International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 09 Issue: 02 | Feb - 2025 SJIF Rating: 8.448 ISSN: 2582-3930

A Study on Financial Performance Analysis of TVS Motors Limited

Sucheta Tripathy
MCOM, MBA (Banking & Finance)
ASSISTANT PROFESSOR
UICM, MBA DEPARTMENT
GURU NANAK UNIVERSITY,
HYDRABAD
tripathymegha07@gmail.com

Abstract

The technique of determining a company's performance and financial features through accounting and financial statements is known as financial performance analysis. The goal of this investigation is to find out how effective and efficient the company's management is, as evidenced by financial records and reports. A company's performance can be judged by its financial outcomes, i.e., the size of risk and profitability, which are the two key criteria that define the level of concern. The technique of determining a company's performance and financial features through accounting and financial statements is known as financial performance analysis. The goal of this investigation is to find out how effective and efficient the company's management is, as evidenced by financial records and reports. A company's performance can be judged by its financial outcomes, i.e., the size of risk and profitability, which are the two key criteria that define the level of concern. A financial decision that adds risk lowers the firm's worth; on the other side, a financial decision that enhances earnings raises the firm's value. The two most fundamental components of any business concern are risk and profit. The major figures in the financial statements, as well as the noteworthy relationships between them, are the subject of the financial analysis. The practise of evaluating the relationship between the components of a financial statement in order to better understand the entity's performance and performance is known as financial statements analysis. The purpose of this research was to use a comparison analysis to analyse TVS' financial performance in 2023 and 2024. The TVS motor has been found to be both efficient and cost-effective through research.

Keyword- Comparative Analysis, TVS Motors, Financial Performance

INTRODUCTION

Finance is what encompasses all business ventures. To understand finance, you have to know about the whole business, in fact the whole economy. The financial system or economy is made up of consumers, producers and distributors. These groups need money to buy products and services. A financial performance analysis of a company's financial performance to record key financial data on all elements of business operations. As a result, they can be assessed based on their past, current, and future performance. Financial performance analysis in the United States is mainly focused on generally recognised accounting rules (GAAP). A corporation must prepare and maintain three main financial statements: a balance sheet, an income statement, and a cash flow statement, according to these principles. GAAP requirements, which demand aggregated accounting, must be followed by public corporations. Private enterprises have additional options when it comes to generating financial statements, such as adopting accrual or cash accounting. As part of the financial statement analysis, the organisation used several strategies. The goal of financial analysis is to determine the content of the information in the financial statements in order to assess the company's profitability and financial stability, as well as to explain how to enhance present performance. A financial statement is a company's formal document that reviews all financial data. The primary goal of financial statements is to convey information and understanding about the company's financial situation.

ANALYSIS OF FINANCIAL PERFORMANCE

The word 'performance' comes from the French word 'parfourmen,' which means 'to execute, carry out, or render'. It refers to the achievement of a particular task that is tested against current standards of accuracy, completeness, cost, and speed. In a limited sense, performance refers to the achievement of a given task that is measured against current standards of correctness, completeness, cost, and speed. To put it another way, it relates to the degree to which success is attained or attained. "Financial performance analysis is the process of analysing the relationship between the balance sheet and the profit and loss account to discover financial strengths and businesses."

“Financial performance 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”.

Financial performance analysis entails analysing and interpreting financial statements in such a way that the entity's financial viability and financial viability are fully identified. The financial analyst system includes a number of useful financial analysis tools. Financial analysis is the process of evaluating a company's, small businesses, or project's performance, stability, and profitability. It generates experts who prepare reports based on predictions and strategies based on data from financial statements and other reports. These reports are frequently offered to senior management as a source of information on which to base business decisions.

1. The term "financial statement analysis" refers to a study of the financial statements that exposes noteworthy linkages.
2. It relies on the study of basic sentences to reveal the evaluation of prior activities.
3. Financial statement analysis includes methods for evaluating and interpreting the impact of past performance and current circumstances on certain parts of investment decisions.
4. Financial statement analysis is a crucial tool for evaluating previous performance and anticipating future performance.
5. Financial statement analysis is a systematic and specialised information system that is used to interpret the financial statements.

DEFINITION OF FINANCIAL PERFORMANCE ANALYSIS

According to Lev: “Financial Statement Analysis is an information processing system designed to provide data for decision making models, such as the portfolio selection model, bank lending decision models, and corporate financial management models.”

