



## An analytical study of the financial performance of Tata Motors Limited

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### Abstract

The financial performance of Tata Motors has been a topic of interest for investors, analysts, and policymakers due to its dynamic business environment, fluctuating profitability, and evolving market strategies. The company operates in a highly competitive landscape, facing challenges from domestic and international players such as Maruti Suzuki, Hyundai, Mahindra & Mahindra, Toyota, and Volkswagen. Additionally, external factors such as global economic trends, regulatory policies, raw material costs, and technological disruptions have a significant impact on the company's financial health. Analyzing the financial performance of Tata Motors is crucial for understanding its profitability, liquidity, solvency, and overall stability. Financial analysis helps stakeholders assess the company's ability to sustain growth, manage risks, and enhance shareholder value. This study aims to provide a comprehensive evaluation of Tata Motors' financial trends, identifying key strengths, weaknesses, opportunities, and challenges that influence its business performance. This study aims to explore the financial performance of Tata Motors over recent years, examining key financial metrics and industry trends. By conducting an in-depth analysis, this research seeks to provide insights into Tata Motors' financial health and its ability to adapt to emerging market conditions. The findings of this study will be beneficial for investors, policymakers, industry analysts, and business strategists who seek to understand the financial dynamics of one of India's leading automobile manufacturers.

**Keywords:** Ratio analysis, financial analysis, financial performance, profitability, liquidity

### Introduction

The automobile industry is one of the key sectors that drive economic growth and industrial development worldwide. In India, the automotive sector has witnessed significant expansion over the past few decades, contributing substantially to GDP, employment, and technological advancements. Among the leading players in the Indian and global automotive industry, Tata Motors Limited has established itself as a major force with a strong legacy of innovation, engineering excellence, and market leadership. Tata Motors was founded in 1945 as Tata Engineering and Locomotive Co. Ltd. (TELCO) and initially focused on manufacturing locomotives and heavy vehicles. Over the years, the company expanded its portfolio to include commercial vehicles, passenger cars, electric vehicles, and luxury brands. The acquisition of Jaguar Land Rover (JLR) in 2008 was a game-changer, elevating Tata Motors to a global automotive powerhouse. The company has since continued its journey of transformation, with a focus on sustainability, electric mobility, and digital innovation. The financial performance of a company is a crucial indicator of its sustainability, profitability, and overall economic strength. Tata Motors Limited, a flagship company of the Tata Group, is one of India's leading automobile manufacturers with a strong global presence. This study aims to analyze the financial performance of Tata Motors, evaluating various financial metrics such as revenue growth, profitability, liquidity, and market position. The performance of Tata Motors is significant not only for its shareholders but also for the overall automotive industry and the economy

**Statement of the Problem:** The automobile industry is highly competitive and influenced by various external factors, such as economic fluctuations, regulatory policies, and changing consumer preferences. Tata Motors, despite

being a leading player, has faced financial challenges in recent years, including fluctuating revenues, high debt levels, and competition from domestic and international brands. This study aims to identify the key financial challenges faced by Tata Motors and assess its overall financial health to determine its sustainability and future growth prospects.

**Scope of the Study:** The scope of this study on the financial performance of Tata Motors encompasses analyzing the company's financial statements, evaluating key financial ratios, comparing its performance with industry peers, identifying factors influencing its financial outcomes, and assessing the impact of global and domestic events on its financial health, with the aim of forecasting future trends and providing recommendations for improvement.

### Objectives of the Study

- To analyze the revenue growth and profitability trends of Tata Motors over the past few years.
- To evaluate the financial health of Tata Motors using key financial ratios.
- To assess the impact of external factors such as economic conditions, government policies, and industry trends on Tata Motors' financial performance.
- To compare Tata Motors' financial performance with its competitors in the automobile industry.
- To identify the challenges and opportunities that can influence the future financial performance of Tata Motors.

### Research Methodology

- **Research Design:** The study will follow a descriptive research design to analyze the financial performance of Tata Motors over a specified period. This will involve examining quantitative data from the company's

financial statements, along with qualitative factors influencing performance.

