

A Study on Financial Performance of Top 10 Manufacturing Companies in India

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Abstract

The study focused on the financial performance of the top 10 manufacturing firms in India through secondary data collected from 2018 to 2022. The study used financial ratios like the current ratio, quick ratio, net profit ratio, operating profit ratio, and return on net worth ratio. The main objective of the study assesses the profitability and financial position of India's top 10 manufacturing firms. In this study concluded that the current ratio, quick ratio, and return on net worth ratio have been good for UPL Ltd compared to the other manufacturing firms. Further, revealed that the net profit ratio has been good for Tata Motors Ltd; the operating profit ratio has been good for Grasim Industries Ltd and Tata Steel Limited when compared to the other manufacturing firms. It showed the firm is more efficient in controlling the cost and expenses

related with business operations, the revenue produce by the firm on the money invested by the shareholders and more invested in the industry in the long run.

Keywords: Financial Performance, Ratio Analysis, Manufacturing Companies

JEL: L6

Introduction

The manufacturing area consists of the business that is involved in the mechanical, physical or chemical transformations of materials, substances or components to create them into new products and finished products¹.

Financial performance is defined as the process of calculating the monetary value of the outcomes of an organization's policies and operations. It is used to assess a company's overall financial health over time and can also be used to compare the competition overall within the same industry or other industries or sectors. Financial performance indicators are assessable indicators used to determine, track, and forecast a company's financial health. The key performance indicators cover a wide range of topics, including liquidity, profitability, efficiency, solvency, and value².

Review of Literature

Manojkumar (2016) conducted a study on financial performance of public sector steel companies in India. This study based on secondary data for a period from 1992-93 to 2010-11. The study found that the overall liquidity performance of SAIL and RINL was good during the study period. Firms bear less risk as they can meet their maturing current liabilities every year under the study period.

Chandrakala (2019) studied about financial performance of Indian cement companies with reference to selected cements companies during the period 2013-14 to 2017-18. The study found that Birla Corporation has a good absolute liquidity ratio as compared to other companies, Ramco Cements has a higher gross profit than other firms, and both can make a reasonable profit on sales as long as overhead costs are kept under manage. Shree Cements earns a higher operating profit than other companies, and its showed the firm is more efficient in calculating the costs and expenses connected with business activities in the long term.

Jigneshkumar (2019) stated that financial performance of select cement companies in India during the period from 2014-15 to 2018-19. This study focuses on the cement industry of the country and made an analysis of two cement giants namely JKC and UTC. It has been revealed that short term financial position of UTC is better than JKC in the year 2014-15 to 2018-19.

Objectives

- ❖ To know the financial performance of India's top 10 manufacturing firms.
- ❖ To assess the profitability and financial position of India's top 10 manufacturing firms.

Methodology

The present study is mainly focused on secondary data collected from money control, articles and websites. The period of study is five years from 2018 to 2022. The selected sample of the study is top 10 manufacturing firms in India is presented in table 1.

Table 1
Top 10 Manufacturing Firms in India

Sl. No.	Firm
1	Tata Motors Ltd
2	Tata Steel Limited
3	Hindalco Industries Ltd
4	Mahindra & Mahindra Ltd
5	Maruti Suzuki India Ltd
6	Grasim Industries Ltd
7	JSW Steel Ltd
8	Motherson Sumi Systems Ltd
9	UltraTech Cement Ltd

Source: *Money Control*

Analysis and Discussion

Current Ratio

The current ratio for top 10 manufacturing firms in India is presented in table 2. In Tata Motors Ltd, highest current ratio value as 0.75 in the year 2022 and lowest current ratio value as 0.62 in 2020. In Tata Steel Ltd, highest current ratio value as 0.91 in the year 2018 and lowest current ratio value as 0.63 in 2021. In Hindalco Industries Ltd, highest current ratio value as

