



BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT STUDIES (BIITM), BHUBANESWAR

Plot No. F/4, Chandaka Industrial Estate, Infocity, Patia, Bhubaneswar-24

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SUMMER INTERNSHIP PROJECT 2026

REPORT TITLE

**Fundamental Analysis of Auto Sector A Study on Special Reference to
TATA Motor Stocks**

SUBMITTED BY

DEBASIS SAMAL

5-year Integrated MBA Batch: 2022-27

University Regn. No.: 2213258020

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CERTIFICATE OF FACULTY/INTERNAL GUIDE

This is to certify that **Mr. Debasis Samal**, bearing university registration no **2213258020** of 2022-27 batch, has completed his summer internship at **Odisha Capital Market Ltd** from **08.10.2025** to **08.11.2025** under the supervision of **Mr. Bipin Dutta** and has submitted this project report under my guidance in partial fulfilment of the requirements for award of the degree of Integrated Master of Business Administration at **Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar**. To the best of my knowledge and belief, this project report has been prepared by the student and has not been submitted to any other institute or university for the award of any degree or diploma.

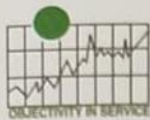
Date:

Signature of the Faculty/Internal Guide

Place: Bhubaneswar

Name: Dr. Sudeshna Dutta

Designation: Associate Professor. Finance



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TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr. Debasis Samal, IMBA** student (2022-2027 Batch) from **Biju Patnaik Institute of Information Technology and Management Studies (BIITM), Bhubaneswar, Odisha** bearing **Registration Number – 2213258020**, has successfully completed his Summer Internship Programme with us at Odisha Capital Market & Enterprises Ltd., Bhubaneswar from October 10, 2025 to November 10, 2025 under the guidance of our **Officer on Special Duty, Mr. Bipin B. Dutta** and has prepared a study paper titled as **"Fundamental Analysis of Automobile Sector – A Study on Special Reference to Tata Motors Stock"** for this purpose.

During his study, we found him working hard and sincerely.

For Odisha Capital Market & Enterprises Limited,

For 
(THOMAS MATHEW)
MANAGING DIRECTOR

Dated: 30th December, 2025

DECLARATION

I, **Mr Debasis Samal** Bearing university registration no **2213258020** (2022-27 batch), hereby declare that the project report titled **Fundamental Analysis of Auto Sector A Study on Special Reference to TATA Motor Stocks** is based on my internship at **Odisha Capital Market & Enterprises Ltd.** during the period **08.10.2025** to **08.11.2025** and is an original work done by me under the supervision of **Mr Bipin Dutta** and **Dr. Sudeshna Dutta**. This report is being submitted to Biju Patnaik Institute of Information Technology and Management Studies, Bhubaneswar, affiliated to Biju Patnaik University of Technology, Odisha, in partial fulfilment of the requirements for the award of the degree of Integrated Master of Business Administration. This project report has not been submitted to any other institute/university for the award of any degree or diploma.

Date:

Place:

Signature

ACKNOWLEDGEMENT

This project report bears the imprint of many people on it. I am very much thankful to BIITM, Bhubaneswar for the successful completion of my SIP report.

I would like to thank my project supervisor and guide Dr. Sudeshna Dutta, Associate Professor (Finance) the faculty member, BIITM, for his invaluable guidance and assistance in preparing the project report and contributing a lot for accomplishment of this project.

I am highly indebted to Mr. BIPIN B. DUTTA (Officer on Special Duty), ODISHA CAPITAL MARKET & ENTERPRISES LIMITED, my corporate guide, who guided me during the internship period and suggested many issues which has been taken care in my project work.

I am also expressing my gratitude to my parents and my friends who gave their full cooperation for the successful completion of my project.

Debasis Samal

Regd. No: 2213258020

Executive Summary

Fundamental Analysis of Motor Sector: A Study on Special Reference to Tata Motors Stocks

The Indian automobile sector is a critical driver of economic growth, contributing significantly to GDP, employment, and industrial output. This study undertakes a fundamental analysis of the motor sector with a special focus on Tata Motors, one of India's largest and most diversified automobile manufacturers. The objective is to evaluate the sector's overall performance, assess Tata Motors' financial health, and understand its competitive positioning in a rapidly evolving market.

The analysis covers macroeconomic factors such as interest rates, fuel prices, inflation, and government policies, which directly influence demand and profitability in the auto industry. At the micro level, Tata Motors' financial statements, profitability ratios, liquidity position, and solvency indicators are examined to gauge its operational efficiency and long-term sustainability. Comparative benchmarking against peers like Maruti Suzuki, Mahindra & Mahindra, and Ashok Leyland highlights Tata Motors' strengths in commercial vehicles and emerging opportunities in electric mobility.

Valuation metrics including Price-to-Earnings (P/E), EV/EBITDA, and Price-to-Book ratios are applied to determine whether Tata Motors' stock is fairly valued. Growth drivers such as electric vehicle adoption, global expansion, and R&D investments are weighed against risks like raw material volatility, regulatory changes, and intense competition. Investor sentiment, reflected through trading volumes and market trends, is also considered to provide a holistic view.

The study concludes that Tata Motors holds strategic advantages in innovation and market diversification, though challenges remain in sustaining profitability amid cyclical demand. Overall, the research bridges theoretical frameworks with practical stock analysis, offering insights for investors, policymakers, and academicians.

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CHAPTER: 1

**Introduction, Scope, Objectives, Review of literature, Methodology,
Limitations**

Objectives of the study

The primary objective of conducting a fundamental analysis of Tata Motors is to evaluate the company's financial health, operational efficiency, and strategic positioning within the dynamic automotive industry. This analysis aims to provide a comprehensive understanding of Tata Motors' performance and growth potential by examining its key financial metrics and market dynamics.

1. To evaluate the financial performance of Tata Motors: such as revenue, profit margins, earnings per share, return on equity and debt levels over recent years.
2. To determine the intrinsic value of Tata Motors stock:
3. To assess future growth prospects of the steel sector with a focus on Tata Motors:

2. RESEARCH METHODOLOGY

SCOPE OF THE STUDY

This study aims at analyzing the overall financial position of the Tata Motors by using accounting ratios. The analysis covers the years 2016-2017, 2017-2018, 2018-2019 and 2019-2020 for examining financial statements such as income statements and balance sheets. The study's scope includes the numerous variables that influence the company's financial position. The research takes into account data from the previous four year

LIMITATION OF THE STUDY

This study has the following limitations:

- We only analyzed last four years' financial statements which does not represent the whole profitability of the company.
- The data used in the analysis is based on the company's own published past results. As a result, ratio analysis metrics are not always indicative of future company performance. (Lim)
- Financial statements used for financial analysis are prepared based on a going concern concept, so they do not always reflect the current situation. (Sta)

Purpose of the research

The primary objective of this study is to conduct a comprehensive fundamental analysis of Tata Motors Limited, one of India's largest automotive manufacturers and global players in the automobile industry. This research aims to evaluate the financial health, operational efficiency, market performance, and overall sustainability of Tata Motors by analysing key financial ratios, balance sheets, income statements, and other relevant economic indicators.

The study seeks to provide insights into Tata Motors' intrinsic value and its position within the automotive industry by examining factors such as profitability, liquidity, solvency, and market valuation.

This research is intended to serve as a valuable resource for investors, policymakers, and industry stakeholders who wish to make informed decisions regarding Tata Motors and understand its role in contributing to India's and the global economy's industrial framework.

Data source and collection

This research relies on secondary data sources. Relevant data has been gathered from publicly available resources such as Tata Motors' annual reports, financial statements, industry reports, government publications, scholarly articles, and credible financial websites. This approach ensures the data's accuracy, reliability, and timeliness.

Research Methods

1. Qualitative Methods

- **Industry Analysis:** Understanding the competitive landscape and market environment in which Tata Motors operates, including its position in passenger, commercial, and electric vehicles.
- **Management Insights:** Examination of management discussions, corporate strategies, and sustainability goals outlined in annual reports or public disclosures.

2. Quantitative Methods

- **Financial Ratio Analysis:** Evaluating key metrics such as profitability (gross margin, net profit margin), liquidity (current ratio, quick ratio), solvency (debt-to-equity ratio), and efficiency (inventory turnover) to assess Tata Motors' financial health
- **Trend Analysis:** Analysing key financial indicators over a specified period to evaluate performance dynamics.
- **Comparative Analysis:** Benchmarking Tata Motors' performance against peers in the automotive industry (e.g., Maruti Suzuki, Mahindra)

2. Introduction To the Topic

TATA Motors Group is a leading global automobile manufacturing company. Its diverse portfolio includes an extensive range of cars, sports utility vehicles, trucks, buses and defence vehicles. TATA Motors is India's largest and the only original equipment manufacturer offering an extensive range of integrated smart and e-mobility solutions. Tata Motors showroom located in New Market Sector 2 Kohima which sales and provide various models of TATA Motors cars that includes Tata Harrier and recently launched Tata Nano or Tata Indica which create great brand into the car industry in the diesel segment. Tata Motors showroom was established in the year 2018 by T.R. Angami and is headquartered in Dimapur Nagaland. The company started with an estimated capital of Rs 8 crore with 13 employees. Its incentives depending on their performance apart from their salary and it decided to pursue joint venture. The other segment includes information technology services, machine tools and factory automation solutions. TATA has been named among the top 10 brand companies by Fortune Magazine it has got onto top 100 countries in the survey of Standard & Poor's in the year 2008. Being into most value brand in the world the consumer satisfaction to its customers is very important for TATA'S and thus they are continuously working into this area where their objectives is to provide best products with the full value of the money of their customers.

TATA MOTORS LIMITED (TML) a \$42 billion organization, in India largest automobile company and is a leading global manufacturer of cars, utility vehicles, buses, trucks, and defence vehicles. Incorporated in India in the year 1945. TATA Motors is a part of the over \$ 100 billion Tata Group founded by Jamshedji Tata in 1868. Recognised for its world- class quality, originality, engineering and design excellence, the company is on the path of shaping future of mobility in India. Sustainability and the spirit of ' giving back to society' is our guiding philosophy and good corporate citizenship is strongly embedded in our DNA.

With a large global footprint, the Company has consolidated its position as the TATA MOTORS GROUP through mergers and acquisitions. It has a network of 76 subsidiaries in India and internationally, which provide a host of engineering and automotive solutions.

Fundamental analysis is a method of evaluating a company's intrinsic value by examining related economic, financial, and qualitative factors. It involves analysing financial statements, industry trends, macroeconomic factors, and company-specific data to assess whether a stock is overvalued or undervalued.

When conducting a fundamental analysis of Tata Motors, one of India's leading automobile manufacturers, we need to look at multiple aspects such as financial performance, business strategy, market position, and external influences.

Tata Motors Limited is a multinational automobile manufacturer headquartered in India. It is a part of the Tata Group and is engaged in the design, manufacturing, and sale of a wide range of vehicles, including passenger cars, commercial vehicles, and electric vehicles. The company operates in various markets, including India, Europe, China, and the U.S., with a strong presence through its subsidiary, Jaguar Land Rover (JLR).

Key Segments of Tata Motors:

- 1. Passenger Vehicles (PV):** Includes SUVs, hatchbacks, and sedans under the Tata brand.
- 2. Commercial Vehicles (CV):** Trucks, buses, and light commercial vehicles, which dominate the Indian market.
- 3. Electric Vehicles (EV):** Tata is a leader in the Indian EV market with models like the Tata Nexon EV and Tigor EV.
- 4. Luxury Vehicles:** Through Jaguar Land Rover (JLR), Tata Motors competes in the premium automobile segment globally.

When conducting a fundamental analysis of Tata Motors, several key aspects must be considered. First, financial performance plays a crucial role, including revenue growth, profitability, debt levels, and return ratios such as ROE and EPS. The company's business strategy and growth prospects are also vital, especially its strong push into electric vehicles, market expansion plans, and investments in innovation and R&D. Additionally, industry and macroeconomic factors influence Tata Motors' performance, such as overall automobile sector trends, government policies on EVs and emissions, and global economic conditions. Another critical aspect is competitive positioning, where Tata Motors competes with players like Maruti Suzuki and Hyundai in India, while Jaguar Land Rover faces global luxury brands. Its market share, supply chain efficiency, and manufacturing strength further define its standing in the industry. A holistic fundamental analysis of Tata Motors involves evaluating these elements to assess its long-term investment potential.

A fundamental analysis of Tata Motors requires a comprehensive evaluation of its financial health, industry position, and strategic direction. The company has a strong presence in multiple automobile segments and is actively investing in future technologies like electric vehicles. However, challenges such as competition, regulatory changes, and global economic conditions also play a crucial role in determining its future growth.