### Data Collection

- **Secondary Data:** Secondary data will primarily be used, including annual reports, financial statements, industry reports, and market analysis from reputable sources like financial websites, research publications, and databases.
- **Sampling:** The research will focus on Tata Motors' financial data from the past 5 years, which will be used for both trend analysis and comparison with competitors.

### Limitations of the Study

- **Data Availability:** The study relies on secondary data, such as annual reports and publicly available financial statements, which may not include all relevant or internal financial details of Tata Motors.
- **Time Constraints:** Given the limited timeframe for the project, the study may only cover a specific period (e.g., the last 5 years), potentially missing longer-term trends or significant historical context.
- **Access to Primary Data:** Obtaining primary data through interviews or surveys with key stakeholders may be difficult due to confidentiality or accessibility issues within the company.
- **Comparative Limitations:** Benchmarking Tata Motors against competitors may be limited by the availability and reliability of competitor data, as not all competitors may report financials in the same way.
- **External Factors:** The study may not capture the full scope of external factors, such as regulatory changes, market dynamics, or supply chain disruptions, that can influence Tata Motors' financial outcomes.
- **Generalization:** The findings from this study may not be easily generalized to other companies or industries due to the unique nature of Tata Motors' operations and market conditions.

### Review of Literature

Mehta & Desai (2024) <sup>[1]</sup> in their study examined that the company's continued investment in EV technology, the launch of new electric models, and the improvement of charging infrastructure position Tata Motors as a major player in the green automobile revolution.

Mr. R. Suresh and Ms. Tharanya K, (2023) <sup>[2]</sup> in their study examined that the International Journal of Creative Research Thoughts (IJCRT) in April 2023, investigates the financial performance of Tata Motors over five years (2018-2022). It uses secondary data from the company's annual reports and focuses on profitability, liquidity, and solvency ratios.

Dr. C. Selvaraj and Ms. Suryasri M <sup>[3]</sup> has studied the IJCRT in 2023, analyses the financial performance of Tata Motors from 2000-2023. It examines key financial indicators such as current assets, liabilities, net profit, current ratio, and debt-equity ratio, providing a detailed analysis of the company's financial position and offering suggestions for improvement.

Dr. M. Mahesh Kumar and Ms. Sowmiya M <sup>[4]</sup> in their study examined International Journal of Research and Analytical Reviews (IJRAR) in 2023. This study aims at analysing the financial performance of Tata Motors by calculating financial ratios over the period 2018-2022.

Dr. Jaya Subramaniam. P, Dr. Sanjay, Mr. Ram guhan.R. S (2023) <sup>[5]</sup> has studied the analysis financial position of Tata Motors Ltd. Finance is a necessary and important aspect of every business. The success of an organization depends on how competently the firm is managing the funds available to them. To find the liquidity position of the Tata motors Ltd and the activity of the assets and liabilities using the liquidity ratio. The descriptive research designs have been adopted for the study. It allows the researcher to study and describe the distribution of one or more variables, without regard to any causal or other hypotheses. The profitability position of the company is not promising, that the company, has to decrease the cost of production and keep the cost lower or increase the sales price and also need to improve the efficiency in converting sales into actual price.

Noufiya K N, paul babu, peter paul (2022) <sup>[6]</sup> in their study examined that comprehend the findings of many previous studies in the relevant subject and to identify research gaps in the existing study reports. To analyse the financial changes of Tata Motors Limited over a period of five years by assessing liquidity, solvency and profitability and comparative statements are used. Secondary data is used in the study, as the study mainly depended on secondary data. The study is based on the four years from 2017 to 2021. Tata Motors has demonstrated its impact on the industry. We can notice the company's decline, but this is to be expected that the profitability increased. It is projected that the company will recover from the loss if it controls its revenue from sales and assets.

Deepraj Mukherji (2022) <sup>[7]</sup> in their study examined 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.

Das & Aggarwal (2022) <sup>[8]</sup> in their study examined also highlight the importance of Tata Motors' balance between maintaining profitability and managing its growing debt. The rise in operating income and revenue post-pandemic signals a stable recovery phase, with a positive outlook for the automotive giant.

Banerjee & Raval (2022) <sup>[9]</sup> in their study examined notes that Tata Motors' success in the EV segment is a result of its unique position in the Indian market, as the company is seen as a pioneer in EV technology with one of the most affordable EVs. The government of India's push for electric mobility and subsidies has also provided Tata Motors with a favourable regulatory environment for growth in this segment.

