

A Study on Financial Performance Analysis of a Leading Two-Wheeler Company

Dr. Uma Maheswari¹ Mr. P Santhosh²

Associate Professor, School of Management Studies, Sathyabama Institute of Science and Technology
School of Management Studies, Sathyabama Institute of Science and Technology

ABSTRACT

This article investigates the liquidity and profitability analysis of a leading two-wheeler manufacturer through key financial tools. In an industry facing intense competition and evolving consumer trends, the study uses ratio analysis and comparative balance sheets to assess operational efficiency and financial strength. The findings indicate that focused financial analysis can greatly enhance decision-making and corporate resilience. This research emphasizes the role of financial evaluation in strategic planning and business sustainability.

INTRODUCTION

The Indian automobile sector has historically mirrored the country's economic performance, with two-wheelers dominating due to affordability and the young population. A leading two-wheeler manufacturer has consistently maintained its strong position in this industry. In a rapidly evolving environment marked by electric mobility and global competition, evaluating the financial performance of firms becomes crucial. This study explores liquidity, profitability, and turnover using systematic financial tools to derive insights for future improvements.

KEYWORDS

Financial Analysis, Liquidity, Profitability, Two-Wheeler Industry, Ratio Analysis

OBJECTIVES

Primary Objective:

- To study the financial performance of a leading two-wheeler manufacturer.

Secondary Objectives:

- To evaluate the liquidity position of the company.
- To assess the profitability trends.
- To examine turnover efficiency.
- To analyse financial performance through comparative balance sheets and trend analysis.

METHODOLOGY

The study employs a descriptive research design using secondary data obtained from company financial statements over a five-year period (2020–2024). Analytical tools like Ratio Analysis, Comparative Balance Sheet, and Trend Analysis have been utilized to evaluate financial health. Various liquidity and profitability ratios were calculated and interpreted systematically.

LIMITATIONS OF THE STUDY

- Financial data is based on historical records and may not predict future outcomes.
- The analysis is limited to secondary data and published financial statements.
- Only a five-year period was considered, restricting the scope for long-term trend analysis.
- Certain internal factors affecting financial performance could not be analysed due to data unavailability.

FINDINGS AND SUGGESTIONS

Key Findings:

- Current Ratio showed moderate liquidity management across years but suggested a need for improvement in short-term financial planning.
- Quick Ratio indicated a stable position but occasional pressure on immediate liquidity.
- Cash Ratio remained conservative, ensuring sufficient cash to meet liabilities.
- Gross Profit and Net Profit Ratios exhibited consistent growth, highlighting operational efficiency.
- Fixed Assets Turnover Ratio indicated effective utilization of assets.
- Debt-Equity Ratio remained within manageable levels, implying controlled financial risk.

Suggestions:

- Strengthen liquidity by optimizing current asset management.
- Enhance profitability through cost control measures and revenue diversification.
- Expand investments in emerging markets to drive turnover growth.
- Regularly review and align financial strategies with changing market conditions.

CONCLUSION

The financial performance of the studied two-wheeler manufacturer over the five-year study period reflects stable growth, effective liquidity management, and strong profitability.

Through systematic analysis using ratios and comparative balance sheets, it is evident that consistent financial discipline is crucial for sustaining industry leadership. A focus on innovation, expansion, and financial prudence positions the company well for continued success in the evolving automobile market.

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