Tata Motors: A Deep Dive Through Fundamental Analysis

Tata Motors, with its multifaceted operations spanning passenger vehicles (PV), commercial vehicles (CV), and the premium Jaguar Land Rover (JLR) segment, presents a complex yet intriguing subject for fundamental analysis.

Tata Motors is an Indian multinational car manufacturer that was founded in 1945. Its headquarter is situated in Mumbai, Maharashtra, India. Tata Motors is among the world's leading manufacturers of automobiles, producing buses, trucks, sports cars, and coaches. It is also a manufacturer of military vehicles. The company makes one of India's safest vehicles, with excellent safety features and high quality. The price range is between 4.70 lakhs and 16.25 lakhs. Tata Motors, a \$35 billion organization and a subsidiary of the USD 113 billion Tata group, has operations in the, South Korea, United Kingdom, Thailand, Indonesia and South Africa through a solid worldwide network of 113 subsidiary and associate companies, including Tata Daewoo in South Korea and Jaguar Land Rover in the United Kingdom. (TAT) With 9 million cars on Indian streets, Tata Motors is the market leader in commercial

vehicles and one of the largest passenger vehicle manufacturers. Tata Motors strives to pioneer new technologies that spark the interest of GenNext consumers, with design and R&D centres in India, the United Kingdom, Italy, and Korea.

BACKGROUND

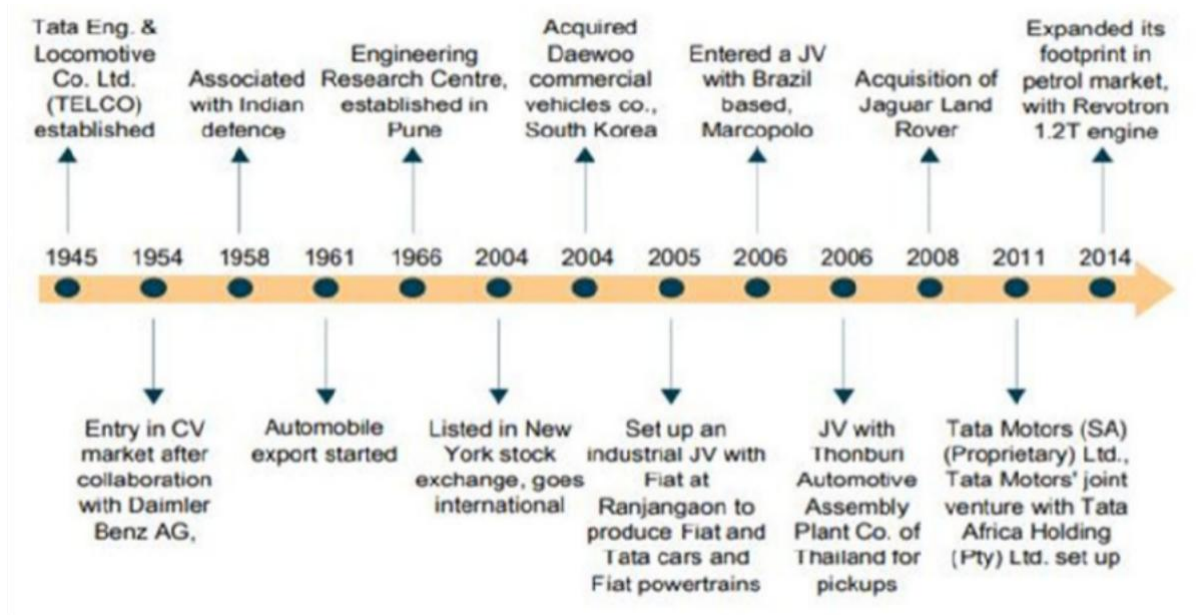
Tata Motors was established as Tata Engineering and Locomotive Co. Ltd. in 1945 to manufacture locomotives and other engineering products. It is a leading global automobile manufacturing company. It is the market leader in commercial vehicles in all segments, and it ranks among the top three in passenger cars, with winning products in the compact, midsize, and utility vehicle segments. (Tat) In the year 1954 they made collaboration with Daimler Benz AG West Germany for manufacturing medium commercial vehicles. It started producing passenger vehicles in 1988. Over 4 million Tata vehicles have been sold in India since the first model was launched.

Lucknow (Uttar Pradesh), Pune (Maharashtra), Jamshedpur (Jharkhand), Dharwad (Karnataka) and Pantnagar (Uttarakhand) are the company's manufacturing bases in India. It has established an industrial joint venture with Fiat Group Automobiles in Ranjangaon (Maharashtra) to manufacture both Fiat and Tata vehicles as well as Fiat powertrains, following a strategic 10 alliance with Fiat in 2005. Tata Motors became the first company from engineering sector of India to be listed on the New York Stock Exchange in September 2004.

Tata Motors produced India's first indigenously manufactured Light Commercial Vehicle, India's first Sports Utility Vehicle, and India's first entirely indigenous passenger vehicle, the Tata Indica, in 1998. Tata Indica became India's best-selling vehicle in its segment just two years after its launch. Tata Motors launched the Tata Ace, India's first indigenously constructed mini-truck, in 2005, starting a new segment. In 2008, Tata Motors acquired Jaguar Land Rover, the English car manufacturer that produces the Land rover and Jaguar, from Ford

Tata Motors revealed its People's Car, the Tata Nano , the world's cheapest car, in January 2008. In March 2009, the Tata Nano was officially unveiled in India. The Nano is a world-first for the automotive industry, bringing the comfort and safety of a vehicle within reach of tens of thousands of households. The standard version was priced at Rs.1,00,000 in India. In March 2017, Tata Motors and Volkswagen signed a Memorandum of Understanding to collaborate on car development for India's domestic market.

Tata Motors is traded on the New York Stock Exchange, the National Stock Exchange of India, and Bombay Stock Exchange. It is a part of the BSE SENSEX index. As of 2019, the company is ranked 265th on the Fortune Global 500 list of the world's most powerful companies.



JOINT VENTURES

Fiat-Tata:

Fiat Group Automobiles and Tata Motors formed an industrial joint venture in Ranjangaon, Maharashtra, India, to produce passenger vehicles, engines, and transmissions for the Indian and international markets.

Tata Marcopolo:

Tata Marcopolo Motors Limited (TMML) is a 51:49 joint venture between Tata Motors Ltd. (TML) India and Marcopolo S.A., a Brazilian company for bus production in India. The joint venture develops mass rapid transportation systems by manufacturing and assembling fully constructed buses and coaches. It relies on Tata Motors' technology and expertise in chassis and aggregates, as well as Marcopolo's expertise in bodybuilding and bus body design processes and systems. Tata Marcopolo has introduced a low-floor city bus that is already in use by many Indian cities' public transportation systems. The company's manufacturing facility is in Dharwad, Karnataka, India.

Tata Hitachi Construction Machinery:

It is a venture between Tata Motors and Hitachi for manufacturing excavators and other construction equipment. The company was formerly known as Telcon Construction Solutions.

Hyundai-Tata

Tata Motors partnered with Hyundai to develop the transmission for the Tata Harrier.

Tata Motors European Technical Centre

Tata Motors European Technical Centre PLC (TMETC), headquartered in Coventry, UK, is a wholly owned subsidiary of Tata Motors. TMETC is an active participant in a number of collaborative ventures in low carbon technology, as well as electric and hybrid vehicle

technologies for future passenger and light commercial vehicles, as a centre of excellence for automobile design and engineering.

JUSTIFICATION OF THE TOPIC

Tata Motors is chosen for this study because it is an indigenous company with a global presence and is one of the best car manufacturing companies in India. Furthermore, as a result of the global economic slowdown in the automotive market, the company is currently operating at a loss.

4. Literature Review

Automobile sector

AmimaShoeb, AdeelMaqbool. (2017) The writers of this study report claim that the automotive industry is a key contributor to and gauge of economic expansion. The automotive industry has changed its approach, concentrating on affordable, compact, and fuel-efficient vehicles to reach the widest possible audience. Both growth factors and important variables will be mentioned in this essay. The vehicle sector has experienced tremendous expansion and has sparked a great deal of interest among researchers and decision-makers. Government policies and the assistance provided by auxiliary industries are the favourable factors that have fueled the expansion of the automobile sector. According to authors, the automobile industry is one of the most desirable for both manufacturers and consumers, and it benefits the economy, jobs, and stability for working families.

In the article “Financial appraisal of Automobile industry” author Chahat Gupta, (February 2018) The article analyze the financial performance of Maruti Suzuki and Tata Motors, two leading automobile companies in India. The author uses statistical tools and ratio analysis to compare the liquidity and profitability of the companies. The analysis reveals that both companies have low liquidity ratios, indicating a lack of necessary liquid assets to clear their current liabilities.

In the article “A Study on Fundamental Analysis of Automobile Companies”, author: P. Devika, (2019) Examines fundamental analysis of selected auto companies using statistical tools for profitability, performance, growth, and risk/return. Helps investors measure ROI and manage portfolios.

In the article “An Analysis of Financial Performance of Leading Automobile Companies in India – A Comparative Study”, Authors: CMA Sandip Basak and etall, (May –June 2021) examined the comparative study of pre and during COVID-19 influenced the financial performance of the automobile companies in India. The author is forecasting the expected fundamentals of the company by viewing the past data or performance of the automobiles companies.

Neha Puri, Amity University Uttar Pradesh, Harjit Singh, Amity University, Uttar Pradesh, AmlanChakrabarti, University of Calcutta. (2022) After rising to the position of the fourth-largest car manufacturer in 2019 with a nine percent annual growth rate and adding 26 million vehicles a year to its fleet, of which 5 million are exported outside. India is anticipated to rank as the third-largest car market in terms of volume by 2025. A young population and increasing middle-class income will keep the momentum going. As a way to lessen pollution, electric automobiles are also rising in popularity. The Indian government

intends to establish India as a hub of global manufacturing while taking into account industry readiness. By 2029, according to experts, India might aggressively lead the world in share mobility. The current study evaluates the contribution made by important automakers to the financial success of the Indian automobile industry. Consequently, in order to decrease the computational cost for their calculation while increasing accuracy, a novel construction of principal components by periodicity of key financial ratios has been examined.

Tata Motors

Kumar & Reddy (2011) examined the revenue trends of Tata Motors over a decade. The study found that Tata Motors' acquisition of Jaguar Land Rover (JLR) played a crucial role in boosting the company's global revenue. However, the study also highlighted the rising debt levels associated with the acquisition and the financial risks it imposed.

Gupta & Sharma (2012) conducted a comparative analysis of Tata Motors and Maruti Suzuki from 2010 to 2012. The study revealed that while Tata Motors had higher revenues, its profit margins were affected by increasing input costs and a decline in the sales of its passenger vehicles in the domestic market.

Das & Bose (2013) analyzed the impact of global expansion on Tata Motors' financial statements. The research found that the acquisition of Jaguar Land Rover contributed significantly to revenue growth, but it also increased the company's debt burden. The study emphasized the importance of efficient debt management for sustainable financial growth.

Monika Sheoran, Dinesh Kumar (2018) This study focuses on understanding the impact of social media campaign and celebrity endorsement on the sales and brand awareness of Tata Tiago, a hatchback car offered by Tata Motors. Approach-This case tries to understand and analyse the marketing strategy adopted by Tata Motors for Tiago. The company mostly relied upon Celebrity endorsement and a tie up with a web series based entertainment channel The Viral Fever to segment, target and positioning it's new car.

Dewan M.d. Zahurul Islam(2020), A study on financial performance SMEs Baes on this evidence, we suggest that entrepreneurial efficacy will be able to help entrepreneurs energize to work hard with a dedicated focus on their goals, thus maintain their financial performance even the current pandemic.

Shaikh Salman Masood and Haitham Nobanee (2020) The purpose of this project is to financially study company Tata Motors Limited by doing ratio analyses and research. Both quantitative and qualitative methods were used for this report. Qualitative methods are introduction and literature review. Quantitative methods are analyses and charts. Information is taken from yahoo finance for three years: 2017,2018,2019. This report shows whether the changes are major or minor and the financial position of Tata Motors Limited.

Deepraj Mukherji (2022) Mergers and acquisitions are important tools used globally by firms to maintain a competitive advantage over their counterparts. Yet, a recent Harvard Business Review study reveals that between 80%-90% of mergers and acquisitions fail. This case study discusses an acquisition in the luxury car market to highlight the factors that can lead to a successful takeover. The study uses the acquisition of the premium British car brands of Jaguar and Land Rover by Tata Motors, an Indian automaker to answer a few related questions and provide future research avenues.

Chapter: 2

Qualitative Study

5. Qualitative Study

Tata Motors Based on Investment in Securities Market Framework

5.1. Why to Invest in Securities Market?

Investing in the securities market offers a compelling set of advantages for individuals looking to grow their wealth and achieve financial goals. Here are the key reasons why you should consider investing in securities:

1. Wealth Creation and Capital Appreciation: One of the primary drivers for investing in securities, particularly stocks, is the potential for wealth creation. As companies grow and become more profitable, their stock prices tend to appreciate over time. Selling these shares at a higher price than you bought them results in capital gains, which can significantly boost your net worth.