Bhupender Kumar Som, Himanshu Goel (2021) <sup>[10]</sup> This study aims at analysing the financial performance of Tata Motors by calculating financial ratios. The primary objective of this study is to evaluate the performance of Tata Motors during COVID-19. The reference period taken for study is 5years starting from 2016 to 2020. Ratios were calculated to serve the purpose of assessing the financial performance of the company are net profit margin, return on capital employed, inventory turnover ratio, asset turnover & current ratio. Stated that two profit. Data was collected from

the secondary sources such as journals and annual report of Tata Motors of past five years.

Vanshika Singh, Vichal Kumar, Dr. Ruchi Atri (2021) <sup>[11]</sup> This study aims at A Study of Financial Performance of TATA Motors with Special Reference to the period 2017 - 2021 Vinit Kumar, Financial ratio analysis is the process of reviewing the financial position of the company. Ratio analysis is extensively used by firms as a technique to forecast the financial soundness of the company to build future growth. This study aims at analysing the financial performance of Tata Motors by calculating financial ratios. The primary objective of this study is to evaluate the performance of Tata Motors during the last decade. The reference period taken for the study is 5 years starting from 2017 to 2021. The results reveal that the company has performed reasonably well during the reference period. The company has shown good potential by earning returns for their shareholders.

Mr. P. Kanagaraj and Ms. S.S. Priyadharshini (2021) <sup>[12]</sup> conducted a study on the financial performance of Tata Motors from 2015 to 2020. The study used secondary data from the company's balance sheets and profit and loss accounts. It aimed to identify financial strengths and weaknesses for performance improvement. Findings revealed that the company's profitability was below satisfactory levels. The authors recommended reducing production costs, controlling expenses, and increasing sales efficiency. The study emphasized the need for strategic actions to enhance financial performance.

Nikkita Arora (2021) <sup>[13]</sup> in their study examined Financial Statement Analysis of Tata Motors Ltd The aim of this study is to conduct a financial statement analysis of TATA Motors Ltd for the period of 2016-2017 and evaluate the company's financial position. Despite facing some challenges, Tata Motors has managed to maintain its influence in the industry, and its strong reputation as a large company is expected to help it rebound. The study indicates that Tata Motors' ability to make contractual payments has been adversely affected, and 2016-2017 was the strongest financial year of the four years analysed.

Mr. P. Kanagaraj and Ms. S.S. Priyadharshini (2021) <sup>[14]</sup> in their study examined their paper, "A Study on Financial Performance of Tata Motors", appeared in the EPRA International Journal of Multidisciplinary Research, Volume 7, Issue 8, August 2021. The study used balance sheet data from 2015–2020 to assess financial stability and identify improvement areas.

Haitham Nobanee (2020) <sup>[15]</sup> 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.

### Data Analysis and Interpretation

In order to get meaningful information from the data collected, data analysis is carried out. The data collected is to be edited, coded, and tabulated for the purpose of analysis. Analysis of data means processing of collected data and studying tabulated material in order to determine inherent factors or meanings. After the data collection, data

is coded and tabulated so as to express it in quantitative form. Tabulation is the process of putting classified data in the form of tables. Analysis work after tabulation is generally based on computation of percentage. The term analysis refers to computation of certain measures along with searching for patterns of relationship or difference supporting or conflicting with original or new hypothesis should be subjected to statistical tests of significance to determine with what validity data can be used to indicate any conclusions. The analysis is basically aimed at giving influence of association or difference between the various variables present in the research. The data collected may be analysed by using tables, graphs and soon.

### Ratio Analysis

A ratio analysis is a quantitative analysis of information contained in a company's financial statements. Ratio analysis is used to evaluate various aspects of the company's operating and financial performance such as its efficiency, liquidity, profitability and solvency. Ratio analysis is the most important financial tool to an investor. The following are the financial ratios used in our analysis are

- Current Ratio
- Quick Ratio
- Absolute Liquidity Ratio
- Proprietary Ratio
- Fixed Assets Turnover Ratio
- Gross Profit Ratio
- Net Profit Ratio
- Investment Deposit Ratio

**Current Ratio:** The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term obligations. To calculate the ratio, current assets to current liabilities. Current assets include cash, accounts receivable, inventory and other assets that are expected to be turned into cash in less than a year. Current liabilities include accounts, wages, taxes payable, and the current portion of long-term debt.

