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A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF TATA MOTORS LIMITED

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ABSTRACT

Aim: *The aim of this study is to evaluate the financial performance of Tata Motors Limited over the period FY 2020– 23 to FY 2024–25 using ratio analysis, comparative analysis, and SWOT analysis. The analysis focuses on key indicators such as liquidity, solvency, profitability, and return on investment to assess the company's financial health.*

Background: *Existing studies largely focus on short-term financial ratios while overlooking multi-year trends, competitor benchmarks, and non-financial aspects like brand value and innovation. This highlights the need for a comprehensive study that integrates financial performance with industry context to thoroughly assess Tata Motors' strengths, weaknesses, and long-term growth potential.*

Methodology: *The study is based entirely on secondary data obtained from annual reports, financial websites, and industry publications. Annual Reports of Tata Motors Limited (2022–23, 2023–24) &2024–25) have been used through Company's official website (www.tatamotors.com) for financial statements and investor presentations.The study covers period of three years from the financial year 2020 to 2025. The financial position of the company can be measured with the help of the Current Ratio & Debt to Equity Ratio. The earning capacity of the company can be measured with the help of the Net Profit Ratio & Return On Investment.*

Analytical Outcomes: *In SWOT Analysis, Tata Motors has shown strong recovery in revenue and EV sales over the last 3 years, supported by JLR and a wide domestic presence. The ratio improved significantly from 6.20 in FY 2022–23 to 2.18 in FY 2024–25, showing reduced dependence on debt and stronger solvency. Net profit ratio was very low in FY 2022– 23 (0.69%), but improved sharply to 7.28% in FY 2023–24 due to better operational performance. The study concludes that Tata Motors can strengthen its financial stability and long-term growth by improving working capital management, reducing debt, and leveraging opportunities in the electric mobility sector*

Conclusive Result: *Findings reveal that Tata Motors has achieved strong revenue growth and profitability recovery, supported by increased passenger and electric vehicle sales and contributions from Jaguar Land Rover. However, challenges remain in terms of weak liquidity, high debt levels, and fluctuating profits. The SWOT analysis highlights opportunities in the growing EV market and government support, while also identifying threats from intense competition, global market risks, and economic uncertainties.*

KEYWORDS: *Financial Performance, Liquidity, Solvency, Profitability, Return On Investment, SWOT Analysis.*

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1. Introduction

The financial performance of a company reflects its overall strength, stability, and ability to generate value for its stakeholders. Tata Motors Limited, a flagship company of the Tata Group, is one of India's largest automobile manufacturers with a global presence. It operates in diverse segments such as passenger vehicles, commercial vehicles, electric mobility, and luxury vehicles through its subsidiary Jaguar Land Rover. In today's highly competitive and dynamic automobile industry, analyzing the financial performance of Tata Motors becomes essential to understand its operational efficiency, profitability, and growth prospects this project evaluates the financial performance of Tata Motors using three key tools: Ratio Analysis, Comparative Analysis, and SWOT Analysis. Ratio Analysis provides insights into liquidity, solvency, efficiency, and profitability by interpreting financial statements in measurable terms. Comparative Analysis helps in identifying year-to-year changes and trends in the company's performance. SWOT Analysis highlights the internal strengths and weaknesses of Tata Motors along with external opportunities and threats in the automobile industry. Together, these tools give a comprehensive view of the company's financial health and strategic position. The study not only examines Tata Motors' past and present financial performance but also aims to highlight factors that influence its growth trajectory, competitiveness, and sustainability in the global market.

2. Company Logo & Profile: Tata Motors Ltd

Table 1: Tata Motors Profile

Company Name	Tata Motors Limited
Founded	1945 (as Tata Engineering and Locomotive Company Ltd.)
Headquarters	Mumbai, Maharashtra, India
Chairman	Natarajan Chandrasekaran
CEO & MD	Guenter Butschek (as of 2025)
Parent Company	Tata Group
Industry	Automotive, Manufacturing, Engineering
Products	Passenger Cars, Trucks, Vans, Coaches, Buses, Sports Cars, Construction Equipment, Military Vehicles, Electric Vehicles
Key Brands	Tata, Jaguar, Land Rover
Revenue (FY 2024-25)	₹ 4,38,780 crore (approx.)
Net Profit (FY 2024-25)	₹ 31,807 crore (approx.)
Employees	78,000+ (2025)
Stock Exchange Listing	BSE, NSE (Ticker: TATAMOTORS)
Subsidiaries	Jaguar Land Rover, Tata Daewoo, Tata Technologies, Tata Hispano, etc.
Website	www.tatamotors.com

Source: Secondary Data from www.tatamotors.com

3. Statement Of Problem

Tata Motors has witnessed a remarkable turnaround in the last three years, moving from significant losses in FY 2020–22 to record profits in FY 2023–25. While this reflects strong revenue growth, margin expansion, and debt reduction, the company's heavy reliance on Jaguar Land Rover makes it vulnerable to global risks. Rising liabilities add short-term financial pressure, compounded by external challenges such as inflation, supply chain disruptions, and the global EV transition. Existing studies largely focus on short-term financial ratios while overlooking multi-year trends, competitor benchmarks, and non-financial aspects like brand value and innovation. This highlights the need for a comprehensive study that integrates financial performance with industry context to thoroughly assess Tata Motors' strengths, weaknesses, and long-term growth potential.

