International Journal of Academic Research and Development (IJAR&D)
ISSN : 2395-1737 (Print), Special Issue, April, 2026

A Thorough Analysis of the Combined and Individual Financial Performance of Tata Steel Company

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ABSTRACT

Given that performance appraisal encompasses various dimensions, financial performance evaluation stands out as a vital indicator of an organization's overall effectiveness. A thorough financial analysis offers a comprehensive perspective on the company's fiscal health. This analysis aids stakeholders, including investors, creditors, and management, in evaluating the company's overall performance and financial standing. Furthermore, conducting financial performance analysis within the industry enables management to make informed decisions aimed at enhancing operational productivity. Consistently achieving higher profits will alleviate their financial pressures.

Tata Steel was established in India in 1907, signifying the inception of Asia's first integrated private steel enterprise. It is situated in Jamshedpur, recognized as India's inaugural industrial city. The company's product offerings are divided into four categories: Automotive and Special Products; Industrial Products, Projects and Exports; Branded Products and Retail; and Services and Solutions. The company supplies a diverse range of products, including hot-rolled, cold-rolled, and galvanized items, branded solutions, and more. (https://www.tatasteel.com/)

Our ongoing research initiative aims to highlight the importance of a thorough financial performance assessment of Tata Steel Group and its consequent implications. This study will evaluate the overall financial performance, earning potential or profitability, financial stability and liquidity, as well as operational efficiency and productivity.

Keywords: *Financial Statements, Financial Analysis, Business Performance and Indicators of Tata Steel Group etc.*

Introduction

Financial statements serve as performance indicators for a company and assist in assessing its financial performance. The income statement details the earnings for a specific period, along with the company's expenses and net profit or loss. This information is crucial for evaluating the company's profitability and operational efficiency.[1]

A comprehensive financial analysis offers an all-encompassing perspective on the financial well-being and performance of the company, enabling stakeholders to evaluate its overall competitiveness and make informed strategic decisions at the organizational level. This process entails the examination of consolidated financial statements that reflect all activities and operations of the organization. Organizations that operate through holding companies and subsidiaries can optimize their resource mobilization to the fullest extent. The analysis of financial statements is instrumental in evaluating the financial status and profitability of an entity.[2]

In the process of preparing the financial results for both the Tata Steel group and its Standalone entity, the Standalone financial results have been derived from the standalone annual financial statements, while the Consolidated Financial Results have been formulated based on the consolidated annual financial statements. The responsibility for the preparation and presentation of these Standalone and Consolidated Financial Results, which accurately reflect the net profit and other comprehensive income, lies with the Company's Board of Directors.[3]

Review of Literature

Dewan Md. Zahurul Islam (2020) - A study regarding the financial performance of SMEs indicates that, based on this evidence, we propose that entrepreneurial efficacy can assist entrepreneurs in motivating themselves to work diligently with a concentrated focus on their objectives, thereby sustaining their financial performance even during the ongoing pandemic.[4]

Objectives of Study

The study's main objective is to assess a company's performance by looking at its financial statements. Financial statements provide information on profitability, stability, and liquidity.

1. To analyze the overall financial performance of Tata Steel Group.
2. To assess the earning capacity or profitability of Tata Steel Group.
3. To assess the operational efficiency and managerial effectiveness.
4. Help Stakeholders and other users to make economic decisions by analyzing the performance of company.

Research Methodology

It is a descriptive study by nature basically it is based on secondary data which has been taken from case studies journals newspapers books and online database. We have kept the research study easy to understand.

Brief Profile of Tata Steel Group

Tata Steel was founded in India in 1907 as Asia's first integrated private steel company, establishing the country's first industrial city in Jamshedpur. Today, it stands among the leading global steel manufacturers. The standalone and consolidated annual crude steel production capacity of its Indian operations is approximately 21.6 MTPA, with a reported turnover of INR 1,40,987 crore for FY24 and approximately 30.92 MTPA, with a reported turnover of INR 8,18,543 crore for FY24. Tata Steel owns and operates captive mines, which contribute to maintaining cost competitiveness and production efficiency by ensuring a steady supply of raw materials. It is recognized as the lowest cost steel producer in Asia. The Indian product range is categorized into four segments: Automotive and Special Products; Industrial Products, Projects and Exports; Branded Products and Retail; and Services and Solutions. The company offers a variety of products, including hot-rolled, cold-rolled, galvanized, and branded solution offerings, among others.[5]

