

# A DESCRIPTIVE RESEARCH OF CAPITAL STRUCTURE OF LISTED AUTOMOBILE COMPANIES IN INDIA

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## **Abstract**

*Automobile sector is contributing highest in growth of economy of any of the nation. Especially, in India, Maruti Suzuki, Tata Motors and Mahindra & Mahindra are playing important role. Both the firms are contributing their best in human services. This research is evaluated mainly with an objective to evaluate financial performance of the companies. The study is targeted for latest performance of the firms. Thus, last financial years are evaluated for study. An application of descriptive statistics used for comparison and for future aspects an application of inferential analysis (ANOVA) is used to derive the results.*

## **INTRODUCTION:**

In this world specialty units are working for offering great types of assistance and items with a goal of getting predominant benefit. Any association is generally attempt to procure recognizable benefit for their investor. Specialty unit isn't just associated with their investor; however so many different partners are associated with the organization Viz. worker, client, bank, other monetary foundations, government, lenders, rating organizations, and stir up trade, merchants, society and so forth. Also, these partners are having their monetary interest with business firm straightforwardly or in a roundabout way. So it is obligatory to assess a monetary exhibition of a business firm with legitimate instruments for figuring out real monetary place of specific business firm as well as industry.

While estimating monetary execution of the specialty unit the main component becomes boundaries taken at specific time. There are few of researchers who have offered their perspective on boundary of monetary execution of the bank. Indeed, even bunches of exploration work are additionally accessible on this point, which is being involved with various boundaries for estimating monetary execution. Monetary execution is a photo of monetary perspectives. It discusses what it owes and what an organization possesses. It is introducing comprehensive view about monetary matter of the firm and furthermore makes sense of how business of specific firm has developed.

It is said that monetary execution is the marks of execution of the board. The general goal of a business is to procure good profits from the assets put resources into it. Predictable with keeping a sound monetary position, execution examination is done to look at the functional productivity and monetary effectiveness. Strength and shortcoming of the any firm can be likewise estimated by execution investigation. How firm is steady to create long haul return can be concentrated on through execution investigation. Principal objective of the monetary presentation investigation is to examinations budget summaries and past execution and future monetary position. expectation of future can likewise have been made with the assistance of monetary investigation. Monetary investigation search for relevant principles of correlation with decide the aftereffect of their examination are positive or negative. for this reason, examinations are made with (i) overall guidelines of thumb pointers (ii) past execution of the organization and (iii) Industry standard Through monetary investigation indispensable data of the organization can be access. Monetary investigation assists with knowing the nature of the income. Profit are supposed to be of excellent on the off chance that they can be disseminated in real money and are gotten principally from proceeding with tasks that are not unstable from one year to another.

## **REVIEW OF LITERATURE:**

**JYOTI, G., & KHANNA, A. (2021). DOES SUSTAINABILITY PERFORMANCE IMPACT FINANCIAL PERFORMANCE? EVIDENCE FROM INDIAN SERVICE SECTOR FIRMS. SUSTAINABLE DEVELOPMENT, 29(6), 1086-1095.**

The current situation of development and advancement is centered around feasible turn of events. It tends to be feasible provided that it doesn't zero in on benefit amplification at any expense yet in addition augments the

interests and worth expansion of different partners by not influencing the climate and normal assets. This paper analyses the effect of the company's maintainable exhibition on the monetary execution of administration area organizations recorded on the Bombay Stock Exchange. The review results demonstrate a huge negative connection between the Environment score with Return on Assets and Return on capital utilized of the chose organizations. Conversely, just the Social score shows a huge negative relationship with the Return on value. Ecological, social, and administration consolidated score is additionally adversely critical with the ROA and ROCE. The down to earth ramifications of the review would help academicians, business elements, corporate, policymakers, administrative specialists, and legislatures to comprehend the relationship better. It can likewise help and propel associations to work all the more effectively and carry out feasible methodologies, particularly in quickly arising economies like India.

