Financial Performance of Selected Automobile Companies

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Abstract- The automobile sector is a significant contributor to India's industrial economy. In the last few years, this sector has experienced considerable expansion and change. It contributes significantly to the country's economic progress. The Indian automobile sector provides employment on a large scale. The research paper has carried out a financial analysis of major automobile companies in India. The financial analysis measures the companies' liquidity, capital structure, managerial efficiency and profitability.

Index Terms- Financial performance, automobile companies, ratio analysis

I. INTRODUCTION

India is the fourth largest producer of automobiles in the world. India produces more than 4 million motor vehicles annually. India is the world's largest tractor manufacturer, second largest bus manufacturer and third largest heavy truck manufacturer. Automobile sector contributes to India's GDP. 7.1% contribution and 4.7% contribution of automobile industry in India's exports which is increasing every year.

Government of India introduced production linked incentive scheme with the aim of promoting the automobile sector under this scheme, it is proposed to provide financial incentives up to 18% to promote domestic manufacturing of advanced automatic technology products and attract investment in the automatic manufacturing value chain. The cost of this scheme is US $ 3.5 billion. To expand the automobile sector, the Government of India allows up to 100% FDI in this sector with full licensing through the automatic route, making it easier for foreign investors to set up manufacturing plants in India. India is the second most populous country in the world. Along with the increasing population in India, the per capita income is also increasing. Due to the needs of the increasing population and improvement in the living standard, the demand for four wheeler vehicles in India is also increasing day by day. The primary objective of this research paper is to evaluate the financial performance of a select group of automakers by taking into account their financial results, market positioning, and operational strategies. The goal of the analysis is to provide a thorough understanding of how these businesses deal with obstacles and take advantage of opportunities in the cutthroat automobile sector.

II. REVIEW OF LITERATURE

Sheela Christina (2017)
In this research paper, the financial position of Wheels India Limited was studied. Secondary data was used to design the research analytical show. The researchers used the data of the last 5 years and presented the self-report. Statistical methods were used in the said research which included ratio analysis, 2.2 analysis and comparative balance sheet. The analysis found that in the last financial years, profit, working capital and asset utilization have all been good. Necessary steps were suggested to increase the sales and profit in the company.

Neha Mittal (2018)
What are the factors that are responsible for capital structure decision of Indian industries? It examines the process of choosing capital structure. The main objective is to find out whether and how much the main structure principle has been studied. The importance of capital structure in Indian companies has been studied by sign-matter analysis. It has been found that the main factors are asset structure, agency cost and non-borrowing tax shield.

Diptendu Simlai, Manish Guha(2019)
In this research paper, the current situation of India's leading automobile company was analyzed and

various solvency, profitability, liquidity and efficiency ratios were measured. An attempt was made to show that by choosing five popular well-established companies at that time, the automobile industry has been performing well in the last 6 years. A comparative study was done regarding how strong their financial position is over the years and their GNP. Also in this article, the solvency position efficiency ratio of those companies was also analyzed.

Dr. K. Gandhi (2017)
In this research paper, financial analysis of both the companies was done on the basis of secondary data from 2005 to 2014-15. Profitability on total assets, profitability on total investment, net profitability etc. were examined in which it was found that Mahindra & Mahindra company was ahead of Tata. Mahindra & Mahindra was in a better position than the company. All types of profits of the company were continuously increasing.In this analysis, it was found that there was a significant difference between the two companies in the sample in net profit ratios, return on assets and earning per share, while no significant difference was found in operating profit ratios and return on investment.

Dr. G. Kanagavalli, R. Saroja Devi (2018)
In this research paper, current ratios, quick ratios, interest coverage ratios, proprietary ratios and total assets ratios were analyzed between t Hero Motocorp, Bajaj Auto and TVS Motors from the year 2013 to 2017, in which it was found that all three companies used more borrowed funds. Have used. Hero MotoCorp was in high position in efficiency and turnover ratios which shows that Hero MotorCrop has used its resources efficiently. Hero MotoCorp also had the highest profitability ratio. This shows the good position of a company. Bajaj Auto And TVS Motor Company was in satisfactory position. Investing in Hero Motor can be a profitable and risk-free decision for investment holders.

Dr. Nishi Sharma (2011)
The research paper analyses the financial performance of selected companies of Indian automobile sector for 10 years from 2001 to 2010. An attempt has been made to see whether there is any similarity among them. For this, four key performance indicators profitability, liquidity, activity and risk bearing capacity have been assessed. In 2010-11, the economy witnessed a recession in which the Indian automobile sector also faced adverse effects. In the research paper, all the companies were ranked by analysing the above four performance indicators and measures for further improvement of the sector were also suggested.

