

“Financial Analysis of Tata Motors”



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Acknowledgement

“Tell me and I forget, teach me and I may remember, involve me and I learn.”

It is with immense pride and gratitude that I submit this **In-Plant Project Training Report** completed at **TATA MOTORS Passenger Vehicle LTD. Sanand Plant, Ahmedabad**. This report is a reflection of the valuable experiences, insights, and learnings gained during my tenure at one of India's most esteemed automotive manufacturers.

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1.Introduction

The Indian automotive industry is at the forefront of a transformative era, driven by technological advancements, sustainability imperatives, and shifting consumer preferences. With a market size of USD 121.5 billion in 2024 and projected growth to USD 247.4 billion by 2033 (CAGR of 7.13%), the sector is a cornerstone of India's economic framework, contributing 7.1% to GDP.

Industry Valuation and Growth

- **Market Size:** In 2024, the Indian automotive market is valued at approximately USD 121.5 billion.
- **Growth Projections:** The industry is projected to reach USD 247.4 billion by 2033, exhibiting a compound annual growth rate (CAGR) of 7.13% from 2024 to 2033.

Contribution to GDP

- The automotive sector contributes about 7.1% to India's GDP, underscoring its vital role in the nation's economic framework.

Vehicle Sales and Market Segmentation

- **Total Vehicle Sales:** In fiscal year 2024, two-wheelers dominated the market by volume, accounting for more than 75% of total vehicle sales.
- **Passenger Cars:** The passenger car segment is projected to grow by 1.16% between 2024 and 2029, reaching a market volume of approximately USD 26.5 billion by 2029.
- **Commercial Vehicles:** The commercial vehicles market in India is expected to grow at a CAGR of 3.56% from 2024 to 2030, with projected unit sales reaching 1.51 million vehicles by 2030.

Market Share by Vehicle Type

- **Two-Wheelers:** Over 75% of the market share by volume in FY 2024.
- **Passenger Vehicles:** Significant growth anticipated, with a focus on SUVs and electric vehicles.
- **Commercial Vehicles:** Steady growth driven by infrastructure development and logistics demand.

Market Capitalization of Major Automotive Companies

Here are some of the leading automotive companies in India by market capitalization:

Maruti Suzuki India Ltd

Market Cap: ₹408,738 Cr. Maruti Suzuki is the largest car manufacturer in India, known for its wide range of vehicles catering to various segments.



Tata Motors Ltd

Market Cap: ₹352,185 Cr. Tata Motors has recently joined the top 10 global auto firms with a market cap of \$51 billion, reflecting its significant growth and global presence.



Mahindra and Mahindra Ltd

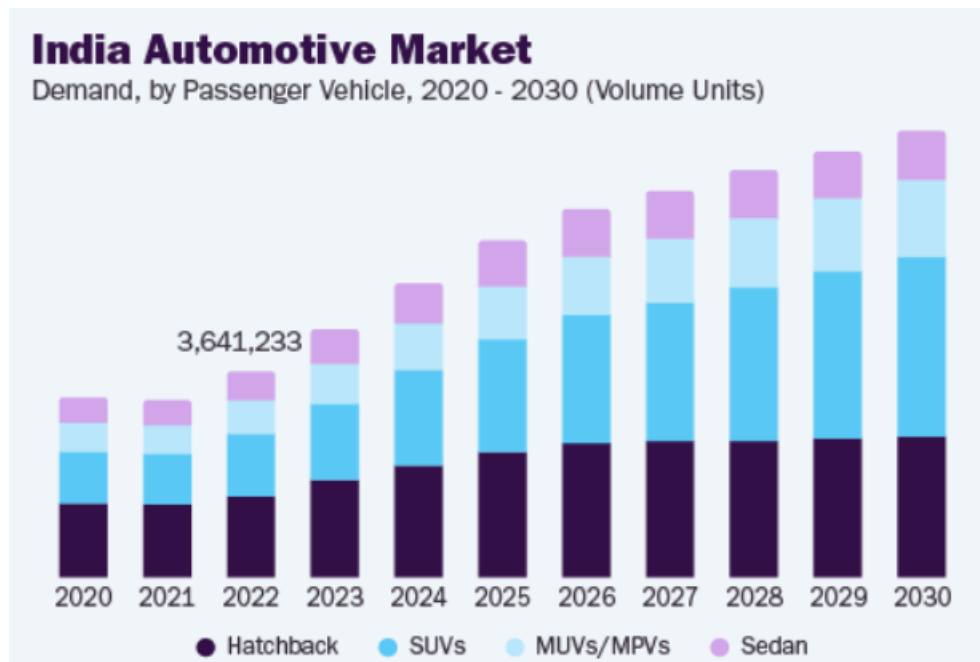
Market Cap: ₹309,046 Cr. Mahindra is renowned for its SUVs and commercial vehicles, holding a substantial share in both domestic and international markets.



