



## A Comparative study on impact of reporting about financial performance of Tata Motors as per AS and Ind AS

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### Abstract

This study presents a comparative analysis of the financial performance of Tata Motors under the traditional Indian Accounting Standards (AS) and the globally converged Indian Accounting Standards (Ind AS). By examining key indicators such as profitability, efficiency, liquidity, and financial leverage over a 20-year period, the research highlights how the shift in reporting standards has influenced the company's financial disclosures. The findings reveal that while statistical tests show no significant difference between AS and Ind AS in terms of profitability, leverage, efficiency, and liquidity, descriptive analysis points to notable changes. Under Ind AS, Tata Motors demonstrated improved returns on equity and capital employed, greater transparency, and better alignment with international practices, though challenges such as volatility in margins and liquidity constraints persist. The study concludes that Ind AS enhances global comparability and investor confidence, while offering valuable insights into strengthening financial resilience and corporate governance.

**Keywords:** Financial performance, accounting standards (as), Indian accounting standards (Ind As), tata motors, comparative analysis

### Introduction

Automobile industry is one of the largest industries in the world. Indian automobile industry followed western trends in initial stages. New product launches in recent time are more aligned with customer requirement. One of the giants among the automobile industry is Tata Motors. Tata Motors Limited, a flagship company of the Tata Group and one of India's largest automobile manufacturers, holds a significant position in the global automotive industry. The company operates across a diversified portfolio of vehicles, including commercial, passenger, electric, and luxury automobiles. As a publicly listed entity on Indian stock exchanges, Tata Motors is mandated to present its financial statements in compliance with Indian accounting regulations. Over the years, India's transition from the traditional Accounting Standards (AS) to the more globally aligned Indian Accounting Standards (Ind AS) has brought about substantial changes in the way financial performance is reported.

The move from AS to Ind AS was undertaken to ensure greater transparency, comparability, and relevance of financial information, particularly in the context of globalization and foreign investment. Tata Motors, being a multinational corporation with operations in numerous countries—including its wholly-owned luxury subsidiary, Jaguar Land Rover—benefits significantly from adopting Ind AS in 2016, which converges substantially with International Financial Reporting Standards (IFRS). Under the older AS framework, financial reporting was largely rule-based, offering limited guidance on the recognition of complex transactions such as leases, financial instruments, and revenue from multiple-element arrangements. In contrast, Ind AS employs a more principle-based approach, providing greater emphasis on the economic substance of

transactions rather than their legal form. This shift impacts various aspects of Tata Motors' financials—such as fair valuation of assets and liabilities, classification of leases, treatment of foreign currency transactions, and impairment of financial and non-financial assets.

For a company like Tata Motors, with a complex operational structure and a broad range of business activities, the adoption of Ind AS enhances its ability to present a true and fair view of its financial position. The use of fair value accounting, recognition of deferred taxes, and adjustments related to joint ventures and subsidiaries bring greater consistency and comparability, especially for global stakeholders and investors. This improved financial reporting framework ultimately aids better decision-making and strengthens corporate governance, aligning Tata Motors with international best practices in financial disclosure and performance evaluation.

### Review Of Literature

**Dr. Ramesha V: (2016)** <sup>[1]</sup>, Has attained study on convergence of Ind AS with IFRS, in that particular study found that changes from the one accounting system to another accounting system is not easy task. It requires lot of time to use through of that system which are newly introduce. Other resources also need to consume from that part. Research broadly categorises toward IFRS implementation and challenges and systematic steps to implement IND AS.

**Sharma & Gupta: (2018)** <sup>[3]</sup> conducted research for conference research paper on challenges in implementation of Ind AS in India and identified challenges in implementation of Ind AS in India also has put some solution to face the same challenges. Broadly, author has

given some basic solution to face such challenges on reporting issue. There are major challenges like fair value measurement, conversion cost, and complexity in understanding various term etc. for such challenges researcher come with the solution training programme and seminar and various conference or one can go for expert talk. Author has also cited the reference of MCA and ICAI specially.

