

Financial Performance of Select Automobile Companies

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ABSTRACT

The financial performance of automobile companies plays a vital role in determining their operational efficiency, sustainability, and competitive strength in the market. The present study focuses on analyzing the financial performance of selected automobile companies in India, namely Maruti Suzuki, Bajaj Auto, and Eicher Motors, during the period from 2016-2017 to 2025-2026. The study evaluates the financial position of these companies through various financial ratios such as current ratio, inventory turnover ratio, total asset turnover ratio, and profitability ratios. These ratios help in understanding the liquidity position, operational efficiency, and overall financial stability of the selected companies. The study concludes that effective financial management and efficient utilization of resources play a significant role in improving the operational performance and profitability of automobile companies. The findings of the study provide useful insights for financial analysts, investors, and management in making informed financial decisions.

(Keywords: Financial Performance, Ratio Analysis, Automobile Industry, Inventory Turnover Ratio, Asset Turnover Ratio, Liquidity Analysis.)

INTRODUCTION

The automobile industry is one of the most important sectors contributing to the economic development of a country. It plays a crucial role in generating employment opportunities, technological advancement, and industrial growth. In India, the automobile sector has experienced significant growth over the past few decades due to rapid urbanization, rising income levels, and increasing demand for transportation facilities. The industry includes passenger vehicles, commercial vehicles, two-wheelers, and three-wheelers, which collectively contribute to the overall economic development of the nation.

Financial performance analysis is an essential tool used to evaluate the operational efficiency and financial stability of companies. It helps stakeholders such as investors, management, creditors, and policymakers understand the financial strengths and weaknesses of a business organization. Through financial analysis, companies can identify areas where improvements are required and develop strategies to enhance their financial performance.

In a highly competitive market environment, automobile companies must maintain strong financial management practices to sustain growth and profitability. Effective utilization of assets, proper working capital management, and efficient inventory control are critical factors that influence the financial success of a company. Financial ratios provide valuable insights into these aspects by measuring the relationship between different components of financial statements.

The present study focuses on analyzing the financial performance of three major automobile companies in India: Maruti Suzuki, Bajaj Auto, and Eicher Motors. These companies have established a strong presence in the Indian automobile market and have shown significant growth over the years. By comparing the financial ratios of these companies over a period of ten years, the study aims to evaluate their financial stability, operational efficiency, and overall performance.

RESEARCH OBJECTIVES

1. To analyze the financial performance of select automobile companies in India.
2. To evaluate the solvency and profitability position of the select automobile companies.
3. To evaluate the turnover position of the select automobile companies.
4. To analyze trend position of select automobile companies in India.

RESEARCH METHODOLOGY

The methodical approach used to gather, examine, and evaluate data in order to accomplish the study's goals is referred to as research methodology. The current study examines the financial performance of particular automakers using a descriptive and analytical research approach. The study's foundation is secondary data gathered from trustworthy sources, including financial records, annual reports, corporate websites, and financial databases like Money control.

Purposive sampling is used in the study, wherein businesses are purposefully chosen according to their significance to the study's goals. As a result, three significant Indian automakers have been selected for the analysis: Maruti Suzuki India Limited, Bajaj Auto Limited, and Eicher Motors Limited. Ten years are covered by the study, from 2016–2017 to 2025–2026. Along with statistical techniques like Mean and Standard Deviation to examine trends and variability, financial ratios like Current Ratio, Inventory Turnover Ratio, and Total Asset Turnover Ratio are used to assess financial performance.

REVIEW OF LITERATURE

Several researchers have conducted studies on financial performance analysis and working capital management in different industries.

Smith (2019) analyzed the relationship between working capital management and profitability in manufacturing companies and found that efficient inventory management significantly improves financial performance.

Gupta and Sharma (2020) conducted a comparative study of financial performance among automobile companies and concluded that companies with effective asset utilization and strong liquidity position perform better in competitive markets.

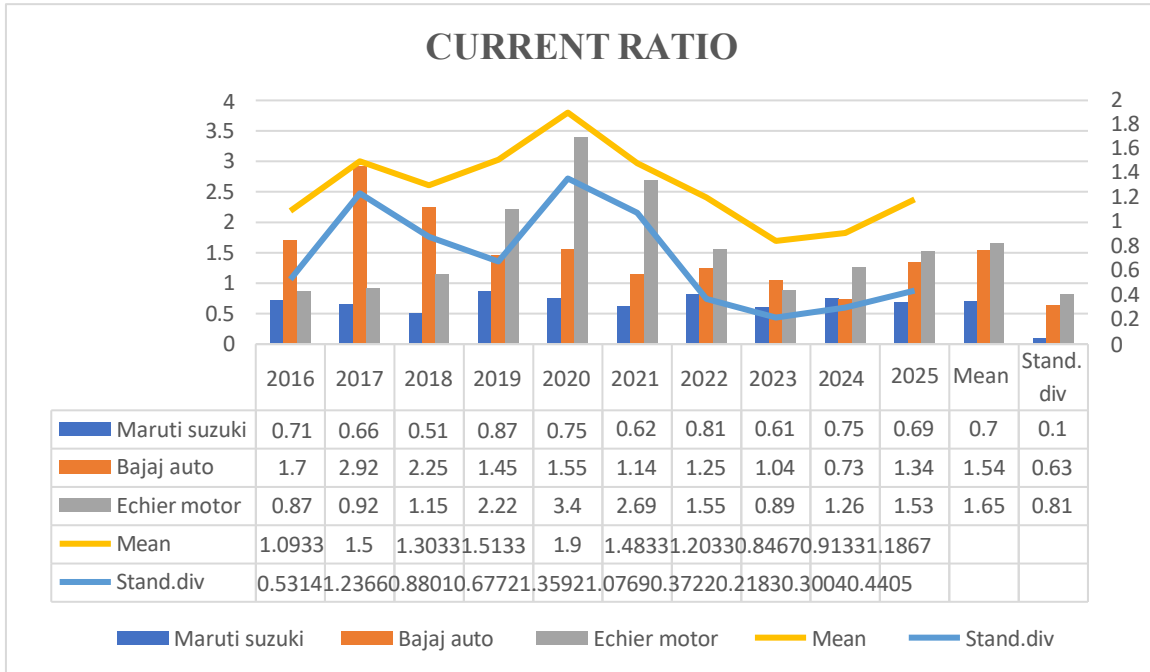
Kumar (2021) examined the impact of financial ratios on company performance and emphasized the importance of ratio analysis in evaluating the financial health of organizations.