Future Outlook

- **Economic Growth:** As India's GDP continues to rise, increased urbanization and higher disposable incomes are expected to drive demand for personal and commercial vehicles.
- **Mobility Needs:** The nation's development necessitates enhanced mobility solutions, indicating a robust growth trajectory for the automotive industry.
- **Technological Advancements:** The shift towards electric vehicles (EVs) and the integration of advanced technologies are poised to redefine the market landscape.

In summary, the Indian automotive industry in 2024 is on a promising growth path, supported by economic expansion, evolving consumer preferences, and technological innovations. This foundation presents substantial opportunities for stakeholders and investors in the sector.



2. Company Overview: Tata Motors – A Legacy of Innovation

Tata Motors Limited, a USD 42 billion organization, is a leading global automobile manufacturer with a rich history dating back to 1945. Part of the esteemed Tata Group, one of India's largest conglomerates, Tata Motors has evolved from a locomotive manufacturer to a global automotive powerhouse. The company's commitment to innovation, engineering excellence, and customer-centric approach has established it as a trusted and respected brand in India and beyond.

History:

Tata Motors' journey began with the production of locomotives and other engineering products. In 1954, it entered the commercial vehicle market, laying the foundation for its future growth. The company's foray into passenger vehicles in 1991 with the launch of the Tata Sierra marked a significant milestone. Over the decades, Tata Motors has expanded its product portfolio, acquired renowned brands like Jaguar Land Rover (JLR), and embraced new technologies, most notably its current leadership in the Indian electric vehicle market.

Product Portfolio:

Tata Motors offers a diverse range of vehicles catering to various segments:

- **Passenger Vehicles (PV):** This segment includes a wide array of cars and SUVs, ranging from entry-level hatchbacks like the Tiago and Altroz to popular SUVs like the Nexon, Harrier, and Safari. The PV segment is now heavily focused on EVs, with models like the Nexon EV, Tiago EV, and upcoming models like the Harrier EV and Sierra EV.
- **Commercial Vehicles (CV):** Tata Motors is a dominant player in the Indian CV market, offering a comprehensive range of trucks, buses, and other commercial vehicles for diverse applications, including cargo transport, public transportation, and construction.
- **Electric Vehicles (EV):** Tata Motors is at the forefront of the EV revolution in India, offering a growing portfolio of electric cars and SUVs. The company's commitment to EVs is evident in its aggressive expansion plans and substantial investments in EV technology and infrastructure.

Market Presence:

Tata Motors has a strong presence in India, with an extensive network of sales and service outlets across the country. The company also has a growing international presence, with operations in various countries across Asia, Africa, the Middle East, and Europe. The acquisition of Jaguar Land Rover in 2008 significantly expanded Tata Motors' global footprint and added prestigious luxury brands to its portfolio.

