A COMPARATIVE FINANCIAL ANALYSIS BETWEEN TATA AND MAHINDRA AUTOMOBILES

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ABSTRACT
This study conducts a comparative financial analysis of Tata and Mahindra, two prominent automobile industry players, to assess their financial performance and stability. It examines key financial indicators like revenue growth, profitability, liquidity, debt structure, and asset utilization, providing insights into their strengths and weaknesses. The analysis also explores market trends, competitive positioning, and industry dynamics that may impact Tata and Mahindra’s financial outcomes. The findings provide valuable insights for stakeholders, investors, and industry observers to make informed decisions and strategies in the dynamic automotive sector.

I. INTRODUCTION
A comparative financial analysis is an effective method for assessing and contrasting the financial results of various businesses operating in the same sector. The analysis evaluates the financial stability, profitability, liquidity, solvency, and overall performance of the companies using a variety of financial ratios and variables. Comparative financial analysis can be used to pinpoint each company’s advantages over rivals, shortcomings, and growth opportunities. Additionally, it might offer insightful information on market trends, difficulties, and opportunities. Investors, stakeholders, and other interested parties can make well-informed judgments about investment, expansion, and other strategic activities by comparing the financial data of various organisations. This analysis’s goals are to give a thorough and unbiased assessment of each company’s financial status and performance as well as to point up prospective areas for development. In the end, a comparative financial analysis can offer useful information to anyone curious about the financial performance of businesses involved in a specific industry.

II. OBJECTIVES OF THE STUDY
- Analyze and research both organizations long-term solvency positions during the previous three years.
- The past three years short-term solvency positions of both companies should be investigated and studied.
- Find out which business has longer-term sustainability and more stable finances.
- Based on their financial indicators and statistics, to determine the company’s respective strengths and shortcomings.

III. SCOPE OF THE STUDY
- Financial analysis is the process of evaluating a company's financial information and performance to make informed business decisions.
- It involves analyzing comparative balance, income statement and Ratio analysis to understand a company's financial health and identify potential areas for improvement.
- The scope of financial analysis includes assessing a company's liquidity, profitability, solvency, activity, and market performance.
- It is essential for investors, creditors, managers, and other stakeholders to understand the financial analysis to make informed investment and business decisions.
IV. DISCUSSION

COMPARATIVE BALANCE SHEET
The comparative balance sheet analysis is the study of the trend of the same items, group of items and computed items in two or more balance sheets of the same business enterprise on different dates. The changes in periodic balance sheet items reflect the conduct of a business. The changes can be observed by comparison of the balance sheet at the beginning and at the end of a period and these changes can help in forming an opinion about the progress of an enterprise. The comparative balance sheet has two columns for the data of original balance sheets. A third column is used to show increases in figures. The fourth column may be added for giving percentages of increases or decreases.

COMMON-SIZE BALANCE SHEET
A statement in which balance sheet items are expressed as the ratio of each asset to total assets and the ratio of each liability is expressed as a ratio of total liabilities is called common-size balance sheet.

LIQUIDITY RATIOS
Liquidity ratios are financial metrics used to assess a company's ability to meet its short-term financial obligations and maintain its operational liquidity. These ratios provide insight into the company's ability to convert its assets into cash quickly and cover its immediate liabilities. There are two main liquidity ratios:
1. Current Ratio
2. Quick Ratio

EFFICIENCY/ACTIVITY RATIOS
Efficiency/activity ratios are financial metrics used to assess how effectively a company utilizes its resources to generate revenue and manage its operations. These ratios provide insights into the company's operational efficiency and how well it's utilizing its assets to drive business activities. Common efficiency/activity ratios include inventory turnover, asset turnover, accounts receivable turnover, and accounts payable turnover. These ratios help analysts and investors evaluate a company's operational performance and identify areas where improvements might be needed.

SOLVENCY RATIOS
Solvency ratios are financial metrics used to assess a company's ability to meet its long-term financial obligations and remain financially stable over time. These ratios provide insights into a company's capacity to cover its debt and other liabilities using its assets. Solvency ratios help investors, creditors, and stakeholders evaluate the overall health and risk associated with a company's financial structure. In short, solvency ratios indicate whether a company has the resources to fulfill its long-term financial commitments.

PROFITABILITY RATIOS
Profitability ratios are financial metrics that assess a company's ability to generate profits relative to its various financial measures. These ratios provide insights into a company's overall financial health and its effectiveness in converting sales or investments into profits. They are often used by investors, analysts, and management to evaluate a company's performance and make informed decisions. Common profitability ratios include:
1. Gross Profit Margin
2. Net Profit Margin

V. CONCLUSION
The comparative financial analysis between Tata and Mahindra automobiles suggests that both companies have strengths and weaknesses. While Tata Motors has higher revenue and net income, Mahindra & Mahindra has a better profit margin and return on equity. Both companies face challenges such as increasing competition and changes in consumer preferences towards electric vehicles. However, both companies have taken steps to address these challenges and continue to invest in research and development to stay competitive in the market. Ultimately, it is important to consider both quantitative and qualitative factors when evaluating the financial performance of companies, as well as their overall strategic vision and positioning in the industry.
VI. REFERENCE