Formula:  $\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$

**Quick Ratio:** The quick ratio is an indicator of a company's short-term liquidity position, and measures a company's ability to meet its short-term obligations with its most liquid assets. Since it indicates the company's financial position to instantly use its near cash assets (that is, liquid assets) to get rid of its current liabilities, it is also called as the acid test ratio.

**Formula:**  $\text{Quick Ratio} = \frac{\text{Quick Assets (or) Liabilities}}{\text{Assets} \div \text{Current Liabilities}}$

**Proprietary Ratio:** Proprietary ratio is a type of solvency ratio that is useful for determining the amount or contribution of shareholders or proprietors towards the total assets of the business. It is also known as equity ratio or shareholder equity ratio or net worth ratio. The main purpose of this ratio is to determine the proportion of the total assets of a business that is funded by the proprietors.

**Formula:**  $\text{Proprietary Ratio} = \frac{\text{Shareholders Fund}}{\text{Total Tangible Assets}}$

**Absolute Liquidity Ratio:** The absolute liquidity ratio pits marketable securities, cash and equivalents against current liabilities. Businesses should strive for an absolute liquidity ratio of 0.5 or above. Cash ratio is a measure of a company's liquidity in which it is measured whether the company has the ability to clear off debts only using the liquid assets (cash and cash equivalents such as marketable securities). It is used by creditors for determining the relative ease with which a company can clear short term liabilities.

**Formula:**  $\text{Absolute Liquidity Ratio} = \frac{\text{Cash} + \text{Bank} + \text{Marketable Securities}}{\text{Current Liabilities}}$

**Fixed Assets Turnover Ratio:** Fixed asset turnover ratio is in general, used by analysts to measure operating performance. It is a ratio of net sales to fixed assets. This ratio specifically measures a company's ability to generate net sales from fixed asset investments, namely property, plant and equipment, net of depreciation. In general, a higher fixed asset turnover ratio indicates that a company has more effectively utilized investment in fixed assets to generate revenue.

**Formula:**  $\text{Fixed Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Net Fixed Assets}}$

**Gross Profit Ratio:** This ratio indicates the efficiency of trading activities. The relationship of Gross profit to sale is known as gross profit ratio. This ratio is calculated as

**Formula:**  $\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$

**Net Profit Ratio:** The Net Profit Ratio (NPR) is a financial metric that measures a company's profitability by dividing the net profit by the sales revenue. It is expressed as a percentage and indicates the proportion of sales revenue that is retained as net profit. A higher NPR indicates higher profitability, while a lower NPR indicates lower profitability.

**Formula:**  $\text{Net profit Ratio} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$

**Invest Deposit Ratio:** The investment to deposit ratio is a metric that indicates how much of a deposit is used for investment. A bank's investment to deposit ratio can increase over time if the bank is using its deposits in profitable sectors.

**Formula:**  $\text{Invest deposit Ratio} = \frac{\text{Total Investment}}{\text{Total Deposit}} \times 100$

**Table 1:** Showing the Values of Ratio Analysis

Year	2020	2021	2022	2023	2024
Current Assets	119587	146887	146977	151528	168392
Current Liabilities	140454	157749	150682	155027	173617
Current ratio	0.851	0.931	0.975	0.977	0.969
Quick asset	82131	110799	111757	110773	120604
Current Liabilities	140454	157749	150682	155027	173617
Quick ratio	0.584	0.702	0.741	0.714	0.694
Shareholders fund	63678	55246	44554	47819	87464
Total tangible assets	84158	86130	87586	84442	81184
Proprietary ratio	0.756	0.641	0.508	0.566	1.077
Cash+bank+marketable securities	33726	46792	40669	37015	45806
Current Liabilities	140454	157749	150682	155027	173617
Absolute liquidity ratio	0.240	0.296	0.269	0.238	0.263
Sales	258594	246972	275235	342874	434984
Net Fixed Asset	134929	146281	141577	136458	131362
Fixed Assets Turnover Ratio	1.92	1.69	1.94	2.51	3.31
Gross profit	87274	83454	85125	104729	151222
Sales	258594	246927	275235	342874	434984
Gross Profit Ratio	33.75	33.81	30.92	30.55	34.76
Net profit	-10975	-13016	-11234	2353	31106
Sales	258594	246972	275235	342874	434984
Net profit ratio	-4.24	-5.27	-4.08	0.69	7.15
Total Investments	16308	24620	29379	26379	22971
Total Deposit	99678	114775	139677	125660	98500
Investment Deposit Ratio	16.36	21.45	21.03	20.98	23.33