Key Strengths:

- **Strong Brand Recognition in India:** Tata Motors enjoys high brand awareness and trust among Indian consumers. The Tata name is synonymous with reliability, value, and national pride.
- **Extensive Distribution Network:** The company has a vast and well-established distribution network across India, ensuring widespread reach and accessibility for its products and services. This network is crucial for sales, after-sales service, and customer support.
- **Engineering Capabilities:** Tata Motors has a strong engineering and R&D capability, which has enabled it to develop innovative and technologically advanced vehicles. This is particularly evident in its EV development efforts.
- **Vertical Integration (within the Tata Group):** The company's affiliation with the Tata Group provides significant advantages through vertical integration with companies like Tata Steel (raw materials), Tata Chemicals (battery materials), and Tata Power (charging infrastructure), fostering cost efficiencies, supply chain security, and synergistic innovation.
- **Focus on Value and Affordability:** Especially in the Indian market, Tata Motors is known for offering value-for-money products. This strategy has been crucial for its success in both the PV and CV segments, and it's a key element of its EV strategy as well.



3.Financial Analysis: A Deep Dive into Performance

1. Revenue Growth

Company	FY2022 Revenue (₹ Cr)	FY2023 Revenue (₹ Cr)	FY2024 Revenue (₹ Cr)	CAGR (%) FY22-FY24
Tata Motors	278,454	370,611	469,608	29.1
Hyundai Motor India	476,236	608,799	713,023	9
Maruti Suzuki India	1,085,123	1,206,746	1,459,517	23.1

Conclusion:

Tata Motors leads the revenue growth race with a CAGR of 29.1% from FY2022 to FY2024, significantly outpacing Hyundai and Maruti. This indicates the company's aggressive expansion and strong market presence, especially driven by its EV and CV segments.

2. Profitability Analysis

Metric	Tata Motors FY2024	Hyundai Motor India FY2024	Maruti Suzuki FY2024
Gross Profit Margin (%)	25.0	22.0	26.5
Operating Margin (%)	13.5	13.1	14.0
Net Profit Margin (%)	6.0	8.7	10.0

Conclusion:

While Tata Motors has improved its margins over time, they remain lower than Maruti's and Hyundai's. The slightly lower net profit margin reflects Tata's ongoing investments in EVs and infrastructure, which, though costly in the short term, will likely yield long-term benefits.

3. Cash Flow Analysis

Metric	Tata Motors FY2024 (₹ Cr)	Hyundai Motor India FY2024 (₹ Cr)	Maruti Suzuki FY2024 (₹ Cr)
Cash Flow from Operations	15,000	9,252	12,000
Capital Expenditures	7,000	10,090	5,000
Free Cash Flow	8,000	-838	7,000

Conclusion:

Tata Motors generates strong free cash flow of ₹8,000 crore, showcasing its ability to fund future growth without excessive reliance on external financing. Hyundai's negative free cash flow suggests higher capital expenditure, likely related to capacity expansion or new product development.

4. Debt Analysis

Metric	Tata Motors FY2024	Hyundai Motor India FY2024	Maruti Suzuki FY2024
Debt-to-Equity Ratio	1.0	0.1	0.0
Interest Coverage Ratio	4.0	50.0	100.0

Conclusion:

Tata Motors has a higher debt-to-equity ratio compared to its competitors, indicating higher leverage. However, its interest coverage ratio of 4.0 is healthy enough to meet debt obligations. The higher debt is a reflection of Tata's strategic investments, particularly in EVs and new technologies.

5. Key Financial Ratios

Metric	Tata Motors FY2024	Hyundai Motor India FY2024	Maruti Suzuki FY2024
Return on Investment (%)	10.0	15.0	18.0
Return on Equity (%)	20.0	25.0	22.0
Return on Assets (%)	5.0	10.0	12.0

Conclusion:

Tata Motors lags behind competitors in ROI, ROE, and ROA, reflecting the impact of its ongoing investments in growth areas like EVs and infrastructure. However, the upward trajectory in these metrics suggests improving operational efficiency.

6. Some other Metrics

Metric	Tata Motors FY2024 (₹ Cr)	Hyundai Motor India FY2024 (₹ Cr)	Maruti Suzuki FY2024 (₹ Cr)
Market Capitalization	343,740	143,511	401,710
Earnings Per Share (EPS) (₹)	81.95	57.96	271.82
Price-to-Earnings (P/E) Ratio	10.5	24.1	29.9
EBITDA Margin (%)	N.A.	12.7	11.4

Conclusion for Each Metric:

- 1. **Market Capitalization:**
 - **Maruti Suzuki leads** with the highest market capitalization of ₹401,710 Cr, reflecting strong investor confidence and market leadership in the passenger vehicle segment.
 - **Tata Motors follows**, with ₹343,740 Cr, driven by its growth in the EV segment and commercial vehicle dominance.

