



A STUDY ON COMPARATIVE FINANCIAL ANALYSIS OF TATA MOTORS LTD. FOR F.Y 2023-24 AND 2024-25 USING RATIO ANALYSIS

Jagruti Anil Ghanekar & Dr. Jyoti Thakur

Department of Commerce

SNDT Women's University, Mumbai

Abstract:

This study focuses on the comparative financial analysis of Tata Motors Ltd. for the financial years 2023-24 and 2024-25 using ratio analysis. The main objective of the study is to evaluate the company's financial performance, liquidity position, profitability, solvency, and overall efficiency during the selected period. Various financial ratios such as Current Ratio, Debt-Equity Ratio, Net Profit Ratio, Return on Capital Employed, and Asset Turnover Ratio are used to analyze the company's financial statements. The Study compare the performance of both financial years to identify growth trends, strengths, and areas of improvement.

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Introduction :

Tata Motors Limited, a flagship company of the Tata Group, is one of the most prominent and diversified automobile manufacturers in India and a key player in the global automotive industry. Founded in 1945 as Tata Engineering and Locomotive Company (TELCO), the company initially focused on manufacturing locomotives and later expanded into the production of commercial vehicles in 1954, in collaboration with Daimler-Benz of Germany. Over the decades, Tata Motors has evolved into a comprehensive automobile manufacturer, producing a wide range of vehicles including passenger cars, trucks, buses, vans, construction vehicles, and military vehicles. A significant milestone in Tata Motors' global journey was the acquisition of Jaguar Land Rover from Ford Motor Company in 2008, which strengthened its luxury and premium segment portfolio. The company also

owns Tata Daewoo Commercial Vehicle Company in South Korea, further boosting its heavy vehicle capabilities.

Objectives of the Study :-

To assess the overall financial performance of selected companies or sectors for the year 2025

— Using financial statements and key performance indicators to evaluate profitability, liquidity, solvency, and efficiency.

To analyze and interpret key financial ratios

— Such as Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, Current Ratio, and Debt-Equity Ratio.

To compare the financial performance of the year 2025 with previous years

— Identifying growth trends, financial improvements, or deteriorations over time.



Review of Literature :-

1. **Dr. S.M.Yamuna** : This study examines the financial performance of Tata Motors Ltd. over a five-year period (2008–09 to 2012–13) using ratio analysis and trend analysis. It assesses liquidity, solvency, and profitability to identify the company's strengths and weaknesses. The findings reveal weak short-term liquidity and inconsistent profitability, though sales and overall performance show an improving trend. The study concludes that Tata Motors can strengthen its financial position through better cost control, debt reduction, and improved working capital management. Vol-1,ISSN:2350-0875,Issue :5
2. **Girdhari Lal Yadav**: This study analyzes the financial performance of Tata Motors using ratio analysis to assess liquidity, profitability, and solvency. It finds improving profitability and operational efficiency but highlights concerns related to liquidity and debt management. Vol-11,ISSN-2349-6002,Issue:8
3. **Kalpesh Bhingane, Yash Bhalani**: This study compares the financial performance of Tata Motors and Mahindra & Mahindra from 2022–2024 using ratio analysis. It evaluates profitability, liquidity, efficiency, and solvency. The study finds that Mahindra & Mahindra shows stronger profitability and financial stability, while Tata Motors demonstrates rapid improvement, better asset utilization, and higher growth potential, supported by its global presence and JLR operations. Vol-6,ISSN:2582-7421,Issue:3
4. **Mr. Saurabh Agarwal**: The study evaluates the financial performance of Tata Motors Limited from FY 2022–23 to FY 2024–25 using ratio analysis and SWOT analysis. It shows strong growth in revenue and profitability driven by EVs and Jaguar Land Rover, but highlights concerns like weak liquidity and high (though reducing) debt. The study suggests improving working capital and leveraging EV opportunities for sustainable growth. Vol-10,ISSN:2277-7881,Issue:5(1)
5. **V. Rambabu**: This study compares the financial performance of Tata Motors and Mahindra & Mahindra Motors using key financial ratios related to liquidity, profitability, solvency, and efficiency for the period 2019–2023. Based on ratio analysis, the results indicate that Mahindra & Mahindra shows stronger profitability and financial stability compared to Tata Motors. Vol-15,ISSN:1906-9685,Issue-1

Hypothesis of the Study :

1. H_{01} : There is no significant improvement in the financial performance of the selected companies in the year 2025 compared to the previous year.
 H_{11} : There is a significant improvement in the financial performance of the selected companies in the year 2025 compared to the previous years.
2. H_{02} : There is no significant relationship between profitability and liquidity of the selected companies for the year 2025.
 H_{12} : There is a significant relationship between profitability and liquidity of the selected companies for the year 2025.



