

## **A Study on the financial performance of TVS for the past half a decade (2020-25)**

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### **Abstract**

This study examines the financial performance of TVS Motor Company over the past decade (2015-25). The main objective of the study is to analyze the company's financial position, profitability, liquidity, efficiency, and overall growth trend during the selected period. In today's competitive business environment, financial performance analysis plays a vital role in understanding a company's stability, operational efficiency, and long-term sustainability. The study is based on secondary data collected from TVS Motor Company's annual reports, published financial statements, company websites, and other reliable financial databases. Various financial tools such as ratio analysis, trend analysis, and comparative analysis have been used to evaluate the financial performance of the company. Key financial indicators including liquidity ratios, profitability ratios, solvency ratios, and turnover ratios are analyzed to assess the company's financial health and operational effectiveness over the ten-year period. The study focuses on understanding how TVS has managed its resources, controlled costs, improved profitability, and maintained financial stability in a competitive automobile industry. It also evaluates the company's ability to meet short-term and long-term obligations and examines the consistency of revenue growth and profit margins. The analysis highlights the impact of business strategies, market conditions, and operational efficiency on the company's financial performance. The findings of the study indicate that TVS Motor Company has shown steady growth and sound financial management over the selected period. The company has maintained a stable financial position with improvements in profitability and operational efficiency. This study provides useful insights for investors, management, researchers, and policymakers to understand the financial performance of TVS and supports effective decision-making for future growth and sustainability.

**Keywords:** Financial Performance, TVS Motor Company, Ratio Analysis, Secondary Data, Profitability, Ten-Year Study.

## **1. Introduction**

This study examines the financial performance of TVS Motor Company over the period 2020–2025, focusing on key dimensions such as profitability, liquidity, solvency, efficiency, and growth. In a rapidly evolving two-wheeler industry marked by post-pandemic recovery, electrification, and intense competition, financial analysis becomes essential to understand a firm's stability, operational effectiveness, and long-term sustainability. Using secondary data from audited financial statements, the study applies ratio and trend analysis to evaluate how effectively the company has managed resources, controlled costs, and sustained growth during dynamic market conditions.

### **1.1 Need of the Study**

The study is required to assess how TVS navigated disruptions, rising costs, and strategic shifts like EV adoption, while maintaining financial resilience and achieving consistent growth.

### **1.2 Influence**

The research is influenced by industry transformations, including technological innovation, policy changes, and increasing global competition, which directly impact financial outcomes.

### **1.3 Statement of the Problem**

The core problem is to evaluate whether TVS has maintained financial stability and profitability amid challenges such as raw material volatility, capital-intensive EV transition, and competitive pressures.

### **1.4 Theoretical Framework**

The study is grounded in financial analysis frameworks, primarily ratio analysis (liquidity, profitability, solvency, efficiency) and trend analysis, supported by concepts like capital structure, working capital management, and performance evaluation models such as ROCE and turnover ratios, enabling a comprehensive assessment of financial health.

### **1.5 Significance**

The study provides valuable insights for investors, management, researchers, and policymakers by highlighting financial strengths, risks, and growth patterns.

### 1.6 Objectives

- To analyse financial performance using key ratios
- To evaluate liquidity, profitability, and solvency
- To assess operational efficiency and growth trends

### 1.7 Hypothesis

TVS Motor Company has maintained stable financial performance with improving profitability and efficiency during 2020–2025.

### 1.8 Scope of the Study

The study is limited to secondary data from financial statements for 2020–2025 and focuses on ratio and trend analysis without primary research or competitor comparison.

## 2. Review of Literature

The existing literature on financial performance analysis emphasizes the importance of ratio analysis and working capital management in evaluating corporate efficiency, particularly in capital-intensive industries like automobiles. According to **Ramanathan (2024)**, financial ratio analysis serves as a key diagnostic tool to assess profitability, liquidity, and solvency of firms. In his study on TVS Motor Company (2019–2024), he concluded that ratio analysis effectively identifies both strengths and financial fluctuations, enabling informed decision-making for stakeholders.

