

A Study on Financial Performance Analysis of Tata Steel Limited


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Abstract

This study focuses on the analysis of the financial performance of Tata Steel Ltd for the period 2016-2017 to 2024-2025 concentrates on the cash flow statement and trend analysis of the company. The Tata Steel Ltd was a branch of company of tata groups its serves worldwide steel to a customer. The company has had significant increases and decrease in its financial performance in the study period. This study aims to give the financial performance analysis for the investor of Tata Steel Ltd.

Keywords: Finance, Tata Steel, Trend, Cash flow, etc.,

Introduction

The Tata Steel Ltd was a worldwide steel production company that serves to their customers. The Tata Steel has many fluctuations in their financial analysis known from the review of literature taken for the study. For the period of 2016 to 2025 Tata Steel Sales are growing from ₹1.02 lakh crore to a highest of ₹2.44 lakh crore. Net Profit shows a high change from a loss of ₹3049 crore in 2016 to a record high of ₹40154 crore in 2022 before equalling at ₹3421 crore by 2025. Cash Flow from Operations hit the highest during the 2022 this allowing the company to significantly reduce its debt. In the recent years show a net decrease in available cash as the company has reinvested nearly ₹15,000 crore yearly into expanding the Indian plants and shifting to green steel in Europe.

Review of Literature

- **Divya Mahadule and Ms. Nirmala Nare has conducted a study on the “A STUDY OF EPS, MPS AND DPS OF TATA STEEL LIMITED FOR THE YEAR 2020 TO 2024” (2025).** In the study the author uses different types of trend analysis for the turnover ratios in which EPS and DPS was decreasing for the period of study and the MPS shows a positive trend at the period of study. This study concludes that the returns was fallen down during the period of study and suggest to the investors to not invest in the company.

- **Ms. S. S. Abika and Dr. M. Lavanya in their study on “A STUDY ON FINANCIAL ANALYSIS OF TATA STEEL” (2024).** In the article conducted by the researchers has given a financial analysis for the company for five years in which they have also analysed the profits for the next ten years also and the future analysis also shows a positive profits for the upcoming years in the company. The concludes that the profits in the trend shows positive for the long term investors.

- **Dr. Binay Kumar Singh and Gaurav Kumar conducted a study on “A QUANTITATIVE ANALYSIS OF TATA STEEL'S CAPITAL STRUCTURE” (2022).** In the article aims to study the capital structure and capital ratios of the tata steel and to provide a better capital structure for the company and to show the structure for the investors in detail. The study found and suggests the company to continue the current capital structure for the company which the capital ratios are increasing significantly at the period of study.

Statement of the problem

All major companies in the steel manufacturing are competing with each other with their cash flow, profits and sales of the company. The investors are feeling difficult to invest in the best returns steel manufacturing company. Among the steel manufacturing companies in India Tata Steel is one of the leading company. This induces the researcher to take up the study on “A study on financial performance analysis of tata Steel Limited” in order to provide suggestions to the investors to take decisions.

Objectives of the study

- To evaluate trend analysis in net profit and sales.
- To evaluate the cash flow of the company.
- To give suggestions to the investors.

Research Methodology

Since the study is based on the secondary data collected from the Tata Steel Ltd official website and money control. So the results may also not accurate.

Data Collection

The financial data was collected from the official website of Tata Consultancy Services Ltd and money control website. The collected data includes profit and loss, balance sheet of the company for the period 2020-2021 to 2024-2025.

Tools used

1. Trend Analysis
2. Cash Flow Statement

Analysis and Interpretation

Trend Analysis on Net profit and Sales:

Table 1

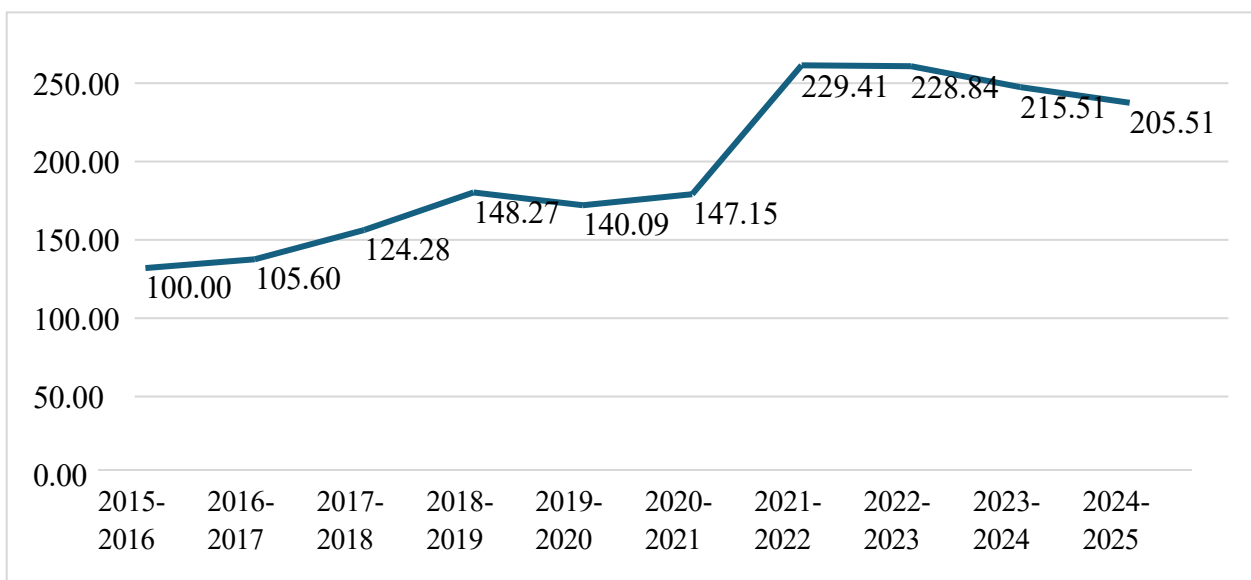
TREND ANALYSIS ON NET SALES

YEAR	NET SALES	TREND PERCENTAGE ON NET SALES (%)
2015-2016	1,06,339.92	100.00
2016-2017	1,12,299.42	105.60
2017-2018	1,32,155.75	124.28
2018-2019	1,57,668.78	148.27
2019-2020	1,48,971.71	140.09
2020-2021	1,56,477.40	147.15
2021-2022	2,43,959.17	229.41
2022-2023	2,43,352.69	228.84
2023-2024	2,29,170.78	215.51
2024-2025	2,18,542.51	205.51
AVERAGE		164.47

Source: Secondary data from money control

Chart 1

TREND ANALYSIS ON NET SALES



Interpretation: In the trend analysis of the net sales of the company shows a significant increase after the pandemic period. This also shows a positive in the sales trend of the company.

Table 2

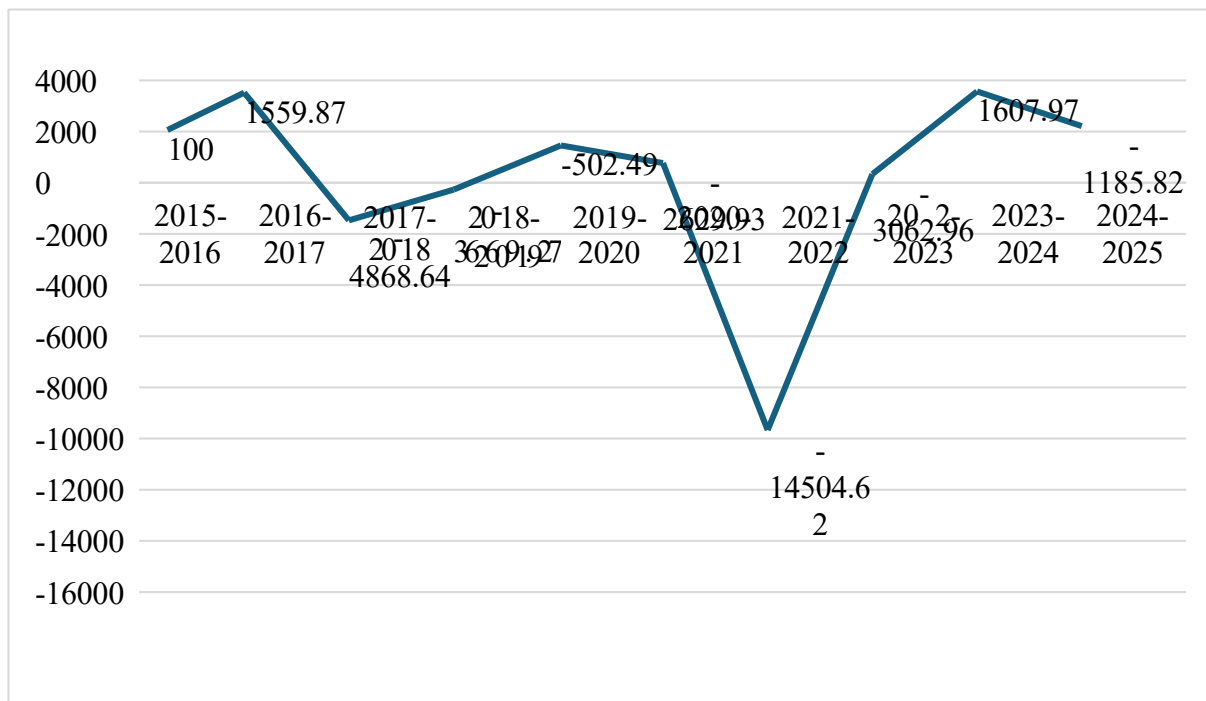
TREND ANALYSIS ON NET PROFIT

YEAR	NET PROFIT	TREND PERCENTAGE ON NET PROFIT (%)
2015-2016	-272.36	100
2016-2017	-4,248.45	1559.87
2017-2018	13,260.23	-4868.64
2018-2019	9,993.63	-3669.27
2019-2020	1,368.57	-502.49
2020-2021	7,162.88	-2629.93
2021-2022	39,504.77	-14504.62
2022-2023	8,342.28	-3062.96
2023-2024	-4,379.46	1607.97
2024-2025	3,229.70	-1185.82
AVERAGE		-2715.59

Source: Secondary data from money control

Chart 2

TREND ANALYSIS ON NET PROFIT



Interpretation: In the trend analysis of the company shows a uneven increase and decrease in the net profit of the company which does not has a significant influence on the profits of the company.