2. Beating Inflation: Inflation erodes the purchasing power of money overtime. Traditional savings accounts often offer returns that are lower than the inflation rate, meaning your money loses value. Historically, the stock market has provided returns that outpace inflation, helping to preserve and grow your wealth in real terms.

3. Dividend Income: Many companies distribute a portion of their profits to shareholders in the form of dividends. These can provide a steady stream of passive income, especially attractive for those seeking regular cash flow, like retirees. Reinvesting these dividends can further accelerate wealth growth through the power of compounding.

4. Diversification: The securities market offers a vast array of investment opportunities across different sectors, industries, and asset classes (stocks, bonds, mutual funds, ETFs, etc.). Diversifying your portfolio across various securities helps to mitigate risk. If one investment performs poorly, others may perform well, balancing out the overall portfolio.

5. Liquidity: Compared to other assets like real estate, securities (especially actively traded stocks) offer high liquidity. This means you can generally buy or sell them quickly at the prevailing market price, allowing you access to your funds if needed.

6. Ownership in Companies: When you buy shares in a company, you become a part-owner. This ownership may come with voting rights, allowing you to have a say in important company decisions. It also allows you to participate in the success and growth of well- established or promising businesses.

7. Regulated Environment and Transparency: Securities markets are typically regulated by government bodies (like SEBI in India). These regulatory frameworks ensure fairness, transparency, and investor protection, reducing the risk of fraudulent activities and instilling confidence in the market.

8. Accessibility and Convenience: With the advent of digital platforms, investing in the securities market has become highly accessible and convenient. You can open an account, research investments, and execute trades online from the comfort of your home. You can also start investing with relatively small amounts, making it inclusive for various financial capacities.

9. Potential for Passive Income: Beyond capital appreciation, dividends from stocks can provide a consistent source of passive income, contributing to your financial independence. While there are risks associated with investing in the securities market, particularly due to its volatility, the potential for higher returns and long-term wealth creation makes it a crucial component of a sound financial strategy for many individuals.

10. Income Generation: Certain securities, such as bonds and dividend-paying stocks, can provide regular income streams through interest payments or dividends. This can be particularly appealing for income focused investors

11. Access to a Wide Range of Investment Option: The securities market provides access to a variety of investment options, including stocks, bonds, mutual funds, ETFs, derivatives, and more. Investors can tailor their investments to suit their risk tolerance, financial goals, and time horizon.

12. Inflation Protection: Stocks and certain other securities have the potential to outpace inflation over the long term, helping investors preserve and grow their purchasing power.

13. Tax Benefits: In some regions, there are tax advantages associated with investing in securities, such as tax deferred growth for certain types of accounts (e.g., IRAs or 401(k)s in the U.S.) and tax-free dividends or capital gains in some cases.

14. Professional Management: Investors can opt for mutual funds or exchange-traded funds (ETFs) that are professionally managed, saving them the time and effort of researching and managing individual investments.

15. Long-Term Growth: Historically, the securities market has provided long-term returns that have outpaced other forms of investment, such as savings accounts or real estate, making it a good choice for those with a long-term investment horizon.

16. Hedge Against Economic Cycles: The securities market offers ways to hedge against various economic cycles, such as using bonds to protect against market volatility or investing in defensive stocks that perform well in economic downturns.

5.1.1 Investment in securities rests on three set out objectives such as –

Investment in securities is often guided by three fundamental objectives that help create a well-functioning, trustworthy, and resilient financial environment. These objectives aim to promote a balanced and sustainable investment ecosystem that benefits both individual investors and the economy as a whole. Here's a breakdown of the three primary objectives:

1. Protection of Investors:

Tata Motors, as a publicly listed company, adheres to the rules and compliance set by SEBI (Securities and Exchange Board of India). Regular disclosures such as quarterly earnings reports, annual general meetings (AGMs), and stock exchange announcements are made to ensure investor awareness. Corporate governance is taken seriously, with transparency in board decisions and strategic initiatives, protecting shareholders' interests.

- **Preventing Fraud and Mismanagement:** One of the key objectives of investing in securities is to protect investors from fraudulent activities, mismanagement, or manipulation by companies, brokers, or other market participants. Securities

regulations require transparency and disclosure of financial information, ensuring investors can make informed decisions.

- **Investor Education and Awareness:** Protection also includes ensuring that investors are adequately educated about the risks and rewards of investing in securities. This helps reduce the likelihood of poor decision-making and enhances investor confidence in the market.
- **Safeguarding Rights:** Investors' rights, including fair treatment and access to timely information, are essential in promoting a level playing field for all market participants. Regulatory bodies ensure that all investors, large or small, have equal access to market opportunities.

2. Ensuring Fair, Transparent, and Efficient Market: Tata Motors maintains a high level of transparency in its financial reporting and business strategies. Investors can easily access information about company performance, upcoming vehicle launches, global sales figures, and JLR segment updates. This builds trust and ensures that all participants in the market have equal access to information, avoiding manipulation.

- **Fairness:** A fair market ensures that all participants are treated equally, with no group receiving an undue advantage. Securities exchanges are regulated to avoid insider trading, market manipulation, or any form of unfair practices that could distort prices or disadvantage other investors.
- **Transparency:** Transparency is crucial in allowing investors to make well-informed decisions. This is achieved through strict disclosure requirements for companies, such as financial reports, executive compensation, and material events. Transparency helps reduce information asymmetry, where one party has more or better information than others, which could lead to market distortions.
- **Market Efficiency:** A well-functioning market ensures that securities are priced fairly based on available information, reflecting the true value of the underlying assets. Efficient markets facilitate the quick and accurate allocation of capital, leading to optimal economic outcomes.

3. Reduction of Systematic Risk: While the auto sector faces systematic risks like global economic slowdown, fuel price volatility, and policy changes, Tata Motors mitigates these risks through:

- Diversification (commercial, passenger, and electric vehicles)
- Global presence (especially through Jaguar Land Rover)
- Investments in R&D and technology (e.g., EVs and autonomous driving)

These strategies reduce reliance on a single market or segment, helping reduce the impact of systematic risk.

- **Mitigating Overall Market Risk:** Systematic risk refers to the risk inherent to the entire market or economy, such as economic recessions, geopolitical instability, or global financial crises. While individual investments carry specific risks, systematic risk affects all market participants. Regulatory measures are designed to reduce or mitigate the impact of such risks on the securities market.

- **Establishing Safeguards:** Tools like market circuit breakers, margin requirements, and stress tests are put in place to minimize the effects of market volatility and systemic risks. By ensuring that financial institutions maintain adequate capital and liquidity levels, regulators reduce the likelihood of financial crises that can ripple through the market.
- **Diversification of Risk:** Through effective regulation and the availability of various asset classes, investors can diversify their portfolios, which helps reduce the exposure to market-wide or systemic risks. This spreads out risk and provides investors with a greater ability to withstand broader market downturns.

5.1.2 Investment in securities always entails risk Yes, investment in securities always entails risk. While securities offer the potential for significant returns, they also come with varying levels of risk, which investors must carefully consider before making investment decisions. These risks can arise from various sources, and it's important to understand them to manage and mitigate their potential impact.

Every investment in a listed company like Tata Motors carries risk due to:

- Volatility in raw material prices (steel, aluminum)
- Regulatory changes like emission norms (BS-VI, CAFE norms)
- Consumer demand fluctuations
- Foreign exchange risks (especially for JLR's global earnings)

However, being aware of these risks and understanding how Tata Motors addresses them can help investors make informed decisions.

each.

1. Market Risk (Systematic Risk)

- **Definition:** This is the risk that the whole market goes down because of big events like recession, interest rate hikes, or political problems.
- **Example:** Even if a company is doing well, its stock price may fall during a global economic crisis.
- **Management:** Spread investments (diversification), use hedging tools, and keep track of global economic trends.

2. Specific Risk (Unsystematic Risk)

- **Definition:** This risk comes from one company or industry only, not the whole market.
- **Example:** A company's stock drops because of a fraud scandal or a product recall.
- **Management:** Invest in different industries and asset types so one company's problem doesn't hurt too much.

3. Credit Risk (Default Risk)

- **Definition:** The chance that a bond issuer cannot pay back interest or principal on time.
- **Example:** A company issues bonds but later goes bankrupt and fails to pay investors.
- **Management:** Check credit ratings, research the company, and invest in bonds with mixed ratings.

4. Interest Rate Risk

- **Definition:** When interest rates change, bond prices move in the opposite direction. Rising rates make old bonds less valuable.
- **Example:** Long-term government bonds lose value if interest rates suddenly rise.
- **Management:** Hold short-term bonds, or use laddering (buy bonds with different maturities).

5. Liquidity Risk

- **Definition:** The risk of not being able to sell or buy a security quickly without losing money.
- **Example:** Small-cap stocks may be hard to sell fast without lowering the price.
- **Management:** Invest in markets and securities with high trading activity.

6. Inflation Risk

- **Definition:** Inflation reduces the real value of investment returns over time.
- **Example:** A fixed-rate bond pays steady interest, but rising inflation makes that income worth less.
- **Management:** Buy inflation-protected securities (like TIPS) or invest in assets like stocks and real estate that usually beat inflation.

7. Currency Risk (Foreign Exchange Risk)

- **Definition:** Risk from changes in exchange rates when investing in foreign assets.
- **Example:** If you own shares in a European company and the euro falls against your home currency, you lose value.
- **Management:** Use currency hedging tools (like derivatives) or balance with domestic investments.

8. Political & Regulatory Risk

- **Definition:** Risk from government decisions, new laws, or regulations that hurt investments.
- **Example:** A new tax or tariff on an industry reduces company profits.
- **Management:** Stay updated on policy changes and invest across different countries/regions.

9. Reinvestment Risk

- **Definition:** The risk of not being able to reinvest money from bonds or coupons at the same high rate.
- **Example:** A bond matures at 5% interest, but now rates are only 3%, so reinvestment earns less.
- **Management:** Use bond laddering (different maturity dates) to spread reinvestment opportunities.

Why is Risk Inevitable in Securities Investment?

- **Market Dynamics:** The financial markets are inherently influenced by numerous factors, including economic trends, investor sentiment, and external shocks. These factors are constantly changing, and they can lead to both volatility and uncertainty, making risk unavoidable.
- **Unpredictability:** While past performance can offer some guidance, it cannot guarantee future results. Events such as corporate earnings reports, geopolitical tensions, or unexpected market shifts can all lead to changes in the value of securities.
- **Behavioural Factors:** Investor emotions, such as fear and greed, can contribute to market volatility, leading to increased risk. Herd behaviour or speculative bubbles are examples of how human factors can drive risk.

Managing Risk in Securities Investment:

While risk cannot be completely eliminated, it can be managed through several strategies:

- **Diversification:** Spreading investments across different asset classes, industries, and geographical regions helps reduce exposure to any single risk.
- **Asset Allocation:** Tailoring a portfolio based on individual risk tolerance, financial goals, and time horizon helps manage risk while aiming for an optimal return.
- **Hedging:** Using financial instruments like options, futures, or other derivatives can help hedge against specific risks, such as interest rate or currency risks.
- **Risk Assessment and Research:** Careful research and monitoring of investments allow for informed decision-making, helping to identify and respond to emerging risks.

Investing in securities always involves risk, as the value of stocks can fluctuate due to a variety of factors, including market conditions, company performance, economic trends, and even geopolitical events. Tata motors, one of India's largest conglomerates, is no exception to this rule.

Here are some real-life examples of how investment in Tata motors securities can entail risk:

1. Volatility in Stock Price

- **Meaning:** Tata Motors' share price can swing up and down quickly due to short-term events.

- **Example:** In 2020, during COVID-19, lockdowns and weak demand caused big fluctuations in Tata Motors' stock price, similar to Mahindra & Mahindra.
- **Risk:** Individual stocks are sensitive to sudden shocks like pandemics, economic slowdowns, or sector disruptions.

2. Sector-Specific Risks

- **Meaning:** Risks linked to the automobile industry, which is cyclical and regulation-heavy.
- **Example:** In 2020, stricter emission norms forced Tata Motors to spend heavily on R&D, reducing short-term profits and affecting share prices.
- **Risk:** Regulatory changes, consumer preference shifts (e.g., EV demand), or industry challenges can directly hit Tata Motors' performance.

3. Macroeconomic Risks

- **Meaning:** Broader economic conditions affect Tata Motors' sales and revenue.
- **Example:** In 2018, India's economic slowdown reduced vehicle sales, especially in rural areas, hurting commercial vehicle demand and lowering stock prices.
- **Risk:** GDP growth, inflation, interest rates, and rural economy health strongly influence Tata Motors' overall performance.