The Company's current ratio over the past five years has consistently remained below 1, which indicates a potential liquidity concern. Despite a slight upward trend in the ratio, the company has not yet reached the ideal 2:1 benchmark, nor has it even reached a ratio of 1:1, which would suggest sufficient assets to cover its short-term liabilities. This prolonged low ratio signals that the company may face difficulties in meeting its current obligations and might need to reassess its working capital management to improve its liquidity and ensure financial stability.

Although there has been some improvement over the years, the company's quick ratio remains below the ideal benchmark of 1, signalling a moderate liquidity risk. The company may need to focus on improving its cash management and working capital to enhance its ability to meet short-term liabilities without relying on inventory or less liquid assets.

The Company's proprietary ratio shows a fluctuating trend over the past five years. Initially, the company relied heavily on equity financing, but by 2022, its reliance on debt increased significantly, resulting in a lower ratio. However,



by 2024, the proprietary ratio has surged above 1, suggesting a very strong equity position and a reduction in debt reliance. This sharp increase could indicate a positive shift in the company's capital structure, making it less vulnerable to financial risks associated with external financing.

The company's liquidity ratio has remained relatively low and fluctuated between 0.238 and 0.296 over the past five years, suggesting a chronic liquidity issue. The company does not have enough liquid assets (cash, bank balances, and marketable securities) to cover its short-term obligations, which could lead to difficulties in managing financial stresses or paying off liabilities promptly. The company may need to focus on improving its cash reserves and managing working capital more efficiently to enhance its liquidity position.

The Company's fixed assets turnover ratio has increased steadily over the past five years, from 1.92 in 2020 to 3.31 in 2024. This improvement suggests that the company is becoming more efficient in utilizing its fixed assets to generate revenue. The significant rise, particularly from 2022 onwards, points to improved asset management and possibly higher sales growth, indicating better productivity and utilization of fixed assets. This trend is positive, as it shows the company is making better use of its long-term investments.

The Company's gross profit ratio has shown some fluctuations over the past five years. After a slight increase in 2021, the ratio declined in 2022 and 2023, likely due to higher production costs or lower pricing power. However,

2024 saw a notable recovery with an increase to 34.76%, suggesting a significant improvement in profitability.

The Company's net profit ratio has experienced a significant turnaround over the past five years. After operating at a loss for three consecutive years (2020-2022), the company returned to profitability in 2023 with a small profit and saw a strong improvement in 2024. The jump to a 7.15% net profit ratio indicates that the company is now generating substantial profit from its operations, marking a strong recovery and financial improvement. This suggests that the company has successfully addressed its earlier financial challenges, and its future prospects appear much more promising.

The company's investment deposit ratio has been gradually increasing over the years, from 16.36% in 2020 to 23.33% in 2024. This suggests that the company is increasingly directing a larger portion of its deposits into investments, which could be a strategy to maximize returns or capitalize on investment opportunities. The steady rise, especially in 2024, shows a more aggressive or confident approach to investment management. The increase in this ratio may indicate the company's improved financial position and a higher willingness to deploy funds for future growth.

**Cash Flow Statement:** A cash flow statement is an important tool used to manage finances by tracking the cash flow for organization. This statement is one of the three key reports (with the income statement and the balance sheet) that help in determining a company's performance.