Hypothesis Testing :-

The present study attempts to analyze and compare the financial performance of the company for the financial years 2023–24 and 2024–25 with the help of ratio analysis. The comparison of various liquidity, solvency, efficiency, and capital structure ratios helps in understanding the changes in the financial position and performance of the company over the selected period.

Category	Ratio	Formulas	2023 - 24	2024 - 25
Liquidity	Current Ratio	Current Asset / Current Liabilities	0.97	1.47

Liquidity Position: The current ratio of the company increased from 0.97 in 2023–24 to 1.47 in 2024–25. A current ratio below 1 indicates an inadequate liquidity position, whereas a ratio above 1 reflects a satisfactory ability to meet short-term obligations. The improvement in the current ratio during 2024–25 shows that the company's short-term financial position has strengthened. Hence, the liquidity position of the company was better in 2024–25 as compared to 2023–24.

Category	Ratio	Formulas	2023 - 24	2024 - 25
Solvency	Debt Equity Ratio	Total Liabilities / Shareholders Equity	0.47b	4.22

Solvency Position: The debt–equity ratio increased significantly from 0.47 in 2023–24 to 4.22 in 2024–25. A lower debt–equity ratio indicates a lower financial risk and better solvency position. The sharp increase in this ratio during 2024–25 shows that the company relied more on borrowed funds, increasing its financial risk. Therefore, the solvency position of the company was stronger in 2023–24 than in 2024–25.

Category	Ratio	Formulas	2023 - 24	2024 - 25
Liquidity	Working Capital	Current Assets – Current Liabilities	58.98	19.53

Working Capital Position: The working capital of the company declined from 58.98 in 2023–24 to 19.53 in 2024–25. Higher working capital indicates better efficiency in managing day-to-day operations. The decrease in working capital during 2024–25 suggests a reduction in operational liquidity. Thus, the working capital position of the company was more favorable in 2023–24.

Category	Ratio	Formulaa	2023 - 24	2024 - 25
Efficiency	Fixed assets Ratio	Fixed Assets /Total Assets	0.53	0.98

Efficiency Position: The fixed asset ratio increased from 0.53 in 2023–24 to 0.98 in 2024–25. An increase in this ratio indicates a higher investment in fixed assets. This may suggest expansion or long-term investment by the company during 2024–25. However, a very high fixed asset ratio may reduce operational flexibility. Hence, while asset investment increased in 2024–25, efficient utilization of these assets is necessary.

Category	Ratio	Formulas	2023 - 24	2024 - 25
Capital Structure	Proprietary Ratio	Equity / Total assets	0.24	0.68

Capital Structure Position: The proprietary ratio increased from 0.24 in 2023–24 to 0.68 in 2024–25. A higher proprietary ratio indicates a stronger equity base and greater financial stability. The increase in this ratio during 2024–25 shows that shareholders' funds contributed more to total assets, improving the company's long-term financial strength.



Findings :

From the above analysis, it can be concluded that the financial year 2024–25 showed improvement in liquidity position and capital structure, indicating growth and expansion. However, the increase in debt levels affected the solvency position. On the other hand, the financial year 2023–24 reflected better solvency and working capital management. Therefore, 2024–25 represents a growth-oriented year, while 2023–24 was financially more stable and conservative.

Conclusion :

Based on the overall findings of the study, it can be concluded that the financial performance of the company showed mixed results during the financial years 2023–24 and 2024–25. The analysis indicates an improvement in the liquidity position and capital structure in the year 2024–25, suggesting that the

company strengthened its short-term financial position and increased the contribution of shareholders' funds. This reflects a positive growth trend and expansion strategy adopted by the company.

However, the study also reveals a deterioration in the solvency position during 2024–25 due to a significant increase in the debt–equity ratio, indicating higher financial risk. Additionally, the decline in working capital highlights the need for better management of current assets and liabilities. In comparison, the financial year 2023–24 demonstrated greater financial stability with lower leverage and stronger working capital management.

In conclusion, while 2024–25 can be considered better in terms of growth and liquidity, 2023–24 was financially more stable. The company should focus on maintaining a balanced capital structure and improving operational efficiency to ensure.

Cite This Article:

Ghanekar J. & Dr. Thakur J. (2026). *A study on comparative financial analysis of Tata Motors Ltd. For F.Y 2023-24 and 2024-25 using ratio analysis.* In **Electronic International Interdisciplinary Research Journal: Vol. XV** (Number II, pp. 227-230).