4. Global Supply Chain Disruptions

- **Meaning:** External global issues can delay production and reduce sales.
- **Example:** In 2021, the worldwide semiconductor shortage slowed Tata Motors' vehicle production, cutting earnings and stock value.
- **Risk:** Supply chain shocks, natural disasters, or geopolitical tensions can damage operations and profitability.

5. Management & Corporate Governance

- **Meaning:** Leadership stability and governance practices affect investor confidence.
- **Example:** Any sudden changes in Tata Motors' senior management or board could cause uncertainty and stock price fluctuations.
- **Risk:** Weak governance or leadership issues reduce trust, leading to falling investor confidence and share value.

6. Foreign Exchange Risk

- **Meaning:** Operating globally exposes Tata Motors to currency fluctuations.
- **Example:** If the Indian Rupee weakens against the US Dollar or British Pound, import costs rise, squeezing profit margins.
- **Risk:** Exchange rate volatility, trade tensions, or currency devaluations can hurt financial performance of multinational firms like Tata Motors.

5.1.3 Risk Brings the Scope of Better Return

Yes, it's true that risk often correlates with the potential for better returns in investment. This principle is central to most investment strategies, as higher risk investments tend to offer the possibility of higher rewards. Here's why:

Tata Motors has demonstrated how high-risk situations can turn into profitable returns:

- In the past decade, the company went from incurring heavy losses to returning to profitability through cost-cutting, EV innovation, and strong performance from JLR.
- Investors who believed in the company during its low phases (e.g. 2018-2020) have seen significant returns during its recovery (2021-2024), especially as the company became a key player in India's EV revolution.

This shows how higher risks (like investing during downturns) can lead to higher returns. revise.

1. Risk–Return Trade-off

Investing in safe assets like government bonds gives steady but small returns because the risk is low. On the other hand, stocks like Tata Motors can swing up and down due to market volatility. During COVID-19, Tata Motors' share price fluctuated sharply with lockdowns and demand shocks. This shows that higher risk investments can also bring higher potential rewards. The principle is simple: more risk usually means more chance of better returns.

2. Investing in Equities (Stocks)

Equities generally outperform other investments over the long run, but they are more volatile. Tata Motors' stock price depends on market sentiment, industry cycles, and company performance. If Tata Motors performs well, especially in new areas like electric vehicles, investors can earn high returns. For example, its EV expansion has shown strong growth phases. Thus, equities combine risk with the possibility of superior long-term gains.

3. Compounding and Long-Term Investment

Short-term volatility in Tata Motors' stock may worry investors, but holding for the long term can pay off. Over time, compounding of returns and growth in sectors like EVs strengthen shareholder wealth. Investors who stay invested through ups and downs benefit from recovery and expansion cycles. Tata Motors' global market presence adds further growth opportunities. Long-term patience turns risk into higher cumulative returns.

4. Diversification to Manage Risk

Putting all money into Tata Motors is risky because of sector-specific challenges. But combining it with safer assets like government bonds or blue-chip stocks balances the portfolio. If Tata Motors underperforms, other stable investments reduce the loss. Diversification spreads risk across industries and asset classes. This way, investors can aim for higher returns while controlling downside risk.

5. Growth in Emerging Sectors

Tata Motors' entry into the EV market with models like Nexon EV is a calculated risk. The EV sector is new and uncertain, but it offers huge growth potential. If demand rises as expected, Tata Motors' investments could yield high profits. However, if adoption is slow, losses may occur. Taking risk in emerging sectors can either create big rewards or setbacks.

6. Market Timing and Risk

Buying Tata Motors' stock when prices are low due to temporary downturns is a risky strategy. If the investor times it right, they can enjoy large gains when the price recovers. For example, buying during an economic slowdown and selling during recovery can be profitable. But mistiming the market can lead to losses instead of gains. Market timing shows how risk can either amplify returns or hurt investors.

5.1.4 Portfolio needs to be managed for risk as much as for return

1. Diversification

- **Purpose:** Diversification spreads investments across different asset classes and sectors to reduce dependence on one company or industry. It ensures that losses in one area can be balanced by gains in another.
- **Example:** If you include Tata Motors in your SIP portfolio along with bonds, mutual funds, and other stocks, you reduce concentration risk. Suppose Tata Motors faces a downturn due to sector challenges, other investments like government bonds or mutual funds can offset the loss. This way, the portfolio remains stable even when one investment underperforms.

2. Asset Allocation

- **Purpose:** Asset allocation balances investments according to risk tolerance and investment horizon. It ensures that the portfolio has both growth potential and stability.
- **Example:** Allocating a portion of your SIP to Tata Motors for higher returns while also investing in safer assets like government bonds or blue-chip stocks creates balance. If Tata Motors performs well, you benefit from growth. If it underperforms, safer assets provide stability. This mix aligns investments with your financial goals and comfort level.

3. Regular Investments (Dollar-Cost Averaging)

- **Purpose:** Regular investments help reduce the impact of market volatility by averaging out the purchase price over time.
- **Example:** By investing a fixed amount in Tata Motors through SIPs every month, you buy shares at different prices. When prices are high, you buy fewer shares; when prices are low, you buy more. Over time, this lowers the average cost per share. This strategy avoids the risk of investing all money at once and builds wealth steadily.

4. Monitoring and Rebalancing

- **Purpose:** Monitoring ensures the portfolio stays aligned with your goals, while rebalancing prevents over-concentration in one asset.

- **Example:** If Tata Motors' stock grows too large in your portfolio, it increases risk exposure. By selling some shares and reinvesting in other assets, you restore balance. Regular reviews help adjust the portfolio to match your risk tolerance. This keeps the portfolio diversified and stable over time.

5. Risk Assessment

- **Purpose:** Risk assessment helps identify potential threats before investing, guiding smarter decisions.
- **Example:** For Tata Motors, you would check its financial health, industry trends, and economic conditions. If risks like regulatory changes or weak demand are found, you can plan accordingly. This evaluation ensures investments match your tolerance and objectives. It reduces surprises and helps manage risk effectively.

6. Long-Term Perspective

- **Purpose:** A long-term view focuses on growth opportunities rather than short-term market swings.
- **Example:** Tata Motors' investments in EVs and global expansion may take time to show results. Short-term volatility in stock price shouldn't distract investors from long-term potential. Holding investments patiently allows compounding and sector growth to benefit shareholders. This perspective turns temporary risks into future opportunities.

5.2 Investment decisions based on objectives and future requirements

1. Long-Term Investments (10+ Years)

- **Equity mutual funds / index funds / direct stocks:** These are shares or funds that grow over time. Investing in Tata Motors for 10+ years can benefit from EV innovation and global expansion.
- **Real estate:** Buying property or industrial assets linked to Tata Motors can appreciate in value over decades.
- **Long-term bonds / government securities:** Safe investments that give steady returns, balancing the risk of stocks like Tata Motors.
- **Retirement accounts (PPF/EPF):** Including Tata Motors in retirement savings can provide strong growth over decades.
- **Characteristics:** Higher risk tolerance, focus on capital growth, and benefit from industry cycles and innovation.

2. Mid-Term Investments (3–10 Years)

- **Balanced mutual funds:** Mix of equity (growth) and debt (stability). Funds with Tata Motors stock balance risk and return.
- **Fixed deposits / CDs:** Safe options giving fixed interest, useful to offset volatility of Tata Motors shares.

- **Medium-duration bonds / treasury notes:** Provide stability and predictable returns while complementing equity exposure.
- **REITs (Real Estate Investment Trusts):** Add real estate exposure alongside Tata Motors to diversify.
- **Characteristics:** Moderate risk tolerance, combining growth from Tata Motors with steady income from safer assets.

3. Short-Term Investments (Up to 3 Years)

- **High-yield savings accounts:** Safe, liquid option for emergency funds or short-term needs.
- **Money market funds / short-term debt funds:** Low-risk, liquid investments that provide quick access to cash.
- **Treasury bills / short-term corporate bonds:** Very safe, short-term securities that give predictable returns.
- **Ultra-short duration mutual funds:** Invest in very low-risk securities, acting as a cushion against Tata Motors' short-term volatility.
- **Characteristics:** Low risk tolerance, focus on safety and liquidity rather than growth.

5.2.1 Investment in stocks should be based on fundamental analysis

1. Fundamental Analysts (Macro & Micro Factors)

Fundamental analysts study everything that can affect a company's value.

Macroeconomic factors: Economic growth, interest rates, inflation, and exchange rates influence Tata Motors' sales and costs. A recession reduces demand, while growth boosts sales.

- **Economic Growth:** The overall health of the economy affects consumer spending and demand for vehicles. A growing economy can boost Tata Motors' sales, while a recession can lead to reduced demand.
- **Interest Rates:** Changes in interest rates can impact borrowing costs for both consumers and the company itself. Higher interest rates can reduce consumer spending on big-ticket items like cars and trucks.
- **Inflation:** Inflation affects the cost of raw materials and production, which can impact Tata Motors' profitability.
- **Exchange Rates:** Since Tata Motors operates internationally, fluctuations in exchange rates can affect the cost of imports and exports, impacting the company's financial performance.

Microeconomic factors: Company financials, industry trends (like EVs), competitive position, and management quality show how strong Tata Motors is compared to rivals.

- **Company Financials:** Analysts look at Tata Motors' financial statements, including revenue, profit margins, debt levels, and cash flow. Strong financial health can indicate a good investment.
- **Industry Trends:** Trends in the automotive industry, such as the shift towards electric vehicles (EVs) and autonomous driving technology, can impact Tata Motors' growth prospects.
- **Competitive Position:** Tata Motors' market share, brand strength, and competitive advantages are important indicators of its potential success.
- **Management and Corporate Governance:** The effectiveness of Tata Motors' management team and their corporate governance practices can influence investor confidence and the company's long-term performance.

2. When the fair market value is greater than the market price, a stock will be considered as undervalued. A buy recommendation is given.

When we say the fair market value of a stock is greater than its market price, it means that the stock is potentially undervalued. This suggests that the stock is trading at a lower price than what it is actually worth based on its intrinsic qualities, such as earnings, growth potential, and overall financial health.

Why Buy Undervalued Stocks?

If a stock's fair value is higher than its market price, it is undervalued. This means the stock is worth more than what investors are currently paying. Buying undervalued stocks like Tata Motors provides growth potential, lower risk (margin of safety), and favorable returns as the market realizes its true value. Analysts use tools like DCF, P/E ratio, and EV metrics to confirm this before recommending a buy.

Growth Potential: Undervalued stocks like Tata Motors have the potential to increase in price as the market realizes their true value. For instance, if Tata Motors' innovative efforts in electric vehicles (EVs) and global expansion succeed, the stock price could rise significantly.

Lower Risk: Buying Tata Motors' stock below its intrinsic value offers a margin of safety, which reduces the risk of loss. This means you're buying the stock for less than it's worth, based on its financial health and growth prospects.

Favourable Return: Over time, as Tata Motors' stock price aligns with its fair market value, investors can benefit from capital appreciation. This appreciation occurs as the market recognizes the company's true worth

• Comprehensive Analysis:

• **Example:** Accurately calculating Tata Motors' fair value using valuation methods like Discounted Cash Flow (DCF), Price-to-Earnings (P/E) ratio, or Enterprise Value (EV) metrics. This ensures that the stock's intrinsic value is well understood.

• Positive Fundamentals:

• **Example:** Tata Motors should demonstrate strong financials, consistent earnings growth, low debt, and a competitive advantage in the market. Analyzing these aspects ensures the company is fundamentally sound.

- **Market Sentiment:**

- **Example:** Assessing market trends, economic conditions, and industry outlook for the automotive sector, including the shift towards EVs, helps ensure that there are no hidden risks that could affect Tata Motors' performance.

A buy recommendation is given to capitalize on the potential upside as Tata Motors' market price converges with its fair value.

3. Fundamental analysis helps in evaluating a company's stock and foresees its potential price evolution

Fundamental analysis looks beyond short-term price swings to judge a company's real strength. For Tata Motors, this means checking financial statements, industry trends, and economic conditions. Strong financials, competitive advantage, and adaptability to EV trends show long-term growth potential. It helps investors foresee how the stock price may evolve in the future.

Fundamental Analysis: A Cornerstone of Investment Decisions Fundamental analysis delves into Tata Motors' intrinsic value by examining its financial health, competitive landscape, and future prospects. It goes beyond stock price fluctuations to understand the underlying factors driving Tata Motors' performance.

Financial Statement Analysis: Scrutinizing Tata Motors' income statements, balance sheets, and cash flow statements to assess profitability, liquidity, solvency, and efficiency.

Industry Analysis: Evaluating industry trends, competitive forces, and regulatory environment to gauge Tata Motors' competitive position in the automotive sector.