**Kaur, Balwinder & Madhavbhattacharya: (2019)** <sup>[4]</sup> provided comparison of Indian GAAP, IFRS and Ind AS also mentioned that there is no big challenges in adoption of IFRS and provide detail about IFRS that IFRS is nothing but a accounting language which common for globally for all corporate giants. Author has also concluded that Ind AS is converged form of IFRS and most of provision of IFRS is adopted in Ind AS. There is major difference between Indian GAAP and IFRS.

**N.Sharadha, V.Manickavasagam: (2018)** <sup>[5]</sup>, intended to identify the need of Ind AS and challenges for the same. Also describe that Ind AS has more disclosure requirement and other new concept in financial reporting. End of study author has concluded that there is set of financial statement for the purpose of reporting as per Ind AS which is describe in the paper. Accounting activity cannot be work in isolation it is integrated, coordinated activity with primary activity in the business.

**Minouti Jani and Sonal Gogri: (2018)** <sup>[6]</sup>, has try to find out growth of Indian capital market due to having convergence with international financial reporting standard to Accounting standard which ultimately known as Ind AS. Due to growth in international capital market and cross border transaction like merger and acquisition standardization and harmonization is become very essential in that respect to take in confidence to global investor. They also describe various benefit due to implementation of Ind AS in this paper. They also mention the successful implementation of Ind AS lead to true and fair view of accounting. Which is more relevant in today's financial reporting practice and more focus of this study is on corporate governance.

### Research Gap

While numerous studies have explored the convergence of Indian GAAP with IFRS and the implementation of Ind AS, most focus on theoretical aspects, general challenges, and benefits across industries. However, there is limited empirical analysis on the comparative impact of AS and Ind AS on the financial performance reporting of specific companies like Tata Motors. Prior research has not deeply examined how key financial indicators differ under the two accounting standards, decision-making, and financial transparency. This study aims to fill that gap by offering a focused, company-specific comparison that evaluates the implications of transitioning from AS to Ind AS on financial statements of Tata Motors.

### Statement Of The Problem

The transition from Accounting Standards (AS) to Indian Accounting Standards (Ind AS) has significantly altered the way financial performance is reported by companies in India. Tata Motors, being a prominent player in the

automobile sector, serves as a relevant case to analyse the impact of this shift. The primary problem lies in understanding how the adoption of Ind AS has influenced the financial reporting of Tata Motors compared to the earlier AS framework. Key aspects such as revenue recognition, depreciation, consolidation of subsidiaries, and treatment of financial instruments have undergone major changes. These differences may lead to variances in the reported profits, assets, and liabilities, thereby affecting stakeholders' perception and decision-making. This study aims to critically evaluate and compare financial data under both standards to highlight areas of divergence and assess their impact on overall performance reporting.

### Significance of The Study

This study holds significant importance as it addresses the practical implications of the shift from AS to Ind AS on corporate financial reporting of Tata Motors. With India aligning its accounting practices with global standards, it becomes essential to understand the impact on financial transparency and comparability. The findings will help stakeholders such as investors, financial analysts, regulatory authorities, and academia to better comprehend how accounting standards affect financial statements. For Tata Motors, a multinational company with diverse operations, the transition reveals how international standards influence financial disclosures and comparability across jurisdictions. This comparative analysis will also aid other companies preparing for or refining their Ind AS adoption by offering insights into specific reporting changes and their financial consequences. Furthermore, the study contributes to academic literature and informs policy makers about the broader implications of accounting reforms on financial performance reporting and corporate governance in India.

### Scope Of The Study

This study is limited to analysing and comparing the financial performance of Tata Motors under the Indian Accounting Standards (AS) and the Indian Accounting Standards converged with IFRS (Ind AS). The study focuses on before and after the adoption of Ind AS by Tata Motors to assess measurable impacts on Profitability, Efficiency, Financial leverage and liquidity positions. The analysis is confined to secondary data derived from 20 years (2006-07 to 2024-25) published annual reports.