1.59 in the year 2020 and lowest current ratio value as 1.11 in 2021. In Mahindra & Mahindra Ltd, highest current ratio value as 0.72 in the year 2022 and lowest current ratio value as 0.51 in 2020. Among the Maruti Suzuki India Ltd, highest current ratio value as 0.48 in the year 2022 and lowest current ratio value as 0.28 in 2018. In the Grasim Industries Ltd: highest current ratio value as 0.44 in the year 2022 and lowest current ratio value as 0.20 in 2018. In the JSW Steel Ltd: highest current ratio value as 1.04 in the year 2022 and lowest current ratio value as 0.61 in 2018. In Motherson Sumi Systems Ltd, highest current ratio value as 0.88 in the year 2022 and lowest current ratio value as 0.81 in 2020 and 2019. In UltraTech Cement Ltd, highest current ratio value as 0.50 in the year 2018 and lowest current ratio value as 0.37 in 2021. In the UPL Ltd: highest current ratio value as 1.88 in the year 2018 and lowest current ratio value as 1.26 in 2021.

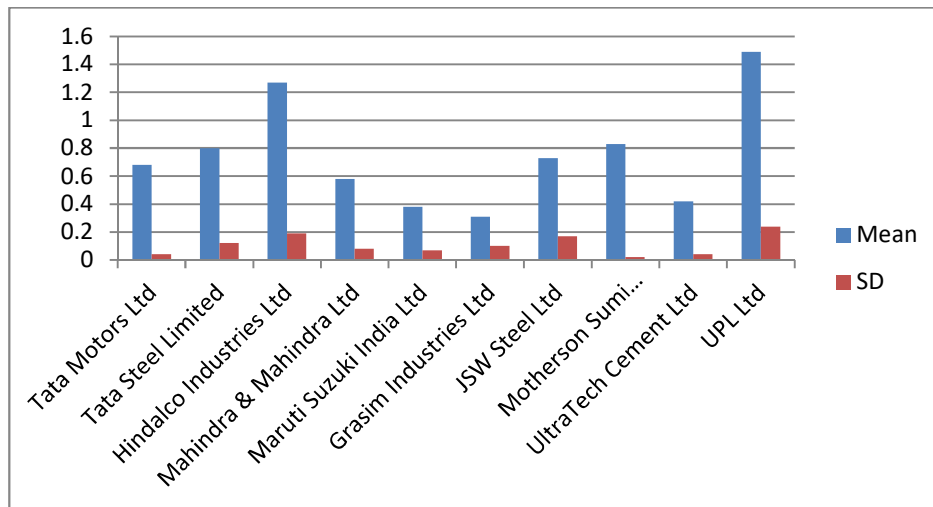
Table 2
Current Ratio for Top 10 Manufacturing Companies in India

Sl. No.	Firm	2022	2021	2020	2019	2018	Mean	SD
1	Tata Motors Ltd	0.75	0.66	0.62	0.68	0.70	0.68	0.04
2	Tata Steel Limited	0.90	0.63	0.85	0.71	0.91	0.80	0.12
3	Hindalco Industries Ltd	1.15	1.11	1.59	1.30	1.21	1.27	0.19
4	Mahindra & Mahindra Ltd	0.72	0.53	0.51	0.55	0.58	0.58	0.08
5	Maruti Suzuki India Ltd	0.48	0.42	0.39	0.36	0.28	0.38	0.07
6	Grasim Industries Ltd	0.44	0.30	0.39	0.21	0.20	0.31	0.10
7	JSW Steel Ltd	1.04	0.64	0.72	0.63	0.61	0.73	0.17
8	Motherson Sumi Systems Ltd	0.88	0.82	0.81	0.81	0.83	0.83	0.02
9	UltraTech Cement Ltd	0.40	0.37	0.40	0.43	0.50	0.42	0.04
10	UPL Ltd	1.29	1.26	1.50	1.56	1.88	1.49	0.24

Source: *Money Control*

The results found that in case of average current ratio among the 10 manufacturing firms selected for the study highest mean average of 1.49 is observed in UPL Ltd. Highest standard deviation of 0.24 is also observed in UPL Ltd and lowest standard deviation of 0.02 is observed in Motherson Sumi Systems Ltd and UltraTech Cement Ltd. Hence, table 2 shows that the current ratio is good for UPL Ltd when compared to the other manufacturing firms.

Figure – A
Current Ratio for Top 10 Manufacturing Companies in India from 2018 to 2022



Source: *Money Control*

Figure A reveals the current ratio of mean and standard deviation of top 10 manufacturing firms in India.

