

## Revving Up for the Future: The Path of Tata Motors to Sustainable Growth

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### Abstract

This case study examines the strategic and financial transformation of Tata Motors Limited during the period FY2022 to FY2025, a phase marked by recovery, restructuring, and renewed growth following significant external disruptions. Emerging from the challenges posed by the COVID-19 pandemic, global supply chain constraints, and high leverage, Tata Motors undertook a series of strategic initiatives aimed at restoring profitability and strengthening long-term sustainability. The case highlights the company's focus on operational efficiency, portfolio repositioning, expansion in electric vehicles (EVs), and the revival of its global luxury subsidiary, Jaguar Land Rover (JLR). Using standalone financial statements as supporting evidence, the case encourages students to analyze trends in revenue, profitability, and capital structure, and to evaluate the effectiveness of the company's deleveraging efforts. From an investor's perspective, the case provides a platform to assess the trade-offs between growth opportunities and financial risks in a capital-intensive industry undergoing technological transformation. The case is designed for MBA-level courses in finance and strategy, and it enables learners to integrate financial analysis with strategic reasoning and investment decision-making.

**Keywords:** Tata Motors, Financial Statement Analysis, Deleveraging Strategy, Strategic Transformation, Investment Analysis, Indian Automobile Industry, Sustainable Growth

### Introduction

For decades, Tata Motors Limited, a flagship of the Tata Group, has been a defining force in India's automotive landscape. Known for its wide portfolio—from compact cars and commercial vehicles to luxury brands under Jaguar Land Rover (JLR)—the company has navigated turbulent times marked by global competition, technological disruption, and economic uncertainty.

The period between FY2022 and FY2025 became one of the most transformational phases in the company's history. Emerging from the dual shocks of the COVID-19 pandemic and prolonged supply chain disruptions, the company undertook a financial and strategic overhaul that redefined its growth trajectory. This case traces that journey, examining the intersection of financial performance, strategic agility, and investor confidence.

### The Recovery Drive (FY2022–2023)

FY2022 marked the beginning of a cautious recovery. The global auto industry was slowly stabilizing after pandemic-induced disruptions, but challenges remained—ranging from semiconductor shortages to inflationary pressures on raw materials. The company's revenues began to recover, driven by a rebound in domestic passenger and commercial vehicle demand. The company's focus on cost control and operational efficiency helped improve its operating performance despite persistent supply constraints. A renewed emphasis on the “New Forever” product strategy, coupled with strong demand for SUVs like the Nexon and Harrier, revived the brand's image in the Indian market.

At the same time, Tata Motors continued to invest in its electric vehicle (EV) portfolio, positioning itself as a first mover in India's nascent EV segment. The Nexon EV and Tigor

EV saw strong adoption, aided by government incentives and consumer interest in sustainable mobility.

Financially, FY2023 reflected a stronger top line and a narrowing of losses compared to previous years. The company's ability to maintain growth momentum in a volatile environment signalled the early signs of a turnaround.

### **Strategic Shifts and Global Momentum (FY2023–2024)**

By FY2024, Tata Motors was no longer in survival mode—it was transitioning to a growth mindset. The company capitalized on several strategic shifts that began paying off:

- **Electric Vehicle Expansion:** The launch of Tiago EV, coupled with investments in battery technology and charging infrastructure, strengthened its leadership in India's EV segment.
- **Jaguar Land Rover Revival:** JLR's performance improved significantly, supported by demand recovery in premium markets and higher realizations from newer models like the Range Rover and Defender.
- **Domestic Commercial Vehicle Resilience:** A rebound in construction and logistics sectors revived the commercial vehicle business, boosting overall revenue growth.
- **Operational Efficiency:** Continued focus on cost reduction, local sourcing, and supply chain optimization supported profitability despite inflationary headwinds.

This period also witnessed the company's deliberate steps toward deleveraging—reducing debt to strengthen its balance sheet. Improved cash flows and better asset utilization reflected prudent financial management, paving the way for long-term sustainability.

### **Performance in Focus (FY2025)**

FY2025 emerged as a landmark year in the company's turnaround journey. The company reported its highest-ever standalone revenues, supported by robust domestic sales and a sustained recovery in JLR's global operations.

Profitability improved further, reflecting strong operating leverage, higher realizations, and continued cost discipline. The company's EV segment expanded its contribution to total volumes, reinforcing its position as India's market leader in electric mobility.

Beyond numbers, the company's performance in FY2025 carried symbolic weight—it showcased a successful blend of traditional strengths and future-oriented innovation. The management's emphasis on technology adoption, sustainability, and financial prudence resonated well with investors, resulting in improved market valuation and shareholder confidence.