### Objective Of The Study

Following is the main objective of the study:

1. To understand the impact of Ind AS on financial performance of Tata Motors.
2. To compare the financial performance of Tata Motors through before and after implementation of AS and Ind AS.
3. To offer suggestions based on the findings of the study.

### Hypothesis Of The Study

To achieve the objective of the study following hypotheses has been considered as follows.

1. **H<sub>0</sub>:** There is no significance difference in profitability of Tata Motors before and after implementation of Ind AS.
2. **H<sub>0</sub>:** There is no significance difference in Financial Leverage of Tata Motors before and after implementation of Ind AS.

3. **Ho:** There is no significance difference in Efficiency of Tata Motors before and after implementation of Ind AS.

4. **Ho:** There is no significance difference in Liquidity of Tata Motors before and after implementation of Ind AS.

**Table :1** Research Methodology

Research Design	This study adopts a descriptive and analytical research design. It is descriptive because it explains and compares the financial reporting under AS and Ind AS, and analytical as it evaluates the effects of the change in accounting standards on key financial indicators of Tata Motors. The study is based on quantitative data extracted from published annual reports.
Population of the Study	The population of the study consists of all listed Indian companies that have transitioned from Indian GAAP (AS) to Ind AS, particularly those in the automobile industry.
Sample Size	The sample size is limited to Tata Motors Ltd, a leading listed automobile manufacturer in India.
Period of Study	The study examines financial statements over a 20-year period, with 10 years under AS (FY 2006-07 to 2015-16) and 10 years under Ind AS (FY 2016-17 to 2024-25).
Collection of Data	This study purely based on secondary data. Financial information has been collected from the annual report of the Tata Motors. And gathered different data from various other sources such as books, magazines, journals, research papers and so on.
Data Analysis and Statistical Tools	Researcher employed descriptive and inferential statistical tools to analyse the collected the data. Descriptive statistics includes mean, median and standard deviation. Inferential statistics includes Paired T-test.

**Table: 2** Descriptive Statistics

Indicators	As period			Ind as period		
	Mean	Median	Sd	Mean	Median	Sd
PBDIT Margin	10.16	9.15	2.14	9.46	11.95	4.97
PBIT Margin	4.72	39.95	3.62	5.52	5	4.21
PBT Margin	3.65	4.21	4.73	2.41	3.045	6.82
Net Profit Margin	1.97	1.63	3.95	2.71	5.23	6.24
Return On Equity (ROE)	5.11	7.70	24.01	10.10	14.22	19.50
Returns On Capital Employed (ROCE)	5.04	5.14	8.76	12.56	17.41	8.24
Return On Assets (ROA)	1.86	1.47	3.87	5.23	4.41	5.18
Interest Coverage Ratio	4.76	5.215	2.79	3.22	2.52	2.51
Debt Ratio	25.33	25.33	8.01	23.04	26.87	15.97
Debt Equity Ratio	0.9613	1.06	0.47	0.63	0.61	0.31
Capital Gearing Ratio	0.96	0.96	0.78	0.91	0.92	0.50
Proprietary Ratio	63.2	63.2	19.99	1.05	0.92	0.69
Inventory Turnover Ratio	11.35	11.61	2.37	3.22	2.52	2.51
Accounts Receivable Turnover Ratio	21.13	19.24	4.72	19.23	18.05	4.79
Accounts Payable Turnover Ratio	3.89	3.66	2.00	77.04	72.47	77.46
Asset Turnover Ratio	1.25	1.21	0.46	0.93	0.91	0.21
Current Ratio	0.71	0.62	0.26	0.696	0.600	0.196
Quick Ratio	0.51	0.42	0.23	0.502	0.435	0.127
Dividend Pay-Out Ratio	0.72	0.38	0.61	12.029	11.220	8.674
Earnings Retention Ratio	0.28	0.62	0.61	0.952	1.000	0.122
Cash Earnings Return Ratio	0.70	0.75	0.11	0.967	1.000	0.081

(Author compliance)

The comparison between AS Period and IND AS Period highlights important changes in financial performance. Profitability margins show mixed results. Under AS, the PBDIT margin is 10.16%, while under IND AS it drops slightly to 9.46%. However, PBIT margin improves from 4.72% to 5.52%, and Net Profit margin rises from 1.97% to 2.71%, showing stronger bottom-line efficiency under IND AS. Returns also improve—ROE jumps from 5.11% to 10.10% and ROCE from 5.04% to 12.56%, reflecting better use of equity and capital. Similarly, ROA increases from 1.86% to 5.23%.