Quick Ratio

The quick ratio for top 10 manufacturing firms in India is presented in table 3. In Tata Motors Ltd, highest quick ratio value as 0.45 in the year 2022 and lowest quick ratio value as 0.34 in 2020. In Tata Steel Ltd, highest quick ratio value as 0.38 in the year 2018 and lowest quick ratio value as 0.20 in 2021. In Hindalco Industries Ltd, highest quick ratio value as 0.92 in the year 2020 and lowest quick ratio value as 0.46 in 2021. In Mahindra & Mahindra Ltd, highest quick ratio value as 0.44 in the year 2022 and lowest quick ratio value as 0.29 in 2020. Among the Maruti Suzuki India Ltd, highest quick ratio value as 0.28 in the year 2022 and lowest quick ratio value as 0.09 in 2018. In the Grasim Industries Ltd: highest quick ratio value as 0.23 in the year 2020 and lowest quick ratio value as 0.11 in 2018. In the JSW Steel Ltd: highest quick ratio value as 0.44 in the year 2022 and lowest quick ratio value as 0.19 in 2018. In the Motherson Sumi Systems Ltd: highest quick ratio value as 0.57 in the year 2021 and lowest quick ratio value as 0.54 in 2020. In the UltraTech Cement Ltd: highest quick ratio value as 0.21 in the year 2018 and lowest quick ratio value as 0.15 in 2022 and 2019. In the UPL Ltd: highest quick ratio value as 1.25 in the year 2018 and lowest quick ratio value as 0.80 in 2022.

Table 3
Quick Ratio for Top 10 Manufacturing Companies in India

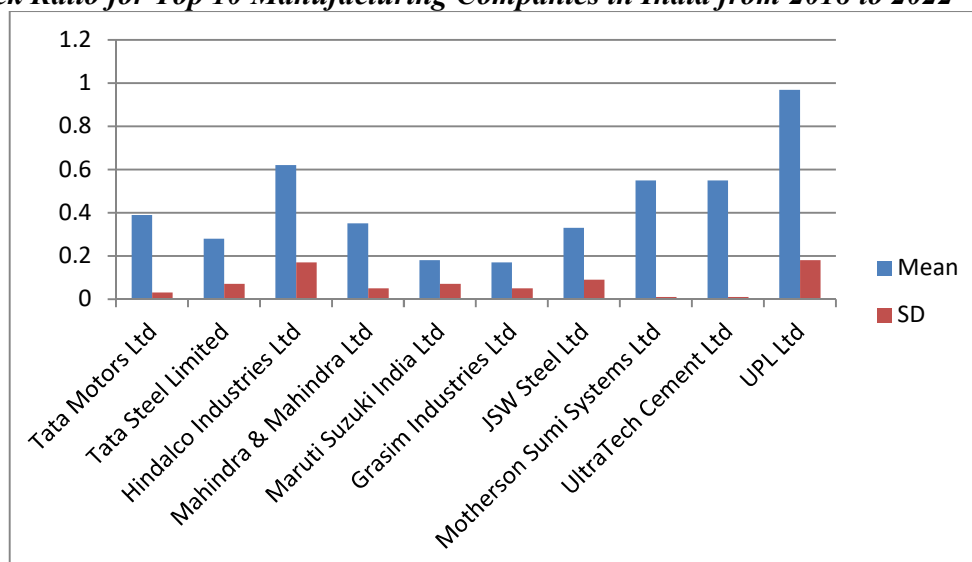
Sl. No.	Firm	2022	2021	2020	2019	2018	Mean	SD
1	Tata Motors Ltd	0.45	0.41	0.34	0.39	0.39	0.39	0.03
2	Tata Steel Limited	0.33	0.20	0.29	0.23	0.38	0.28	0.07
3	Hindalco Industries Ltd	0.53	0.46	0.92	0.64	0.55	0.62	0.17
4	Mahindra & Mahindra Ltd	0.44	0.35	0.29	0.33	0.36	0.35	0.05
5	Maruti Suzuki India Ltd	0.28	0.25	0.15	0.16	0.09	0.18	0.07
6	Grasim Industries Ltd	0.21	0.18	0.23	0.12	0.11	0.17	0.05
7	JSW Steel Ltd	0.44	0.35	0.39	0.30	0.19	0.33	0.09
8	Motherson Sumi Systems Ltd	0.56	0.57	0.54	0.55	0.56	0.55	0.01
9	UltraTech Cement Ltd	0.15	0.20	0.16	0.20	0.21	0.18	0.02
10	UPL Ltd	0.80	0.82	1.05	0.96	1.25	0.97	0.18