According to john Myer: “Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by single set of statements and a study of the trend of these factors as shown in a series of statements

ANALYSIS TOOLS FOR FINANCIAL STATEMENTS

The following are the most often utilised financial analysis techniques:

1. **Comparative Statements**: These are financial statements that compare the profitability and financial situation of a firm over a period of time to offer an understanding of the status of two or more periods. It usually refers to two important financial statements, namely the balance sheet and the comparative statement of profit and loss. Financial data will only be compared if the financial statements were prepared using the same accounting principles. Unless otherwise specified, departures from accounting rules should be referred

to as footnotes. Comparative statistics reveal the direction and trend of a company's financial situation and performance. Horizontal analysis is another name for this type of analysis.

2. Common Size Statements: These statements explain the link between multiple financial statement items and the same item by stating each item as a percentage of the common item. Because the figures are presented on the same basis, the calculated percentage can readily be compared to the results of the previous year's similar percentage or other firms. These statements enable the analyst to compare the performance and financial elements of two companies in the same industry that are of various sizes. As a result, standard size statements are valuable for comparing firms within one year or over several years, as well as for internal company comparisons between years. 'Direct analysis' is another name for this type of research. Examining 2023-24.

3. Trend Analysis: It's a method of gaining insight into a company's performance and financial health over time. Trend analysis can be performed on prior years' company data to find percentage changes over time in selected variables. The percentage of trend is a proportional relationship in which each item of various ages bears the same item in the base year. An analysis of a trend is significant because it can detect fundamental changes in the type of business in the long run. When one examines the process at a specific level, one can see that the rate decreases, increases, or decreases. A problem or an indicator of good or bad management is discovered as a result of this observation.

4. Ratio Analysis: It highlights the crucial relationship that exists between a company's numerous balance items and its profit and loss statement. Accounting measurements are used in financial analysis to determine the relative worth of each item in income and balance sheets. The measurement analysis procedure can be used to assess a company's profitability, solvency, and efficiency.

5. Cash Flow Analysis: This term refers to the examination of actual cash withdrawals into or out of a business. Cash flow in a firm is known as positive cash flow, whereas cash flow out of a business is known as negative cash flow. The total cash flows are partly responsible for the discrepancy between cash inflows and outflows. The cash flow statement, which represents the sources of cash inflows and payment purposes, is created to disclose how money was collected and spent during the accounting year. As a result, within two days of balance sheets, it outlines the causes of changes in the corporate entity's financial position.

STATEMENT OF THE PROBLEM

Financial performance analysis is necessary for determining the effectiveness of an organization's growth and expenditure by establishing strategic relationships between the components of the balance sheet, the profit and loss statement, and other performance data in order to make better decisions and increase profitability.

Investors and debtors can use financial performance analysis to examine previous and current performance and financial condition, as well as forecast future performance. Financial statements are used to assess a company's profitability and financial viability. The selection, appraisal, and interpretation of financial data, as well as other critical information, to aid in investing and analysing financial decisions is known as financial performance. Internally, financial analysis can be used to evaluate employee performance and credit policy efficiency, and externally, it can be used to evaluate possible investments and borrowers' creditworthiness, among other things.

NEED OF THE STUDY

Financial performance analysis allows the analyst to extract financial information from the financial data provided in the analysis and analyse the entity's financial health (i.e., strengths and weaknesses). Making a future forecast is also beneficial for preparing a budget and estimates.

SCOPE OF THE STUDY

The scope of a financial statement analysis for TVS Motor Company is typically extensive

Examination of the company's financial statements, which include the Comparative analysis both Comparative income statement and Balance sheet It is an exciting and important place to do research. Research is important because the immediate profit is not enough, the business must earn enough profit to cover capital costs and create a lucrative profit for research analyses the firm's financial status and the efficiency with which its resources are used in operation.

THE STUDY'S OBJECTIVE

1. To evaluate TVS Motors' financial strength by analysing the various elements of its financial statements over the past two years and evaluating them.
2. To examine the different components of TVS motors company financial statement for company financial statement for the past two year and review them in order to determine the company's financial power
3. To measure the financial performance of TVS motors as a whole.

RESEARCH METHODOLOGY

The research design that was utilized was an analytical research design. The data was collected from secondary data from the company project report, company website, and company annual report for 2023 and 2024. For performance related financial status.

NATURE OF THE STUDY'S

The present study is descriptive and analytical in nature, supported by secondary data.

SOURCES OF THE STUDY'S

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.

TOOLS OF ANALYSIS:

The tool used for analysis is Comparative Statement Analysis.