Performance Snapshot of Standalone and consolidated

The performance snapshot of the Standalone and Tata Steel Group for the year ended 31st March 2025 as compared to previous financial year is summarized below: [6]

Table 1: PERFORMANCE SNAPSHOT

Particulars	Standalone			Consolidated		
	2023-24	2024-25	Increase/ Decrease	2023-24	2024-25	Increase/ Decrease
Production (MT)	20.12	21.68	1.56	29.94	30.92	0.98
Deliveries (MT)	19.91	20.94	1.03	29.39	30.96	1.57
Turnover (Rs. Crore)	140987	133444	-7543	229171	218543	-10628
Reported PAT (Rs. Croce)	4807	13803	8996	-4910	3174	-1736

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

Overall Financial Performance Appraisal of Tata Steel Group

Tata Steel is a publicly traded company that is incorporated and based in India, established under the provisions of the Companies Act, 2013, which is applicable in India. The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the fiscal year ending March 31, 2025. The Board of Directors of the Company holds the responsibility for the preparation and presentation of these Standalone and Consolidated Financial Results, which accurately reflect the net profit, other comprehensive income, and additional financial information of the Group, including its associates and jointly controlled entities, as well as the consolidated statement of assets and liabilities and the consolidated statement of cash flows.[7]

The financial performance of the Company for the year ended 31st March 2025 as compared to previous financial year is summarized below: [8]

Highlights of a financial summary

Particulars	Consolidated (In amt. Rs. Lakhs)				Standalone (In amt. Rs. Lakhs)			
	23-24	24-25	Inc/Dec	% Inc/Dec	23-24	24-25	Inc/Dec	% Inc/Dec
Revenue from operations	229170.8	218542.5	-10628.3	-4.64	140932.65	132516.7	-8415.99	-5.97
Profit/Loss before tax	-1147.04	8412.87	7265.83	-633.44	19504.71	18718.84	-785.87	-4.03
Profit/Loss after tax	-4909.61	3173.78	-1735.83	35.36	15661.85	13969.7	-1692.15	-10.80
Dividends	4409.79	4489.87	80.08	1.82	4414.00	4494.07	80.07	1.81
Retained earnings	34815.73	33698.53	-1117.20	-3.21	100380.17	109729.39	9349.22	9.31
Capital employed	158151.67	158961.63	809.96	0.51	165073.09	164172.8	-900.31	-0.55
Net worth	88623.82	87770.44	-853.38	-0.96	138041.53	123543.9	-14497.59	-10.50
Borrowings	87082.12	94801.05	7718.93	8.86	43836.83	63223.39	19386.56	44.22
Net Debt to Equity Ratio	0.78	0.9	0.12	15.38	0.27	0.44	0.17	62.96

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

Interpretation

- Consolidated Revenue from operations was Rs. 218542.5, reflecting decrease of -4.64% over Rs. 229170.08 in previous year.
- Standalone Revenue from operations was Rs. 132516.7, reflecting decrease of -5.97% over Rs. 140932.65 in previous year.
- Consolidated Profit after Tax was Rs. 3173.78, reflecting decrease of -35.36% over Rs. -4909.61 in previous year.
- Standalone Profit after Tax was Rs. 13969.7, reflecting decrease of -10.80% over Rs. 15661.85 in previous year.
- Consolidated Net worth was Rs. 87770.44, reflecting decrease of -0.96% over Rs. 88623.82 in previous year.
- Standalone Net worth was Rs. 123543.9, reflecting decrease of -10.50% over Rs. 138041.53 in previous year.
- Net Debt to Equity Ratio was 0.9, reflecting decrease of 0.12% over Rs. 0.78 in previous year and Net Debt to Equity Ratio was 0.44, reflecting decrease of 0.62.96% over Rs. 0.27 in previous year.