Source: *Money Control*

The results found that in case of average quick ratio among the 10 manufacturing firms selected for the study highest mean average of 0.97 is observed in UPL Ltd. Highest standard deviation of 0.18 is also observed in UPL Ltd and lowest standard deviation of 0.01 is observed in Motherson Sumi Systems Ltd. Hence, table 3 shows that the quick ratio is good for UPL Ltd when compared to the other manufacturing firms.

Figure B reveals the quick ratio of mean and standard deviation of top 10 manufacturing firms in India.

Figure – B
Quick Ratio for Top 10 Manufacturing Companies in India from 2018 to 2022



Source: *Money Control*

Net Profit Ratio

The net profit ratio for top 10 manufacturing firms in India is presented in table 4. In Tata Motors Ltd, highest net profit ratio value as 42.46 in the year 2021 and lowest net profit ratio value as 11.45 in 2018. In Tata Steel Ltd, highest net profit ratio value as 16.30 in the year 2022 and lowest net profit ratio value as 0.91 in 2020. In Hindalco Industries Ltd, highest net profit ratio value as 6.62 in the year 2022 and lowest net profit ratio value as 2.60 in 2021. In Mahindra & Mahindra Ltd, highest net profit ratio value as 6.71 in the year 2018 and lowest net profit ratio value as 0.75 in 2021. Among the Maruti Suzuki India Ltd, highest net profit ratio value as 9.43 in the year 2018 and lowest net profit ratio value as 4.12 in 2022. In the Grasim Industries Ltd: highest net profit ratio value as 7.32 in the year 2022 and lowest net profit ratio value as 2.44 in 2019. In the JSW Steel Ltd: highest net profit ratio value as 13.10 in the year 2022 and lowest net profit ratio value as 5.62 in 2020. In the Motherson Sumi Systems Ltd: highest net profit ratio value as 2.58 in the year 2018 and lowest net profit ratio value as 1.33 in 2022. In the UltraTech Cement Ltd: highest net profit ratio value as 13.69 in the year 2022 and lowest net profit ratio value as 5.73 in 2019. In the UPL Ltd: highest net profit ratio value as 11.93 in the year 2018 and lowest net profit ratio value as 5.03 in 2020.

Table 4
Net Profit Ratio for Top 10 Manufacturing Companies in India

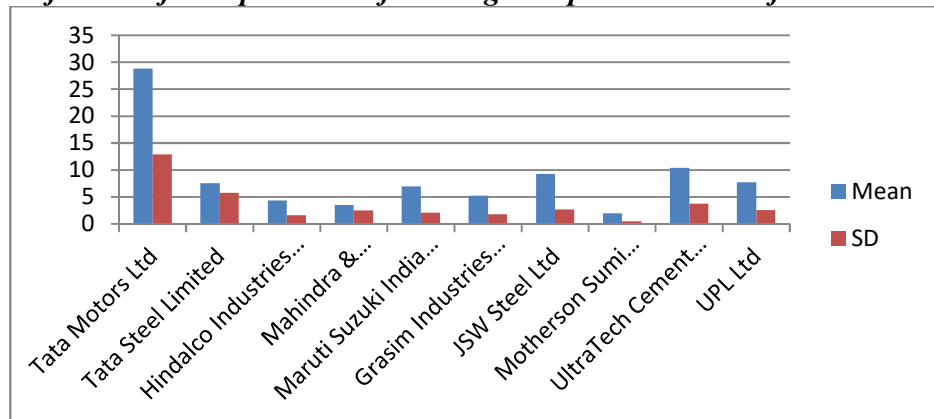
Sl. No.	Firm	2022	2021	2020	2019	2018	Mean	SD
1	Tata Motors Ltd	23.33	42.46	26.35	40.68	11.45	28.85	12.89
2	Tata Steel Limited	16.30	4.87	0.91	6.30	9.47	7.57	5.76
3	Hindalco Industries Ltd	6.62	2.60	3.17	4.19	5.17	4.35	1.60
4	Mahindra & Mahindra Ltd	5.11	0.75	1.26	3.67	6.71	3.50	2.52
5	Maruti Suzuki India Ltd	4.12	5.77	7.02	8.48	9.43	6.96	2.11
6	Grasim Industries Ltd	7.32	5.37	5.12	2.44	5.99	5.24	1.78
7	JSW Steel Ltd	13.10	9.80	5.62	8.97	8.83	9.26	2.67
8	Motherson Sumi Systems Ltd	1.33	1.64	1.81	2.35	2.58	1.94	0.51
9	UltraTech Cement Ltd	13.69	12.15	13.26	5.73	7.09	10.38	3.70
10	UPL Ltd	7.56	7.31	5.03	6.83	11.93	7.73	2.54