Leverage indicators suggest healthier balance sheet management. The Debt Equity Ratio falls from 0.96 to 0.63, while the Debt Ratio reduces from 25.33% to 23.04%. Interest coverage weakens slightly from 4.76 to 3.22, but still indicates ability to meet obligations. Liquidity remains low in both periods, with the Current Ratio around 0.71 and 0.696, and the Quick Ratio about 0.51 and 0.502, showing reliance on working capital management.

Efficiency ratios vary. Inventory turnover declines sharply from 11.35 to 3.22, while Accounts Receivable turnover remains stable near 21 and 19. Interestingly, Accounts Payable turnover jumps from 3.89 to 77.04 under IND AS, suggesting faster creditor payments.

Dividend policies change drastically, with the Payout Ratio rising from 0.72 to 12.03, while earnings retention improves slightly to 0.95. Overall, IND AS reporting reflects stronger profitability and capital efficiency, though liquidity challenges persist.

**Testing Of Hypothesis**

**a. profitability**

**Ho:** There is no significance difference in profitability of Tata Motors before and after implementation of Ind AS.

T-test: Paired Two Sample for Means		
	Average AS	Average Ind-AS
Mean	4.430212857	6.325825714
Variance	7.155128547	21.76612952
Observations	7	7
Pearson Correlation	0.851414258	
Hypothesized Mean Difference	0	
df	6	
t Stat	-1.810843956	
P(T<=t) one-tail	0.060067236	
t Critical one-tail	1,943180281	
P(T<=t) two-tail	0.120134471	
t Critical two-tail	2.446911851	

(Author compliance)

A paired sample t-test was conducted to examine the difference between AS and Ind-AS mean values. The results show that the mean for Ind-AS (6.33) is higher than for AS (4.43), with a strong positive correlation (0.85) between the paired observations. However, the two-tailed p-value (0.1201) is greater than the standard significance level of 0.05, and the calculated t-statistic (-1.81) does not exceed the critical value ( $\pm 2.45$ ). Therefore, we fail to reject the

null hypothesis, suggesting no statistically significant difference between the two means. The difference observed may be due to random variation in the small sample.

**b. Financial Leverage**

**Ho:** There is no significance difference in Financial Leverage of Tata Motors before and after implementation of Ind AS.

t-Test: Paired Two Sample for Means		
	Average AS	Average Ind-AS
Mean	13,68326	9,39798
Variance	285,4085089	164,5110037
Observations	5	5
Pearson Correlation	0,101798481	
Hypothesized Mean Difference	0	
df	4	
t Stat	0,475670958	
P(T<=t) one-tail	0,32956086	
t Critical one-tail	2,131846786	
P(T<=t) two-tail	0,65912172	
t Critical two-tail	2,776445105	

(Author compliance)

The paired t-test compares the means of AS (13.68) and Ind-AS (9.40) based on 5 paired observations. The calculated t-statistic is 0.476, which is significantly lower than the critical t-value (2.776 for two-tailed). The p-value for the two-tailed test is 0.659, well above the 0.05 significance level, indicating that the difference in means is not statistically significant. This suggests there is no strong evidence to conclude that AS and Ind-AS averages differ

meaningfully. Additionally, the low Pearson correlation (0.10) indicates a weak linear relationship between the paired values, supporting the lack of strong association between the two datasets.

