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Financial Health and Growth Trends of Tata Motors: An Empirical Study

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Abstract

The automobile industry plays a significant role in economic development by contributing to industrial growth, employment generation, exports, and technological innovation. Tata Motors Limited, one of India's leading automobile manufacturers, has demonstrated remarkable resilience and growth despite global economic uncertainties and industry challenges. This study examines the financial health and growth trends of Tata Motors during the period FY2021–FY2025. The analysis focuses on revenue growth, profitability, liquidity, solvency, and operational efficiency using secondary data obtained from annual reports and financial statements. The findings reveal substantial improvements in revenue generation, profitability, debt management, and overall financial performance. The study concludes that Tata Motors has strengthened its financial position through strategic initiatives, product innovation, and operational excellence.

Keywords: Financial Performance, Tata Motors, Profitability, Liquidity, Solvency, Growth Trends, Financial Analysis

1. Introduction

The Indian automobile industry is one of the largest contributors to the country's manufacturing sector and economic growth. The industry has witnessed significant transformation due to technological advancements, changing consumer preferences, environmental regulations, and increasing competition. Among the major automobile manufacturers in India, Tata Motors Limited has established itself as a market leader through innovation, product diversification, and global expansion.

Tata Motors, a flagship company of the Tata Group, operates across passenger vehicles, commercial vehicles, electric vehicles, and luxury automobiles through its subsidiary Jaguar Land Rover (JLR). Over the years, the company has experienced both challenges and opportunities arising from economic cycles, supply chain disruptions, and evolving market dynamics.

Financial performance analysis is essential for assessing a company's operational efficiency, profitability, liquidity, and long-term sustainability. Investors, creditors, management, and policymakers rely on financial indicators to evaluate organizational performance and strategic effectiveness.

The present study evaluates the financial health and growth trends of Tata Motors over a five-year period from FY2021 to FY2025. The analysis provides insights into the company's financial strengths, weaknesses, and future prospects.

2. Need for the Study

The financial performance of automobile companies has become increasingly important due to rapid technological changes, electrification, sustainability initiatives, and global competition. Tata Motors has undergone significant transformation in recent years through restructuring, cost optimization, electric vehicle expansion, and operational improvements.

A systematic assessment of the company's financial performance helps stakeholders understand its growth trajectory and financial stability. The findings may assist investors, researchers, and management in making informed decisions.

3. Statement of the Problem

The automobile industry faces numerous challenges including fluctuating demand, rising input costs, technological disruption, and regulatory changes. While Tata Motors has reported significant improvements in financial performance in recent years, there is a need to evaluate the extent of this improvement using financial indicators and trend analysis.

The study seeks to analyse the financial health and growth trends of Tata Motors during FY2021–FY2025.

4. Objectives of the Study

1. To analyse the revenue growth of Tata Motors.
2. To evaluate profitability performance during the study period.
3. To examine liquidity and solvency positions.
4. To assess operational efficiency using financial ratios.
5. To identify growth trends and provide suggestions for improvement.

5. Research Methodology

Research Design: The study adopts a descriptive and analytical research design.

Sources of Data: The analysis is based on secondary data collected from:

- Tata Motors Annual Reports
- Financial Statements
- Stock Exchange Filings
- Industry Reports
- Research Journals
- Business Publications

Period of Study: FY2021 to FY2025

Analytical Tools

- Trend Analysis
- Ratio Analysis
- Percentage Analysis
- Comparative Analysis

6. Review of Literature

Pandey (2021) The study emphasized that profitability and liquidity are critical indicators for evaluating corporate financial performance and sustainability. **Sharma and Gupta (2022)** The researchers found that automobile companies with strong operational efficiency demonstrate superior financial performance and shareholder value creation. **Kumar (2023)** The study highlighted the importance of debt management and capital structure optimization in improving corporate profitability. **Deloitte (2024)** The report observed that automobile companies investing in electrification and digital transformation achieved stronger financial growth compared to competitors. **EY (2025)** The study indicated that innovation, sustainability initiatives, and operational efficiency are major drivers of long-term financial performance in the automobile sector. Several studies have examined the financial performance of Tata Motors from different perspectives. **Ambuli and Farhaan (2024)** analyzed the company's financial performance using profitability, liquidity, efficiency, and solvency ratios and found significant improvements in operational efficiency and financial stability. **Infant Emiliya and Subash (2024)** conducted a financial analysis using ratio and SWOT techniques and concluded that Tata Motors demonstrated strong growth potential and improved financial performance. **Balasubramanian and Parimalakanthi (2025)** reported that strategic initiatives such as electric vehicle expansion and the successful performance of Jaguar Land Rover contributed significantly to the company's profitability and sustainability. **Sunil Kumar and Sarkar (2025)** evaluated Tata Motors' financial recovery using Altman Z-Score and Piotroski F-Score models and observed a remarkable turnaround driven by debt reduction, improved profitability, and stronger cash reserves. Similarly, **Deotale (2026)**, in a comparative study of major Indian automobile companies, found that Tata Motors achieved substantial growth in profitability and capital efficiency, making it one of the strongest performers in the automobile sector. These studies collectively indicate that strategic management, innovation, and operational excellence have played a vital role in strengthening Tata Motors' financial health and growth trajectory.

7. Research Gap

Previous studies have examined financial performance in the automobile industry. However, limited research has focused specifically on Tata Motors' post-pandemic financial recovery and growth trends during FY2021–FY2025.

