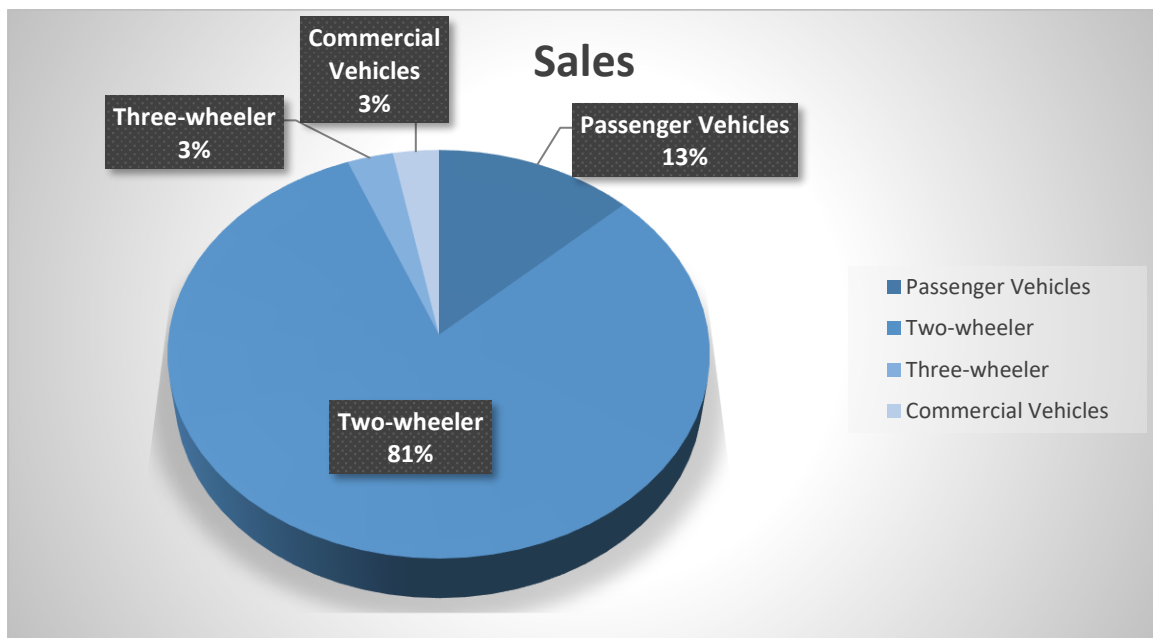


FINANCIAL MODELLING (OPEN PROJECT)

The Indian Automobile market has a significant share of the Worldwide market. Within the industry, passenger vehicles account for about 14% of the market share whereas the two-wheeler with 80% market share is the leader of the automobile industry



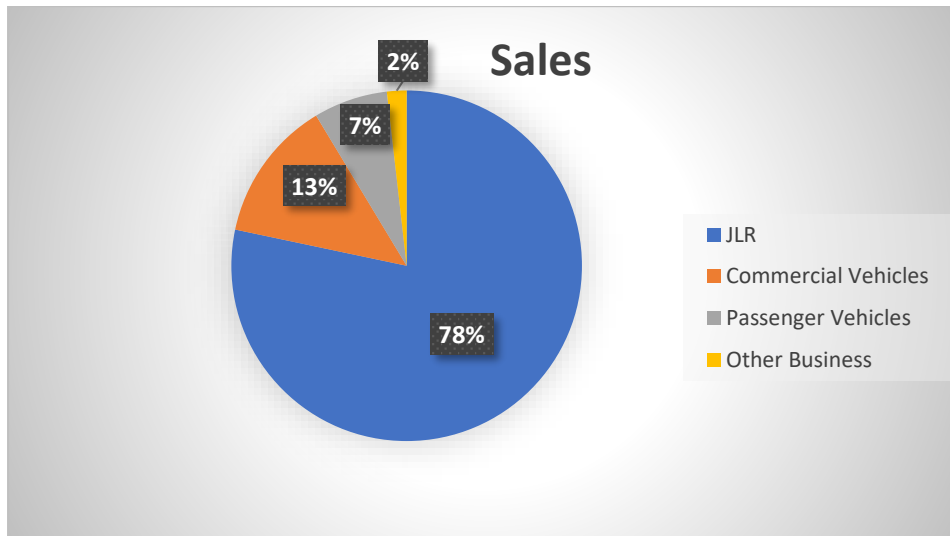
TATA MOTORS

Tata Motors is one of the leading global automobile manufacturing company with a diverse portfolio of cars, sports utility vehicles, trucks, buses, and defence vehicles. It operates in various countries like India, the UK, South Korea, South Africa, China, Brazil, Austria, and Slovakia with a well-built network of subsidiaries, associate companies, and JV, like JLR in the UK and Tata Daewoo in South Korea.