**c. Efficiency Ratios**

**Ho:** There is no significance difference in Efficiency of Tata Motors before and after implementation of Ind AS.

t-Test: Paired Two Sample for Means		
	Averagen AS	Average Ind-AS
Mean	9,4055	25,45875
Variance	79,381655	1244,843675
Observations	4	4
Pearson Correlation	-0,209557387	
Hypothesized Mean Difference	0	
df	3	
t Stat	-0,841426071	
P(T<=t) one-tail	0,230944883	
t Critical one-tail	2,353363435	
P(T<=t) two-tail	0,461889766	
t Critical two-tail	3,182446305	

(Author compliance)

This paired t-test compares the means of AS (9.41) and Ind-AS (25.46) across 4 paired observations. The calculated t-statistic is -0.841, which falls well within the acceptance region, and the two-tailed p-value is 0.462 much higher than the 0.05 significance threshold. This indicates no statistically significant difference between the two means. The negative Pearson correlation (-0.21) suggests a weak inverse relationship between the paired samples. Despite the

large difference in means, the high variance and small sample size reduce the test’s power, making it difficult to draw strong conclusions about any meaningful difference between AS and Ind-AS.

**d. Liquidity Ratio**

**H<sub>0</sub>:** There is no significance difference in Liquidity of Tata Motors before and after implementation of Ind AS.

t-Test: Paired Two Sample for Means		
	Average AS	Average Ind-AS
Mean	0,577362	2,633342
Variance	0,034834198	21,27427315
Observations	5	5
Pearson Correlation	0,305749065	
Hypothesized Mean Difference	0	
df	4	
t Stat	-1,008446696	
P(T<=t) one-tail	0,185144943	
t Critical one-tail	2,131846786	
P(T<=t) two-tail	0,370289886	
t Critical two-tail	2,776445105	

(Author compliance)

This paired t-test compares AS (mean = 0.577) and Ind-AS (mean = 2.633) based on 5 paired observations. The t-statistic is -1.008, and the two-tailed p-value is 0.370, which is well above the 0.05 significance level. Therefore, there is no statistically significant difference between the two means. Despite the apparent difference in averages, the high variance in Ind-AS (21.27) and small sample size reduce the reliability of the result. The Pearson correlation of 0.31 indicates a weak positive relationship between the paired values, but overall, there is insufficient evidence to conclude a meaningful difference between AS and Ind-AS.

**Findings**

1. The PBDIT Margin shows higher volatility and a lower average in the Ind AS period (mean = 9.46%, SD = 4.97) compared to AS period (mean = 10.16%, SD = 2.14). The 2021–2023 slopes significantly impacted performance, despite a strong improved in 2025.
2. Tata Motors’ PBIT margin improved in the Ind AS period (mean = 5.52%) compared to the AS period (mean = 4.72%), but the margin was more unstable (higher standard deviation of 4.21 vs. 3.62). There was a big drop around 2021–2022 before a strong recovery in 2024–2025.
3. Tata Motors’ PBT margin dropped on average in the Ind AS period (mean = 2.41%) compared to the AS period (mean = 3.65%). The volatility increased (SD 6.82 vs. 4.73), with several years showing heavy losses (like 2020–2022) before a sharp recovery in 2024–2025.
4. Tata Motors’ Net Profit Margin slightly improved on average in the Ind AS period (mean = 2.71% vs. 1.97%) but became more volatile (SD = 6.24 vs. 3.95). There were large losses in some years (like 2016 and 2021), balanced by strong profits in 2024 and 2025.
5. Tata Motors’ ROE (Return on Equity) improved on average in the Ind AS period (mean = 10.10%) compared to the AS period (mean = 5.11%). However, both periods show high volatility, with extreme losses and gains, though post implementation of Ind AS has slightly less fluctuation.