Comparative Statements and Its Meaning:

Comparative financial statements are financial statements that are prepared on a regular basis over a period of time. The financial statements are presented in a comparative format to offer an insight of the financial situation at two or more points in time. The comparative statements shall comprise any comparably written statements. In practise, two financial statements (balance and income statement) are generally created in a comparable manner for financial analysis purposes. Not only are double-digit comparisons possible, but also a relationship between the balance and income statements, which allows for a more in-depth examination of the financial position and performance results. Different types of comparative statements include:

The following are the two comparison statements:

(i) Balance sheet and

(ii) Income statement.

I. Comparative Balance Sheet:

A comparative balance sheet analysis is the study of the trend of similarities between two or more balance sheets of same business on various days. By comparing the balance sheet at the start and end of the period, changes may be noted, and these changes can help to establish a notion regarding business continuity. The original balance sheets' data is split into two columns on the comparison balance sheet. The increase in numbers is shown in the third column. To provide a percentage gain or reduction, a fourth column might be added.

International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 09 Issue: 02 | Feb - 2025 SJIF Rating: 8.448 ISSN: 2582-3930

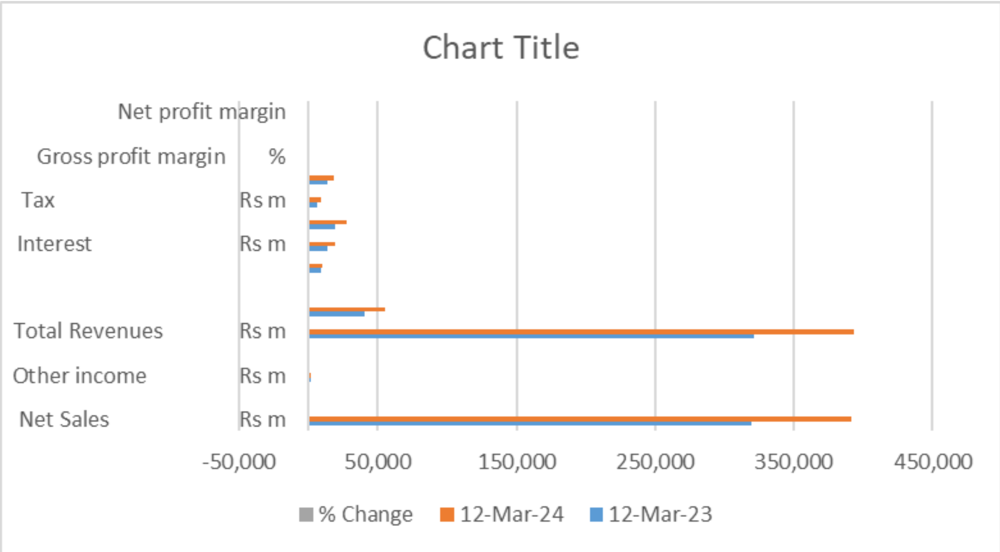
II. Comparative Income Statement:

The Income Statement shows the financial outcomes of the company's operations. The comparative income statement depicts the company's success over time. To analyse firm profitability, changes to the full data in monetary values and percentages can be determined. The income statement comprises four columns, just as a comparative balance sheet. The top two columns offer two-year statistics for a variety of categories. The third and fourth columns represent the percentage change in whole numbers and percent change in whole numbers, respectively.

TABLE SHOWING COMPARATIVE INCOME STATEMENT AS ON 31-3-2019 AND 31-3-2020

No. of Mths Year Ending	12 Mar-2023	12 Mar-2024	% Change
Net Sales Rs m	319,740	391,447	22.4%
Other income Rs m	1,380	1,328	-3.8%
Total Revenues Rs m	321,120	392,775	22.3%
Gross profit Rs m	40,248	54,730	36.0%
Depreciation Rs m	8,589	9,751	13.5%
Interest Rs m	13,679	19,277	40.9%
Profit before tax Rs m	19,360	27,029	39.6%
Tax Rs m	6,266	9,244	47.5%
Profit after tax %	13,095	17,785	35.8%
Gross profit margin %	12.6	14.0	
Effective tax rate %	32.4	34.2	
Net profit margin	4.1	4.5	