Reddy (2022) studied the financial performance of automobile companies in India and highlighted the importance of efficient working capital management in improving profitability and operational efficiency.

These studies provide valuable insights into the importance of financial analysis in evaluating the performance of companies and form the basis for the present research.

FINDINGS

CHART OF CURRENT RATIO



INTERPRETATION

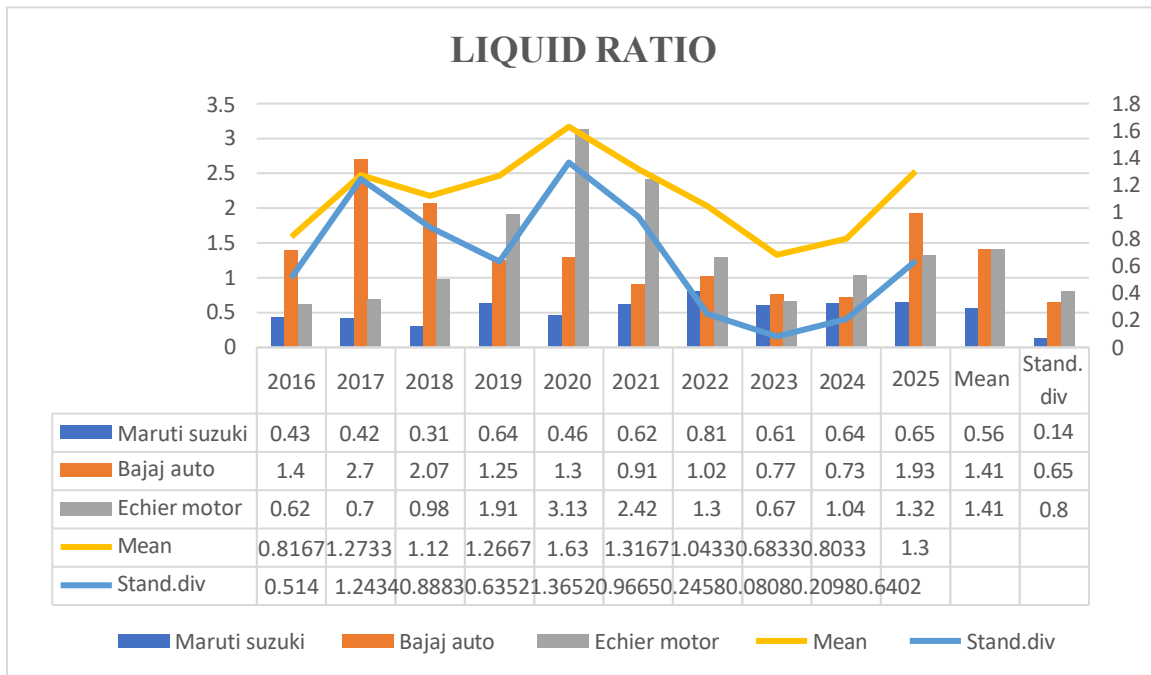
Maruti Suzuki India Limited – The company shows a **mean current ratio of 0.70 with low fluctuation (SD 0.10)**, indicating stable liquidity. However, the ratio is **below the ideal level**, reflecting relatively weaker short-term solvency.

Bajaj Auto Limited – The company records a **mean of 1.54**, showing a satisfactory ability to meet short-term obligations. The **moderate standard deviation (0.63)** indicates some variation in liquidity.

Eicher Motors Limited – The firm has the **highest mean current ratio of 1.65**, indicating comparatively better liquidity. However, the **high fluctuation (SD 0.81)** shows inconsistent liquidity during the study period.

Overall, **Eicher Motors Limited** shows the **best current ratio performance** with the highest mean (1.65), indicating stronger overall liquidity among the companies

CHART OF LIQUID RATIO



INTERPRETATION

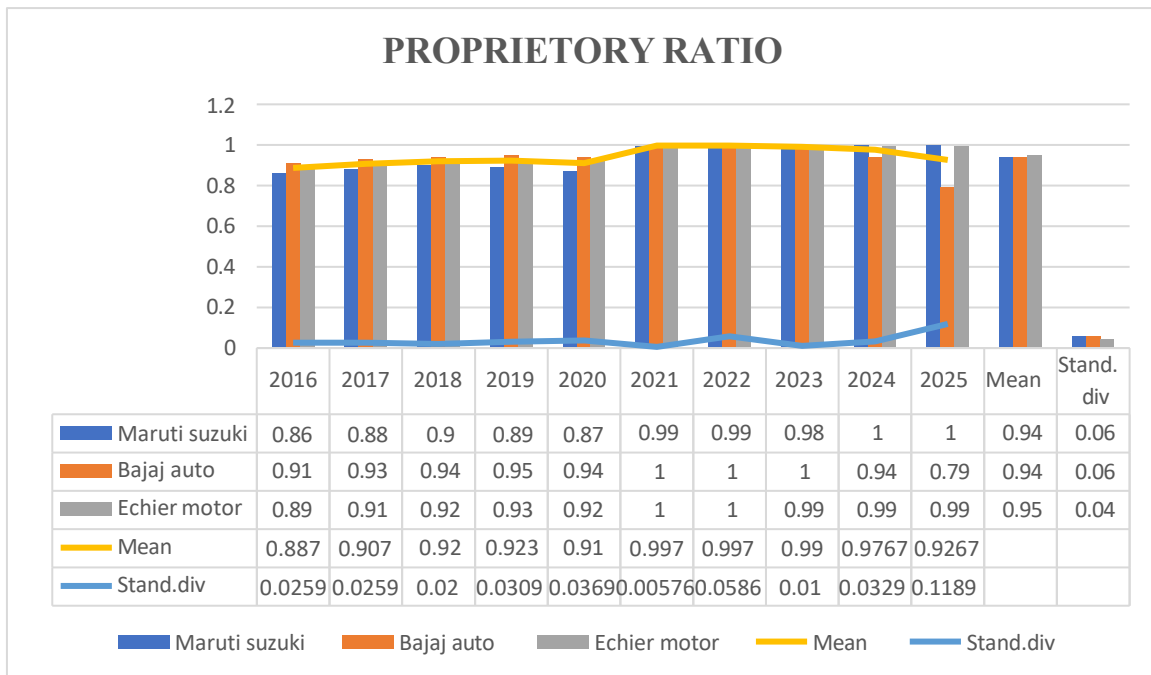
Maruti Suzuki India Limited – The company shows a **low mean quick ratio of 0.56** with **low fluctuation (SD 0.14)**, indicating stable but relatively weaker short-term liquidity.

