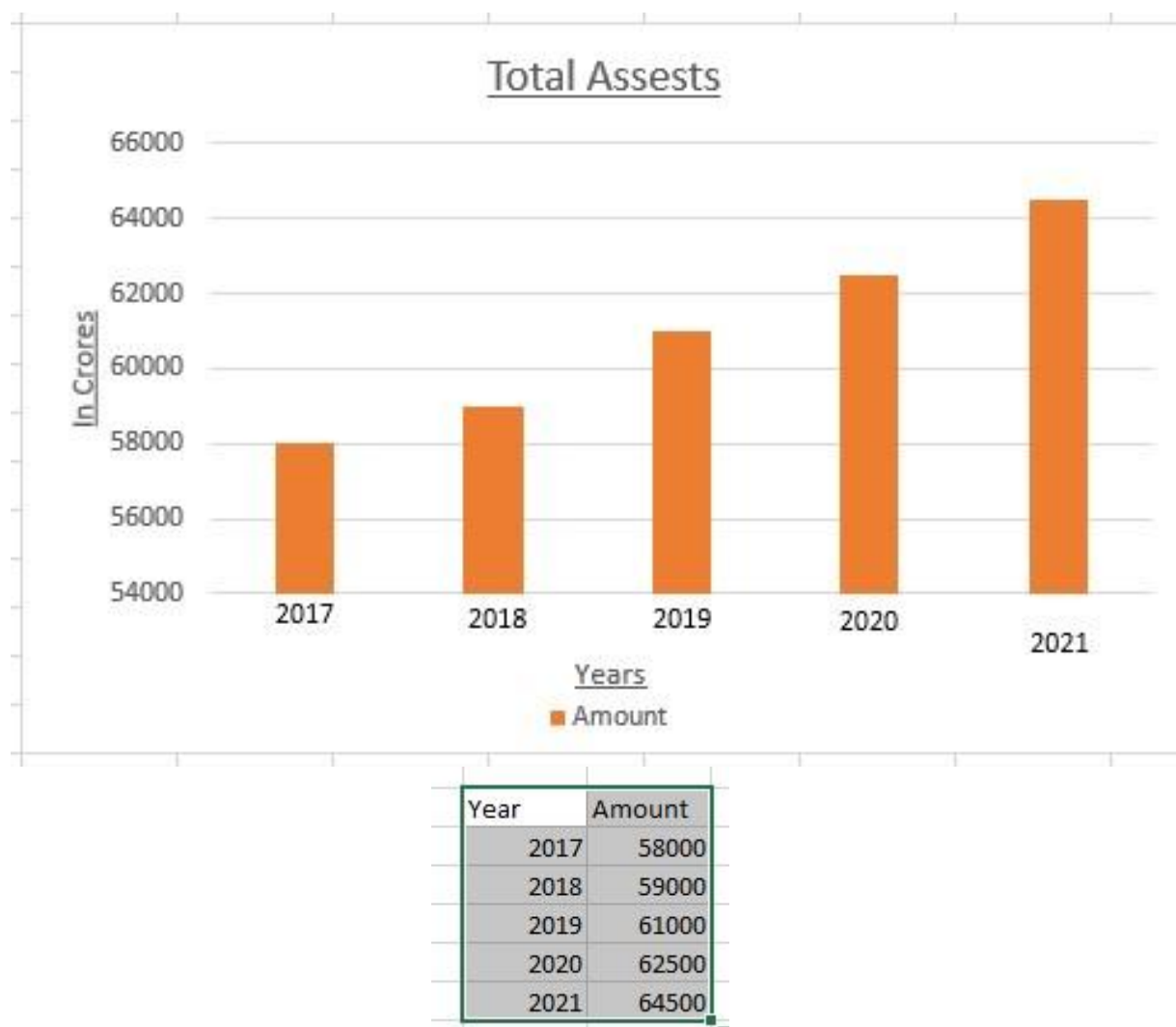


Chart 5

Total assets refer to the sum of the book values of all assets owned by an individual, company, or organization. It is a parameter that is often used in net worth debt covenants. Total assets refer to the total amount of assets owned by a person or entity. Assets are items of economic value, which are expended over time to yield a benefit for the owner. If the owner is a business, these assets are usually recorded in the accounting records and appear in the balance sheet of the business.