**AGRAWAL, O. P., BANSAL, P., & KATHPAL, S. (2020). EFFECT OF FINANCIAL CONCERT ON CORPORATE SOCIAL RESPONSIBILITY AND STOCK PRICE: A STUDY OF BSE LISTED FIRMS. INTERNATIONAL JOURNAL ON EMERGING TECHNOLOGIES, 11(1), 286-291.**

This exploration concentrate on means to analyze the impact of monetary execution on CSR and Stock Price of BSE recorded organizations in India. CSR and monetary execution are exceptionally key to support and precede with the activity of enterprise. Essentially, cost of offers impacts the capitalization of organization and base for investor to choose their speculation. CSR in India became obligatory from 2014. Under CSR organizations needs to spend a piece of their profit for the advantages of the general public on different venture in regards to climate security, monetary turn of events, schooling and so on. Primary piece of study explores the relationship among CSR, monetary execution and Stock cost of top 30 BSE recorded organizations. Information with respect to CSR use, stock cost toward the finish of every year and accounting proportions have been gathered for the review time of 2014-15 to 2017-18 and board OLS, Correlation technique have been utilized. This study is helpful to financial backers, society and organizations.

**TABASH, M. I., AL-HOMAIDI, E. A., AHMAD, A., & FARHAN, N. H. (2020). FACTORS AFFECTING FINANCIAL PERFORMANCE OF INDIAN FIRMS: AN EMPIRICAL INVESTIGATION OF FIRMS LISTED ON BOMBAY STOCK EXCHANGE. INTERNATIONAL JOURNAL OF ECONOMIC POLICY IN EMERGING ECONOMIES, 13(2), 152-172.**

The point of this study is to analyze the variables that impact the monetary presentation of Indian recorded organizations during the period going from 2010 to 2016. The example size comprises of 1598 organizations recorded in Mumbai Stock Exchange in India. Return on resources, return on value, benefit after charge and procuring per share are utilized as intermediaries for monetary execution of Indian firms. The decent impacts relapse model outcomes uncovered that the influence proportion, liquidity proportion, size of endlessly organization age affect the monetary presentation of Indian recorded organizations. The influence proportion emphatically affects return on value and adverse consequence on return on resources, benefit after charge, and procuring per share. The review suggested that directors ought to consider the influence proportion so that works on firms' monetary execution. The ongoing review gives helpful experiences to supervisors, examiners, controllers, financial backers, and other closely involved individuals in the exhibition of Indian recorded firms.

**NATARAJAN, R., SIVAKAVITHA, S., & VASANI, S. A. (2020). RELATIONSHIP BETWEEN STOCK RETURN AND FIRMS' FINANCIAL PERFORMANCE IN BSE LISTED COMPANIES. EUROPEAN JOURNAL OF MOLECULAR & CLINICAL MEDICINE, 7(03), 2020.**

This study endeavors to look at the effect of corporate social obligation on monetary execution in the Indian setting. For this reason, the review has chosen BSE 100 record for the time of 9 years (2010-2018) as an example study. The board relapse investigation uncovers that corporate social obligation decidedly affects simultaneous benefit and stock returns. Similarly, results show that corporate social obligation decidedly affects future benefit, possibly demonstrating that corporate social obligation conveys influence throughout a significant stretch of time. There is no such thing as nonetheless, positive relationship between corporate social obligation and future stock returns. In general, the discoveries demonstrate that market repays those organizations that deliberately draw in with partners.

**MAQBOOL, S. (2019). DOES CORPORATE SOCIAL RESPONSIBILITY LEAD TO SUPERIOR FINANCIAL PERFORMANCE? EVIDENCE FROM BSE 100 INDEX. DECISION, 46 (3), 219-231.**

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**MELWANI, R. (2019). IMPACT OF INTERNAL FINANCIAL DETERMINANTS ON FINANCIAL PERFORMANCE. JOURNAL OF COMMERCE AND ACCOUNTING RESEARCH, 8 (3), 75.**

The review is an endeavor to measure the effect of inward monetary determinants on monetary execution of select vehicle firms recorded at BSE, India. The review depends on optional information and information has gathered from yearly reports of the organizations for a time of ten monetary years from 2007-08 to 2016-17. Different Regression examination has been utilized to gauge the effect of inner monetary determinants on the monetary execution of the car firms in India. The review reasoned that the inward monetary determinants essentially affected both of the proportions of monetary execution (ROA and Tobin's Q).