4. Objectives Of The Study

The objectives of the study are as follows:

- To study the existing financial position of Company
- To highlight factors that influence its growth trajectory, competitiveness, and sustainability in the global market
- To understand the internal strengths and weaknesses of Tata Motors along with external opportunities and threats in the automobile industry.

5. Limitations Of Study

- The analysis covers only a three-year period (2023 to 2025). A longer time horizon could have provided deeper insights into longterm financial trends and stability.
- The study is based entirely on secondary data obtained from annual reports, financial websites, and industry publications. The accuracy and reliability of findings depend on the authenticity of these published sources.

6. Review Of Literature

- **Tharipi Arun, Narender.S (2025)** In this article the study focus on "CAPITAL structure analysis of tata motors ltd in Hyderabad" .This study analysis the capital structure of Tata motors ltd and it's aims to evaluate the company financing mix and its impact overall financial stability and overall performance .This study refers the way of a company finance and it's asset through a combination of debt, equity and other financial instruments it determine the financial stability, profitability and growth potential of company and it's mainly focused on analyzing the capital structure of Tata motors ltd and the study consider understanding how the company finances its operation through debt and equity and it's covered the Time period, financial data, ratio analysis etc.

- **Dr. Abdul Rahman (2024)** This study focuses on analyzing the financial performance of Tata Motors and Toyota Motor Corporation over a five-year period from 2019-20 to 2023-24. The main goal is to understand how sales, profit, and working capital trends have affected these companies and to determine if poor working capital management can negatively impact a company's profitability. The study also acknowledges that company size is a key factor in working capital performance. The analysis suggests that Tata Motors needs to improve its current assets to boost working capital and implement new strategies to compete. It should also reduce its high debt-to-equity ratio by relying more on internal financing. Neither company has an ideal quick ratio, the study concludes that Toyota's higher sales and profit are attributed to its economic, high-quality vehicles and wide market reach. Tata Motors has not managed its working capital effectively, and to improve, it must focus on offering attractive, competitively priced features to build positive consumer sentiment.

- **R.Suresh,Tharunya K (2023)** A financial statement is an official record of a person's, a company's, or another entity's financial transactions and standing. It is laid down in a clear and structured format for ease of understanding. This performance analysis accurately establishes the relationship between the items on the balance sheet and the profit and loss account to identify the company's strengths and weaknesses. A well-planned capital structure, investments, and distribution are necessary for the firm to operate efficiently. The study suggests that the company needs to focus on improving its short-t e r m liquidity, reducing its debt burden, and implementing better cash management practices to stabilize its financial ratios and improve its financial performance.

7. Research Methodology

i. Sources of Data: Annual Reports of Tata Motors Limited (2022–23, 2023–24 &2024–25). Company's official website (www.tatamotors.com) for financial statements and investor presentations.
ii. *Period of Study:* The Study covers period of three years from the financial year 2020 to 2025.
iii. Financial Ratio Analysis
    (i) To conduct ratio analysis below equations were used to get the result.
    (ii) The financial position of the company can be measured with the help of the given ratios.

- Current Ratio & Debt To Equity Ratio

  The earning capacity of the company can be measured with the help of the given ratios.
- Net Profit Ratio
- Return On Investment

8. Analysis And Interpretation

8.1 Tata Motors – SWOT (Financial Performance for Last 3 Years) Strengths & Weaknesses

(i) Strong growth in passenger vehicle and EV sales, especially in 2022–23 and 2023–24. High debt-equity ratio, showing reliance on borrowings for expansion.
(ii) Improved revenue and operating profit after COVID recovery. Liquidity stress – Current ratio and quick ratio are below the ideal benchmark.
(iii) Growing brand image in the EV market, supported by government incentives. Inconsistent earning capacity – net profit has fluctuated due to high costs.
(iv) Wide domestic presence and strong market share in India. Weak working capital management, leading to delays in receivables and high short-term liabilities.
(v) Strong export markets and JLR (Jaguar Land Rover) contributing to global revenue.
(vi) Vulnerable to global supply chain disruptions and raw material cost inflation

8.2 Opportunities & Threats

(i) Rising demand for EVs in India and abroad. Intense competition from global players like Toyota, Hyundai, and BYD in EVs.
(ii) Supportive government policies for green mobility and Make-in-India. Foreign exchange fluctuations impacting imports and global subsidiaries.
(iii) Expansion in new international markets. Risk of economic slowdown reducing vehicle demand.
(iv) Scope to reduce debt using internal financing. Dependence on cyclical auto industry demand.