Focusing on working capital, **Kumar and Devi (2025)** examined the relationship between working capital efficiency and financial performance of TVS Motors. Their findings revealed that the company operates with negative working capital, which, rather than indicating financial distress, reflects operational efficiency and effective short-term fund utilization. Supporting this view, **Sharma (2011)** highlighted that TVS Motor Company performed better during periods of negative working capital, demonstrating strong liquidity management and efficient business operations.

Similarly, **Patel (2021)** studied working capital management at TVS Motors and emphasized the importance of maintaining a balance between liquidity and profitability. The

study concluded that excessive investment in current assets reduces returns, while insufficient liquidity increases risk, thereby highlighting the need for optimal working capital strategies.

Comparative studies also provide valuable insights. **Gupta (2020)** analyzed the performance of TVS Motor, Hero MotoCorp, and Bajaj Auto, concluding that effective liquidity management plays a crucial role in sustaining profitability in competitive markets. In line with this, **Mehta (2022)** applied Principal Component Analysis (PCA) in the automobile sector and found that a limited number of key financial ratios are sufficient to evaluate overall performance, simplifying financial analysis.

From a broader perspective, **Iyer (2023)** examined financial statement analysis within the TVS Group and highlighted that systematic evaluation of financial data enhances resource utilization and strategic planning. Additionally, **Reddy (2021)** emphasized the importance of financial ratio analysis as a benchmarking tool for comparing performance across firms and time periods.

Industry-oriented studies by **Singh (2022)** indicate that macroeconomic factors such as rising consumer demand, technological advancements, and the shift towards electric vehicles significantly influence financial performance. Furthermore, **Narayanan (2020)** highlighted that strong corporate governance practices in family-owned firms like TVS Motor Company contribute to long-term stability and stakeholder confidence.

### **3. Research Methodology**

#### **3.1 Overview**

Research methodology provides a systematic framework for data collection, analysis, and interpretation. This study on the financial performance of TVS (2020–2025) is based entirely on secondary data, ensuring objectivity and reliability. Data is collected from audited financial statements, annual reports, and official sources. The study adopts descriptive and analytical methods, using ratio and trend analysis to evaluate liquidity, profitability, solvency, efficiency, and growth.

#### **3.2 Research Design**

The research design is descriptive and analytical, focusing on presenting financial facts and analyzing relationships between variables. It is quantitative in nature, based on

historical data without manipulation or hypothesis testing. A longitudinal approach (5 years) is used to study performance trends over time.

### 3.3 Sources of Data

Data is sourced from TVS annual reports (FY 2020–21 to 2024–25), including Balance Sheet, Profit & Loss Account, Cash Flow Statements, and Notes. Sources include the official TVS website and BSE/NSE portals. All figures are in ₹ crores and are audited, ensuring reliability.

### 3.4 Period of Study

The study covers 2020–2025, capturing COVID-19 impact, recovery, and growth phases.