At the same time, challenges persisted. The EV segment, though growing, required continued capital investments, and global headwinds—such as exchange rate volatility and raw material price fluctuations—posed ongoing risks. Balancing aggressive growth with financial stability remained the next critical frontier.

### **Investment Perspective**

From an investor's standpoint, the company's transformation between FY2022 and FY2025 demonstrated the power of strategic clarity and disciplined execution. The company had shifted from a high-debt, loss-making position to a more stable and growth-oriented balance sheet.

Its diversification—spanning EVs, passenger cars, commercial vehicles, and luxury brands—offered a hedge against market volatility. The increasing focus on debt reduction, ESG priorities, and capital efficiency reflected a maturing financial posture.

However, the valuation story was nuanced. Investors needed to weigh the promise of future EV-driven growth against the risks of global economic slowdown and industry competition. The company's long-term success would depend on how effectively it balanced innovation with fiscal discipline.

### **Discussion Questions**

1. Based on the financial statements provided in the annexure, evaluate revenue and profit trends of Tata Motors from FY2022 to FY2025. What key factors contributed to the turnaround?
2. Compute and interpret key financial ratios (profitability, liquidity, and leverage) for the four-year period. How do these ratios reflect the company's operational and financial improvements?
3. How did the focus on electric mobility influence its overall business performance and brand perception during this period?
4. Examine the role of Jaguar Land Rover in the company's consolidated growth story. How did its recovery impact group profitability?
5. From a financial management perspective, discuss the implications of the deleveraging strategy of Tata Motors. How does it affect risk and return for investors?
6. Considering the market dynamics and the company's strategic direction, would you recommend investing in the company in FY2025? Justify your answer using both financial and strategic reasoning.
7. What lessons can other manufacturing firms learn from Tata Motors on post-crisis recovery strategy?

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## Annexures

### Tata Motors

	----- in Rs. Cr. -----			
	Mar 25	Mar-24	Mar-23	Mar-22
<b>INCOME</b>				
<b>Revenue From Operations [Gross]</b>	<b>68,869.0</b>	<b>72,745.9</b>	<b>65,298.8</b>	<b>46,880.9</b>
	<b>0</b>	<b>2</b>	<b>4</b>	<b>7</b>
<b>Revenue From Operations [Net]</b>	<b>68,869.0</b>	<b>72,745.9</b>	<b>65,298.8</b>	<b>46,880.9</b>
	<b>0</b>	<b>2</b>	<b>4</b>	<b>7</b>
Other Operating Revenues	550	557.16	458.49	382.71
<b>Total Operating Revenues</b>	<b>69,419.0</b>	<b>73,303.0</b>	<b>65,757.3</b>	<b>47,263.6</b>
	<b>0</b>	<b>8</b>	<b>3</b>	<b>8</b>
Other Income	2,796.00	1,149.88	820.94	659.91
<b>Total Revenue</b>	<b>72,215.0</b>	<b>74,452.9</b>	<b>66,578.2</b>	<b>47,923.5</b>
	<b>0</b>	<b>6</b>	<b>7</b>	<b>9</b>
<b>EXPENSES</b>				
Cost Of Materials Consumed	39,865.0	45,025.0	42,226.8	31,693.1
	<b>0</b>	<b>5</b>	<b>1</b>	<b>1</b>
Purchase Of Stock-In Trade	7,367.00	7,764.19	6,561.32	5,030.00
Operating And Direct Expenses	1,033.00	1,104.79	899.06	593.9
Changes In Inventories Of FG,WIP And Stock-In Trade	284	-600.44	484.69	-403.87
Employee Benefit Expenses	4,513.00	4,308.15	4,021.63	3,601.51
Finance Costs	1,122.00	1,705.74	2,047.51	2,121.73
Depreciation And Amortisation Expenses	2,008.00	2,016.84	1,766.86	1,760.57
Other Expenses	8,346.00	8,086.23	7,032.77	5,250.10
<b>Total Expenses</b>	<b>64,538.0</b>	<b>69,410.5</b>	<b>65,040.6</b>	<b>49,647.0</b>
	<b>0</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax</b>	<b>7,677.00</b>	<b>5,042.41</b>	<b>1,537.62</b>	<b>-1,723.46</b>
Exceptional Items	-325	2,808.41	-282.82	83.41
<b>Profit/Loss Before Tax</b>	<b>7,352.00</b>	<b>7,850.82</b>	<b>1,254.80</b>	<b>-1,640.05</b>
<b>Tax Expenses-Continued Operations</b>				
Current Tax	53	114.22	81.6	51.18
Deferred Tax	1,847.00	-165.48	-1,554.93	48
<b>Total Tax Expenses</b>	<b>1,900.00</b>	<b>-51.26</b>	<b>-1,473.33</b>	<b>99.18</b>
<b>Profit/Loss After Tax And Before ExtraOrdinary Items</b>	<b>5,452.00</b>	<b>7,902.08</b>	<b>2,728.13</b>	<b>-1,739.23</b>
<b>Profit/Loss From Continuing Operations</b>	<b>5,452.00</b>	<b>7,902.08</b>	<b>2,728.13</b>	<b>-1,739.23</b>
Profit Loss From Discontinuing Operations	0	0	0	392.51
Total Tax Expenses Discontinuing	0	0	0	44.14