There is rapid expansion in Total assets of Tata Motors year by year like all the big and good companies. It shows that Tata motors is doing well and increasing its assets and is going to add more assets in it and wants to make its company better than other peers in motor industry.



Chart 6

On a company's income statement, net sales are the sales after all discounts, price adjustments and returns have been considered. This is sometimes simply referred to as revenue. Investors can also use net sales to evaluate a company.

The net sales of Tata motors is increasing year by year but due to covid in 2020 the net sale was decreased and again in 2021 the net sales was increasing.

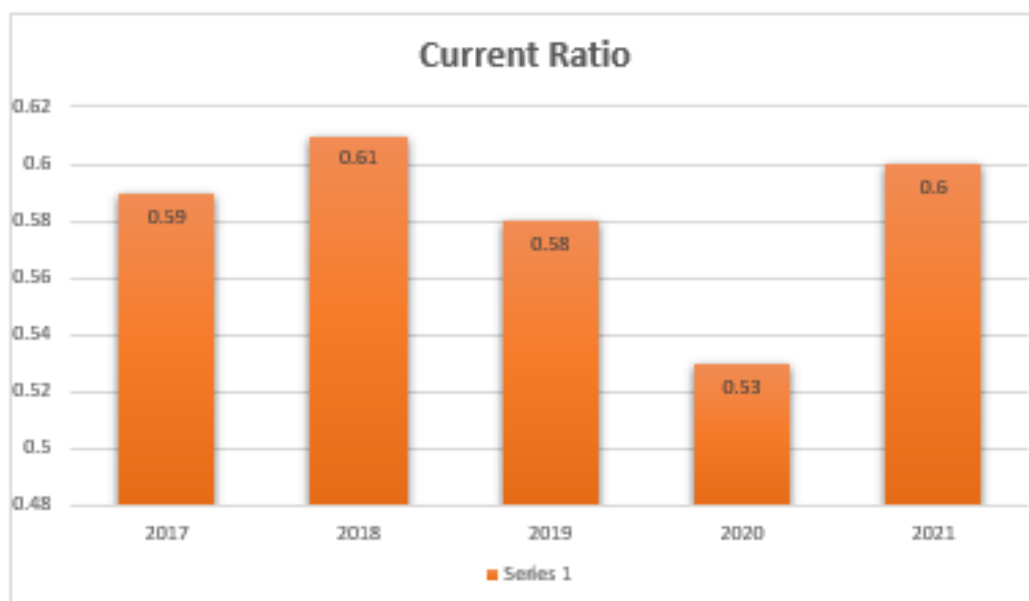


Year	Amount
2017	2500
2018	1000
2019	2000
2020	7000
2021	2250

Chart 7

Net income is the amount of accounting profit a company has left over after paying off all its expenses. Net income is found by taking sales revenue and subtracting COGS, SG&A, depreciation, and amortization, interest expense, taxes and any other expenses.

Tata motors is yet a loss-making company, although it is one of the biggest motor companies in commercial vehicle as well as domestic vehicle but it has a great future ahead and is decreasing its losses year by year.