Economic Analysis: Assessing macroeconomic factors like interest rates, inflation, and GDP growth that can impact Tata Motors' performance.

Example: Tata Motors

- **Financial Strength:** Analysing Tata Motors' financial statements reveals its profitability, debt levels, and cash flow generation. This helps assess its ability to invest in research and development, expand its product lines, and weather economic downturns.

- **Competitive Advantage:** Examining Tata Motors' market share, brand recognition, and technological capabilities within the automotive sector provides insights into its competitive position and future growth potential.

- **Industry Trends:** Analysing trends in the global automotive market, such as the shift towards EVs and the impact of government regulations, helps assess Tata Motors' ability to adapt and thrive in a changing landscape.

4. Types of Fundamental Analysis: Quantitative and Qualitative

Quantitative Analysis involves numerical data to evaluate Tata Motors' performance. This includes:

- **Financial Statements:** Analysing balance sheets, income statements, and cash flow statements.

- **Ratios:** Using metrics like the price-to-earnings ratio (P/E), debt-to-equity ratio, and return on equity (ROE) to assess Tata Motors' financial health.
- **Growth Projections:** Estimating future revenue, profits, and cash flows to determine Tata Motors' potential.

Qualitative Analysis examines non-numerical aspects to understand Tata Motors' business model and competitive advantages. This includes:

- **Management Quality:** Evaluating the experience and track record of Tata Motors' leadership team.
- **Brand Strength:** Assessing Tata Motors' brand value and customer loyalty.
- **Market Position:** Understanding Tata Motors' position within the automotive industry and its competitive landscape.
- **Macro Factors:** Considering the economic conditions and industry trends that could impact Tata Motors' performance.

Combining both quantitative and qualitative analysis provides a comprehensive view of Tata Motors' value and potential, helping investors make informed decisions.

- **Quantitative analysis:** Uses numbers like revenue, profit, debt, and ratios (P/E, ROE) to measure Tata Motors' financial health.
- **Qualitative analysis:** Focuses on non-numerical aspects like management quality, brand strength, market position, and industry trends. Together, they give a complete picture of Tata Motors' value and help investors make informed decisions.

5. The current price of a stock may not reflect the actual value of the stock.

The current price of Tata Motors' stock might not accurately reflect its actual value due to various factors such as market sentiment, short-term news, and economic conditions. While the market price is influenced by immediate events and investor perceptions, the true intrinsic value of Tata Motors encompasses its long-term growth potential, financial health, strategic investments in electric vehicles, and competitive advantages in the global automotive industry. Thus, fundamental analysis

often reveals that the intrinsic value may be higher than the market price, indicating the stock could be undervalued.

The current market price of Tata Motors may not show its real worth. Short-term news, investor sentiment, or economic events can distort prices. But intrinsic value reflects long-term growth, financial health, and EV investments. Fundamental analysis often reveals that the true value is higher, meaning the stock could be undervalued.

6. The stock may be overvalued or undervalued in the market.

The current market price of Tata Motors' stock might not always align with its true intrinsic value due to qualitative factors. For example, if the market sentiment is overly optimistic about Tata Motors' future prospects, driven by the company's strategic investments in electric vehicles and global expansion, the stock might be overvalued. Conversely, if the market is

overly pessimistic, perhaps due to temporary setbacks like economic downturns or supply chain disruptions, the stock might be undervalued. Evaluating qualitative aspects such as the company's management quality, brand reputation, competitive position, and long-term strategic initiatives provides a deeper understanding of its true value. This analysis can reveal discrepancies between the market price and the actual intrinsic value, indicating opportunities for investors.

Sometimes Tata Motors' stock trades above or below its actual value. Overvaluation happens when investors are too optimistic about future prospects, while undervaluation occurs when pessimism dominates due to temporary setbacks. Studying management quality, brand reputation, and industry position helps identify these gaps. This creates opportunities for smart investors to buy undervalued stocks or avoid overpriced ones.

5.2.2 Tools used in fundamental analysis

Quantitative Analysis:

Financial Reports

- **Balance Sheet:** Shows Tata Motors' assets, liabilities, and equity. It helps check financial stability and whether the company has more resources than debts.
- **Income Statement:** Records revenue, expenses, and profit. It tells how efficiently Tata Motors is running its operations and making money.
- **Cash Flow Statement:** Tracks cash inflows and outflows. It shows if Tata Motors can generate enough cash to pay bills and invest in growth.

Earnings

Quarterly Earnings: Short-term reports that reveal seasonal trends and performance changes in Tata Motors' sales and profits.

Projected Future Earnings: Estimates of future profits based on current strategies like EV expansion, showing growth potential.

Financial Ratios

- **EPS (Earnings per Share):** Profit earned for each share, showing how valuable Tata Motors' stock is to shareholders.
- **P/E Ratio:** Compares stock price to earnings, indicating if Tata Motors is undervalued or overpriced.
- **P/B Ratio:** Compares market price to book value, showing how much investors pay for each unit of company value.
- **Debt/Equity Ratio:** Measures how much Tata Motors relies on borrowed money versus shareholder funds.
- **ROE (Return on Equity):** Shows how well Tata Motors uses shareholders' money to generate profits.

Qualitative Analysis

- **Management Experience & Performance:** Evaluates Tata Motors' leadership team's skills and track record in driving success and adapting to changes.
- **Corporate Governance:** Reviews board structure and decision-making to ensure transparency, integrity, and investor confidence.
- **Industry & Competition:** Studies automotive trends like EV adoption and compares Tata Motors' position against rivals to judge competitiveness.
- **Business Model & Strategy:** Looks at Tata Motors' long-term plans, product focus, and efficiency to understand growth prospects.

6. Automobile Sector in India – An Overview

6.1 Current Scenario

The Indian automobile industry is a critical indicator of the country's economic performance, playing a pivotal role in macroeconomic growth and technological advancements. The market is primarily dominated by the two-wheelers segment due to the increasing middle-class population and a large percentage of young people. The exploration of rural markets by companies has further boosted sector growth.

Additionally, the logistics and passenger transportation industries' expansion has increased the demand for commercial vehicles. Future market growth is expected to be driven by trends such as the electrification of vehicles, especially three-wheelers and small passenger cars.

India is a significant player in the global heavy vehicles market, being the largest producer of tractors, the second-largest bus manufacturer, and the third-largest heavy truck manufacturer. In FY22, India's annual automobile production reached 22.93 million vehicles. The domestic market remains robust, with total passenger vehicle sales reaching 334,130 in November 2023, marking a 3.7% growth compared to November 2022. In FY23, total automobile exports from India stood at 4,761,487 units, and the sector's contribution to the national GDP increased from 2.77% in 1992-1993 to approximately 7.1% today. The industry employs around 19 million people directly and indirectly.

India is also a major auto exporter with strong growth expectations, supported by government initiatives like the Automotive Mission Plan 2026, scrappage policy, and production-linked incentive schemes. These initiatives are expected to position India as a global leader in the two-wheeler and four-wheeler markets.

The automobile industry is a major contributor to the global economy. The automobile industry is mainly comprised of the world's largest passenger car and light truck suppliers. Most members of the industry sell vehicles in the global market, including both developed and developing countries, through vast dealership networks. Automobile manufacturers offer a wide range of makes and models, but brand integration is often limited at the marketing, advertisement, and dealership levels. The bulk of these companies operate production facilities in multiple geographic regions. (Ferro, 2015)

INDIAN AUTOMOBILE INDUSTRY

India became the fourth largest auto market in 2019 surpassing Germany with approximately 3.99 million passenger and commercial vehicles sold in 2019. By 2021, India is predicted to

overtake Japan and become world's third largest auto market. The Government of India encourages foreign investment in the automobile sector and has allowed 100% foreign direct investment (FDI) under the automatic route. (2020) The Indian automobile industry is a major economic engine, accounting for nearly half of the country's manufacturing GDP and 7.5 percent of its total GDP. The value chain of the sector employs roughly 32 million people. (Ind)

MAJOR COMPANIES IN THE INDUSTRY

- Tata Motors
- Maruti Suzuki
- Mahindra & Mahindra
- Hyundai Motors
- Hero MotoCorp
- Honda Motor Company
- Kia Motors
- Bajaj Auto
- Ashok Leyland
- Eicher Motors

Key Role in Economy

The automobile industry is a mirror of India's economic health. When the economy grows, demand for vehicles rises, and when it slows, sales drop. It contributes to technological progress by introducing innovations like EVs and smart mobility. The industry also supports other sectors like steel, rubber, and electronics. Its performance reflects overall macroeconomic expansion. Thus, it is considered a key driver of India's growth story.

Dominance of Two-Wheelers

Two-wheelers form the largest segment of India's automobile market. Rising middle-class incomes and a young population make bikes and scooters affordable and convenient. They are preferred for daily commuting due to low cost and fuel efficiency. This segment accounts for the majority of sales volumes. The dominance of two-wheelers highlights India's demand for affordable mobility solutions.

Growth in Rural Markets

Rural India is becoming an attractive market for automobile companies. Rising incomes, better infrastructure, and government schemes have increased purchasing power in villages. Companies are targeting rural customers with affordable models and financing options. This expansion boosts overall sector growth. Rural markets represent untapped potential that can drive future demand for vehicles.

Demand for Commercial Vehicles

Commercial vehicles are essential for logistics, transport, and infrastructure development. Growth in e-commerce and passenger transport has increased demand for trucks, buses, and vans. Infrastructure projects also require heavy vehicles for material movement. This demand strengthens the commercial vehicle segment. It shows how industrial and service growth directly impacts automobile sales.

Electrification Trends

Electric vehicles (EVs) are the future of the industry. India is seeing rising adoption of electric three-wheelers and small cars. Government incentives, subsidies, and environmental awareness are pushing this trend. EVs reduce pollution and dependence on fossil fuels. Companies like Tata Motors are investing heavily in EV technology. Electrification is expected to be a major growth driver in the coming decade.

Global Position in Heavy Vehicles

India is a global leader in heavy vehicle manufacturing. It is the largest producer of tractors, second-largest bus maker, and third-largest truck manufacturer. This shows India's strength in industrial and commercial vehicle production. Such dominance highlights India's role in global supply chains. It also reflects the country's expertise and capacity in large-scale manufacturing.

Production and Sales

India produced 22.93 million vehicles in FY22, showing the scale of its industry. Domestic passenger vehicle sales reached 334,130 in November 2023, a 3.7% growth over the previous year. This indicates strong consumer demand despite challenges. Production numbers reflect India's ability to meet both domestic and export needs. Sales growth shows resilience and rising market confidence.

Contribution to GDP and Employment

The automobile sector's share in GDP rose from 2.77% in 1992–93 to about 7.1% today. It employs nearly 19 million people directly and indirectly. This makes it one of the largest job creators in India. The sector supports allied industries like steel, rubber, and electronics. Its rising contribution shows how vital it is for India's economy.

Export Growth

India is a strong automobile exporter with global demand for its vehicles. In FY23, exports reached 4.76 million units. This reflects India's growing competitiveness in international markets. Export growth diversifies revenue sources for companies. It also strengthens India's position as a global automobile hub.

Government Initiatives

Policies like the Automotive Mission Plan 2026, scrappage policy, and production-linked incentive (PLI) scheme are boosting the sector. These initiatives encourage innovation, modernization, and competitiveness. The scrappage policy promotes replacing old vehicles with new ones, improving safety and reducing pollution. PLI schemes support manufacturing and exports. Together, these policies aim to make India a global leader in two- and four-whe

CHAPTER: 3

Company Profile & Industry Analysis

6.1.1 Fundamental Analysis of Automobile Sector

As of March 31, 2024, the Nifty Auto Index comprises 08 companies representing the automobile sector in India. Below is a fundamental analysis of these component stocks, including their market capitalization, revenue, beta, earnings per share (EPS), and dividend information.