In SWOT Analysis, Tata Motors has shown strong recovery in revenue and EV sales over the last 3 years, supported by JLR and a wide domestic presence. However, high debt, weak liquidity, and fluctuating profits highlight financial vulnerability despite growth. Future success depends on leveraging EV opportunities and reducing debt while managing competition, forex, and economic risks.

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8.3 Current Ratio

Table 2: Current ratio of financial year FY 2022–23, FY 2023–24 & FY 2024–25

Financial Year	Current Assets (Cr)	Current Liabilities (Cr)	Current Ratio
FY 2022–23	1,51,528	1,55,027	0.98
FY 2023–24	1,68,392	1,73,617	0.97
FY 2024–25	1,60,325	1,66,684	0.96

Source: Calculated through Secondary data

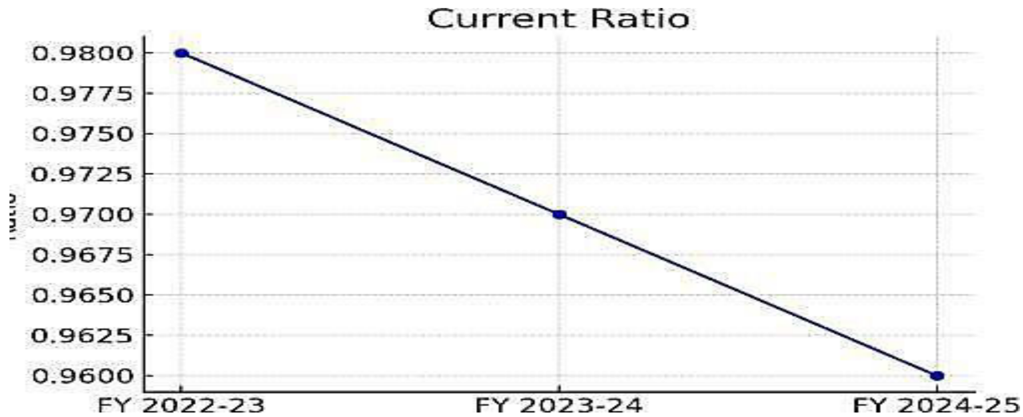

Figure 1: Current ratio Scale of financial year FY 2022–23, FY 2023–24 & FY 2024–25

Interpretation: Current Ratio Measures ability to pay short-term liabilities with short-term assets. The ratio remained below 1 across all three years, indicating current liabilities exceeded current assets. This reflects tight liquidity but manageable for a large-cap company like Tata Motors. Trend shows a slight decline from 0.98, 0.96 suggesting a need for better working capital management**.**

8.4 Debt to Eqity Ratio

Table 3: Debt to Eqity Ratio ratio of financial year FY 2022–23, FY 2023–24 & FY 2024–25

Financial Year	Total Debt (Cr)	Net Worth (Cr)	Debt-to-Equity Ratio
FY 2022–23	2,81,000	45,322	6.20
FY 2023–24	2,75,000	84,827	3.24
FY 2024–25	2,53,000	1,16,000	2.18

Source: Calculated through Secondary data

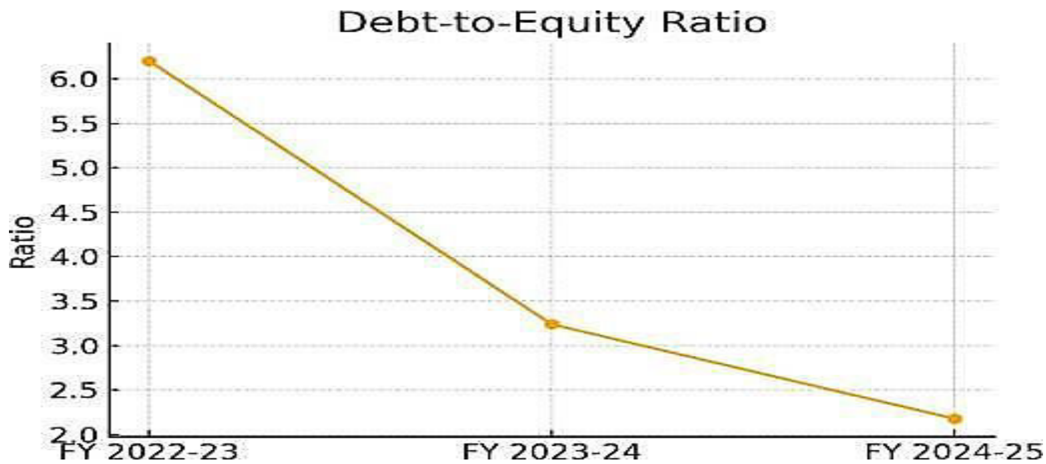

Figure 2: **Debt to Eqity Ratio graph of financial year FY 2022–23, FY 2023–24 & FY 2024–25**