The present study seeks to bridge this gap through an empirical analysis of Tata Motors' financial performance indicators.

8. Hypotheses

- H1** - There is a significant improvement in Tata Motors' revenue growth during the study period.
- H2** - Tata Motors has achieved improved profitability between FY2021 and FY2025.

H3 -The company has strengthened its liquidity and solvency position during the study period.

H4 -Operational efficiency has positively influenced overall financial performance.

9. Financial Performance Analysis of Tata Motors (FY2021–FY2025)

Table 1: Revenue Growth Analysis

Financial Year	Revenue from Operations (₹ Crore)	Growth (%)
FY2021	2,49,795	-
FY2022	2,78,454	11.47
FY2023	3,45,967	24.24
FY2024	4,34,016	25.45
FY2025	4,39,695	1.31

Interpretation: The revenue of Tata Motors increased significantly from ₹249,795 crore in FY2021 to ₹439,695 crore in FY2025. The company recorded strong growth due to increased demand for passenger vehicles, commercial vehicles, and improved performance of Jaguar Land Rover (JLR).

Table 2: Net Profit Analysis

Financial Year	Net Profit (₹ Crore)
FY2021	-13,451
FY2022	-11,441
FY2023	2,690
FY2024	31,807
FY2025	28,149

Interpretation: Tata Motors experienced losses during FY2021 and FY2022 due to pandemic-related disruptions and supply chain challenges. However, the company successfully returned to profitability from FY2023 onwards, achieving record profits in FY2024 and FY2025.

Table 3: Operating Performance

Financial Year	EBITDA (₹ Crore)
FY2021	31,350
FY2022	38,290
FY2023	49,020
FY2024	61,073
FY2025	57,600

Interpretation: EBITDA growth indicates improved operational efficiency, cost management, and higher sales volumes. The company's operational performance strengthened considerably during the study period.

Table 4: Net Profit Margin

Financial Year	Net Profit Margin (%)
FY2021	-5.39
FY2022	-4.11
FY2023	0.78
FY2024	7.33
FY2025	6.4

Interpretation: The profit margin improved substantially from negative levels in FY2021 and FY2022 to healthy positive margins in FY2024 and FY2025, reflecting successful restructuring and operational improvements.

Table 5: Debt Reduction Trend

Financial Year	Automotive Debt (₹ Crore)
FY2021	48,000
FY2022	45,200
FY2023	36,800
FY2024	16,000
FY2025	Net Cash Positive

Interpretation: The company significantly reduced debt over the study period and achieved a net automotive cash-positive position by FY2025, indicating strong financial health and improved solvency.

Table 6: Return on Equity (ROE)

Financial Year	ROE (%)
FY2021	Negative
FY2022	Negative
FY2023	2.1
FY2024	18.5
FY2025	15.8

Interpretation: The improvement in ROE demonstrates efficient utilization of shareholders' funds and enhanced profitability.

11. Trend Analysis

Revenue Trend: Revenue increased by approximately 76% during FY2021–FY2025, indicating strong business expansion and market acceptance.

Profitability Trend: The company successfully transitioned from losses to substantial profits through strategic initiatives and operational improvements.

Solvency Trend: Debt reduction and cash generation strengthened the company's financial stability and reduced financial risk.

Operational Efficiency Trend: Improved EBITDA margins indicate better cost control and productivity enhancements.

12. Hypotheses Testing Results

H1: There is a significant improvement in Tata Motors' revenue growth during the study period.

Result: Accepted

Revenue increased from ₹249,795 crore in FY2021 to ₹439,695 crore in FY2025.

H2: Tata Motors has achieved improved profitability between FY2021 and FY2025.

Result: Accepted

The company moved from losses in FY2021 and FY2022 to strong profitability in FY2024 and FY2025.

H3: The company has strengthened its liquidity and solvency position during the study period.

Result: Accepted

Debt reduction and cash-positive status indicate improved solvency.

H4: Operational efficiency has positively influenced overall financial performance.

Result: Accepted

EBITDA growth and improved profit margins demonstrate enhanced operational efficiency.

13. Major Findings

1. Revenue increased from ₹249,795 crore in FY2021 to ₹439,695 crore in FY2025.
2. Tata Motors achieved record profitability during FY2024 and FY2025.
3. Net profit improved from losses to ₹28,149 crore in FY2025.
4. EBITDA increased significantly, indicating strong operational performance.
5. Debt levels declined substantially, improving financial stability.
6. Return on Equity improved considerably during the study period.
7. Electric vehicle expansion contributed positively to growth.
8. Jaguar Land Rover played a significant role in revenue generation and profitability.

14. Suggestions

1. Continue investments in electric vehicle technology and sustainable mobility solutions.
2. Strengthen research and development capabilities.
3. Expand global market presence.
4. Focus on further debt optimization and cash flow management.
5. Enhance digital manufacturing and supply chain efficiency.

6. Increase investments in emerging mobility technologies.

15. Conclusion

The study concludes that Tata Motors has demonstrated remarkable financial recovery and growth during FY2021–FY2025. The company successfully transformed its financial position through strategic restructuring, operational efficiency, debt reduction, and product innovation. Strong revenue growth, improved profitability, and enhanced solvency indicate a healthy financial position.

The company's focus on electric vehicles, technological innovation, and global expansion is expected to support long-term sustainable growth. Overall, Tata Motors has emerged as one of the strongest performers in the Indian automobile industry during the study period.

Declaration of Conflicting Interests

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