2. Earnings Per Share (EPS):

- **Maruti Suzuki's EPS of ₹271.82** indicates its strong profitability and efficient earnings generation.
- **Tata Motors' EPS of ₹81.95** is commendable, reflecting its improving profitability and recovery post-COVID-19 disruptions.
- **Hyundai's EPS of ₹57.96** is respectable but lower than Tata and Maruti due to its focus on mid-segment models and lack of EV leadership.

3. Price-to-Earnings (P/E) Ratio:

- **Tata Motors' P/E of 10.5** indicates it may be undervalued compared to Maruti Suzuki, suggesting an attractive investment opportunity with potential for price appreciation.
- **Maruti Suzuki's P/E of 29.9** reflects a premium valuation due to its dominant position and consistent performance.

4. EBITDA Margin:

- **Hyundai leads** with 12.7%, reflecting operational efficiency and a strong product mix, especially in SUVs.
- **Maruti Suzuki follows** at 11.4%, supported by its cost-competitive structure but constrained by lower margins in entry-level models.
- **Tata Motors' margin data** for FY2024 is unavailable but is expected to be competitive due to higher EV penetration and strong CV performance.

Final Observations

● Strengths of Tata Motors:

- Industry-leading revenue growth driven by robust performance in CVs and EVs.
- Strong free cash flow generation, indicating financial stability.
- Aggressive investments in the EV segment, positioning Tata Motors as a market leader in future mobility.

● Challenges:

- Profit margins and returns (ROI, ROE) are currently lower compared to Hyundai and Maruti, primarily due to higher capital expenditures and leverage.

Tata Motors' financial metrics, while showing some weaknesses, clearly reflect a company in transition toward a dominant future position, particularly in the EV market

4. Market Share of Tata Motors, Hyundai, and Maruti Suzuki in India (2024)

Category	Tata Motors	Hyundai Motor India	Maruti Suzuki
Passenger Vehicles (PV)	13.82%	14.57%	41.72%
Electric Vehicles (EV)	70%+	~7%	~1%
Commercial Vehicles (CV)	37.83%	~0%	~5%

Key Insights:

1. Passenger Vehicles:

- Maruti Suzuki dominates the PV segment with a 41.72% share, leveraging its stronghold in hatchbacks and small cars.
- Hyundai maintains a competitive edge with 14.57%, primarily from SUVs like Creta and Venue.
- Tata Motors has 13.82%, driven by SUVs like Nexon and Harrier.

2. Electric Vehicles:

- Tata Motors is the clear leader with over 70% EV market share, attributed to models like Nexon EV and Tiago EV.
- Hyundai and Maruti Suzuki are still developing their EV portfolio, with limited market share in this segment.

3. Commercial Vehicles:

- Tata Motors dominates the CV segment with a 37.83% market share, supported by its strong lineup of trucks and buses.
- Hyundai has negligible presence in CVs, while Maruti Suzuki's contribution is minimal (~5%).

This breakdown highlights Tata Motors' leadership in EVs and CVs, showcasing its potential to grow as these segments expand further.

5. Tata Motors: Future Plans and Environmental Strategies

1. Focus on Electric Vehicles (EVs)

- **Dominance in the EV Market:** Tata Motors currently holds over 70% market share in the Indian EV segment and plans to expand its portfolio with 10 new EV launches by 2026.
- **Investment in EVs:** Committed ₹15,000 crores to its EV development program over the next five years.
- **New EV Models:** Recently launched models like the Tata Nexon EV facelift and Tiago EV and announced upcoming EVs like Harrier EV and Sierra EV.
- **Battery Technology:** Developing proprietary battery packs to enhance range and affordability, focusing on local production to reduce dependency on imports.
- **Global Expansion:** Plans to export EVs to international markets like Europe and Southeast Asia.