Bajaj Auto Limited – Bajaj Auto records a **higher mean of 1.41**, reflecting a good ability to meet immediate liabilities, though with moderate variation (SD 0.65).

Eicher Motors Limited – Eicher Motors also shows a **mean of 1.41**, indicating strong liquidity, but the **higher standard deviation (0.80)** suggests greater fluctuation.

Overall, **Bajaj Auto Limited** performs slightly better due to **strong liquidity with comparatively controlled variation**.

LONG-TERM SOLVENCY RATIO CHART OF PROPRIETARY RATIO



INTERPRETATION

Maruti Suzuki India Limited – The company shows a **mean proprietary ratio of 0.94**,

indicating that a large portion of assets is financed through shareholders' funds.

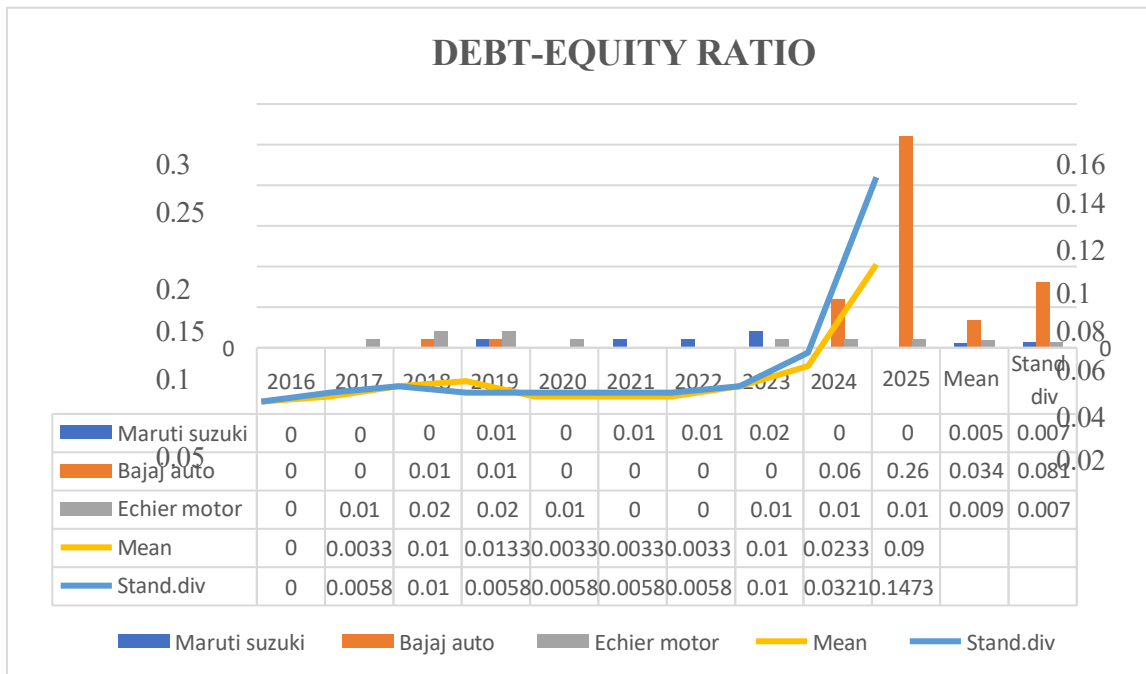
Bajaj Auto Limited – Bajaj Auto records a **mean of 0.94**, reflecting strong owner's equity

support, though slight fluctuations are observed.

Eicher Motors Limited – Eicher Motors shows the **highest mean of 0.95 with low variation**, indicating stronger financial stability and higher reliance on equity.

Overall, **Eicher Motors Limited** performs best with the **highest proprietary ratio and better financial stability**.

CHART OF DEBT-EQUITY RATIO



INTERPRETATION

Maruti Suzuki India Limited – The company shows a **very low mean debt–equity ratio of 0.005**, indicating minimal dependence on external debt and strong financial stability.

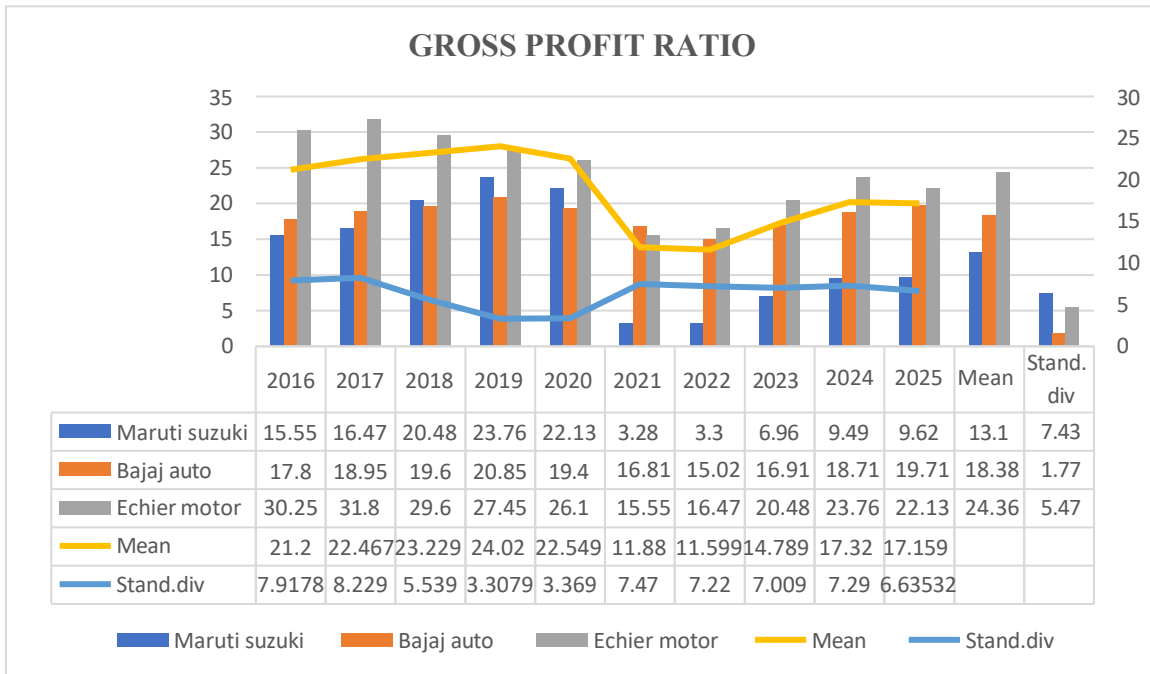
Bajaj Auto Limited – Bajaj Auto records a **mean of 0.034 with higher fluctuation**, suggesting occasional use of debt financing during the study period.