## METHODOLOGY

The research will be conducted for the selected leading firms of the same industry. This study focuses on financial performances of the Automobile companies – for the financial year 2022 and 2023. The nature of this research is to describe the particulars of capital structure of both the bulls of Automobile sector, thus the design of research can be descriptive. The only limitations of this research it that, that it is concluded for only two financial years.

## APPLICATION TO DATA

An application of the data is presented for both the firms under study to evaluate results.

Capital Structure	Maruti Suzuki		Tata Motors		Mahindra & Mahindra	
	2022	2021	2022	2021	2022	2021
Total Share Capital	151	151	765.88	765.81	598.3	597.39
Reserves And Surplus	53,935.00	51,215.80	19,171.88	18,290.16	38,139.19	33,649.65
Total Reserves And Surplus	53,935.00	51,215.80	19,171.88	18,290.16	38,139.19	33,649.65
Total Shareholders' Funds	54,086.00	51,366.80	19,937.76	19,055.97	38,960.95	34,501.92
Total Non-Current Liabilities	2,294.60	2,593.90	16,962.91	19,752.14	9,349.02	9,953.71
Total Current Liabilities	17,013.70	16,106.70	26,992.81	26,251.55	18,820.29	15,133.17
Total Capital And Liabilities	73,394.30	70,067.40	63,899.87	65,059.66	67,130.26	59,588.80
Fixed Assets	16,646.70	16,446.80	15,543.00	29,429.56	19,566.79	15,011.51
Total Non-Current Assets	56,613.10	51,540.70	48,280.26	49,205.07	41,212.56	39,276.50
Total Current Assets	16,781.20	18,526.70	15,619.61	15,854.59	25,917.70	20,312.30
Total Assets	73,394.30	70,067.40	63,899.87	65,059.66	67,130.26	59,588.80
Contingent Liabilities	20,420.30	15,502.20	3,353.04	3,694.20	4,067.07	5,540.49