Source: *Money Control*

The results found that in case of average net profit ratio among the 10 manufacturing firms selected for the study highest mean average of 28.85 is observed in Tata Motors Ltd. Highest standard deviation of 12.89 is also observed in Tata Motors Ltd and lowest standard

deviation of 0.51 is observed in Motherson Sumi Systems Ltd. Hence, table 4 shows that the net profit ratio is good for Tata Motors Ltd when compared to the other manufacturing firms.

Figure – C
Net Profit Ratio for Top 10 Manufacturing Companies in India from 2018 to 2022



Source: *Money Control*

Figure C reveals the net profit ratio of mean and standard deviation of top 10 manufacturing firms in India.

Operating Profit Ratio

The operating profit ratio for top 10 manufacturing firms in India is presented in table 5. In Tata Motors Ltd, highest operating profit ratio value as 7.14 in the year 2019 and lowest operating profit ratio value as 1.48 in 2020. In Tata Steel Ltd, highest operating profit ratio value as 26.02 in the year 2022 and lowest operating profit ratio value as 11.97 in 2020. In Hindalco Industries Ltd, highest operating profit ratio value as 14.53 in the year 2022 and lowest operating profit ratio value as 11.97 in 2020. In Mahindra & Mahindra Ltd, highest operating profit ratio value as 18.41 in the year 2021 and lowest operating profit ratio value as 14.36 in 2021. Among the Maruti Suzuki India Ltd, highest operating profit ratio value as 15.12 in the year 2018 and lowest operating profit ratio value as 6.46 in 2022. In the Grasim Industries Ltd: highest operating profit ratio value as 24.38 in the year 2021 and lowest operating profit ratio value as 21.35 in 2022. In the JSW Steel Ltd: highest operating profit ratio value as 26.65 in the year 2022 and lowest operating profit ratio value as 16.19 in 2020. In the Motherson Sumi Systems Ltd: highest operating profit ratio value as 9.10 in the year 2018 and lowest operating profit ratio value as 7.02 in 2022. In the UltraTech Cement Ltd: highest operating profit ratio value as 25.86

in the year 2021 and lowest operating profit ratio value as 17.66 in 2019. In the UPL Ltd: highest operating profit ratio value as 21.58 in the year 2021 and lowest operating profit ratio value as 17.46 in 2019.

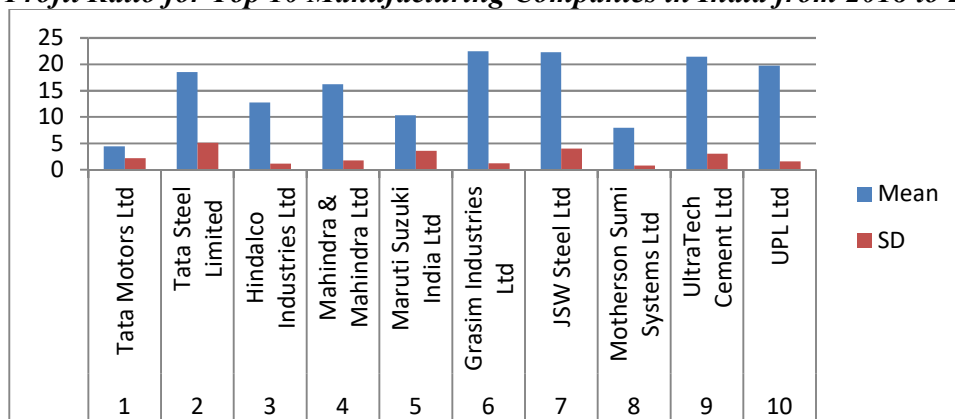
Table 5
Operating Profit Ratio for Top 10 Manufacturing Companies in India