Eicher Motors Limited – Eicher Motors maintains a **very low mean ratio of 0.009**, indicating conservative capital structure with limited reliance on debt.

Overall, **Maruti Suzuki India Limited** shows the **best position with the lowest debt–equity ratio**, indicating stronger financial stability.

PROFITABILITY RATIO

CHART OF GROSS PROFIT RATIO



INTERPRETATION

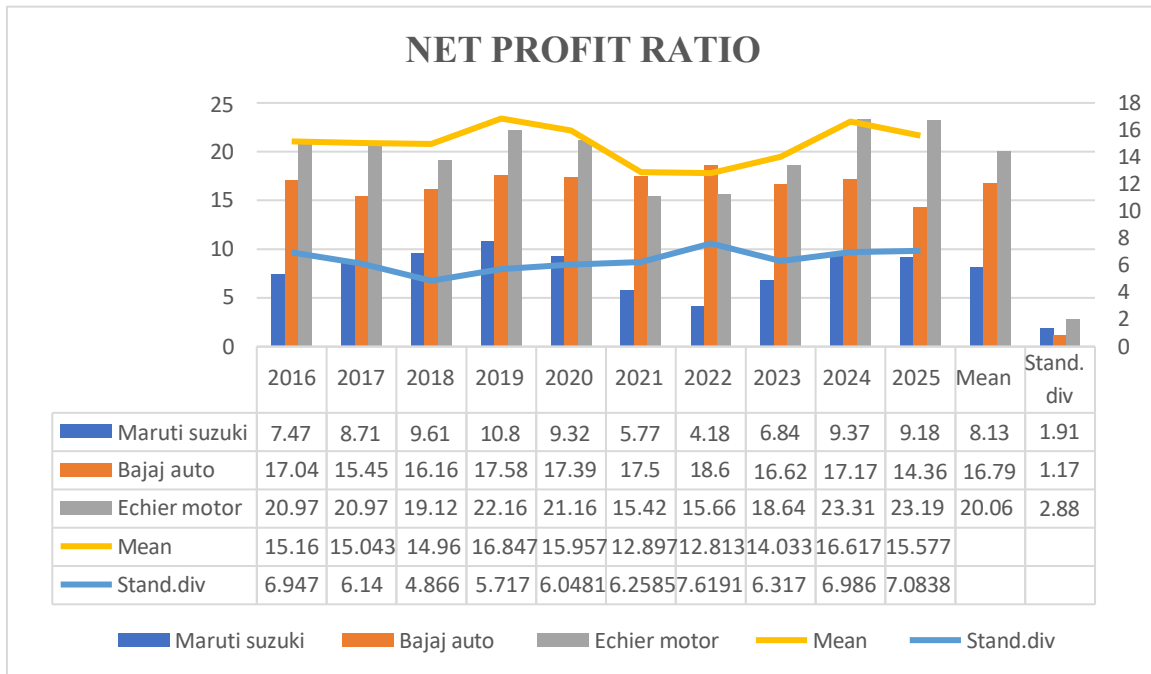
Maruti Suzuki India Limited – The company records a **mean gross profit ratio of 13.10** with **high fluctuation**, indicating unstable profitability during the study period.

Bajaj Auto Limited – Bajaj Auto shows a **mean of 18.38** with **low standard deviation**, reflecting stable and consistent gross profitability.

Eicher Motors Limited – Eicher Motors records the **highest mean of 24.36**, indicating stronger gross profit generation despite moderate variation.

Overall, **Eicher Motors Limited** performs best with the **highest gross profit ratio** among the selected companies.

CHART OF NET PROFIT RATIO



INTERPRETATION

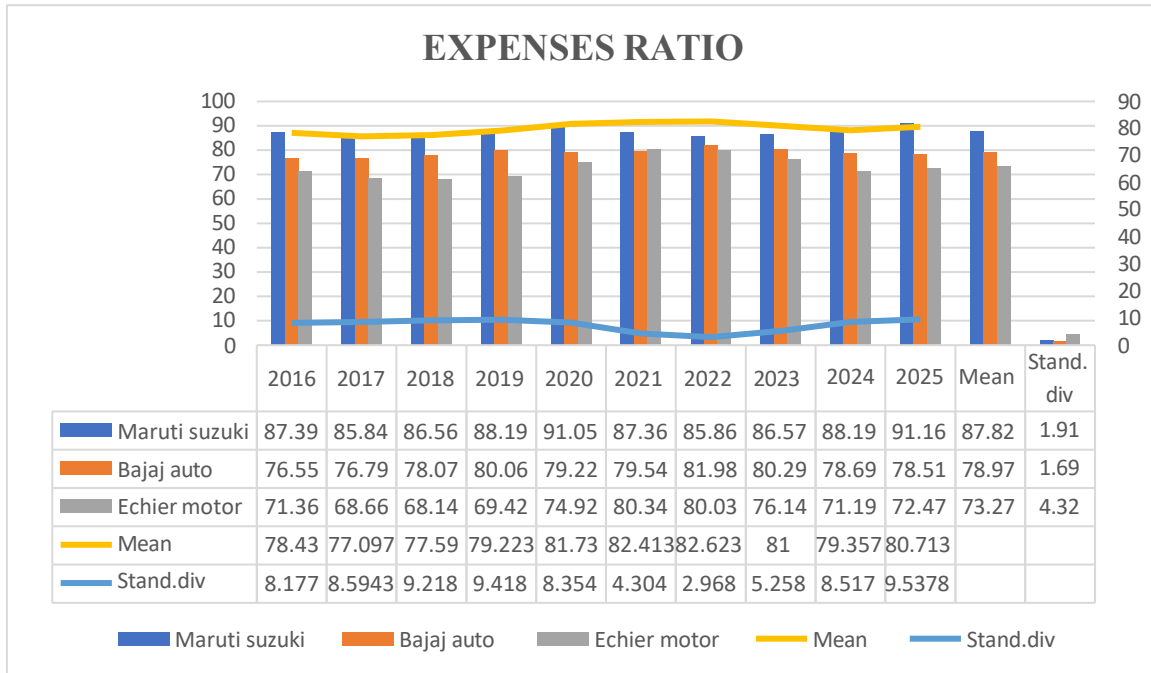
Maruti Suzuki India Limited – The company records a **mean net profit ratio of 8.13**, indicating comparatively lower profitability among the selected companies.