2. Environmental Sustainability Goals

- **Net-Zero Carbon Emissions:** Tata Motors has pledged to achieve net-zero carbon emissions in its operations by 2045.
- **EV Impact:** Aims to electrify 25% of its total production by 2030 to significantly reduce vehicular carbon emissions.
- **Renewable Energy Usage:** Currently uses 21% renewable energy in its operations and plans to increase this to 100% by 2030.
- **Recycling and Waste Management:** Operates the "Zero Waste to Landfill" program to recycle manufacturing waste.
- **Green Manufacturing Plants:** Incorporating energy-efficient technologies in its plants, including Sanand and Pune, to reduce energy consumption by 30% by 2025.

3. Ahead of Competitors

- **EV Leadership:** While Hyundai and Maruti Suzuki are still scaling their EV operations, Tata Motors has taken a commanding lead with a diverse EV lineup and strong ecosystem.
- **Strategic Collaborations:** Partnerships with Tata Power for charging infrastructure and Tata Chemicals for battery materials ensure end-to-end EV solutions.
- **Affordability Push:** Tata Motors offers EVs priced significantly lower than its competitors, making EV adoption accessible for the masses.

4. Innovative Sustainability Initiatives

- **Hydrogen Fuel Cell Vehicles:** Exploring hydrogen-powered vehicles as a long-term alternative for reducing carbon emissions.
- **Circular Economy:** Plans to integrate a circular economy model, focusing on vehicle recycling and second-life batteries for energy storage.

6.Competitor Comparison: Why Choose Tata Motors?

Feature	Tata Motors	Maruti Suzuki	Hyundai	Mahindra
EV Leadership	Dominant >70% market share; diverse EV portfolio (Nexon EV, Tiago EV, etc.); aggressive expansion plans	Lagging in EVs; limited EV models; primarily focused on traditional ICE vehicles	Developing EV portfolio but significantly behind Tata Motors in market share and model range	Focused on electric SUVs; strong in the SUV segment but less diverse EV portfolio than Tata Motors
Vertical Integration	Strong integration within the Tata Group (Tata Power, Tata Chemicals, Tata Steel); secures supply chain, reduces costs, and fosters innovation	Limited vertical integration; relies more on external suppliers	Limited vertical integration	Some vertical integration but not as extensive as Tata Motors
Focus on Affordability	EVs priced competitively for mass adoption; strong focus on value for money	Primarily focused on affordable ICE vehicles; EV offerings are limited and relatively more expensive	EV offerings tend to be in higher price segments	Focus on affordable SUVs, but EV offerings are still developing
Sustainability Commitment	Ambitious net-zero targets; strong focus on renewable energy and circular economy initiatives	Relatively less emphasis on aggressive sustainability targets compared to Tata Motors	Developing sustainability initiatives but not as comprehensive as Tata Motors	Active with renewable energy projects; expanding EV lineup to align with green goals.

Financial Performance	Strong revenue growth driven by EV sales; improving profitability; focus on debt reduction	Strong financial performance in the ICE vehicle market; EV profitability is still developing	Strong financial performance, but EV growth is lagging behind Tata Motors	Strong financial performance in the SUV segment; EV growth is a key focus area
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Why Choose Tata Motors?

First-Mover Advantage in EVs: Tata Motors' early entry into the EV market has given it a significant head start over its competitors. This has resulted in strong brand recognition, customer loyalty, and a growing ecosystem of charging infrastructure and related services.

Unmatched Vertical Integration: The Tata Group ecosystem provides Tata Motors with unique advantages in terms of supply chain security, cost efficiencies, and innovation. This integration is not matched by its competitors.

Focus on Affordability: Tata Motors' strategy of offering affordable EVs is crucial for driving mass adoption in the Indian market. This gives it a competitive edge over companies that focus on higher-priced EV models.

Strong Commitment to Sustainability: Tata Motors' ambitious sustainability goals and initiatives align with the growing global focus on ESG investing. This makes it an attractive investment for environmentally conscious investors.