Statement of Profit & Loss Account – Both Consolidated and Standalone Financial

A Comparative Statement of Profit and Loss Account show the detail analysis of total revenue & expenditure and financial position of Tata Steel Group and Standalone during the period 2024-25. Detail analyses of consolidated and standalone financial statement for two years of Tata Steel is as follows: [9]

Statement of Profit & Loss Account

Particulars	Standalone (In amt. Rs. Lakhs)			Consolidated (In amt. Rs. Lakhs)		
	23-24	24-25	Increase/ Decrease	23-24	24-25	Increase/ Decrease
Revenue from operations	140,932.65	132,516.66	-8,415.99	229,170.78	218,542.51	-10,628.27
Other income	3,113.49	2,246.90	-866.59	1,808.85	1,540.53	-268.32
Total income	144,046.14	134,763.56	-9,282.58	230,979.63	220,083.04	-10,896.59
Expenses						

a) Cost of materials consumed	48,516.26	44,088.93	-4,427.33	82,533.60	77,079.62	-5,453.98
b) Purchases of stock-in-trade	9,699.77	9,825.50	125.73	14,972.79	18,017.68	3,044.89
c) Changes in inventories of finished goods, work in -progress, stock-in-trade and scrap/by product	379.91	330.66	-49.25	4,409.35	-96.65	4,312.70
d) Employee benefits expense	7,472.52	8,010.08	537.56	24,509.58	24,888.99	379.41
e) Finance costs	4,100.52	4,238.35	137.83	7507.57	7,340.95	-166.62
f) Depreciation and amortization expenses	6,008.95	6,253.16	244.21	9,882.16	10,421.33	539.17
g) Other expenses	45,863.02	43,170.46	-2,692.56	82,354.89	74,699.99	-7,654.90
	122,040.95	115,917.14	-6,123.81	226,169.94	212,351.91	-13,818.03
Less: Expenditure (Other than finance cost) transferred to capital account	987.54	774.46	-213.08	1,915.33	1,345.57	-569.76
Total expenses	121,053.41	115,142.68	-5,910.73	224,254.61	211,006.34	-14,387.79
Share of profit/loss of joint ventures and associates				-57.98	190.81	132.83
Profit before exception items & tax	22,992.73	19,620.88	-3,371.85	6,667.04	9,267.51	2,600.47
Total exceptional items	-3,488.02	-902.04	-4,390.06	-7814.08	-854.64	-8,668.72
Profit before tax	19,504.71	18,718.84	-785.87	-1,147.04	8,412.87	7,265.83
Tax expense:						
a) Current tax	4,383.47	3,765.51	-617.96	5368.91	3563.77	-1,805.14
b) Deferred tax	-540.61	983.63	443.02	-78.77	-7.79	70.98
c) Current tax in relation to earlier year				-1,527.57	1,683.11	
Total Tax expenses	3,842.86	4,749.14	906.28	3,762.57	5239.09	1,476.52
Profit for the period after tax	15,661.85	13,969.70	-1,692.15	-4,909.61	3,173.78	8,083.39
Total other comprehensive income for the year	-9,028.37	-23,973.16	-14,944.79	-3227.9	273.3	-2954.6
Total comprehensive income for the year	6,633.48	-10,003.46	-3,369.98	-8,137.51	3,447.08	-4,690.43
Earnings per equity share (Rs.)	12.55	11.19	-1.36	-3.62	2.74	-0.88

Source: https://www.tatasteel.com/investors/integrated-reportannual-report/118-integrated-annual-report-2024-25/

Interpretation

- Tata Steel reported a consolidated total income of Rs. 2,20,083.04 during the financial year ended 31 March 2025, compared with Rs. 2,30,979.63 during the financial year ended 31 March 2024. The company had a net profit of Rs.3,173.78 for the financial year ended 31 March 2025 as against net loss of Rs.4,909.61 for the financial year ended 31 March 2024.
- Tata Steel reported a standalone total income of Rs. 1,34,763.56 during the financial year ended 31 March 2025, compared with Rs.1,44,046.14 during the financial year ended 31 March 2024. The company had a net profit of Rs.13,969.70 for the financial year ended 31 March 2025 as against net profit of Rs.15,661.85 for the financial year ended 31 March 2024.

Conclusion

A thorough financial analysis offers an extensive perspective on the company's financial well-being. It assists stakeholders, including investors, creditors, and management, in evaluating the overall performance and financial standing of the organization. Considering that time is constant, only one primary tool, the comparative statement of profit and loss, has been utilized to draw conclusions. Tata Steel effectively oversees its financial resources to invest in growth, sustainability, and business continuity, thereby generating long-term value for stakeholders. The financial position of Tata Steel presents a mixed yet generally improving scenario. This company could enhance its financial stability by increasing the productivity of its plant.

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