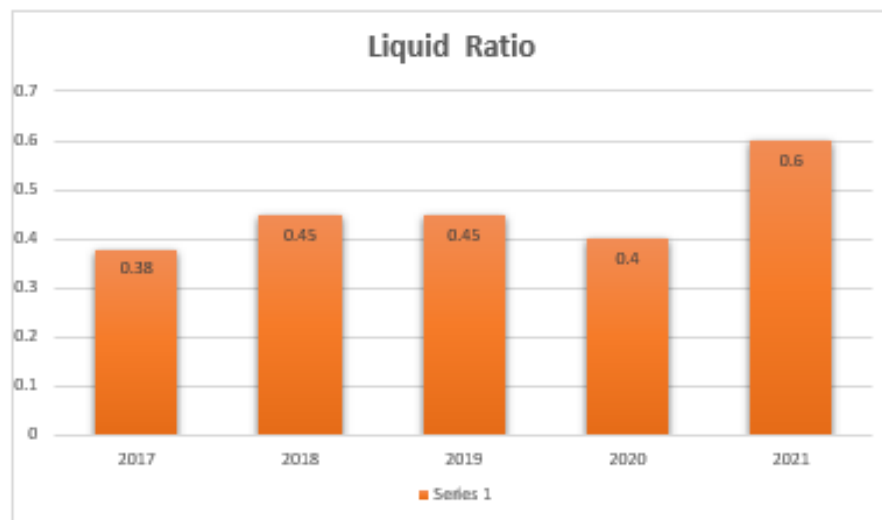


year	amount
2017	0.59
2018	0.61
2019	0.58
2020	0.53
2021	0.6

Chart 8

Current Ratio = current assets/current liabilities

The following table shows current ratio. The current ratio of 2:1 is said to be an ideal one. This ideal ratio means that the current assets shall be at least twice the current liability. The table shows that the current ratio of the company in past five years is below ideal ratio. It is almost consistent for the last five years. So the current ratio of the company is highly unsatisfied. That means it is not able to meet even the current liabilities of the company.



year	amount
2017	0.38
2018	0.45
2019	0.45
2020	0.4
2021	0.5

Chart 9

Liquid Ratio = liquid assets/current assets

Liquid Assets meaning relates to those Assets that may be easier to convert into cash or sell without any loss in its value. It helps an individual or an organisation to Liquid funds at any point in time.

The consolidated Liquid Assets are cash and such securities that can be readily subjected to cash conversion without the current liabilities.

The following table shows liquid ratio. Generally, liquid ratio of 1:1 is considered as satisfactory. This means that liquid assets are just equal to the current liabilities. For this company the past five years show a less than liquid ratio, when compared to the satisfactory ratio. It further means that, the company is not able to pay off its current liabilities.



years	range
2017	-7.15
2018	-3.05
2019	5.94
2020	-21.06
2021	-6.59

Chart 10

- Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding.¹
- EPS indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value.
- A higher EPS indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price.

- Earning per share of Tata motors is negative till date except 2019 i.e this companies is not earning any profit for it share holders and company is still a loss-making company.
- The EPS is decreased by 2020 and going to do good in future due to it revolutionary idea of electric vehicle and it is doing good in motor industry.



years	range
2017	2.76
2018	3.05
2019	-9.54
2020	-4.62
2021	-5.38

Chart 11

- The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for a company or business segment.
- Net profit margin helps investors assess if a company's management is generating enough profit from its sales and whether operating costs and overhead costs are being contained.

- Net profit of Tata motors is not good as compared to other peers of motor industry as it is in negative from last 3 years but the reason behind is that Tata motors is spending its money in R&D as well as is increasing its assets as well as growing its company rapidly.

CHAPTER-6

ELECTRIC VEHICLE- A REVOLUTION BY TATA MOTORS

Electric vehicle

A Revolution by Tata Motors

Tata Motors is the India's largest commercial vehicle manufacturer have recently launched fully electric vehicle for the first time in India and planning to add more 10 electric vehicles by 2026 as it is much lower than an equivalent petrol or diesel vehicle. Electric vehicles use electricity to charge their batteries instead of using fossil fuels like petrol or diesel and have very low maintenance costs because they don't have as many moving parts as an internal combustion vehicle. It doesn't have gears and are very convenient to drive. There are no complicated controls, just accelerate, brake, and steer. When you want to charge your vehicle, just plug it in to a home or public charger. Electric vehicles are also quiet, so they reduce noise pollution that traditional vehicles contribute.