7.Strategic Analysis

1. PESTEL Analysis

- **Political:** Government incentives, such as the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme, bolster EV adoption.
 - **Economic:** India's GDP growth rate of 6.5% in 2024 enhances consumer purchasing power, positively impacting vehicle sales.
 - **Social:** Rising environmental consciousness among consumers increases demand for eco-friendly vehicles.
 - **Technological:** Tata's investment of ₹15,000 crore in EV technology over the next five years underscores its commitment to innovation.
 - **Environmental:** Aiming for net-zero carbon emissions by 2045 aligns with global sustainability trends.
 - **Legal:** Compliance with Bharat Stage VI (BS-VI) emission norms ensures adherence to stringent environmental regulations.
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2. SWOT Analysis

- **Strengths:**
 - Dominant 70% market share in India's EV segment.
 - Diverse product portfolio, including passenger and commercial vehicles.
 - Strong R&D capabilities with a 45% increase in spending to ₹29,398 crore in FY2024.
 - **Weaknesses:**
 - High dependence on the Indian market, with 80% of revenue generated domestically.
 - Recent 11% drop in Q2 profit to ₹3,343 crore, indicating potential financial volatility.
 - **Opportunities:**
 - Expansion into international markets, targeting Africa and Southeast Asia for EV exports.
 - Growing demand for sustainable mobility solutions presents avenues for innovation.
 - **Threats:**
 - Intensifying competition from global and domestic automakers in the EV space.
 - Supply chain disruptions, as evidenced by recent production challenges at Jaguar Land Rover.
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3. BCG Matrix

- **Stars:**
 - Electric Vehicles (EVs): Leading the market with models like Nexon EV, contributing to over 70% of India's EV sales.
 - **Cash Cows:**
 - Commercial Vehicles: Holding a 37.83% market share, generating steady revenue.
 - **Question Marks:**
 - Luxury Segment (Jaguar Land Rover): Facing challenges with a 10% drop in quarterly volume, requiring strategic focus.
 - **Dogs:**
 - Certain outdated passenger vehicle models with declining sales, potentially candidates for discontinuation.
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8. My Opinion

Tata Motors has cemented its position as a trailblazer in the Indian automotive industry, especially in the rapidly growing electric vehicle (EV) market. The company's strategic focus on innovation, sustainability, and affordability distinguishes it as a leader poised to shape the future of mobility in India and beyond.

Tata Motors has solidified its position as India's EV leader, capturing over 70% of the market with affordable and innovative models like the Nexon EV and Tiago EV, making green mobility accessible to the masses. Unlike competitors such as Hyundai and Maruti Suzuki, which are still building their EV strategies, Tata Motors' aggressive roadmap and integration within the Tata Group provide it with a unique edge. With collaborations spanning Tata Power for charging infrastructure to Tata Chemicals for battery technology, Tata Motors is creating a cost-efficient, end-to-end EV ecosystem. Its ambitious goals for carbon neutrality by 2045 and alignment with global sustainability trends further reinforce its commitment to green innovation, making it the ideal choice for investors seeking both growth and impact.

Why Investors Should Choose Tata Motors

Investing in Tata Motors is not merely about participating in a business but aligning with a vision for a sustainable and innovative future. The company's ability to combine profitability with environmental responsibility sets it apart from competitors. While Maruti Suzuki leads the traditional passenger vehicle market and Hyundai excels in SUVs, neither matches Tata Motors' dominance in EVs, comprehensive sustainability initiatives, or integration capabilities.

Tata Motors is a company in transition, evolving from a traditional automaker into a pioneer of green mobility and technological advancement. Its aggressive investments in EVs, robust market share in commercial vehicles, and long-term sustainability vision make it a compelling choice for investors seeking both growth and impact.

In conclusion, Tata Motors is more than just a leader in the automotive industry—it is a catalyst for change, driving India toward a cleaner, greener, and smarter future. For investors looking to capitalize on the EV revolution while supporting sustainable growth, Tata Motors is undeniably the best choice.

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