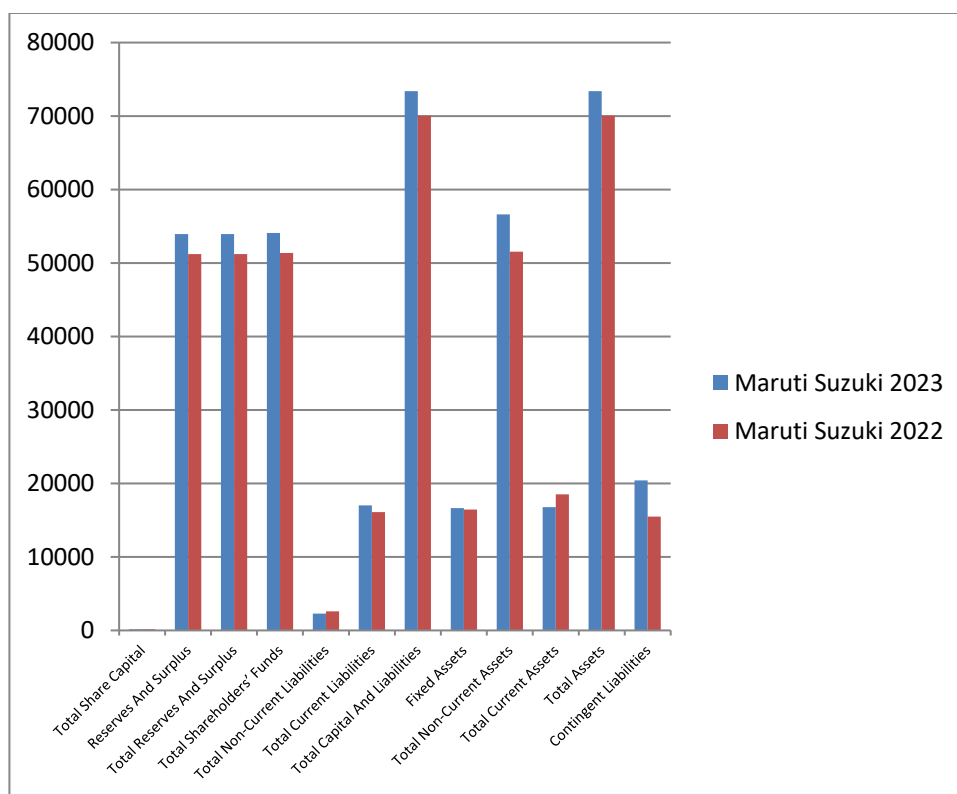


Figure 1 Capital Structure of Maruti Suzuki Ltd.

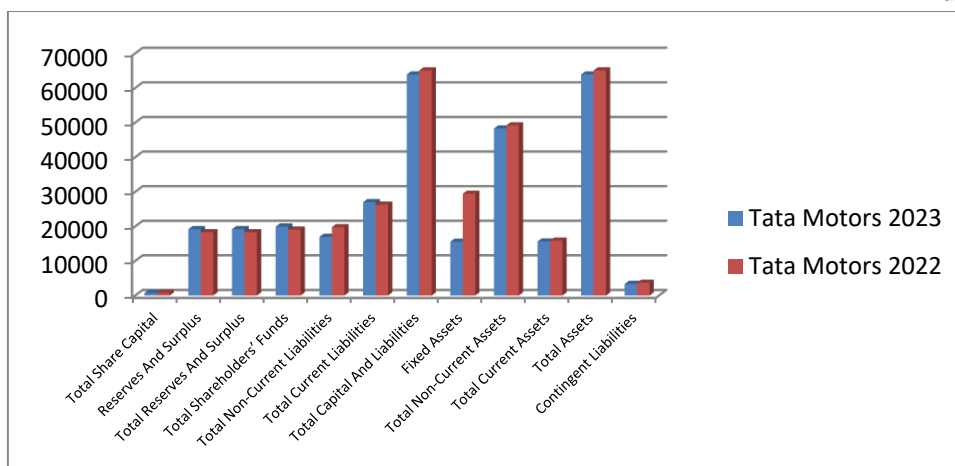


Figure 2 Capital Structure of Tata Suzuki Ltd.

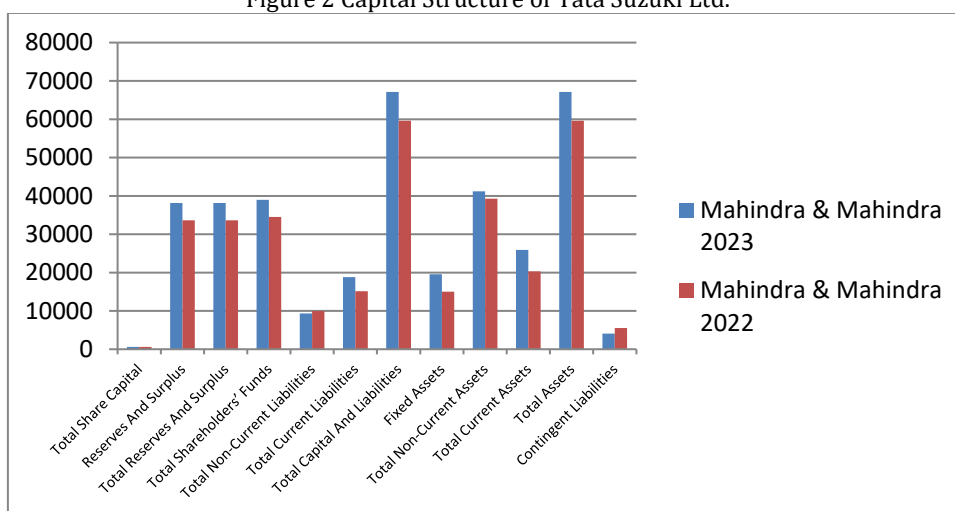


Figure 3 Capital Structure of Mahindra & Mahindra Ltd.