Sl. No.	Firm	2022	2021	2020	2019	2018	Mean	SD
1	Tata Motors Ltd	3.17	4.82	1.48	7.14	5.62	4.44	2.19
2	Tata Steel Limited	26.02	19.52	11.97	18.64	16.56	18.54	5.09
3	Hindalco Industries Ltd	14.53	13.29	12.11	11.88	12.00	12.76	1.13
4	Mahindra & Mahindra Ltd	16.28	18.41	17.50	14.52	14.36	16.21	1.78
5	Maruti Suzuki India Ltd	6.46	7.60	9.67	12.78	15.12	10.32	3.59
6	Grasim Industries Ltd	21.35	24.38	22.97	22.02	21.69	22.48	1.22
7	JSW Steel Ltd	26.65	25.23	16.19	22.36	21.07	22.30	4.07
8	Motherson Sumi Systems Ltd	7.02	7.60	7.66	8.42	9.10	7.96	0.80
9	UltraTech Cement Ltd	21.89	25.86	21.79	17.66	19.84	21.40	3.02
10	UPL Ltd	20.61	21.58	18.94	17.46	20.17	19.75	1.59

Source: *Money Control*

The results found that in case of average operating profit ratio among the 10 manufacturing firms selected for the study highest mean average of 22.48 is observed in Grasim Industries Ltd. Highest standard deviation of 5.09 is also observed in Tata Steel Limited and lowest standard deviation of 0.80 is observed in Motherson Sumi Systems Ltd. Hence from the table 5 are shows that operating profit ratio is good for Grasim Industries Ltd and Tata Steel Limited when compared to the other manufacturing firms.

Figure – D
Operating Profit Ratio for Top 10 Manufacturing Companies in India from 2018 to 2022



Source: *Money Control*

Figure D reveals the operating profit ratio of mean and standard deviation of top 10 manufacturing firms in India.

Return on Net worth Ratio

The return on net worth ratio for top 10 manufacturing firms in India is presented in table 6. In Tata Motors Ltd, highest return on net worth ratio value as 440.49 in the year 2019 and lowest return on net worth ratio value as 322.50 in 2021. In Tata Steel Ltd, highest return on net worth ratio value as 199.58 in the year 2022 and lowest return on net worth ratio value as 113.80 in 2018. In Hindalco Industries Ltd, highest return on net worth ratio value as 878.64 in the year 2022 and lowest return on net worth ratio value as 516.72 in 2018. In Mahindra & Mahindra Ltd, highest return on net worth ratio value as 192.52 in the year 2019 and lowest return on net worth ratio value as 133.80 in 2021. Among the Maruti Suzuki India Ltd, highest return on net worth ratio value as 554.97 in the year 2022 and lowest return on net worth ratio value as 440.87 in 2021. In the Grasim Industries Ltd: highest return on net worth ratio value as 726.88 in the year 2022 and lowest return on net worth ratio value as 427.46 in 2018. In the JSW Steel Ltd: highest return on net worth ratio value as 477.84 in the year 2022 and lowest return on net worth ratio value as 238.64 in 2020. In the Motherson Sumi Systems Ltd: highest return on net worth ratio value as 265.36 in the year 2018 and lowest return on net worth ratio value as 139.07 in 2022. In the UltraTech Cement Ltd: highest return on net worth ratio value as 182.21 in the year 2022 and lowest return on net worth ratio value as 114.38 in 2018. In the UPL Ltd: highest return on net worth ratio value as 107.51 in the year 2022 and lowest return on net worth ratio value as 63.01 in 2020.