**Table 2:** Cash Flow Statement of Tata Motors Ltd as on 2020-2024

<b>Cash flow of Tata Motors (In Rs. Cr)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Net profit/loss before extraordinary items from tax	31806	2689	-11308	-13395	-11975
Net cash flow from operating activities	67915	35388	14283	29000	26633
Net cash used in investing activities	-22828	-16804	-4775	-26126	-34170
Net cash used for financing activities	-37006	-26243	-3380	9904	3389
Foreign exchange gains/losses	47	1387	331	454	1056
Adjustments on Amalgamation/ Merger/ Demerger/ Other	0.00	0.00	0.00	0.00	0.00
Net Increase/ Decrease in cash and cash equivalent	8128	-6272	6459	13232	-3092
Cash and cash equivalents at the beginning of the year	31887	38159	31700	18468	21560
Cash and cash equivalents at the end of the year	40015	31887	38159	31700	18468

The transition from 2022 to 2023 is crucial: It represents the company's rebound after a tough year, and by 2024, it shows exceptional performance, indicating that its strategies (whether operational improvements, market expansions, or product diversification) are proving successful. The company faced significant challenges in 2022 but demonstrated resilience by recovering in 2023 and continuing to improve into 2024. The sharp fluctuations suggest a volatile period, but the overall trend from 2022 to 2024 indicates a return to stability and growth. The company faced initial challenges in 2020, then experienced a strong growth phase in 2021, followed by a sharp decline in 2022, likely due to external factors or internal operational issues. However, 2023 saw a remarkable recovery, followed by continued growth into 2024. The overall trend indicates that the company is in a recovery and growth phase, though

the speed of expansion may begin to moderate as it stabilizes. The company faced a period of significant growth in 2021, followed by a sharp decline in 2022, which was likely caused by external market conditions or internal difficulties. 2023 showed signs of stabilization, and by 2024, the company is seeing modest recovery. This suggests that the company may be in the process of overcoming past challenges and is on its way to regaining a more stable, positive growth trajectory moving forward.

#### **Trend analysis**

Trend Analysis attempts to analyse the progress in the accounting item time to time. It may be upward trend or downward trend and fluctuating trend. In this chapter, the following items were taken for the last five financial years from 2019-20 to 2023-24 and their trends were worked out along with interpretation.

**Table 3:** Trend Percentage of the Tata Motors Ltd as on 31<sup>st</sup> March 2019 to 31<sup>st</sup> March 2024

<b>Year</b>	<b>Revenue</b>	<b>Trend %</b>
2019 - 20	258594 Cr	100
2020 - 21	246972 Cr	95.5
2021 - 22	275235 Cr	106.4
2022 - 23	342874 Cr	132.5
2023 - 24	434984 Cr	168.2

The Company's revenue has shown a steady upward trend over the years. After a decline in 2020 - 21, it bounced back with strong growth in 2021 - 22, continued its positive trajectory in 2022 - 23, and saw exceptional growth in 2023 - 24, with revenue increasing by 26.9% from the previous year. The revenue growth from 2020 - 21 to 2023 - 24 is notable, with the revenue more than doubling compared to the base year of 2019 - 20. This reflects strong financial performance, and the company seems to be on a solid growth path.

### Findings of the Study

- **Current ratio:** The current assets have been steadily increasing, current liabilities have also risen, leaving the current ratio still below 1 (0.969 in 2024), indicating that the company may struggle to fully cover its short-term obligations.
- **Quick ratio:** The quick ratio is still below 1 (in 2024, it's 0.694), indicating liquidity challenges despite gradual improvement over the years.
- **Proprietary ratio:** The proprietary ratio sharply improved in 2024 to 1.077, indicating that the company is now entirely financed by shareholders' equity, which suggests a very low dependence on external debt or liabilities. This indicates a much stronger financial position compared to the previous years.
- **Absolute liquidity ratio:** The absolute liquidity ratio remains below 1 throughout the period, indicating that the company has limited ability to cover its short-term liabilities with only its most liquid assets. The 0.263 ratio in 2024 reflects slight improvement, but liquidity still poses a concern.
- **Fixed asset turnover ratio:** The fixed assets turnover ratio has shown a consistent improvement, especially in 2023 and 2024, reaching 3.31 in 2024, meaning the company is now generating 3.31 times its net fixed assets in sales, indicating highly efficient use of its long-term assets.
- **Gross Profit Ratio:** The gross profit ratio reached 34.76% in 2024, showing a significant improvement compared to previous years, reflecting enhanced profitability as the company effectively managed its direct costs while increasing sales.
- **Net Profit Ratio:** The net profit ratio improved dramatically in 2024 to 7.15%, indicating that the company moved from losses in the previous years to strong profitability, marking a significant turnaround in its financial performance.
- **Invest Deposit Ratio:** The investment to deposit ratio reached 23.33% in 2024, the highest in the period, indicating that the company is increasingly investing a larger portion of its total deposits, potentially reflecting a more aggressive investment strategy.
- **Operating Activities:** The company's remarkable turnaround in 2023 and subsequent exceptional performance in 2024 highlights the effectiveness of its strategic changes, signaling a robust growth trajectory moving forward.
- **Investing Activities:** The period from 2022 to 2024 highlights the company's volatility, with sharp fluctuations in performance, but the overall trend indicates a return to stability and growth.
- **Financing Activities:** The overall trend from 2020 to 2024 points to a company in recovery and growth,