Bajaj Auto Limited – Bajaj Auto shows a **mean of 16.79 with low variation**, reflecting stable and consistent net profitability.

Eicher Motors Limited – Eicher Motors records the **highest mean of 20.06**, indicating stronger profit generation despite moderate fluctuations.

Overall, **Eicher Motors Limited** performs best with the **highest net profit ratio** among the companies.

CHART OF EXPENSES RATIO



INTERPRETATION

Maruti Suzuki India Limited – The company shows the **highest mean expenses ratio of 87.82**, indicating higher operational costs compared to the other companies.

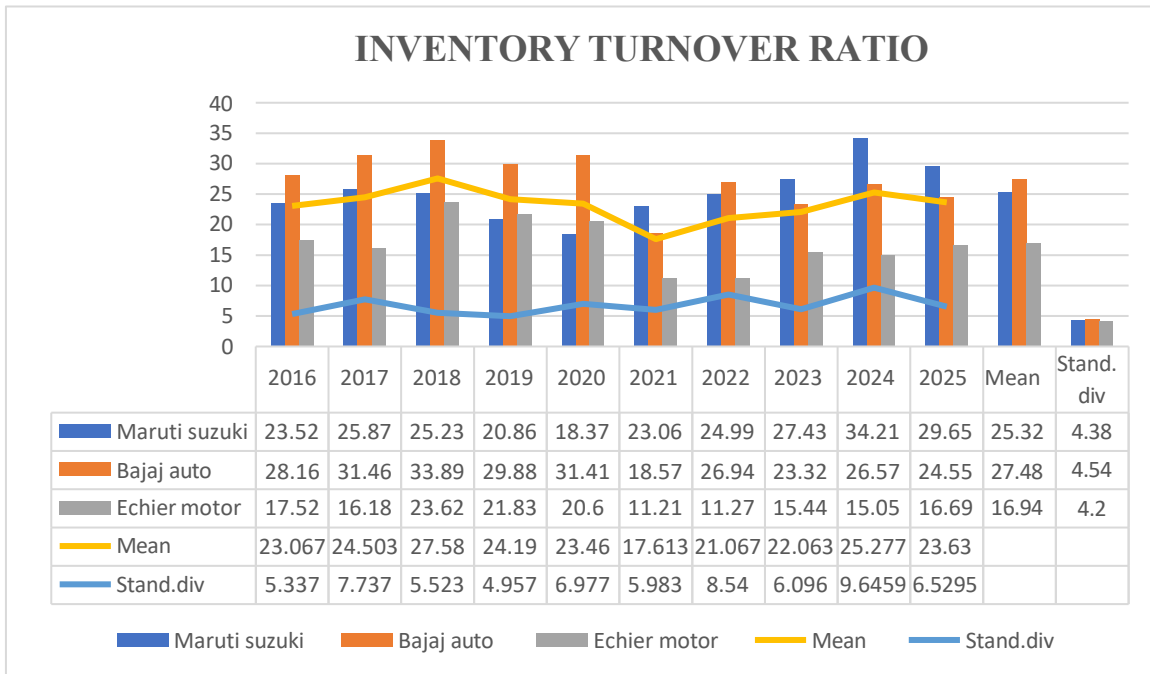
Bajaj Auto Limited – Bajaj Auto records a **mean of 78.97**, reflecting moderate expense levels with relatively stable cost management.

Eicher Motors Limited – Eicher Motors has the **lowest mean of 73.27**, indicating better cost efficiency though with some variation.

Overall, **Eicher Motors Limited** performs best with the **lowest expenses ratio and better cost control**.

TURNOVER RATIO

CHART OF INVENTORY TURNOVER RATIO



INTERPRETATION

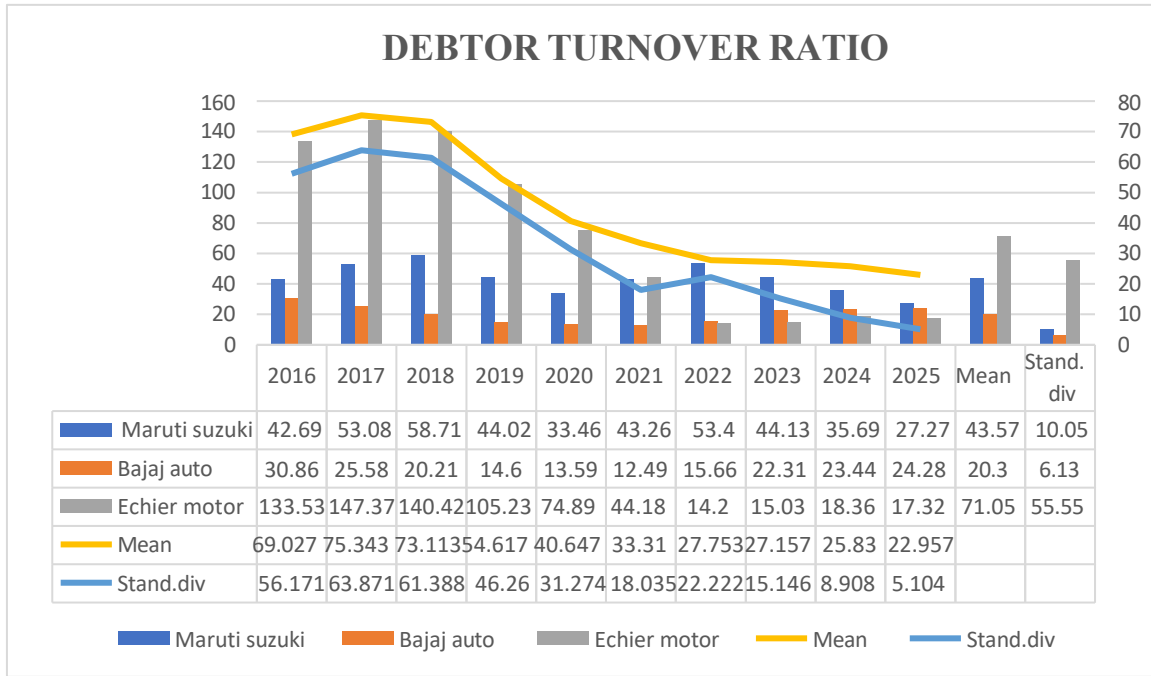
Maruti Suzuki India Limited – The company records a **mean inventory turnover of 25.32**, indicating efficient inventory utilization with moderate fluctuations.