Cash Flow Statement

Table 3

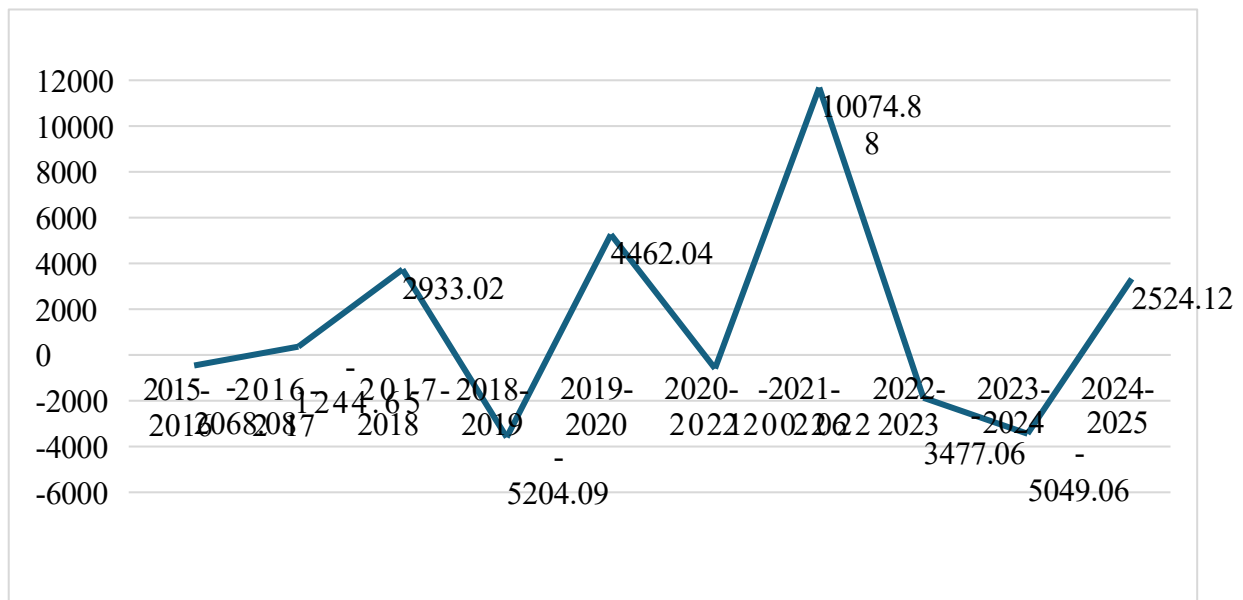
CASH FLOW STATEMENT

YEAR	NET CASH FROM OPERATING ACTIVITIES (₹ IN CR)	NET CASH FROM INVESTMENT ACTIVITIES (₹ IN CR)	NET CASH FROM FINANCING ACTIVITIES (₹ IN CR)	NET CASH FLOW (₹ IN CR)
2015-2016	11455.35	-9253.82	-4729.12	-2068.08
2016-2017	10824.36	-9075.59	-2579.36	-1244.65
2017-2018	8023.39	-12025.63	6639.94	2933.02
2018-2019	25335.95	-29901.82	-672.7	-5204.09
2019-2020	20168.72	-14530.35	-1694.62	4462.04
2020-2021	44326.68	-9322.88	-37089.67	-2200.26
2021-2022	44380.99	-10881.23	-23401.09	10074.88
2022-2023	21683.08	-18679.84	-6980.69	-3477.06
2023-2024	20300.67	-14251.44	-11096.99	-5049.06
2024-2025	23511.81	-14172.73	-7002.44	2524.12

Source: Secondary data from money control.

Chart 3

CASH FLOW STATEMENT



Interpretation: In the cash flow of the company shows a low management of cash in the operating activities of the company. The company should use sufficient of the cash management of the company.

Findings of the study:

- In the trend analysis of the net sales of the company shows a significant increase after the pandemic period. This also shows a positive in the sales trend of the company.
- In the trend analysis of the company shows a uneven increase and decrease in the net profit of the company which does not has a significant influence on the profits of the company.
- In the cash flow of the company shows a low management of cash in the operating activities of the company. The company should use sufficient of the cash management of the company.

Conclusion:

The trend analysis and the cash flow statement of the company of the company shows the uneven and significant increase and decrease in the analysis taken for the period of study. This shows the company does not having a proper management of the funds. The company should focus on the management of the assets and utilization of the cash flow in the company. This study suggested that the investors can invest in the company compared to other steel manufactures the tata steel was having higher margin in the profits earned in the period of study. The investors can consider the tata steel for a temporary investment if the investor is planning for long term this study suggests the investors to not invest in the company.

References:

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