Operations				
Net Profit Loss From Discontinuing Operations	0	0	0	348.37
<b>Profit/Loss For The Period</b>	<b>5,452.00</b>	<b>7,902.08</b>	<b>2,728.13</b>	<b>1,390.86</b>

Source: [https://www.moneycontrol.com/stocks/company\\_info](https://www.moneycontrol.com/stocks/company_info)

### Tata Motors

Standalone Balance Sheet	----- in Rs. Cr. -----			
	Mar 25	Mar-24	Mar-23	Mar-22
<b>EQUITIES AND LIABILITIES</b>				
<b>SHAREHOLDER'S FUNDS</b>				
Equity Share Capital	736	766.5	766.02	765.88
<b>Total Share Capital</b>	<b>736</b>	<b>766.5</b>	<b>766.02</b>	<b>765.88</b>
Reserves and Surplus	32,705.00	29,374.83	21,701.37	19,171.88
<b>Total Reserves and Surplus</b>	<b>32,705.00</b>	<b>29,374.83</b>	<b>21,701.37</b>	<b>19,171.88</b>
<b>Total Shareholders Funds</b>	<b>33,441.00</b>	<b>30,141.33</b>	<b>22,467.39</b>	<b>19,937.76</b>
Equity Share Application Money	1	1.72	2.46	6.39
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	3,626.00	5,235.67	10,445.70	14,102.74
Deferred Tax Liabilities [Net]	404	49.78	51.16	173.72
Other Long Term Liabilities	1,302.00	1,392.16	1,411.78	1,212.34
Long Term Provisions	2,222.00	1,936.92	1,588.75	1,474.11
<b>Total Non-Current Liabilities</b>	<b>7,554.00</b>	<b>8,614.53</b>	<b>13,497.39</b>	<b>16,962.91</b>
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings	4,982.00	8,535.37	8,426.74	9,129.91
Trade Payables	13,267.00	8,826.46	7,162.60	6,102.10
Other Current Liabilities	4,040.00	8,830.41	9,805.30	11,152.74
Short Term Provisions	2,135.00	1,133.92	408.89	608.06
<b>Total Current Liabilities</b>	<b>24,424.00</b>	<b>27,326.16</b>	<b>25,803.53</b>	<b>26,992.81</b>
<b>Total Capital And Liabilities</b>	<b>65,420.00</b>	<b>66,083.74</b>	<b>61,770.77</b>	<b>63,899.87</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Tangible Assets	12,188.00	11,990.26	12,129.14	12,065.89
Intangible Assets	1,927.00	2,353.79	2,413.18	2,009.87
Capital Work-In-Progress	683	645.03	575.65	585.21
Intangible Assets Under Development	1,141.00	588.92	509.3	882.03
<b>Fixed Assets</b>	<b>15,939.00</b>	<b>15,578.00</b>	<b>15,627.27</b>	<b>15,543.00</b>
Non-Current Investments	31,427.00	30,315.57	29,181.62	29,256.39
Deferred Tax Assets [Net]	0	1,558.65	1,477.26	0
Long Term Loans And Advances	255	101.89	114.4	48.43
Other Non-Current Assets	2,899.00	3,321.96	3,870.27	3,432.44

<b>Total Non-Current Assets</b>	<b>50,520.00</b>	<b>50,876.07</b>	<b>50,270.82</b>	<b>48,280.26</b>
<b>CURRENT ASSETS</b>				
Current Investments	2,857.00	1,993.50	3,142.96	5,143.08
Inventories	3,154.00	3,470.38	3,027.90	3,718.49
Trade Receivables	2,280.00	2,765.16	2,307.72	2,111.78
Cash And Cash Equivalents	1,601.00	5,150.96	1,414.65	2,605.43
Short Term Loans And Advances	3,060.00	132.19	132.29	139.37
OtherCurrentAssets	1,948.00	1,695.48	1,474.43	1,901.46
<b>Total Current Assets</b>	<b>14,900.00</b>	<b>15,207.67</b>	<b>11,499.95</b>	<b>15,619.61</b>
<b>Total Assets</b>	<b>65,420.00</b>	<b>66,083.74</b>	<b>61,770.77</b>	<b>63,899.87</b>

Source: [www.moneycontrol.com/financials/tatamotors/balance-sheet](http://www.moneycontrol.com/financials/tatamotors/balance-sheet)