

A STUDY ON FINANCIAL STATEMENT ANALYSIS OF TATA MOTORS

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ABSTRACT

Financial statement analysis plays a vital role in evaluating the financial health, operational efficiency, and long term sustainability of an organization. The present study examines the financial performance of Tata Motors Limited for the financial year 2022-2023 and 2023-2024. The analysis is based on secondary data collected from the company's published annual reports and financial database.

The study employs ratio analysis and percentage analysis to evaluate profitability, liquidity, and solvency positions, Key ratios such as the current ratio and debt equity ratio are used to assess short term financial strength and capital structure. The findings indicate improvement in revenue, net profit, liquidity position, and reduction in debt levels during FY 2023-2024. The study concludes that Tata motors has strengthened its financial performance through effective cost management, operational efficiency, and strategic focus on innovation, particularly in the electric vehicle segment.

Key words:Financial statement analysis, Ratio analysis, Liquidity, Profitability, Solvency

INTRODUCTION

Financial statement analysis is a systematic process of examining financial data to evaluate a companies performance and financial position. It involves analyzing the balance sheet, profit and loss account and cash flow statement to understand profit ability, liquidity and deficiency

Tata Motors Limited is one of India's leading automobile manufacturers and a flagship company of the Tata Group. Established in 1945 and headquartered in Mumbai, the company manufactures passenger vehicles, over years, Tata Motors has expanded globally and plays a significant role in the automotive industry

This study aims to analyze the financial performance of Tata Motors Limited for two consecutive financial years to evaluate changes in its financial years to evaluate changes in its financial indicators and overall financial stability.

STATEMENT OF THE PROBLEM

The automobile industry operates in a highly competitive and dynamic environment influenced by technological advancements, fluctuating demand, economic conditions, and regulatory changes.To sustain growth and maintain

investor confidence, companies must ensure strong profitability, adequate liquidity, and a sound capital structure.

Although Tata Motors has demonstrated significantly market presence, it is essential to evaluate whether its financial performance reflects operational efficiency and financial stability. Therefore, the problem addresses in this study is To examine whether Tata motors limited has improved its financial performance, liquidity position, and capital structure during financial year 2022-2023 and 2023-2024.

OBJECTIVE OF THE STUDY

1. To analyze the financial performance of Tata Motors Limited using its financial statements for the selected period.
2. To evaluate the liquidity position of the company using appropriate liquidity ratios.
3. To assess the solvency and capital structure through leverage ratios.

To compare year on year financial performance and identify trends and improvements.

SCOPE OF THE STUDY

The study focuses on analyzing the financial performance of Tata motors using its financial statements for the financial years 2022- 2023 and 2023- 2024. It examines the company's profitability, liquidity, and solvency position through ratio analysis and percentage analysis. The research is based entirely on secondary data collected from annual reports and financial websites. The scope is limited to financial statement evaluation and does not include external economic or industry factors affecting the company's performance.

REVIEW

Gupta Sharma (2022) conductor that ratio analysis place vital role in measuring profitability and liquidity position. They explained that financial ratios such as gross profit ratio, net profit ratio, and current ratio help in evaluating operational efficiency and short term solvency.

Kumar (2021) found that reducing that imprints financial stability and investor confidence.

The study emphasized that maintaining a balanced capital structure and managing debts effectively can strengthen the financial position of a company.

Ready (2020) M4 size the importance of cost control and increasing net profit margin. The study highlighted that effective cost management strategies directly contribute to increasing the net profit margin.

Mehta hotel racket (2019) stated that maintaining ideal current ratio ensure smooth operations. The study explained that an adequate level of current assets over current liabilities helps organizations meet short term obligations without financial stress.

Patel and Jain open (2018) suggested the trend analysis company growth and patterns over a period of time. Their study highlighted that analyzing past financial data helps in forecasting future performance and identifying strengths and weaknesses.

RESEARCH METHODOLOGY

Research design: Descriptive research design was adopted for the study

Nature of data: The studies based on secondary data

Source of data: Annual report official website Mani control in Screener websites.

Period of study: Financial year 2022 to 2023 and 2023 to 2024

Tools for analysis : Compare to statement ratio analysis percentage analysis

STATISTICAL TOOLS USED

- Comparative statement analysis
- Ratio analysis

LIMITATION

The study is based entirely on secondary data obtained from the published annual report and financial websites related to Tata Motors, which may contain inherent limitations. The analysis is confined to the financial year 2022-2023 and 2023-2024 and therefore may not represent the company’s long term financial performance. Only selected financial ratios and tools are used for evaluation, and external factors such as economic conditions, government policies, and market competition are not considered. The findings of the study depend on the accuracy and reliability of the available financial information.

ANALYSIS & INTERPETATION OF DATA

SUMMARY OF BALANCE SHEET AND PROFIT AND LOSS STATEMENT

PARTICULARS	2023	2024	REMARK
Current assets	101536	120416	Improved liquidate and better short term liability
Fixed assets	198600	214300	There is a rise and they are focusing on productivity

Current liability	108152	96212.72	The liability is been decreased they have improved in covering short term debt
Long term liabilities	93112.77	7669.52	There is a decrease in debt which say that they paying off the debt
PURCHASE	70800	78800	They are focusing on innovation and

			expansion
COST OF GOODS SOLD	2880672	2880672	There is increase in sales which
SALE	3.46	26.6	The company has strong segment here
GROSS PROFIT	35780	4.38	There is a rise in a gross profit
NET PROFIT	29117	31807	There was a improvement in commercial vehicle

For the year 2022- 2023

Current ratio = current asset/current liability

$$= 101536/108152$$

$$=0.94$$

Total debt equity ratio = total debt/total equity

$$= 197000/71720$$

$$=2.75$$

For the year 2023=2024

Current ratio = current asset/current liability

$$= 120416.68/96212.72$$

$$= 1.25$$

Total debt equity ratio = total debt/total equity

$$= 196012/84312$$

$$=2.32$$

FINDINGS

- Revenue has a strong growth increased by 16.4%
- Net profit surged by 19% reflecting better overall performance.
- The reduction in debt by 8.5%, suggesting better financial health.
- Tata motors market share in key segments improved by 3% reflecting its competitive positioning.

SUGGESTION

- Explore new markets or products to sustain revenue growth.
- Increase focus on research and development to innovate and stay competitive particularly in autonomous and connected vehicles.
- Improve after sale services and customer support to enhance brand loyalty.
- Continue debt reduction to improve financial stability.

CONCLUSION

In conclusion, Tata Motors has shown strong financial growth in FY 2024, with improvement in revenue, profitability and market share. The company's focus on innovation, particularly in Ev Vehicles and efforts to reduce debt have strengthened its financial positions. However, continued emphasis on cost control strategic investment, and enhancing customer experience will be key to sustaining long term success. With the right focus on the areas, Tata motors is well positioned to capitalize on future opportunities and maintain its competitive edge in the automotive industry.

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