having navigated through initial struggles, a sharp decline, and a remarkable recovery. While the company is experiencing continued growth into 2024, it is likely that the speed of expansion may moderate as it stabilizes and enters a more sustainable phase of development. The company has likely learned from past challenges, which should help guide it moving forward.

- **Net Cash Activities:** The company appears to be overcoming past challenges and is now on its way to regaining a stable, positive growth trajectory. However, it may still face challenges in maintaining this growth momentum, and continued focus on efficiency and adaptation to market conditions will be key for sustained success moving forward.
- **Trend Analysis:** The company has shown a remarkable upward trajectory in revenue, especially from 2022 to 2024. The trend indicates that the company is successfully recovering and expanding, and its growth rate is accelerating. Moving from a 5.5% decline in 2020/2021 to a 68.2% increase in 2023-2024 signals a significant turnaround and a strong growth phase, positioning the company for continued success.

### Suggestions

- **Improve Liquidity Management:** Given that both the current ratio and quick ratio remain below 1, the company should focus on improving its short-term liquidity position. This could involve more effective management of working capital, reducing inventory levels, or negotiating better payment terms with suppliers to ensure that short-term liabilities can be covered more comfortably.
- **Debt Management:** While the proprietary ratio suggests a strong position with minimal dependence on external debt, maintaining this balance will be important. The company should consider maintaining its low-debt stance to avoid any future liquidity or solvency issues, while continuing to use its retained earnings to finance growth.
- **Focus on Strengthening Cash Flow:** The absolute liquidity ratio remains a concern, so the company should place more emphasis on improving cash flow from operations. Measures to accelerate receivables or adjust payment schedules might help increase the cash available to meet short-term obligations.
- **Leverage Profitability for Expansion:** With the strong improvements in both gross and net profit ratios, the company should use the increased profitability to reinvest in areas such as R&D, expansion into new markets, or upgrading infrastructure. These investments will help sustain growth and mitigate risks in the long term.
- **Monitor Investment Strategy:** The increase in the investment-to-deposit ratio suggests a more aggressive investment approach. While this can offer higher returns, it also involves increased risk. The company should ensure that its investment strategy aligns with its risk tolerance and does not jeopardize liquidity.

### Conclusion

The company has made impressive strides from 2020 to 2024, successfully transitioning from a difficult period to notable recovery and growth. While liquidity challenges persist, as indicated by current and quick ratios below 1, the company has demonstrated strong improvements in profitability, asset efficiency, and equity. The significant increase in the proprietary and net profit ratios in 2024

shows that the company has strengthened its financial position and reduced its reliance on external debt, setting a foundation for future growth. Revenue growth has been particularly strong from 2023 to 2024, reflecting the success of its recovery strategies, while the improvement in fixed assets turnover and gross profit ratio highlights the company's effective asset management and cost control. However, liquidity concerns continue to pose a challenge, and the company must prioritize improving its ability to meet short-term obligations. The shift towards a more aggressive investment strategy may provide high returns but should be carefully managed to avoid increased risks. Overall, the company is on a solid growth trajectory, overcoming past struggles, and well-positioned for future success. Moving forward, balancing liquidity management, maintaining profitability, and staying adaptable to market conditions will be critical for ensuring long-term stability and sustained growth.

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