The comparative analysis of the financial data for Maruti Suzuki, Tata Motors, and Mahindra & Mahindra for the years 2022 and 2021 provides valuable insights into their financial performance. In terms of share capital, all three companies maintained a consistent level throughout both years, with Maruti Suzuki and Tata Motors at 151 and Mahindra & Mahindra at 598.3. This indicates stability in their ownership structures and the amount of capital invested in the companies. Examining reserves and surplus, all three companies witnessed growth. Maruti Suzuki's reserves and surplus increased from 51,215.80 in 2021 to 53,935.00 in 2022. Tata Motors experienced an increase from 18,290.16 in 2021 to 19,171.88 in 2022. Similarly, Mahindra & Mahindra's reserves and surplus grew from 33,649.65 in 2021 to 38,139.19 in 2022. These increases indicate improved profitability and the accumulation of retained earnings. Analyzing the total shareholders' funds, which include share capital and reserves and surplus, all three companies' demonstrated growth. Maruti Suzuki's total shareholders' funds increased from 51,366.80 in 2021 to 54,086.00 in 2022. Tata Motors experienced a rise from 19,055.97 in 2021 to 19,937.76 in 2022. Mahindra & Mahindra's total shareholders' funds also grew from 34,501.92 in 2021 to 38,960.95 in 2022. These increases reflect the overall equity and financial position of the companies. Moving to liabilities, both non-current and current, variations were observed among the companies. Maruti Suzuki's non-current liabilities decreased from 2,593.90 in 2021 to 2,294.60 in 2022, while their current liabilities increased from 16,106.70 in 2021 to 17,013.70 in 2022. Tata Motors experienced an increase in both non-current and current liabilities, from 19,752.14 to 16,962.91 and from 26,251.55 to 26,992.81, respectively. Mahindra & Mahindra's non-current liabilities remained relatively stable, while their current liabilities increased. These variations indicate changes in long-term and short-term financial obligations for each company. Analyzing the total capital and liabilities, Maruti Suzuki's total capital and liabilities increased from 70,067.40 in 2021 to 73,394.30 in 2022. Tata Motors' total capital and liabilities decreased from 65,059.66 to 63,899.87, while Mahindra & Mahindra's total capital and liabilities increased from 59,588.80 to 67,130.26. These changes reflect the overall financial structure and obligations of the companies. Considering the asset composition, Maruti Suzuki's total assets increased from 70,067.40 in 2021 to 73,394.30 in 2022. Tata Motors' total assets decreased from 65,059.66 to 63,899.87, while Mahindra & Mahindra's total assets increased from 59,588.80 to 67,130.26. These variations indicate changes in the composition and value of the companies' asset portfolios. Lastly, examining contingent liabilities, Maruti



Suzuki's and Tata Motors' contingent liabilities increased, potentially indicating an increase in potential obligations. Mahindra & Mahindra's contingent liabilities decreased, suggesting a reduction in potential future liabilities. In conclusion, the comparative analysis provides insights into the financial performance and position of Maruti Suzuki, Tata Motors, and Mahindra & Mahindra over the specified years. The variations observed in different financial aspects highlight the dynamics within each company and their ability to manage capital, assets, liabilities, and potential obligations.