Tata Motors is India's third largest car-making company with a market share of around 11% in the domestic PV segment and around 44% in the commercial vehicles segment. In the case of EVs, Tata has 70% share of the domestic market.

REVENUE MODEL

The main contributor to Tata's Revenue comes from Jaguar Land Rover. 78% of the revenue generated comes from JLR. Commercial Vehicles contribute 13%, 6.8% from passenger vehicles, and 1.8 through its finance business.



SWOT ANALYSIS

STRENGTH:

Brand Recognizitation: Tata is a well-recognized brand worldwide.

Market Value: The estimated market capitalization of Tata is around 3.6 trillion rupees.

Diverse Product Portfolio: Tata Motors has formed alliances with numerous international automakers, such as Jaguar Land Rover, which have helped enhance its product offerings. This strategic combination of partnerships and market-driven decision-making has enabled Tata Motors to maintain its leadership position in the automotive industry.

Research and development: The company spends more than 23% of its complete budget on R&D which shows the company's dedication to its productivity and growth.

Extensive Distribution Network: Tata has a global distribution network of over 1600 workshops covering about 90% of the country's district.

WEAKNESS:

Quality and Service Issues: Tata Motors has faced criticism and customer dissatisfaction due to issues related to the quality of its vehicles and after-sales services. Though the company has been working to improve its quality control and customer service, instances of vehicle recalls and customer complaints can harm the brand's reputation and customer loyalty.

Regulatory Issues: Like any other automotive manufacturer, Tata Motors faces numerous regulatory challenges. These include emission norms, safety standards, and regulations for using certain materials in vehicle manufacturing.

No Foothold in Luxury segment: Tata Motors is still struggling to find a strong foothold in the luxury market, where the profit rates are high.

OPPORTUNITIES:

Electric Vehicle Segment: The global trend of shifting towards more environmentally friendly vehicles presents a significant opportunity for Tata Motors. Investing in the research and development of electric vehicles (EVs) and hybrids can help the company position itself as a leader in this rapidly growing market segment.

Tata Nano: Tata Nano being the most affordable was not a great success in India and got shut down in 2018, but still the company can implement this model in other countries and see the feasibility.

Focus on Sustainable Practices: With increasing global awareness about environmental sustainability, focusing on sustainable practices in all operations can be a key opportunity for Tata Motors. This could involve using renewable energy in their manufacturing processes, reducing waste, and promoting recycling.

Acquisition, Merger, Joint Venture: This has already helped the company before as it already has famous brands like Jaguar, Hitachi, etc. The company should keep following the same pattern for other brands as it will help the company to increase its sales and profitability.

THREATS:

Intense Competition: Tata Motors faces fierce competition from domestic and international automotive manufacturers, such as Maruti Suzuki, Hyundai, and Toyota. These competitors, from emerging startups to large, established companies, can offer similar or superior products at competitive prices. In this aggressive market, Tata Motors must continuously innovate and adapt its business model to maintain a competitive edge and attract customers.

Economic Recessions: Economic downturns pose a significant threat to Tata Motors, as they can dramatically affect consumer spending, leading to decreased sales and profitability.

PORTER'S FIVE FORCES

COMPETITIVE RIVALS:

Tata Motors has huge competition in the passenger vehicle segment with Maruti Suzuki, Hyundai, Honda, etc. in the domestic market. In the commercial vehicle segment companies like Volvo and Daimler are entering the Indian Market. This has resulted in a decline in its market share and overall turnover.

SUPPLIER POWER:

As the demand for OEM has increased, there is an increase in the number of manufacturing units in India. Thus, the bargaining power of the supplier in the industry is very high which has affected the margins of manufacturers like Tata Motors.

CUSTOMER POWER:

Due to the rising market competition, the customers' bargaining power is very high. Due to its innovation and differentiation, Tata Motors has managed to compete in the industry and maintain its margins.

THREAT OF SUBSTITUTES:

The threat of substitutes is a weaker force as very few substitutes manufacture products in the industry where Tata Motors operates.

THREAT OF NEW ENTRY:

In the automobile industry, the barriers to new entry are very high as it is precarious to enter a market having incumbents like Tata Motors and Hyundai with massive scale of production. Moreover, these incumbents have gained experience with time which gives them an added advantage.

RISKS

- Huge Debt
- High Competition
- High Commodity Prices

- Shortage of Semiconductor chips

CONCLUSION

Over the past few years, customers have been more attracted towards electric vehicles which has led to a rapid growth of the automobile industry in the whole world. Tata Motors is investing large profits in its R&D to control the EV market in India. It is also planning to make Jaguar an all-electric brand in the coming years. With this transition, Tata Motors can see a huge upside in the future.

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