Bajaj Auto Limited – Bajaj Auto shows the **highest mean of 27.48**, reflecting better inventory movement and strong operational efficiency.

Eicher Motors Limited – Eicher Motors has a **lower mean of 16.94**, indicating comparatively slower inventory turnover.

Overall, **Bajaj Auto Limited** performs best with the **highest inventory turnover ratio**.

CHART OF DEBTOR TURNOVER RATIO



INTERPRETATION

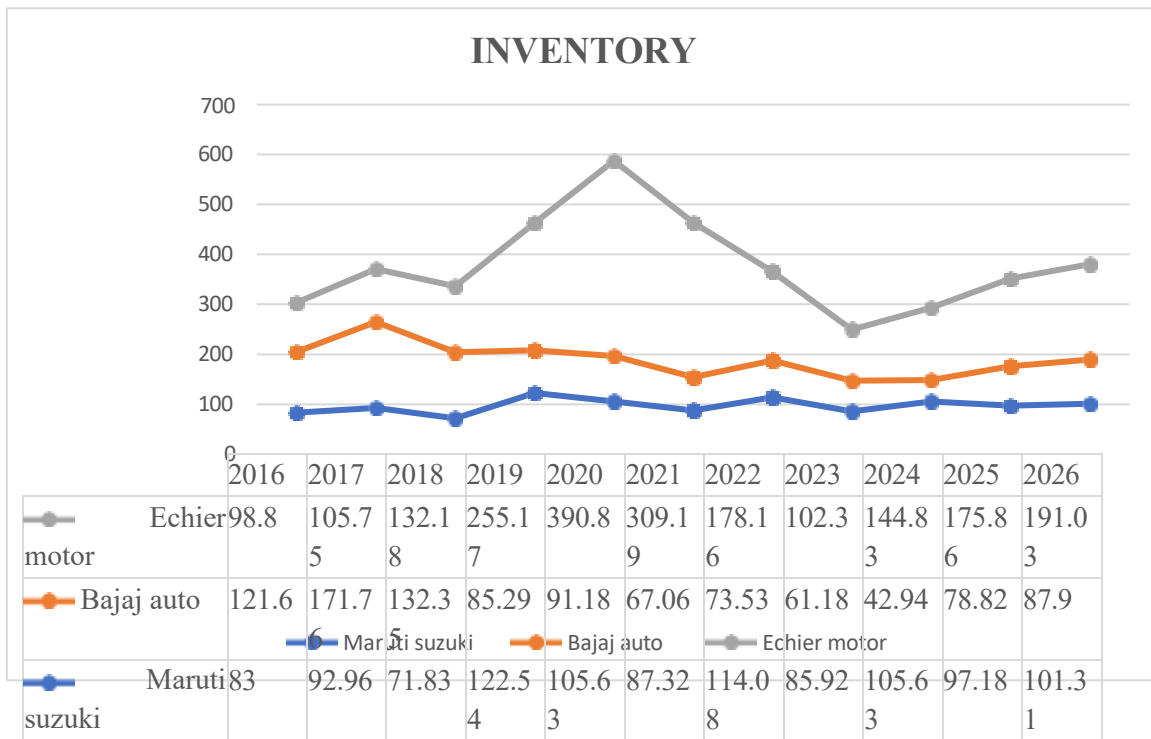
Maruti Suzuki India Limited – The company records a **mean debtor turnover of 43.57**, indicating efficient collection of receivables with moderate fluctuations.

Bajaj Auto Limited – Bajaj Auto shows a **lower mean of 20.30**, suggesting comparatively slower receivable collection.

Eicher Motors Limited – Eicher Motors records the **highest mean of 71.05**, indicating very fast receivable turnover but with high variability.

Overall, **Eicher Motors Limited** performs best with the **highest debtor turnover ratio**.

TREND ANALYSIS CHART OF INVENTORY RATIO



INTERPRETATION

Maruti Suzuki India Limited – The trend values show **moderate fluctuations** during the study period, indicating relatively stable inventory management with slight variations.