The newly launched electric vehicle by Tata Motors was named as “**Tata Nexon EV**” to go on sale in India on May 11. The new car has been christened as Nexon EV Max. One of the key highlights of this car will be its updated powertrain and battery enabling it to cover longer distances in comparison to the existing electric car. But apart from a longer range, the car will also come equipped with several other newer features too. Headline numbers include 129hp power, a 312km ARAI-certified range, and an 8 year/160,000km warranty on the 30.2kWh lithium-ion battery pack. The SUV comes with a **free home charging** device and installation service. The battery can reach from 20 percent to 100 percent with a standard charger in eight hours. However, a fast charger can boost the charging speed further with zero to 80 percent in just in an hour. There are add-on features such as electric sunroof, leather upholstery, automatic rain-sensing wiper, and auto headlamps with ambient and tunnel detection in the top-end variant of the car. There is a 7inch dashtop touchscreen infotainment system made by Harman. There are 4-speakers and 4 tweeters. The navigation is based on a smartphone. There is an option for video playback, voice command, and other features.

Tata Nexon EV was the **best-selling electric car** in India in 2021. The company managed to sell 9,111 units of this EV in CY2021. Tata's Nexon EV gets a 30.2kWh lithium-ion battery coupled with an electric motor that develops 129 hp of power and 245 Nm of peak torque. It is claimed to offer a driving range of 312 km per charge and is currently priced from Rs 14.29 lakh, ex-showroom. It continues to expand its presence across India, exhibiting significant growth across the northern region in India. Since its launch in January 2020, the company has registered a volume growth of over 300% in North India, commanding a market share of 64% (YTD FY21). The car is witnessing maximum acceptability in Delhi, Rajasthan, Chandigarh, Haryana, Punjab,

UP, and Uttarakhand, across 14 cities. This compact electric SUV is being appreciated for its design, accessibility, performance, technology and above all, its lower operating costs. This growth is attributed to increased awareness of EVs, mushrooming charging infrastructure, encouraging government incentives, busting of myths that surround EVs along with the undisputed benefits that the vehicle offers. The Nexon EV has drawn the attention of those who are environmentally conscious, tech-savvy, and are looking for a low maintenance car. This change in consumer preference can be attributed to months of prolonged lockdown that has increased awareness of improving the quality of life with an emission-free environment and the joy of silence.

The new Nexon EV Max is also likely to get adjustable regenerative braking and the teaser also hints at two buttons with battery icons next to the EPB, and this might be an indication of the same.

The new car is expected to sport a bigger 40kWh battery pack against the existing 30.1 kWh pack. This new pack could support the charge for a more powerful 136PS electric motor. Together, it is expected to improve upon the 312km ARAI-range of the standard SUV.

In terms of exterior looks, the SUV will sport largely the same looks like the existing car. However, it may use revised 5-spoke alloy wheels and rear disc brakes.

The official bookings are expected to commence on the same day as its launch. Expect it to be sold alongside the standard model, albeit at a higher price point.

Further, to accelerate the adoption of EVs in India, Tata Motors also introduced a holistic e-mobility ecosystem “Tata uniEVerse” to closely leverage the strengths and experience of other Tata Group companies to create a viable EV environment. Powered by Tata uniEVerse, consumers will have access to a suite of e-mobility offerings including charging solutions, innovative retail experiences, and easy financing options.

CHAPTER-7

FINDINGS, CONCLUSION AND SUGGESTIONS

Findings

TATA MOTORS is a branded and a growing company, it is number three in passenger car market after Maruti Suzuki & Hyundai. From last the past 5 years the company sales is very high and currently TATA MOTORS launch electric vehicle, The company had reported a consolidated profit after tax (post profit / loss in respect of joint ventures and associate companies) of Rs 2,953 crore in the corresponding quarter of last year, the company said in a BSE filing. Tata Motors recorded sales of 4,63,742 vehicles, a growth of 4.4% over FY 2019-20, whereas the Indian Auto Industry volumes declined by 6.1%. The Company's market share increased to 14.1% in FY 2020-21 from 12.7% in FY 2019-20.