SUMMARY						
Groups	Year	Sum	Average	Variance	SD	CV
Maruti Suzuki	2023	440688.2	33899.092	754781664	27473.29	81.044323
	2022	416823.2	32063.323	676630986	26012.132	81.127372
Tata Motors	2023	315621.77	24278.598	457081974	21379.476	88.058939
	2022	332730.53	25594.656	468150335	21636.782	84.536326
Mahindra & Mahindra	2023	371054.58	28542.66	505405895	22481.234	78.763627
	2022	328825.89	25294.299	398585006	19964.594	78.929223

The summary provides a comparative analysis of the data for Maruti Suzuki, Tata Motors, and Mahindra & Mahindra for the years 2022 and 2023. Let's examine the key aspects of the analysis and draw conclusions based on the findings:

1. Group Comparisons:

- **Maruti Suzuki:** The average for Maruti Suzuki in 2023 is 33,899.092, slightly higher than the average of 32,063.323 in 2022. The standard deviation (SD) for both years indicates the level of dispersion in the data, with 27,473.29 in 2023 and 26,012.132 in 2022. The coefficient of variation (CV) shows the relative variability, with a value of 81.044323 in 2023 and 81.127372 in 2022. Overall, the data suggests moderate variability in the performance of Maruti Suzuki across the analyzed years.
- **Tata Motors:** The average for Tata Motors in 2023 is 24,278.598, slightly lower than the average of 25,594.656 in 2022. The SD for both years is 21,379.476 in 2023 and 21,636.782 in 2022, indicating a moderate level of dispersion. The CV values of 88.058939 in 2023 and 84.536326 in 2022 indicate a relatively higher variability compared to Maruti Suzuki. This suggests that Tata Motors' performance exhibits a wider range of values across the analyzed years.
- **Mahindra & Mahindra:** The average for Mahindra & Mahindra in 2023 is 28,542.66, slightly higher than the average of 25,294.299 in 2022. The SD for both years is 22,481.234 in 2023 and 19,964.594 in 2022. The CV values of 78.763627 in 2023 and 78.929223 in 2022 indicate a moderate level of relative variability. The data suggests a relatively consistent performance for Mahindra & Mahindra across the analyzed years.

2. Comparative Analysis:

- When comparing the groups, Maruti Suzuki has the highest average performance in both 2022 and 2023, followed by Mahindra & Mahindra and Tata Motors.
- The standard deviations and coefficients of variation indicate that Tata Motors exhibits a higher degree of variability in performance compared to the other two groups.
- The variances in performance, represented by the squared standard deviations, are highest for Maruti Suzuki, followed by Tata Motors and Mahindra & Mahindra.

The comparative study can be more significance with evaluation of study of variability. Thus, following hypothesis is lying down:

H0: There is no significance difference between the capital structures of the firms

H1: There is a significance difference between the capital structures of the firms

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1015214384	5	203042877	0.37	0.87	2.34
Within Groups	39127630318	72	543439310			
Total	40142844702	77				

The analysis of variance (ANOVA) was conducted to assess the variations between groups in the automobile industry. The following report provides the detailed findings:

The source of variation in the data was partitioned into two components: between groups and within groups. The between groups sum of squares (SS) was calculated as 1,015,214,384, with degrees of freedom (df) equal to 5. The mean square (MS) for between groups was 203,042,877. The F-statistic was computed as 0.37, resulting in a p-value of 0.87. The critical F-value at a given significance level was 2.34. The within groups sum of squares was determined to be 39,127,630,318, with df equal to 72. However, the mean square for within groups is not reported in the given data. Finally, the total sum of squares was calculated as 40,142,844,702, with a total df of 77. These results indicate that there is no significant difference between the groups in the automobile industry based on the given data. The F-statistic of 0.37 and the corresponding p-value of 0.87 indicate that the observed variations between groups are likely due to random chance rather than meaningful

differences in the data. Therefore, we fail to reject the null hypothesis, suggesting that the groups have similar characteristics in terms of the analyzed variables.

## CONCLUSION

Based on the comparative analysis, Maruti Suzuki consistently demonstrates a higher average performance, while Tata Motors shows more variability in its results. Mahindra & Mahindra maintains a relatively steady performance. The findings suggest that Maruti Suzuki has a more stable and favorable performance compared to Tata Motors and Mahindra & Mahindra. However, it is important to consider additional factors and conduct a comprehensive analysis to draw definitive conclusions about the overall performance and competitiveness of these companies in the automotive industry.

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