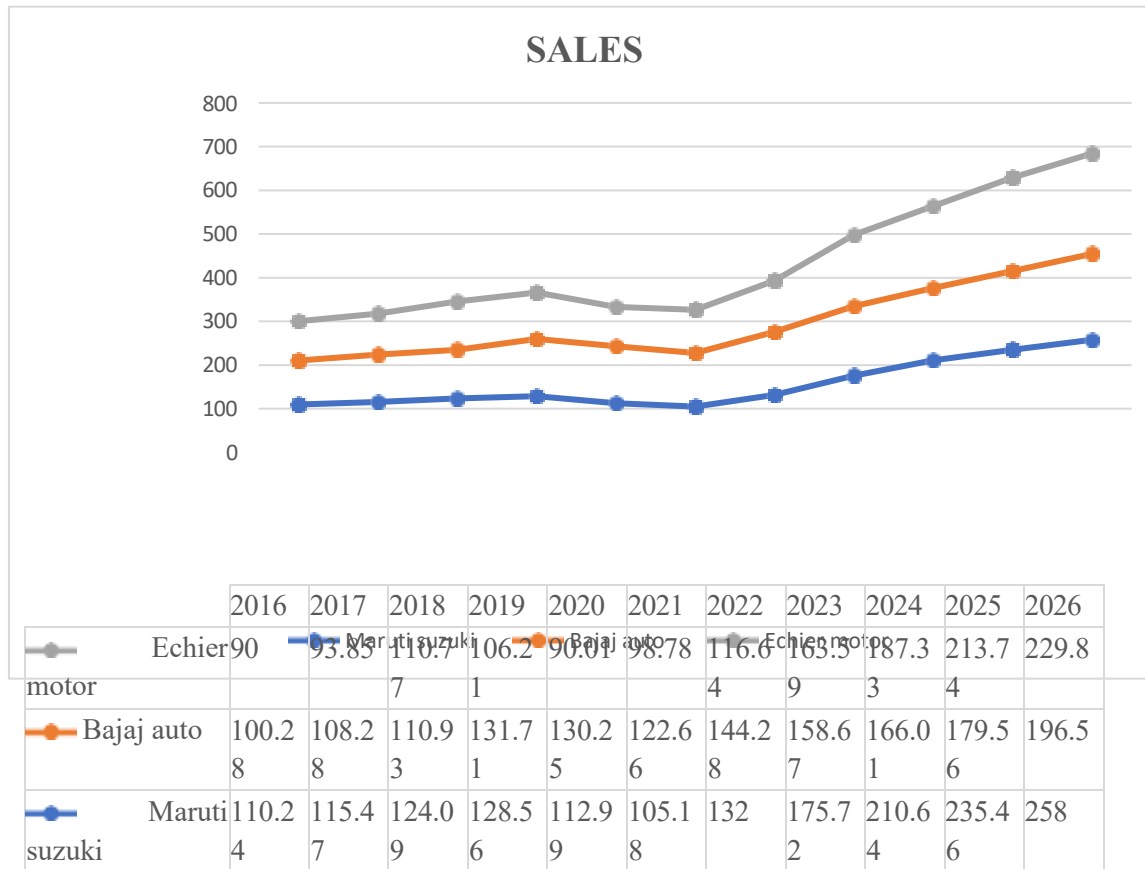
Bajaj Auto Limited – The trend shows a **sharp increase in the early years followed by a decline and later recovery**, reflecting changes in inventory turnover efficiency.

Eicher Motors Limited – The trend indicates **very high growth in the middle years and fluctuations later**, suggesting significant variation in inventory turnover performance.

Overall Interpretation:

Overall, **Eicher Motors Limited** shows the **strongest trend performance**, while **Maruti Suzuki India Limited** maintains comparatively stable inventory management.

CHART OF SALES RATIO



INTERPRETATION

Maruti Suzuki India Limited – The trend values show a continuous increase over the years, rising from 110.24 in 2016 to 258 in 2026, indicating strong growth in sales performance.

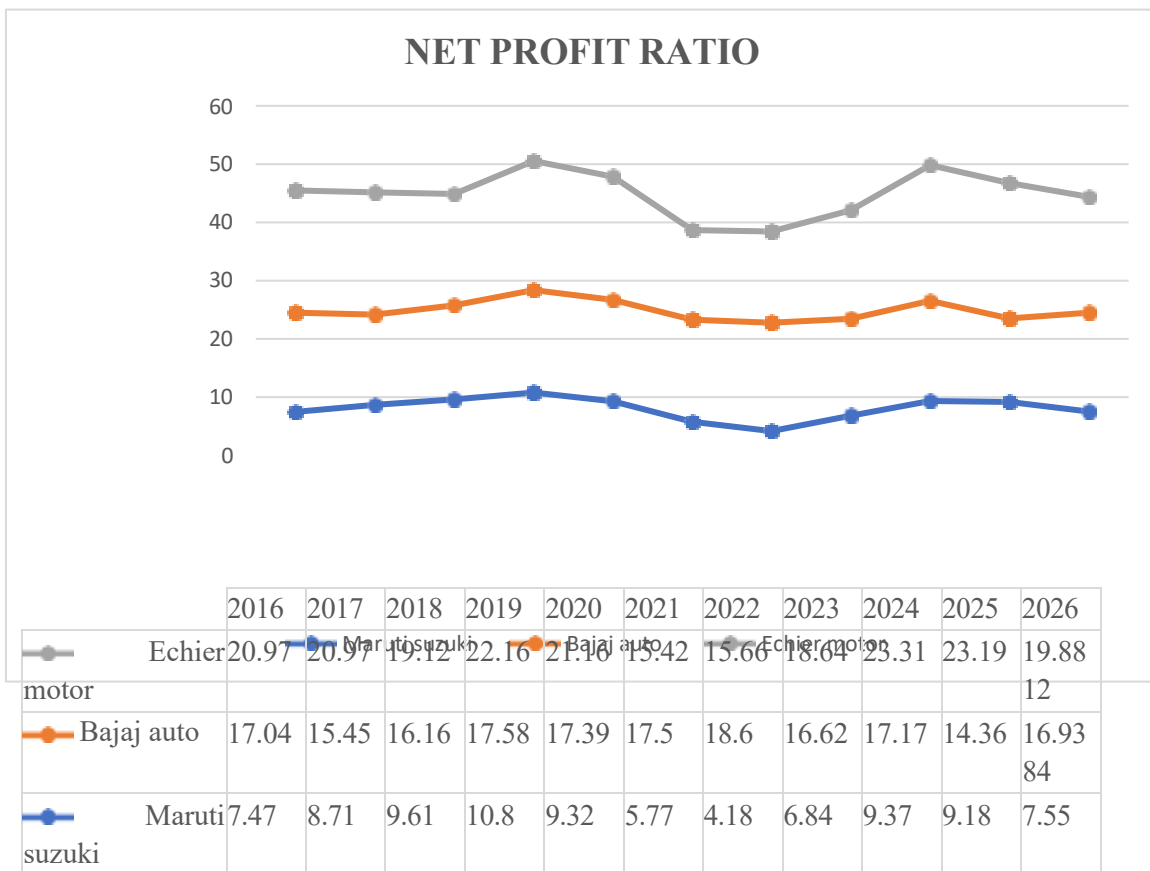
Bajaj Auto Limited – The trend shows a steady upward movement, increasing from 100.28 in 2016 to 196.5 in 2026, reflecting consistent sales growth during the study period.