One biggest challenge for Tata motors was that it does not have efficient tools for manufacturing small passenger cars, and also lacking behind in network for vendors, the network which Tata motors had was not sufficient for providing support to manufacturing of small cars. To develop on its internal capabilities, Tata had to integrate all its resources and align it to the manufacturing operations to be carried out. So, bringing together all the products and packaging under one brand name was challenging.

Conclusion

Tata Motors is one of the best cars manufacturing company in India. People feel that Tata Cars are people's car as it is satisfactory on all parameters. Tata Motors have knowledgeable sales persons, the employees of TATA Motors spend enough time before and during sales.

The results reveal that the company has performed very bad almost on all parameters as the Earning per share and Net profit margin. Also, the results also highlight few areas that needs to be considered like Noncurrent assets, Total Assets and Net sales from operations can be a matter of concern for the investors as it directly impacts the company's financial performance. Also, the company has performed well in the 2019 before COVID-19 pandemic and the possible reasons could be the policies adopted by the company such as voluntary retirement scheme and sell-off non-core assets has worked well in favour of the company.

Tata motors bring revolution in motor industry by making first electric car as well as most selling electric SUV of India and it is going to produce 10 more electric car in coming year which shows that Tata motors has a lot of plans in future and is going to perform good in future.

Tata motors management is also very good and is doing research in different fields of motors and doing changes according to needs.

Tata motors is yet a loss-making company but looking after its future plans and growth in its assets as well as sales and net profit shows that it is going to do very well in future as well as its electric vehicle is adding starts to its analysis. So, it has a great future ahead.

Suggestions

Based on the above findings, the following suggestions are recommended so as to improve the marketing strategy of Tata Motors are:-

- Demo of the product should be made available to Customers, since most of the purchase decisions are based on it.
- Technical details should be made available to the customers in the most accurate numerical form
- The Indica has remained a bestseller throughout in the industry figuring in the top 3 selling list of cars for most of the years.
- The distribution channel should be more efficient to cater the demand during peak seasons like during Dusshera, Diwali, etc.
- The requirements of {customer|purchaser|shoppers} will be checked at your intervals to meet new customer requirements and services in the services provided.
- The company needs to advancement the station to increase the technical feasibility of connecting vehicles in the shortest possible time.

CHAPTER-8

Reference

- 1) <https://www.moneycontrol.com>
- 2) <https://www.forbesindia.com/article/ev-special-2021/how-tata-motors-is-making-giant-leaps-in-indiaelectric-vehicle-journey/71557/1>
- 3) <https://economictimes.indiatimes.com/>
- 4) <https://www.lloydbusinessschool.edu.in/Research-Publication/pdf/complete-paper-himanshu-goel-1-3-2021.pdf>

<http://www.tatamotors.com>

CHAPTER-9

Appendix

- Earning Per share = $(\text{net income} - \text{preferred dividends}) \div \text{average outstanding common shares}$.
- Net Profit Margin = $\text{Revenue} - \text{Cost} / \text{Revenue}$
- Total Assets = Liabilities + Owner's Equity
- Net Sales = Gross Sales – Returns – Allowances – Discounts
- Non-Current Liabilities = Long term lease obligations + Long Term borrowings + Secured / Unsecured Loans.
- Non-current assets = long term investments
- Current liabilities = short term loan/liabilities which have to be paid within same financial year
- Liquid Ratio = $\text{liquid assets} / \text{current assets}$
- Current Ratio = $\text{current assets} / \text{current liabilities}$
- Balance Sheet is downloaded from Money Control.

CHAPTER-10

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RESULTS



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