Interpretation: Debt-to-Equity Ratio Shows how much the company relies on debt compared to shareholders 'equity. The ratio improved significantly from 6.20 in FY 2022–23 to 2.18 in FY 2024–25, showing reduced dependence on debt and stronger solvency. Tata Motors has deleveraged steadily, improving financial stability.

8.5 Net Profit Ratio

Table 4: Net Profit Ratio

Financial Year	Revenue (Cr)	Net Profit (Cr)	Net Profit Ratio
FY 2022–23	3,50,000	2,414	0.69%
FY 2023–24	4,37,000	31,807	7.28%
FY 2024–25	4,50,000	27,830	6.19%

Source: Calculated through Secondary data

Figure 3: Net Profit Ratio graph

Interpretation: Net Profit Ratio Indicates how much profit is earned from total revenue.In this analysis Net profit ratio was very low in FY 2022– 23 (0.69%), but improved sharply to 7.28% in FY 2023–24 due to better operational performance. It slightly declined to 6.19% in FY 2024–25 but remained healthy overall.

8.6 Return on Investment (ROI)

Table 5: Return on Investment (ROI)

Financial Year	Net Profit (Cr)	Net Worth (Cr)	Total Debt (Cr)	Capital Employed (Cr)	ROI
FY 2022–23	2,414	45,322	2,81,000	3,26,322	0.74%
FY 2023–24	31,807	84,827	2,75,000	3,59,827	8.84%
FY 2024–25	27,830	1,16,000	2,53,000	3,69,000	7.55%

Source: Calculated through Secondary data

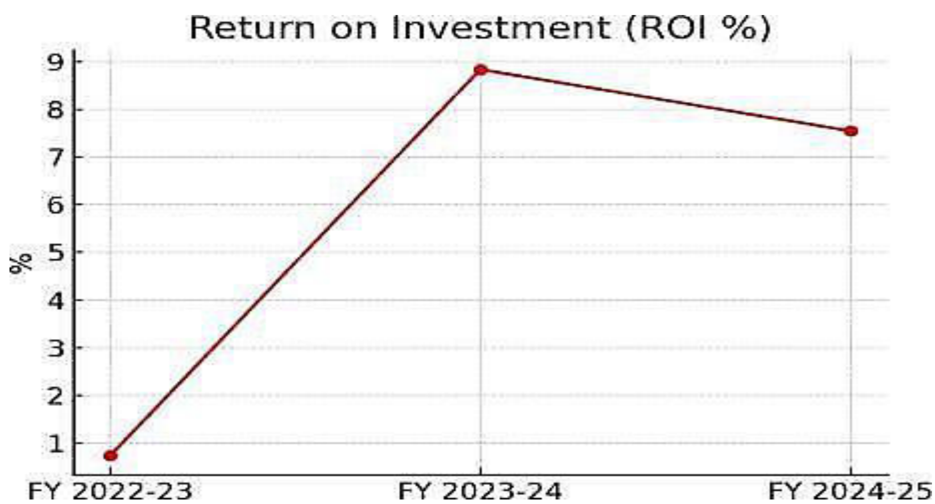

Figure 4: Return on Investment (ROI) graph

Interpretation: Return on Investment (ROI) Measures how efficiently the company generates returns from its capital employed. In this analysis ROI was weak in FY 2022–23 (0.74%) due to low profits and high debt. It improved sharply to 8.84% in FY 2023–24, reflecting efficient capital utilization. In FY 2024–25, ROI was slightly lower at 7.55% but remained sustainable.

9. CONCLUSION

Tata Motors has shown strong sales growth, especially in passenger and electric vehicles, with Jaguar Land Rover boosting global revenues. The company has significantly reduced debt, improving its debt-to-equity ratio and strengthening solvency. Profitability has improved but remains vulnerable to high operating costs and global economic risks. Liquidity is a concern, as current ratios stay below one, indicating weak short-term financial management. Return on investment shows better capital utilization despite a slight dip in FY 2024–25. With a strong domestic market presence and government EV support, Tata Motors has opportunities for expansion. However, it must enhance working capital management and cost efficiency to ensure sustainable long-term growth.

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