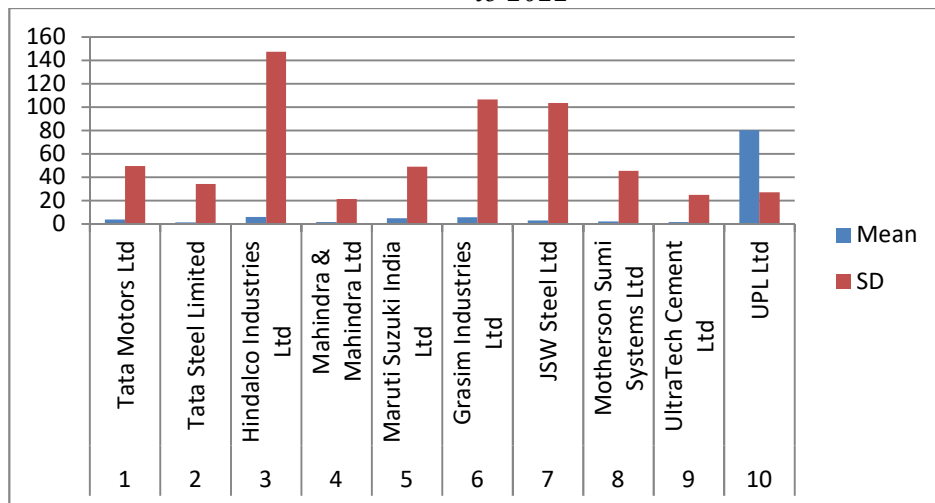
The results found that in case of average return on net worth ratio among the 10 manufacturing firms selected for the study highest mean average of 80.15 is observed in UPL Ltd. Highest standard deviation of 147.47 is also observed in Hindalco Industries Ltd and lowest standard deviation of 21.21 is observed in Mahindra & Mahindra Ltd. Hence from the table 6 are shows that return on net worth ratio is good for UPL Ltd and Hindalco Industries Ltd when compared to the other manufacturing firms.

Table 6
Return on Net worth Ratio for Top 10 Manufacturing Companies in India

Sl. No.	Firm	2022	2021	2020	2019	2018	Mean	SD
1	Tata Motors Ltd	359.37	322.50	359.39	440.49	424.89	3.81	49.55
2	Tata Steel Limited	199.58	127.89	121.99	134.97	113.80	1.39	34.39
3	Hindalco Industries Ltd	878.64	594.53	532.18	587.00	516.72	6.21	147.47
4	Mahindra & Mahindra Ltd	162.16	133.80	171.72	192.52	169.56	1.65	21.21
5	Maruti Suzuki India Ltd	554.97	440.87	474.87	549.92	517.33	5.07	49.12
6	Grasim Industries Ltd	726.88	580.49	590.04	554.83	427.46	5.75	106.64
7	JSW Steel Ltd	477.84	258.47	238.64	274.08	227.86	2.95	103.54
8	Motherson Sumi Systems Ltd	139.07	180.34	198.14	198.14	265.36	1.96	45.56
9	UltraTech Cement Ltd	182.21	154.95	145.95	136.10	114.38	1.46	24.93
10	UPL Ltd	107.51	74.15	63.01	84.90	71.21	80.15	27.18

Source: *Money Control*

Figure – E
Return on Net worth Ratio for Top 10 Manufacturing Companies in India from 2018 to 2022



Source: *Money Control*

Figure E reveals the return on net worth ratio of mean and standard deviation of top 10 manufacturing firms in India.

Conclusion

The main objective of the study assesses the profitability and financial position of India's top 10 manufacturing firms. The study concluded that the current ratio, quick ratio, and return on net worth ratio have been good for UPL Ltd compared to the other manufacturing firms. Further, revealed that the net profit ratio has been good for Tata Motors Ltd; the operating profit ratio has been good for Grasim Industries Ltd and Tata Steel Limited when compared to the other manufacturing firms. The results showed that the firm is more efficient in controlling the cost and expenses related with business operations, the profit generated by the firm on the money invested by the shareholders and more invested in the industry in the long run.

Limitation

- ❖ This study focused on top 10 manufacturing firms in India.
- ❖ This study is based on secondary data.
- ❖ Data period is five years considered from 2018 to 2022.
- ❖ This study used financial ratio analysis.

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