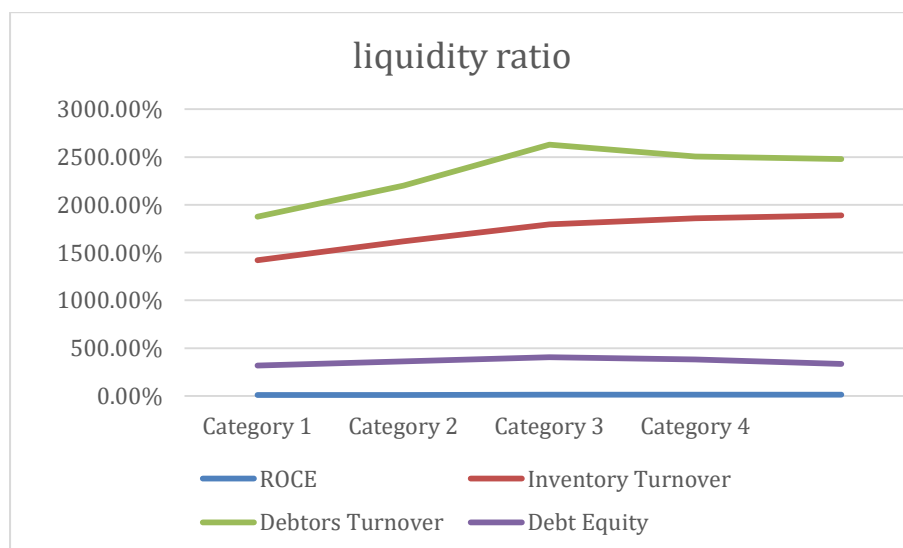
### 3.5 Tools and Techniques

- **Ratio Analysis:** Current Ratio, Quick Ratio, Gross Profit Ratio, Net Profit Ratio, ROCE, Inventory Turnover, Debtors Turnover, Debt-Equity Ratio
- **Trend Analysis:** Base year (2020–21 = 100), analyzing variables like capital, net profit, current assets/liabilities, EBIT, equity, and inventory

### 3.6 Data Collection & Processing

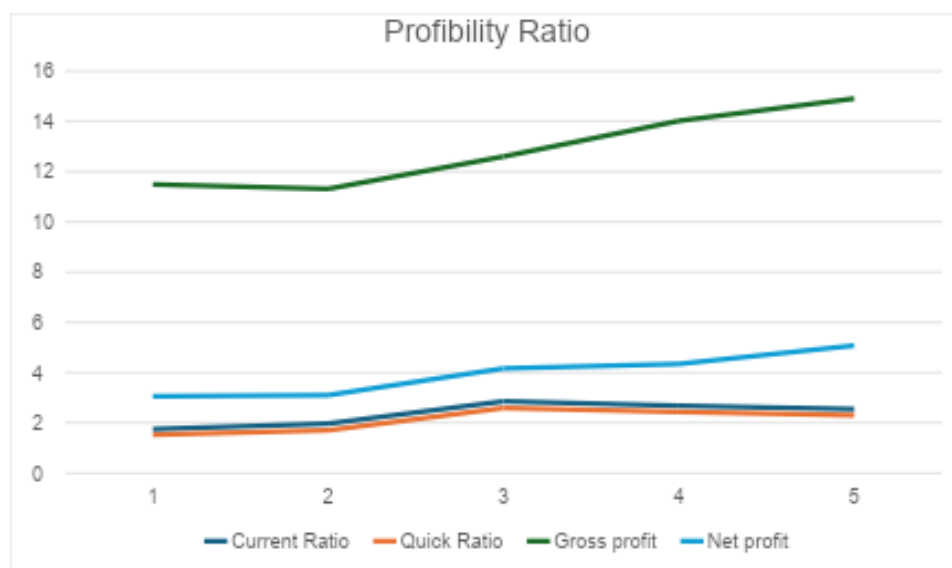
Data was extracted from reports, verified, processed in Excel, and converted into ratios, percentages, and charts.

## 4. Analysis and Interpretation



### Graph 4.1

The financial ratios indicate a consistent improvement in operational efficiency and profitability over the five-year period. ROCE shows a steady upward trend from 10.21% in 2020–21 to 13.80% in 2024–25, reflecting better utilization of capital and increasing operating returns. The inventory turnover ratio also improves from 14.20x to 18.90x, indicating efficient inventory management and faster stock movement, which reduces holding costs. Similarly, the debtor's turnover ratio rises significantly, peaking at 26.28x before slightly declining to 24.80x, suggesting effective credit management and quicker collection of receivables despite a minor slowdown in the later years. However, the debt-equity ratio remains relatively high, increasing initially to 4.06 and then declining to 3.36, indicating a gradual reduction in financial leverage. Overall, the company demonstrates strong operational performance, improved liquidity efficiency, and a moderate effort toward stabilizing its capital structure.



### Graph 4.2

The graph presents the trend of liquidity and profitability ratios over the five-year period from 2020–21 to 2024–25, showing overall financial improvement. The current ratio increased from 1.75 to a peak of 2.86 in 2022–23 and later slightly declined to 2.54, but it remained above the ideal level of 2:1, indicating strong short-term solvency. Similarly, the quick ratio rose from 1.52 to 2.59 before settling at 2.31, showing the company has sufficient

liquid assets to meet immediate liabilities without relying on inventory. The slight decline in the last two years reflects better working capital utilization rather than weakness.