Eicher Motors Limited – The trend indicates significant growth after 2022, reaching 229.8 in 2026, which shows strong improvement in sales performance.

Overall Interpretation:

Overall, Maruti Suzuki India Limited records the highest sales growth trend, followed by Eicher Motors Limited, while Bajaj Auto Limited shows steady and consistent growth.

CHART OF NET PROFIT RATIO



INTERPRETATION

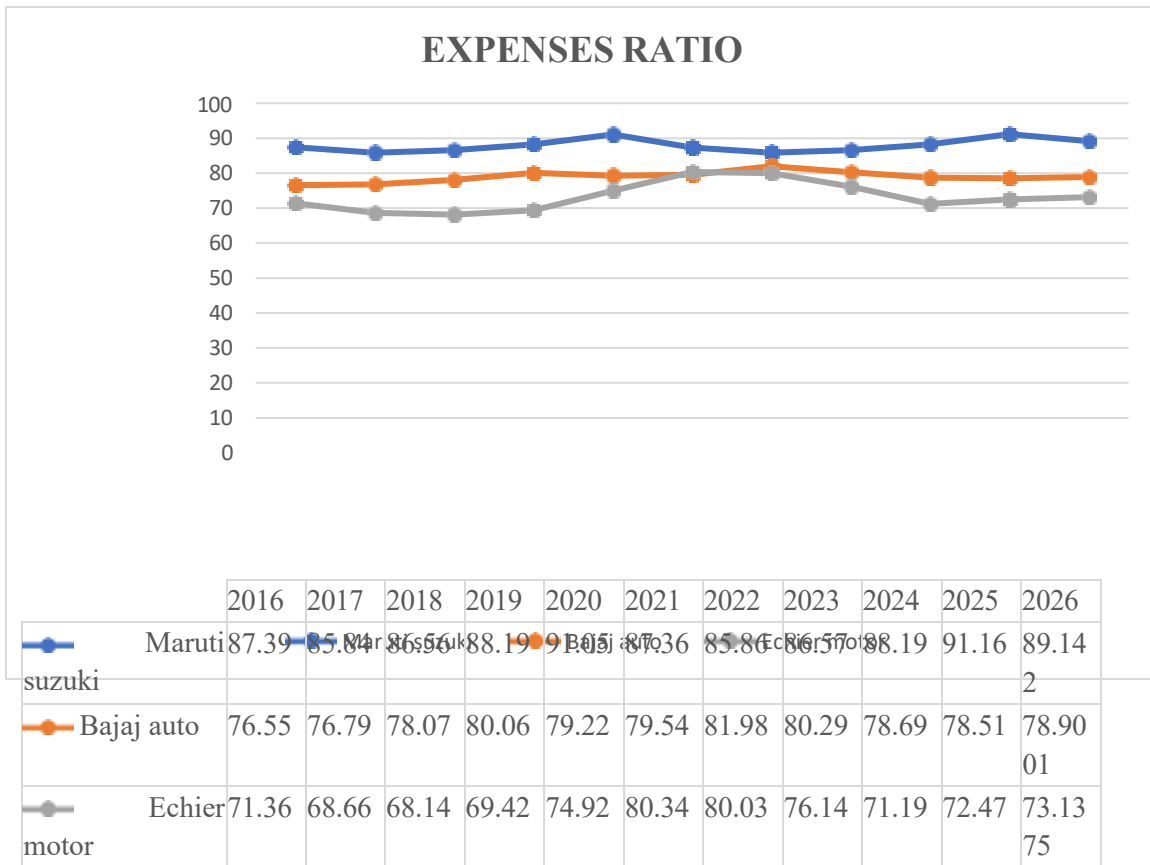
Maruti Suzuki India Limited – The net profit ratio shows fluctuations with a decline after 2019 and slight recovery in later years, indicating moderate profitability performance.

Bajaj Auto Limited – The company maintains a relatively stable net profit ratio throughout the period, reflecting consistent profitability.

Eicher Motors Limited – The ratio remains comparatively higher with some fluctuations, indicating stronger profit generation among the selected companies.

Overall, **Eicher Motors Limited** shows the **highest and relatively stronger net profit ratio**, while **Bajaj Auto Limited** maintains **stable profitability**, and **Maruti Suzuki India Limited** records **comparatively lower and fluctuating profit performance** during the study period.

CHART OF EXPENSES RATIO



INTERPRETATION

Maruti Suzuki India Limited – The expenses ratio remains **consistently high with slight fluctuations**, indicating higher operating costs throughout the period.

Bajaj Auto Limited – The ratio shows **moderate stability**, reflecting relatively controlled and consistent expense management.

Eicher Motors Limited – The expenses ratio **increases in the middle years and stabilizes later**, indicating some variation in cost management.

Overall, **Bajaj Auto Limited** shows **better expense control with a stable expenses ratio**, while **Maruti Suzuki India Limited** records relatively **higher expenses**, and **Eicher Motors Limited** shows **moderate cost fluctuations during the study period**.

SUGGESTIONS

1. Based on the findings of the study, several suggestions can be made to improve the financial performance of the selected automobile companies.
2. Companies should focus on improving inventory management systems to reduce holding costs and enhance operational efficiency.
3. Effective working capital management practices should be implemented to maintain a healthy liquidity position and ensure smooth business operations.
4. Companies should adopt advanced financial planning and forecasting techniques to optimize the utilization of resources and improve profitability.
5. Continuous monitoring of financial performance through ratio analysis can help management identify potential financial risks and take corrective measure.

CONCLUSION

The study concludes that financial performance analysis plays a crucial role in evaluating the operational efficiency and financial stability of automobile companies. The comparative analysis of Maruti Suzuki, Bajaj Auto, and Eicher Motors reveals that each company demonstrates different levels of financial performance based on their operational strategies and market conditions.

Bajaj Auto shows strong efficiency in inventory management and asset utilization, while Maruti Suzuki maintains stable financial performance due to its strong market leadership. Eicher Motors shows moderate performance with certain fluctuations but demonstrates potential for future growth.

Overall, effective financial management, efficient utilization of resources, and proper working capital management are essential for improving the financial performance and long-term sustainability of automobile companies.

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