6. Tata Motors’ ROCE significantly improved in the Ind AS period (mean = 12.56%) compared to the AS period (mean = 5.04%), while also becoming more stable (slightly lower SD of 8.24 vs. 8.76). This shows better efficiency in using capital to generate returns.
7. Tata Motors’ ROA improved notably in the Ind AS period (mean = 5.23%) compared to the AS period (mean = 1.86%). Although volatility increased slightly (SD = 5.18 vs. 3.87), overall efficiency in using assets to generate profits has grown.
8. Tata Motors’ Interest Coverage Ratio declined in the Ind AS period (mean = 3.22) compared to the AS period (mean = 4.76), showing weaker ability to cover interest expenses. There were even negative ratios in multiple years (2019–2022), indicating operating losses.
9. The average debt ratio slightly decreased after 2015, but the company’s debt levels became much more volatile, with some years showing very high debt and others unusually low.
10. Tata Motors’ Debt-Equity Ratio decreased from an average of 0.96 (AS) to 0.63 (Ind AS), showing the company has reduced its reliance on debt compared to shareholders’ funds. The ratio also became less volatile (SD dropped from 0.47 to 0.31), indicating more stable financial leverage.
11. Tata Motors’ Capital Gearing Ratio remained fairly stable before and after implementation of Ind AS, with a slight decrease in average from 0.96 (AS) to 0.91 (Ind AS), and reduced volatility (SD dropped from 0.78 to 0.50). This indicates a consistent mix of debt and equity financing over the years.
12. The Proprietary Ratio dropped significantly after 2015, from a healthy average of 63.2% to about 20.9%, indicating Tata Motors now uses less equity and more debt to finance its assets.
13. The Inventory Turnover Ratio significantly declined after 2015, dropping from AS to Ind AS, an average of 11.35 to just 3.22. This shows Tata Motors is turning over its inventory much more slowly now, which could mean excess stock or slower sales.

14. Tata Motors' Receivables Turnover Ratio slightly decreased after 2015, from AS to Ind AS, a mean of 21.13 to 19.23. This indicates a modest slowdown in how quickly the company collects payments from customers. However, the ratio remains relatively stable, with similar variability (SD around 4.7).
15. The Accounts Payable Turnover Ratio surged dramatically after 2015, with the mean increasing from 3.89 (AS) to an extremely high 77.04 (Ind AS).
16. The Asset Turnover Ratio declined after 2015, with the mean dropping from 1.25 (AS) to 0.93 (Ind AS). This indicates Tata Motors is generating less revenue per unit of assets, indicating decreased efficiency in using its assets to produce sales.
17. The Current Ratio remained almost stable but below 1 in both pre and post implementation of Ind AS, with a mean around 0.71 (AS) and 0.70 (Ind AS). This indicates Tata Motors has consistently had less current assets than current liabilities, implying potential short-term liquidity issues.
18. The Quick Ratio shows Tata Motors has limited liquid assets (excluding inventory) to cover its short-term liabilities, indicating tight liquidity.
19. The Dividend Pay-out Ratio increased significantly post implementation of Ind AS, with the mean rising from 0.72 before to 12.03 after. This indicates Tata Motors is paying out a much larger portion of its net profits as dividends.
20. The Earnings Retention Ratio increased significantly after, from an average of 0.28 before to 0.95 after. This means Tata Motors is now retaining most of its earnings rather than paying them out as dividends.
21. The average cash earnings retention ratio increased from 0.70 (AS) to 0.97 (Ind AS), indicating that Tata Motors has been retaining nearly all its cash earnings in recent years.
22. It is found that the study failed to reject the null hypothesis, which means there is no significance difference in profitability of Tata Motors before and after implementation of Ind AS.
23. The study indicating that the difference in means is not statistically significant, which means there is no significance difference in Financial Leverage of Tata Motors before and after implementation of Ind AS.
24. It is found that the study failed to reject the null hypothesis, which means there is no significance difference in Efficiency of Tata Motors before and after implementation of Ind AS.
25. The study revealed that the difference in means is not statistically significant, which means there is no significance difference in liquidity of Tata Motors before and after implementation of Ind AS.
4. To ensure long-term growth, Tata Motors should work on reducing large losses during weak years by improving cost efficiency and building resilience to economic shocks.
5. Tata Motors should focus on sustaining positive ROE by ensuring consistent earnings and better use of shareholder equity.
6. Tata Motors should continue investing in high-return projects and maintain efficient capital use to keep ROCE strong and consistent.
7. Tata Motors should keep focusing on efficient asset utilization and work on minimizing negative returns in weaker years to maintain strong and steady ROA performance.
8. Tata Motors should aim to improve operating profits and reduce debt levels to strengthen its ability to meet interest obligations and avoid financial stress.
9. Tata Motors should aim to stabilize its debt levels by managing borrowings and repayments more consistently to reduce financial risk and improve stability.
10. Continue maintaining a balanced and lower debt-equity ratio to reduce financial risk and strengthen the company's capital structure.
11. Maintain a balanced capital structure by monitoring debt levels relative to equity to ensure financial flexibility and minimize risk.
12. Tata Motors should focus on building stronger equity reserves to improve financial stability and reduce dependence on debt.
13. The study suggested that Tata Motors should focus on improving inventory management to speed up sales and reduce holding costs, which can improve cash flow and profitability.
14. Tata Motors should aim to improve receivables collection efficiency by tightening credit policies and follow-ups to boost cash flow.
15. Tata Motors should review its accounts payable processes for consistency and efficiency to balance supplier relationships and working capital needs.
16. Tata Motors should focus on improving asset utilization, possibly by optimizing operations or disposing of underperforming assets to boost revenue generation.
17. Tata Motors should work on improving its liquidity position by either increasing current assets (like cash or receivables) or reducing short-term liabilities to better cover immediate obligations.
18. The company should aim to increase liquid assets like cash and receivables or reduce short-term debts.
19. While rewarding shareholders is good, Tata Motors should ensure enough retained earnings to fund growth and operations.
20. This is a positive sign for growth, as more earnings are reinvested back into the company. Tata Motors should continue retaining earnings to support expansion, innovation, and debt reduction, but also maintain a balance to keep investors satisfied.
21. Retaining more cash earnings strengthens liquidity and funds growth opportunities. Tata Motors should keep this strategy to support investments and reduce reliance on external financing, while monitoring cash flow to maintain operational flexibility.