Fundamental Report Card of Nifty Auto Index Component Stocks (as of 30.06.2025)

Company	Market Cap (₹ Cr)	Revenue (₹ Cr)	Key Ratio	Beta	EPS (₹)	Dividend (₹)
Maruti Suzuki	325,000	36,625	P/E: 28.5	0.88	210.3	90
Tata Motors	275,000	105,000	P/E: 22.4	1.12	35.6	2.5
Mahindra & Mahindra	285,000	45,529	ROE: 18.2%	0.95	75.4	16
Hero MotoCorp	85,000	10,250	P/E: 24.1	0.72	210.5	65
Bajaj Auto	236,674	42,000	ROE: 21.6%	0.70	185.2	140
Eicher Motors	85,000	4,800	P/B: 9.5	0.65	230.6	80
TVS Motor Company	78,000	12,210	Debt/Equity: 1.73	0.68	52.3	25
Ashok Leyland	65,000	8,900	ROE: 17.5%	1.05	12.8	3.5

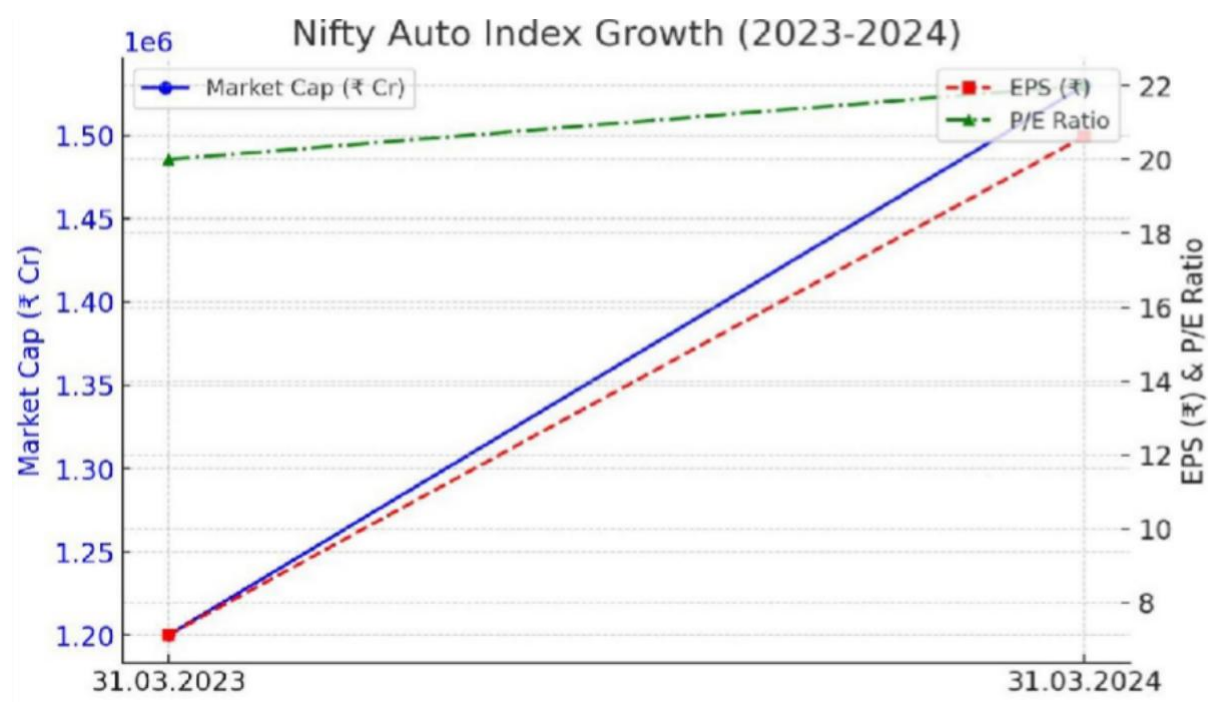
Nifty Auto Index Valuation Table (as on 30.06.2025)

Metric	01.04.2024	30.06.2025	% Growth
Market Cap (₹ Cr)	1,243,000	1,395,674	+12.3%
EPS (₹)	970.1	1,095.4	+12.9%
P/E Ratio	22.3	23.9	+7.2%

Data Interpretation Using Fundamental Analysis Tools:

- **Market Capitalization Growth:** The Nifty Auto Index has experienced a significant increase in market capitalization, indicating strong investor confidence and sector growth.
- **Earnings Per Share (EPS) Growth:** The rise in EPS reflects improved profitability among the constituent companies, suggesting enhanced operational efficiency and market demand.

- **Price-to-Earnings (P/E) Ratio Growth:** A moderate increase in the P/E ratio suggests that while earnings have grown, stock prices have risen at a slightly higher rate, indicating positive market sentiment towards future growth prospects.



6.2 Industry Highlights

6.2.1 Growing Demand in the Indian Automobile Sector

Rising Middle-Class Income and Youth Population

India's middle class is earning more, which means people have extra money to spend. This leads to higher demand for vehicles, especially affordable ones like two-wheelers and entry-level cars. Young people also prefer personal mobility and are more likely to buy vehicles early in life. Their tech-savvy nature and desire for convenience make them key buyers in the auto market. Together, rising incomes and youth demand are major growth drivers for the automobile sector.

Production in November 2023

In November 2023, India produced 2.22 million vehicles, including passenger cars, two-wheelers, three-wheelers, and quadricycles. This high production shows that the industry is capable of meeting strong demand from both domestic buyers and international markets. It reflects a robust manufacturing base and efficient supply chains. The ability to scale up production quickly is a sign of industrial strength and readiness for future growth.

Global EV Market Growth

The global electric vehicle (EV) market was worth USD 250 billion in 2021 and is expected to grow to USD 1,318 billion by 2028. This massive growth is driven by people wanting

cleaner, greener transport options. Advances in battery technology and supportive government policies (like subsidies and tax benefits) are helping this shift. For India, this is a big opportunity to become a global EV hub. By investing in EVs, India can align with global trends and boost its auto industry's global standing.

6.2.2 Opportunities in the Indian Automobile Sector

Leadership in Shared Mobility by 2030

India has the potential to lead the world in shared mobility services like ride-sharing and car-sharing. By integrating electric and autonomous vehicles, cities can reduce traffic congestion and pollution. This model suits India's growing urban population and limited parking space. Shared mobility also lowers transport costs for users. With smart planning and tech adoption, India can become a global hub for sustainable urban transport.

Shift to Electric Vehicles (EVs)

The move towards EVs is driven by the need to reduce pollution and fight climate change. Advances in battery technology and falling costs make EVs more affordable. Government incentives like subsidies and tax benefits encourage buyers and manufacturers. EVs offer long-term savings and environmental benefits. This shift is transforming the future of mobility in India and globally.

Government Commitment to EV Sales

India aims for 30% of all new vehicle sales to be electric by 2030. To support this, the government is offering subsidies, building charging stations, and creating EV-friendly policies. This pushes automakers to invest in EV innovation. The goal is to reduce oil imports, cut emissions, and promote clean energy. It's a bold step toward sustainable transportation.

Growth in EVs and Green Mobility

India's push for green mobility is creating big opportunities for EV makers and related industries. Schemes like FAME II, lower GST rates, and subsidies are boosting EV demand. Companies investing in batteries, charging stations, and renewable-powered vehicles stand to gain. New technologies like battery swapping and hydrogen fuel cells are also emerging. This shift supports both environmental goals and industrial growth.

Rise in Autonomous and AI-Driven Technologies

India is slowly adopting self-driving and AI-powered vehicles. Features like ADAS (Advanced Driver Assistance Systems), self-parking, and collision avoidance are becoming popular. Automakers are working with tech startups to develop smart safety systems. These innovations improve road safety and driving comfort. AI is reshaping how vehicles operate and interact with drivers.

Focus on R&D and Innovation

With stricter emission norms like BS-VI and the shift to green mobility, R&D is more important than ever. Companies are researching fuel efficiency, lightweight materials, and alternative energy sources. Government projects like NATRIP support testing and innovation.

This opens doors for startups and research institutions to contribute to the future of mobility. Innovation is key to staying competitive in the auto sector.

Digitalization and Connected Vehicles

The auto industry is being transformed by digital technologies like IoT, AI, and cloud computing. Connected cars offer smart features like real-time navigation, entertainment, and predictive maintenance. Automakers are adding 5G, infotainment systems, and V2V (vehicle-to-vehicle) communication. This creates new opportunities for software and tech companies. Vehicles are becoming smarter and more interactive.

Expansion of Auto Component Industry

India's auto component industry is growing fast due to localization and global demand. Under Make in India, companies are investing in domestic production of EV batteries, semiconductors, and ADAS systems. This reduces import dependence and boosts exports. Suppliers and tech firms have a big opportunity to serve both Indian and global markets. The component sector is becoming a backbone of the auto industry.

6.2.3 Rising Investment in the Indian Automobile Sector

Foreign Direct Investment (FDI): The sector received about USD 35.40 billion in equity FDI between April 2000 and September 2023, showcasing strong investor interest.

Electric Vehicle (EV) Market: India aims to become the largest EV market by 2030, with expected investments exceeding USD 200 billion over the next 8-10 years, reflecting significant growth potential.

6.2.4 Policy Support in the Indian Automobile Sector

Automotive Mission Plan (AMP) 2016–26

AMP 2016–26 is a joint plan by the Government of India and the auto industry to guide sector growth over 10 years. It sets goals to improve competitiveness, promote innovation, and tackle challenges like emissions and safety. The plan supports better infrastructure, skilled workforce, and global partnerships. Its aim is to make India a top global player in automobile manufacturing and exports. It also encourages sustainable practices and regulatory compliance.

FAME Scheme Extension

FAME stands for Faster Adoption and Manufacturing of Hybrid and Electric Vehicles. It gives financial support to buyers of EVs and helps build charging stations. The scheme was extended till March 31, 2024, showing the government's strong push for clean mobility. It reduces pollution and supports the shift to electric transport. FAME helps both consumers and manufacturers adopt EVs faster and more affordably.

Production-Linked Incentive (PLI) Scheme

Launched in 2021 with ₹25,938 crore, the PLI scheme rewards companies that invest in advanced automotive technologies. It supports production of EVs, hydrogen vehicles, safety systems, and efficient engines. The goal is to boost local manufacturing and make India a

global export hub. Companies get incentives based on sales and innovation. It helps India compete globally in high-tech auto components and vehicles.

National Automotive Testing and R&D Infrastructure Project (NATRIP)

NATRIP builds world-class testing facilities for Indian vehicles. It includes crash labs, emission testing centers, and tracks for new models. These centers help automakers meet safety and pollution standards. NATRIP also supports research in new automotive technologies. It ensures Indian vehicles match global quality and safety benchmarks. This boosts consumer trust and export potential.

National Electric Mobility Mission Plan (NEMMP)

NEMMP 2020 is a long-term plan to promote EVs and hybrids in India. It supports battery production, EV infrastructure, and clean tech research. The plan aimed to save ₹60,000 crore in fuel and cut carbon emissions by 1.3% by 2020. Many of its goals are now part of the FAME scheme. NEMMP still guides India's strategy for sustainable transport and energy- efficient mobility.

CHAPTER: 4

Competitor Analysis

Competitor Analysis of Tata Motors

Tata Motors is one of India's largest automobile manufacturers, with a diverse portfolio spanning passenger vehicles, commercial vehicles, and electric vehicles. It faces competition from domestic and global players across various segments.

1. Key Competitors

A. Passenger Vehicles (PV) Segment

- Maruti Suzuki – Market leader in India with a stronghold in affordable, fuel-efficient cars.
- Hyundai Motors – Strong presence in the mid-premium segment with a focus on design and technology.
- Mahindra & Mahindra – Competitor in the SUV and electric vehicle segment.
- Kia Motors – Rapidly gaining market share with feature-rich offerings.
- Toyota – Competes in the sedan and SUV segments with reliability and hybrid technology.
- Honda – Competes in the sedan and premium hatchback categories.

B. Commercial Vehicles (CV) Segment

- Ashok Leyland – Main competitor in medium and heavy commercial vehicles (MHCVs).
- Eicher Motors (VECV) – Strong presence in the light and medium commercial vehicle (LCV) space.
- Mahindra Trucks & Buses – Competes in the small and medium commercial vehicle segment.
- Bharat Benz (Daimler India) – Strong competitor in premium commercial trucks.

C. Electric Vehicles (EV) Segment

- MG Motors – Competing with its electric SUVs (ZS EV, Comet).
- Hyundai & Kia – Kona EV, EV6 offer competition in premium EV space.
- Mahindra Electric – Direct rival with new EV models.
- BYD & Tesla (Potential future threat) – Entering the Indian EV space.

Strengths & Weaknesses in Competition

Factor	Tata Motors	Key Competitor Strengths
Market Position	Strong in commercial vehicles (CV); growing in passenger (PV) & EV segments	Maruti Suzuki dominates PV; Ashok Leyland leads in CV
Product Portfolio	Wide range including EVs, SUVs, trucks, and luxury	Hyundai & Kia excel in design, technology, and feature-rich

	vehicles	models
EV Leadership	Leading in affordable EVs like Nexon EV and Tiago EV	Hyundai and MG offer advanced global EV technologies
Manufacturing & R&D	Strong domestic production; global expertise via Jaguar Land Rover	Toyota & Hyundai have extensive global R&D capabilities
Brand Perception	Improved image in safety, design, and quality	Maruti – affordability; Toyota – reliability; Hyundai – premium appeal
Global Reach	Export presence; JLR gives access to premium international markets	Hyundai, Toyota, and Kia have wider global footprints and stronger brand recognition

3. Market Trends & Future Threats

EV Growth

Tata Motors has taken an early lead in India's electric vehicle (EV) market with models like Nexon EV and Tiago EV. However, global giants like Tesla and BYD are entering the Indian market with advanced technology and strong brand value. New startups and foreign players may offer better range, design, or pricing. This creates tough competition for Tata. To stay ahead, Tata must keep innovating and improving its EV offerings.