GRAPH STATING COMPARITIVE INCOME STATEMENT



ANALYSIS AND INFERENCE

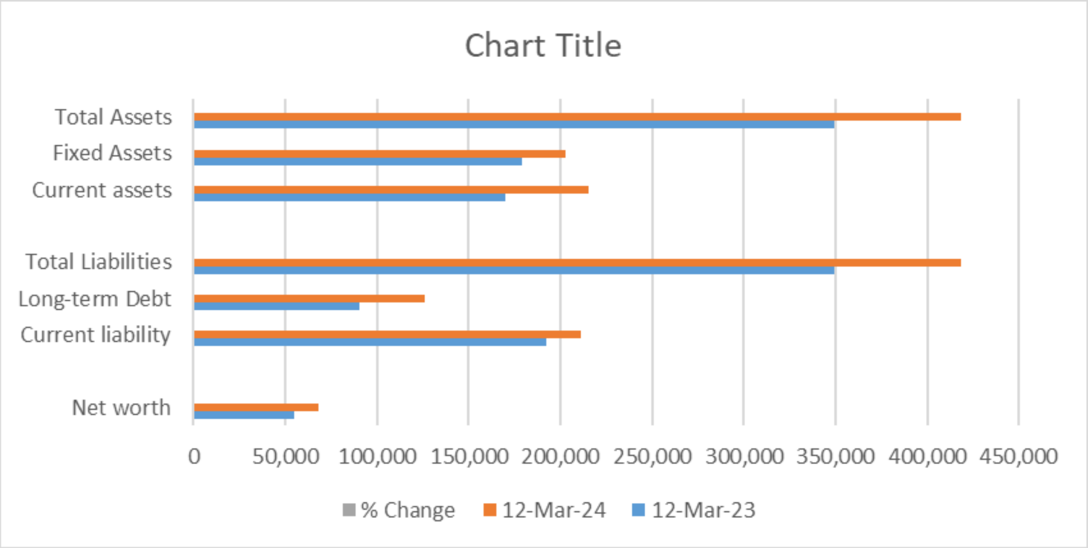
- Operating income during the year rose 22.4% on a year-on-year (YoY) basis.
- The company's operating profit increased by 36.0% YoY during the fiscal. Operating profit margins witnessed a fall and down at 14.0% in FY24 as against 12.6% in FY23.
- Depreciation charges increased by 13.5% and finance costs increased by 40.9% YoY, respectively.
- Other income declined by 3.8% YoY.
- Net profit for the year grew by 35.8% YoY.
- Net profit margins during the year grew from 4.1% in FY23 to 4.5% in FY24.

TABLE SHOWING COMPARATIVE BALANCE SHEET AS ON 31-3-2023 AND 31-3-2024

No. of Mths Year Ending		**12 Mar-2023**	**12 Mar-2024**	**% Change**
Net worth	Rs m	55,050	67,835	23.2
Current liability	Rs m	192,187	210,782	9.7
Long-term Debt	Rs m	90,641	126,293	39.3

Total Liabilities	Rs m	349,272	418,262	19.8
Current assets	Rs m	170,243	215,200	26.4
Fixed Assets	Rs m	179,029	203,062	13.4
Total Assets	Rs m	349,272	418,262	19.8

GRAPH STATING COMPARATIVE BALANCE SHEET



ANALYSIS AND INFERENCE

- The company's current liabilities during FY24 stood at Rs 211 billion as compared to Rs 192 billion in FY23, thereby witnessing an increase of 9.7%.
- Long-term debt stood at Rs 126 billion as compared to Rs 91 billion during FY23, a growth of 39.3%.
- Current assets rose 26% and stood at Rs 215 billion, while fixed assets rose 13% and stood at Rs 203 billion in FY24.
- Overall, the total assets and liabilities for FY24 stood at Rs 418 billion as against Rs 349 billion during FY23, thereby witnessing a growth of 20%.

CONCLUSION

The purpose of this study is to examine TVS's overall position after analysing data from TVS Motor over 2 financial years using an analytical approach. Comparative analysis research is also an excellent and Positive Position for TVs Motors during the period 2023-2024. The Comparative Revenue Statement shows that sales have increased, Total Costs have increased and profits have also increased. For the period 2023-2024, the Comparative Balance Statement demonstrates that the financial performance of each succeeding year is highly excellent when compared to the preceding year. Equality position should be improved. The company's long-term borrowing is reduced which indicates an increase in compliance with the company's operating conditions. Current Assets Increased and Current Credits are reduced which indicates a positive impact on performance. It is very short and fast for the company is above standard and satisfactory.

Reference

- **MS.S.J.Sembakalakshmi (2023),** "A study on financial Performance analysis of TVS Motors Limited" International Journal of Novel Research and Development (IJNRD) Volume 8, Issue 4 April 2023 | ISSN: 2456-4184

- **S.A Barkavi (2020)**, "A study on financial Performance analysis of TVS Motors", Research Review EPRA International Journal of Research and Development (IJRD) volume: 5 Issue: 3 PP no 256-267.

WEBSITES

- www.google.com
- www.researchgate.net
- www.wikipedia.com
- www.capitalmarket.com
- www.tvsmotor.com