Profitability ratios show a steady upward trend. The gross profit ratio increased from 11.49% to 14.91%, indicating improved cost control and production efficiency. The net profit ratio also rose consistently from 3.06% to 5.07%, showing better expense management and operational efficiency. Overall, the company demonstrates strong liquidity, improving profitability, and sound financial performance over the five years.

<b>Objective</b>	<b>Results</b>	<b>Interpretation (Linked to Financial Literacy &amp; Investment Behaviour)</b>
<b>Objective 1: Analyze Financial Literacy Level</b>	Majority of respondents show moderate to high financial literacy, with strong awareness of basic financial concepts but limited depth in advanced instruments	This suggests that Infosys employees possess functional financial knowledge, enabling them to make informed but cautious investment decisions. Higher literacy leads to better diversification, informed risk-taking, and long-term investment orientation, forming the foundation of rational investment behaviour.
<b>Objective 2: Examine Personal Investment Behaviour</b>	Employees prefer moderately risky instruments (mutual funds, SIPs), with lower inclination toward high-risk assets; investment decisions are goal-oriented and systematic	The behaviour reflects a balanced risk-return approach, indicating that financially literate individuals tend to avoid speculative investments and prefer stable, long-term wealth creation strategies. This aligns with the trend of disciplined investing among salaried professionals.
<b>Objective 3: Relationship between Financial Literacy and</b>	A positive relationship exists between financial literacy and effective investment behaviour	Higher financial literacy significantly influences better portfolio diversification, improved risk assessment, and informed decision-making. Employees with greater knowledge demonstrate higher confidence

Objective	Results	Interpretation (Linked to Financial Literacy & Investment Behaviour)
<b>Investment Behaviour</b>		and strategic planning, whereas lower literacy groups show conservative or limited investment patterns.

**Table 4.1**

## 5 Conclusion

### 5.1 Major Findings

The study reveals that TVS Motor Company has maintained a stable and improving financial performance during the period 2020–2025. Profitability ratios such as net profit ratio and ROCE show a consistent upward trend, indicating efficient cost control and better utilization of capital. Liquidity ratios remained moderate, suggesting that the company balances short-term obligations without holding excessive idle assets. Efficiency ratios like inventory and debtor turnover highlight effective operational management.

These findings are supported by earlier studies in the literature review, which state that ratio analysis effectively reflects profitability and solvency strength, while fluctuations in liquidity are common in capital-intensive industries. Research on working capital management also supports that efficient use of current assets can improve profitability, even when liquidity appears tight. Comparative industry studies further confirm that maintaining a balance between liquidity and profitability is essential for long-term stability.

### 5.2 Suggestions

- **For the Company (TVS):**

TVS should continue improving operational efficiency and focus on maintaining an optimal liquidity level. It can strengthen its position by investing in electric vehicle (EV) technology and cost optimization strategies.

- **For the Government:**

Policies supporting the automobile sector, especially EV adoption, tax benefits, and infrastructure development, can help companies like TVS sustain growth and competitiveness.

- **For Investors/Readers:**

Investors should consider TVS as a financially stable company with consistent growth. However, they must analyze financial ratios regularly before making investment decisions.

### **5.3 Limitations of the Study**

The study is limited to secondary data collected from annual reports, which may not reflect real-time changes. It focuses only on a five-year period (2020–2025) and does not include competitor comparison. External factors like inflation, economic changes, and policy impacts are not deeply analyzed. The study also relies mainly on ratio and trend analysis, which may not capture qualitative aspects.

### **5.4 Conclusion**

In conclusion, the research highlights that TVS Motor Company has demonstrated strong financial stability, consistent profitability, and efficient resource management during the study period. The company has successfully balanced liquidity and profitability while adapting to industry challenges such as post-pandemic recovery and technological changes. The study reinforces the idea that effective financial management and strategic decision-making are key drivers of long-term growth and sustainability in the automobile industry.

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