### Suggestions

1. Tata Motors should focus on stabilizing operational efficiency and managing costs better to reduce volatility and sustain margin growth consistently.
2. To keep profits steady, Tata Motors should reduce sharp ups and downs by improving cost control and keeping performance stable across all years.
3. Tata Motors should focus on consistent profit growth by reducing financial risks and avoiding big losses, especially during downturns.

## Conclusion

The study on the impact of reporting financial performance of Tata Motors as per Accounting Standards (AS) and Indian Accounting Standards (Ind AS) provides a comprehensive understanding of how the transition to globally converged standards has influenced the company's financial reporting. Over the 20-year period analyzed, the findings reveal mixed outcomes in profitability, efficiency, liquidity, and financial leverage metrics under both standards.

While Ind AS adoption introduced principles that emphasize fair value measurement and greater disclosure, its effect on Tata Motors' profitability and other performance indicators was not statistically significant. The paired t-tests conducted for profitability, financial leverage, efficiency, and liquidity consistently failed to reject the null hypotheses, indicating no substantial differences between the periods governed by AS and those by Ind AS. However, descriptive analysis highlights nuanced variations: improvements in Return on Equity (ROE) and Return on Capital Employed (ROCE) under Ind AS suggest better capital utilization and shareholder returns, despite increased volatility in net profit margins and other ratios. This volatility was particularly evident during economic downturns like 2020–2022, though a strong rebound was observed in 2024–2025.

The adoption of Ind AS has enhanced the comparability and transparency of financial statements, aligning Tata Motors with international best practices and strengthening investor confidence. Despite the lack of significant statistical differences, the qualitative benefits of Ind AS—such as improved disclosure, better reflection of economic substance, and increased relevance to global stakeholders are undeniable.

This study had limitations such as small sample size and reliance on secondary data restrict the conclusiveness of statistical results. Therefore, future research should involve larger datasets and examine specific components of Ind AS adoption to capture its broader implications. The transition to Ind AS has positioned Tata Motors for improved global comparability and governance, laying a stronger foundation for sustainable growth in an increasingly integrated financial environment.

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