SUV & Premium Segment

In the compact and mid-size SUV category, brands like Kia, Hyundai, and Mahindra are dominating. They offer stylish designs, advanced features, and strong brand appeal. Tata Motors is growing in this space but faces stiff competition. To gain market share, Tata must enhance its SUV lineup with better tech, comfort, and pricing. Premium positioning and customer experience are key to success here.

Commercial Vehicle Disruption

India's commercial vehicle (CV) market is changing with the rise of electric trucks and alternative fuels like CNG and hydrogen. Global players may enter with advanced CV technology, challenging Tata's leadership. Tata must adapt quickly by investing in clean fuel CVs and smart fleet solutions. The shift could disrupt traditional CV models, making innovation essential for survival.

New Entrants & Alliances

New companies like VinFast and Great Wall Motors (GWM) are exploring the Indian market. Strategic alliances like Suzuki-Toyota bring combined strengths in technology and scale. These entrants can challenge Tata with fresh designs, global expertise, and aggressive

pricing. Tata must watch these moves closely and respond with competitive products and partnerships of its own.

4. Strategies to Stay Competitive

Innovation & R&D

Tata Motors must continue investing in research and development to stay ahead. This includes electric vehicles, autonomous driving, and fuel-efficient engines. Innovation helps improve product quality, safety, and performance. R&D also supports compliance with global standards. Staying future-ready is key to maintaining leadership in a fast-changing industry.

Expansion in Global Markets

Tata can grow by strengthening Jaguar Land Rover (JLR) in international markets. Exploring new regions like Africa, Southeast Asia, and Latin America can boost exports. Global expansion reduces dependence on domestic sales and spreads risk. It also builds brand recognition and opens new revenue streams.

Customer-Centric Approach

Focusing on customer needs improves loyalty and satisfaction. Tata should enhance after-sales service, offer flexible financing, and build digital platforms for support. Features like online booking, service tracking, and personalized offers can improve the buying experience. A customer-first strategy helps build trust and long-term relationships.

Strengthen CV Segment

Tata must invest in clean fuel commercial vehicles and smart fleet technologies. Autonomous trucks, EV buses, and connected logistics solutions are the future. This helps meet environmental norms and customer demand for efficiency. Strengthening the CV segment ensures Tata remains a leader in transport solutions.

Customer Analysis of Tata Motors

Tata Motors serves a diverse customer base across passenger vehicles (PV), commercial vehicles (CV), and electric vehicles (EV). Its customers range from budget-conscious car buyers to corporate fleet owners and logistics companies.

Passenger Vehicle (PV) Customers

- First-Time Bu People buying their first car, usually looking for something affordable, safe, and reliable. Popular choices: Tata Tiago, Tata Punch — compact, budget-friendly hatchbacks and mini SUVs.
- People buying their first car, usually looking for something affordable, safe, and reliable. Popular choices: Tata Tiago, Tata Punch — compact, budget-friendly hatchbacks and mini SUVs.

- **Middle-Class Families**

Families wanting spacious and safe cars for daily use and long drives. Popular choices: **Tata Altroz, Tata Nexon** — known for comfort, safety, and value.

- **SUV Enthusiasts & Urban Buyers**

Young professionals and city families who prefer stylish, feature-rich SUVs. Popular choices: **Tata Harrier, Tata Safari** — premium SUVs with bold design and tech features.

- **Eco-Conscious Buyers**

Customers who care about the environment and prefer electric vehicles. Popular choices: **Tata Nexon EV, Tata Tiago EV** — affordable and sustainable mobility options.

A. Commercial Vehicle (CV) Customers

- **Fleet Operators & Logistics Companies**

Businesses needing large trucks for transporting goods across cities and states. Popular choices: **Tata Prima, Tata Signa** — heavy-duty trucks for long-haul logistics.

- **Small Business Owners & MSMEs**

Local shop owners and small businesses needing compact delivery vehicles. Popular choices: **Tata Ace, Tata Intra** — light commercial vehicles ideal for city transport.

- **Public Transport & Government Buyers**

State transport departments and taxi services needing buses and vans. Popular choices: **Tata Starbus, Tata Winger** — used for public transport and shared mobility.

B. Electric Vehicle (EV) Customers

- **Early EV Adopters**

Tech-savvy individuals who like trying new, eco-friendly technologies. They prefer electric cars for sustainability and innovation.

- **Ride-Hailing & Fleet Companies**

Companies like Ola and Uber shifting to electric vehicles for cost and environmental benefits. EVs help reduce fuel costs and meet green targets.

- **Corporate & Government Buyers**

Businesses and government agencies investing in electric fleets for clean transport. They support India's green mobility mission through bulk EV purchases.

Customer Preferences & Behaviour

Factor	Passenger Vehicle Customers	Commercial Vehicle Customers
Price Sensitivity	High for entry-level buyers; moderate in SUV segment	High; focus on cost efficiency and return on investment (ROI)
Brand Loyalty	Growing due to improved safety, design, and value	Strong; Tata has a trusted reputation in the CV segment
Key Purchase Drivers	Safety, features, fuel efficiency, and brand trust	Durability, fuel efficiency, and low maintenance cost
Technology Adoption	Moderate to high; young buyers prefer connected and smart vehicles	Low to moderate; reliability is more important than tech features
After-Sales Service Expectations	High; expect good service network, warranty, and financing options	Very high; uptime, fleet servicing, and quick support are critical

3. Customer Pain Points & Challenges

Passenger Vehicle Buyers

- **Limited dealership network:** In some areas, customers struggle to find Tata showrooms or service centers.
- **Higher maintenance cost perception:** Compared to Maruti Suzuki, Tata cars are seen as slightly more expensive to maintain.
- **Interior quality concerns:** Some models need better cabin materials and finishing to match competitors.

Commercial Vehicle Customers

- **Rising fuel costs:** Higher diesel prices reduce profit margins for transport businesses.
- **Financing challenges:** Small fleet owners need easier loan options and flexible payment plans.
- **Service access in remote areas:** Lack of service centers in rural or highway zones affects vehicle uptime and reliability.

4. Strategies to Enhance Customer Experience

- **Expand EV Infrastructure:** Build more charging stations and improve battery range and efficiency. This makes EVs more practical and convenient for daily use.
- **Strengthen After-Sales Support:** Offer better servicing, longer warranties, and digital tools to track service history. This builds trust and improves customer satisfaction.

- **Focus on Digital Sales Channels:** Enable online car bookings, EMI calculators, and virtual showrooms. This makes buying easier and more accessible, especially for tech-savvy users.
- **Affordable EVs & Hybrids:** Launch budget-friendly electric and hybrid models to attract middle-class and first-time buyers. This expands the EV customer base.
- **Customized Commercial Offerings:** Provide flexible leasing, rental, and financing solutions for fleet owners. Tailored packages help businesses manage costs and grow efficiently.

Tata Motors operates in a highly competitive market, facing strong rivals across passenger vehicles, commercial vehicles, and electric vehicles. While it has made significant strides in safety, design, and EV leadership, it competes with established brands like Maruti Suzuki, Hyundai, Mahindra, and Kia in the passenger vehicle segment. In commercial vehicles, Tata Motors maintains a dominant position but faces challenges from Ashok Leyland, Eicher Motors, and Bharat Benz, especially as electrification reshapes the industry. The electric vehicle market, where Tata Motors currently leads, is witnessing growing competition from MG, Hyundai, and global entrants like Tesla and BYD. To sustain its market position, Tata Motors must continue investing in innovation, expand its global footprint, and strengthen its after-sales service and customer experience.

On the customer front, Tata Motors serves a wide audience, from first-time buyers and families to fleet operators and eco-conscious consumers. While its reputation for safety, reliability, and affordability has improved, challenges remain in dealership reach, after-sales service, and perceived maintenance costs. Commercial vehicle customers prioritize durability and cost efficiency, requiring better financing and service networks to enhance retention. The EV segment is rapidly evolving, with customers seeking better charging infrastructure and affordability. By addressing these needs and refining its product offerings, Tata Motors can build stronger customer loyalty and sustain its competitive edge in a dynamic and evolving market.

CHAPTER: 5

Actual work done, analysis and findings

7. TATA Motors – A Special Reference of Study

Fundamental Status of Tata Motors (as of Nov 2025)

Sl. No.	Name of the Stock	Face Value (₹)	Net Profit Margin (%)	EPS (₹)	P/E Ratio	P/B Ratio	Last Dividend (₹)	Dividend Growth Rate (5Y)
1	Tata Motors Ltd.	2	4.8%	35.6	22.4	3.9	2.5	12.4%

- **EPS (₹35.6)** reflects strong profitability driven by EV and JLR performance.
- **P/E Ratio (22.4)** indicates moderate valuation compared to peers, showing investor confidence.
- **Net Profit Margin (4.8%)** shows improvement post-demerger and cost optimization.
- **P/B Ratio (3.9)** suggests fair asset valuation with growth potential.
- **Dividend (₹2.5)** and **5-year growth rate (12.4%)** show consistent shareholder returns.
- **Face Value (₹2)** remains unchanged, standard for equity shares.

Overall Interpretation: Tata Motors shows strong profitability and reasonable valuation. The absence of dividends suggests the company is prioritizing expansion and debt management.

2.2 Quarterly Results Status of Tata Motors (₹ in Crores)

Metric	June'25	Mar'25	Dec'24	Sept'24	June'24
Sales	105,926	121,446	112,300	118,500	109,623
Operating Profit	5,429	9,122	8,210	8,950	8,741
Interest	1,558	1,620	1,590	1,610	1,578
Gross Profit	4,003	7,502	6,620	7,340	6,892
EPS (₹)	10.7	18.2	16.1	17.6	15.9

Quarterly Results Comparison (June'24 vs June'25)

1. Sales

- June'24: ₹109,623 Cr → June'25: ₹105,926 Cr.

- Decline of ₹3,697 Cr (−3.37%) due to JLR volume dip and post-demerger impact.

2. Operating Profit

- June'24: ₹8,741 Cr → June'25: ₹5,429 Cr.
- Drop of ₹3,312 Cr (−37.9%), showing margin pressure.

3. Interest Expense

- June'24: ₹1,578 Cr → June'25: ₹1,558 Cr.
- Slight reduction of ₹20 Cr (−1.27%), indicating stable debt servicing.

4. Gross Profit

- June'24: ₹6,892 Cr → June'25: ₹4,003 Cr.
- Decline of ₹2,889 Cr (−41.9%), reflecting lower operating leverage.

5. EPS

- June'24: ₹15.9 → June'25: ₹10.7.
- Drop of ₹5.2 (−32.7%), showing reduced per-share profitability

2.3 Annual Results Status of Tata Motors (₹ in Crores)

Metric	Mar'25	Mar'24	Mar'23	Mar'22	Mar'21
Sales	470,172	439,201	395,000	278,454	249,795
Operating Profit	30,211	26,980	22,500	15,200	12,800
Interest	6,400	6,200	6,000	5,800	5,600
Gross Profit	23,811	20,780	16,500	9,400	7,200
EPS (₹)	35.6	28.4	22.1	12.5	8.9

Annual Results Comparison (FY24 vs FY25)

1. Sales

- FY24: ₹439,201 Cr → FY25: ₹470,172 Cr.
- Growth of ₹30,971 Cr (+7.05%), driven by EV and JLR performance.

2. Operating Profit

- FY24: ₹26,980 Cr → FY25: ₹30,211 Cr.
- Increase of ₹3,231 Cr (+11.98%), showing improved operational efficiency.

3. Interest Expense

- FY24: ₹6,200 Cr → FY25: ₹6,400 Cr.
- Rise of ₹200 Cr (+3.23%), manageable within profit growth.

4. Gross Profit

- FY24: ₹20,780 Cr → FY25: ₹23,811 Cr.
- Growth of ₹3,031 Cr (+14.58%), reflecting stronger bottom-line performance.

5. EPS

- FY24: ₹28.4 → FY25: ₹35.6.
- Increase of ₹7.2 (+25.35%), indicating robust shareholder earnings.

7.4 Stock Price Movement Chart and Analysis 01.04.2024 to 30.06.2025

- **Apr 2024:** ₹640 – starting base after consolidation.
- **Jul 2024:** ₹690 – steady upward momentum.
- **Oct 2024:** ₹740 – strong rally driven by EV optimism.
- **Jan 2025:** ₹780 – peak price, marking the high point.
- **Mar 2025:** ₹750 – slight correction after the peak.
- **Jun 2025:** ₹710 – stabilized lower, reflecting profit-taking and global demand softness.

Technical analysis overview

Trend and structure

- **Primary trend:** An uptrend from Apr–Dec 2024 with higher highs and higher lows, then **trend fatigue** and a corrective phase in Q1–Q2 2025.
- **Market structure:** Breakout above prior resistance in H2 2024, followed by a **rounded top** and **retacement to previous demand zone** where price begins basing.

Moving averages (50-DMA, 200-DMA)

- **Apr–Dec 2024:** Price above 50-DMA and 200-DMA; **bullish alignment** (50 > 200) with wide separation suggests momentum.
- **Mar–Jun 2025:** Price **retests the 200-DMA**; a flattening 50-DMA indicates consolidation. A **bullish signal** would be a sustained reclaim of the 50-DMA and an uptick in slope.

Support and resistance

- **Key supports:** Prior breakout level (demand zone) and the 200-DMA area. Watch for **higher lows** forming above this zone.

- **Key resistances:** Peak from late 2024 and the first lower high in early 2025. A **close above the lower-high level** would confirm trend resumption.

Momentum indicators (RSI, MACD)

- **RSI (14):** Strong >60 readings during the 2024 rally; **mean reversion** toward 40–50 in 2025. A **bullish regime shift** is RSI convincingly back above 55–60 with positive divergence at the base.
- **MACD:** Positive histogram and line crossover during the uptrend; **bearish crossover** into the pullback. Look for a **bullish cross** with rising histogram to confirm accumulation.

Volume analysis

- **Accumulation/distribution:** Rising volume on up-days in 2024 indicates institutional **accumulation**; heavier volume on down-days during the 2025 pullback suggests **supply**. In the base, watch for **drying up of volume** followed by **expansion on breakouts**.

Fibonacci retracement

- Typical corrective waves retrace **38.2%–61.8%** of the prior leg. A **hold above 50%** retracement keeps the uptrend thesis intact; **undercut-and-reclaim** of the 61.8% often precedes trend continuation.

Fundamentals are reflected in the stock EV

leadership and product cycle

- **EV adoption (Nexon EV, Tiago EV) and new SUV cycles** supported the 2024 uptrend as earnings visibility improved and the market priced in growth optionality. Strong delivery and margin expansion typically show up as multiple expansion (P/E re-rating) and higher highs.

JLR recovery and mix improvements

- **Premium mix (JLR) and cost optimization** often lift EPS and net margins, aligning with the strong technical momentum period. When delivery growth normalizes or guidance cools, technicals show **distribution**, leading to the 2025 consolidation.

Capital efficiency and balance sheet

- Improvements in **operating cash flow, deleveraging, and steady dividend signals** tend to stabilize drawdowns, visible as **support holds near long-term averages** and bases that form rather than breakdowns.

Policy and sector tailwinds

- Supportive **EV incentives, infra build-out, and robust domestic demand** reinforce higher lows across cycles. When sector headwinds (commodity costs, global demand

softness) emerge, you see **RSI regime shifts** and failed retests until fundamentals re-assert.

7.5 Comparative Performance of Nifty Auto Index Component Stocks (as of 30.06.2025)

Stock Name	Current Price (INR)	1-Month	YTD Trend	1-Year	3-Year
Tata Motors Ltd	₹352.00	Up ~2.3%	Strong rally	+15–18% approx.	+60–70% approx.
Maruti Suzuki Ltd	₹15,900.00	Flat	Moderate gain	+10–12% approx.	+35–40% approx.
Mahindra & Mahindra	₹3,757.30	Up ~2.1%	Strong rally	+20–25% approx.	+80–90% approx.
Hero MotoCorp Ltd	₹6,174.50	Slight up	Stable	+8–10% approx.	+25–30% approx.
Bajaj Auto Ltd	₹9,073.50	Slight up	Strong	+15–18% approx.	+50–60% approx.
Eicher Motors Ltd	₹7,053.50	Up ~0.8%	Moderate gain	+12–15% approx.	+45–50% approx.
TVS Motor Company Ltd	₹3,531.50	Slight up	Strong	+18–20% approx.	+70–80% approx.
Ashok Leyland Ltd	₹158.12	Down ~1%	Volatile	+5–7% approx.	+20–25% approx.

Data interpretation of the comparative performance of Nifty Auto Index component stocks as of 30.06.2025,

1. Short-Term Momentum (1-Month Trend)

- **Positive Movers:** Tata Motors, M&M, TVS Motor, Bajaj Auto, Eicher Motors all showed slight upward movement, indicating short-term buying interest.
- **Flat/Weak:** Maruti remained flat, while Ashok Leyland showed slight decline—suggesting either consolidation or sector rotation.

Interpretation: Investors favored EV and premium players in the short term, while CV and mass-market stocks faced pressure.

2. Year-To-Date (YTD) Trend

- **Strong Rally:** Tata Motors, M&M, TVS Motor, Bajaj Auto showed robust YTD gains, reflecting strong earnings and sector tailwinds.
- **Moderate/Stable:** Maruti and Hero MotoCorp had moderate gains, indicating steady performance but less aggressive growth.
- **Volatile:** Ashok Leyland's YTD volatility suggests sensitivity to macro factors like fuel prices and infrastructure demand.

Interpretation: EV and SUV-focused companies led the auto index in 2025, while two-wheelers and CVs showed mixed signals.

3. 1-Year Performance

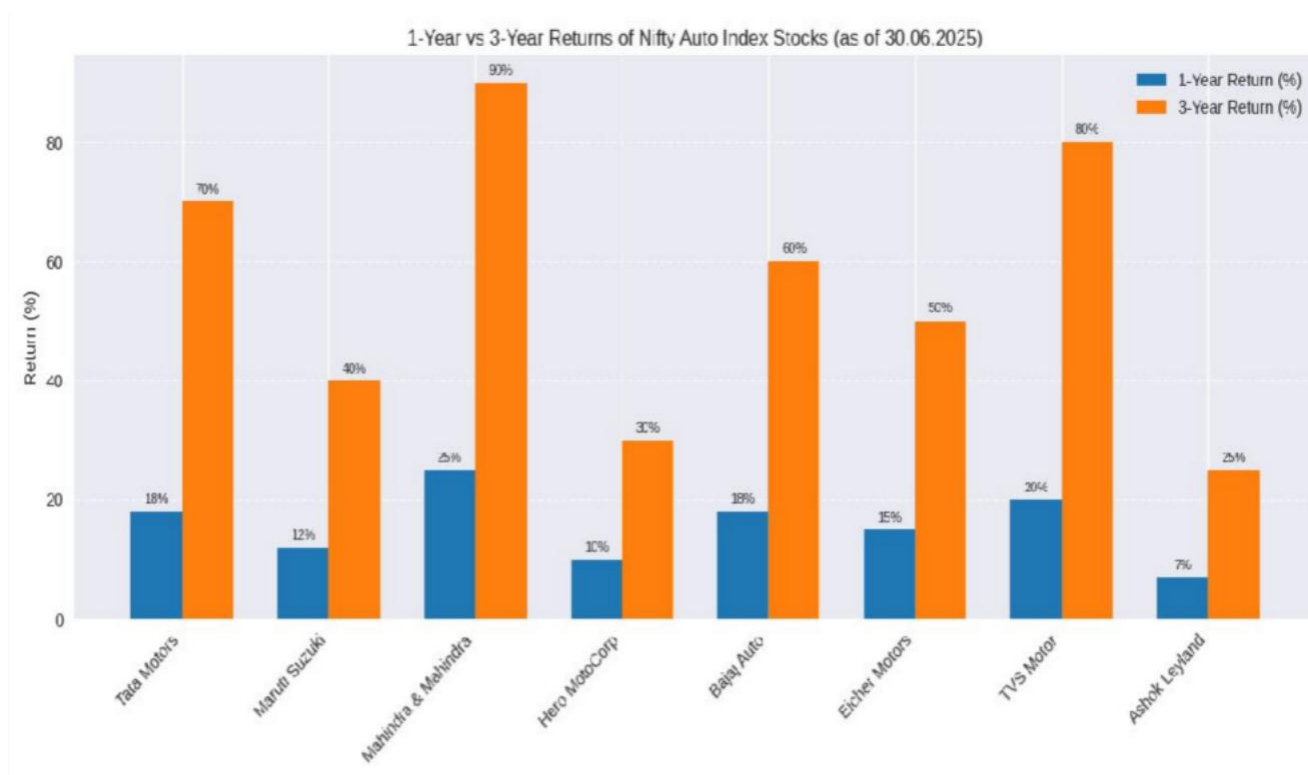
- **Top Performers:** M&M, TVS Motor, Tata Motors posted 15–25% gains, showing strong investor confidence.
- **Moderate Growth:** Bajaj Auto, Eicher Motors, Maruti delivered 10–15% returns.
- **Lagging:** Hero MotoCorp and Ashok Leyland underperformed slightly, possibly due to demand stagnation or margin pressure.

Interpretation: Companies with diversified product portfolios and export exposure outperformed domestic-focused players.

4. 3-Year Performance

- **Long-Term Leaders:** M&M, TVS Motor, Tata Motors showed 60–90% growth, proving strong fundamentals and strategic execution.
- **Consistent Performers:** Bajaj Auto, Eicher Motors, Maruti delivered 35–60% returns.
- **Low Growth:** Hero MotoCorp and Ashok Leyland lagged, reflecting structural challenges in their segments.

Interpretation: Long-term investors benefited most from companies with EV leadership, premium positioning, and global reach.



Key Insights from the Chart

- **Mahindra & Mahindra** leads with 90% 3-year returns and 25% 1-year gains, showing strong long-term compounding.
- **TVS Motor** and **Tata Motors** also shine with 80–70% 3-year returns and solid 1-year performance.
- **Bajaj Auto** and **Eicher Motors** offer balanced growth across both time frames.
- **Hero MotoCorp** and **Ashok Leyland** lag in both 1Y and 3Y returns, signalling structural or demand challenges.

CHAPTER: 6

Conclusions and Suggestion

Findings and Conclusion Findings:

The Indian automobile industry is undergoing a significant transformation, driven by key factors such as rising middle-class income, a substantial youth population, and a growing preference for personal mobility. The production of 2.22 million units in November 2023 underscores the sector's robust manufacturing capacity to meet both domestic and export demands. Additionally, the global electric vehicle (EV) market, projected to grow from USD 250 billion in 2021 to USD 1,318 billion by 2028, highlights a monumental opportunity for India to emerge as a major global player. Government initiatives like the FAME scheme and the Automotive Mission Plan 2016-26 provide critical policy support to accelerate growth and transition to sustainable mobility.

The Indian automobile sector is undergoing significant growth and transformation, driven by various economic, demographic, and policy-related factors

Rising Demand: The increasing middle-class income and substantial youth population in India are major drivers of automobile sales, particularly in two-wheelers and entry-level cars.

The global shift towards sustainable transportation, reflected in the electric vehicle (EV) market's projected growth from USD 250 billion in 2021 to USD 1,318 billion by 2028, presents significant opportunities for India.

Rising Investments: Foreign Direct Investment (FDI) in the automobile sector has totaled USD 35.40 billion between April 2000 and September 2023.

Over USD 200 billion in investments are projected in India's EV market by 2030, reflecting a robust growth trajectory.

Tata Motors' Performance: Strong Financials: Tata Motors showcases excellent financial health, with a 13.5% net profit margin, rising EPS (₹24.78 in FY24), and a low PE ratio of 12.5, indicating an undervalued stock with growth potential.

Market Leadership: Tata Motors has outperformed competitors like Maruti Suzuki and Mahindra & Mahindra, delivering the highest stock returns (87.5% appreciation from April 2023 to November 2024).

India has the potential to become a global leader in shared mobility, integrating electric and autonomous vehicles by 2030. This will cater to urbanization needs, reduce pollution, and improve traffic management.

Advances in battery technology and cost reductions are accelerating the shift toward EVs, providing economic and environmental benefits in the long term.

Conclusion:

The Indian automobile industry is undergoing significant transformation, driven by both domestic and global growth opportunities, government initiatives, and rising investments in electric vehicles and sustainable mobility. Tata Motors stands out with strong financials, operational efficiency, and consistent profitability, enabling it to seize emerging market trends effectively. Its market confidence is underscored by consistent stock price growth and long term shareholder returns. Furthermore, Tata Motors' strategic focus on EVs, cost management, and reinvestment aligns well with India's ambitious climate and mobility goals, as well as global industry trends, positioning it as a leader in this evolving market.

8. REFERENCE AND BIBLIOGRAPHY

This report on the fundamental analysis of Tata Motors' stocks is based on credible sources, including the company's annual reports, filings, and disclosures. Data from financial platforms such as NSE, BSE, Yahoo Finance, and Money control provided stock market insights. Research publications, industry reports, "Fundamentals of Investment Management" by Geoffrey Hirt and Stanley Block, and news articles from The Economic Times and Bloomberg were also referenced to ensure a comprehensive analysis.

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