Sharbanti Pal (2015)
The research carried out factor analysis on financial ratios in seven categories for 15 years from 2000 to 2014 and carried out multi-factor analysis to study the significant impacts of working capital to assets, profit and dividend pay-out ratio on stock turnover. It depicted the condition of Indian automobile industry and measured the financial efficiency of automobile industry during financial crisis in the market.

III. RESEARCH GAP

On studying the research papers on the related topic, it was found that very little research has been done on four wheeler companies in the automobile sector. Whatever research was done was done in the previous years. Recently, in the post-Covid years, these automobile companies They have also made a lot of changes in their products and there have also been a lot of changes in their financial position and market share, which have not been analyzed

IV. SCOPE OF THE STUDY

In this study, financial performance of automobile companies and efficiency of maker capitalization companies will be analyzed through various ratio analysis.

Ratio Analysis
The most effective technique for financial analysis is ratio analysis. Many ratios derived from accounting data can be classified into several classes based on the financial activity or work that needs to be evaluated. Financial knowledge expanded rapidly in the eighteenth century, which analysts studied first by comparing related objects and then analyzing current assets and liabilities with other ratios. DuPont analysis is another tool used to check operating performance. The result was divided into three sections and compared to other businesses to highlight Issue and profitable business area. According to Bliss (1923),

ratios show the fundamental relationships within the firm, and they are the basis of a fully developed model. Although the objective model was immature, it encouraged others to develop this theory.

V. OBJECTIVES OF THE STUDY

To analyze the Liquidity performance of selected automobile companies.
To analyze the Solvency performance of selected automobile companies.
To analyze the Efficiency performance of selected automobile companies.
To analyze the Profitability performance of selected automobile companies.
To measure market capitalisation of selected automobile companies.

Research methodology
Secondary data has been used for the research which will be taken from various websites and published magazines, after which various ratio analysis will be done to measure the efficiency, profitability and Solvency capacity of the companies. Five leading automobile companies have been selected for financial analysis, in which Maruti Suzuki, Hyundai moter company, Tata moters, Mahindra & Mahindra, and Toyota moter corporation have been selected.

Study time period: Study period 2018 - 2019 to 2023 - 2024 6 financial years. Of which 2 years will be before Covid-19, 2 years will be during Covid-19 and 2 years will be after Covid-19.

Ratio Analysis and interpretation
Liquidity Ratio:
Liquidity ratios are those ratios which measure the ability of an organization to repay its current liabilities. By knowing these ratios, information about the solvency capability of that organization is obtained in the short term. Due to which if there is lack of liquidity in the organization then efforts are made to improve the liquidity. Among these ratios, mainly three ratios are analyzed. In this paper, current ratio and liquid ratio will be analyzed.

Current Ratio: Current ratio tells the relationship between current assets and current liabilities. This ratio gives information about the liquidity of the organization. Current assets are those assets which are converted into cash within a year and current liabilities are those liabilities which Payment has to be made within the year. This ratio is found by dividing current liabilities by current assets. The ideal ratio is considered to be 2:1. This ratio is considered a symbol of the good reputation and solvency of an Company. He can pay his current liabilities on time without any interruption. Liquidity ratio of a company being higher than the ideal ratio is good for the lenders but from a financial management point of view it is considered to be a sign of improper planning of short-term financial resources as more can be produced from this extra investment. Or financial savings can also be achieved by borrowing less. Analyzing Table 1, it is seen that the ratio of Tata Motors is much less than the ideal ratio while that of Eicher Motors is higher than the ideal ratio. The average current ratio of other automobile companies is 1.25 which is less than the ideal ratio but it can be considered a satisfactory situation because all these companies belong to the automobile sector which is considered a long term investment business.

Table 1 : Current Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021	2019 - 2020	2018 - 2019	Mean
Tata Motors Ltd.	0.56	0.45	0.58	0.60	0.53	0.58	0.55
Maruti Suzuki India Ltd.	0.77	0.58	0.99	1.15	0.75	0.87	0.851
Mahindra & Mahindra Ltd.	1.35	1.33	1.38	1.34	1.38	1.26	1.34

Force Motors Ltd.	1.25	1.03	0.80	1.00	1.12	1.205	1.067
Eicher Motors Ltd.	1.15	1.15	1.91	3.60	3.40	2.21	2.236
Bajaj Auto Ltd.	1.19	1.71	2.13	2.51	1.55	1.45	1.756

Quick Ratio: This ratio is used to analyze whether the institution is able to pay its current liabilities very soon in the near future. This ratio expresses the relationship between Quick assets and current liabilities. It is found by dividing the liquid liabilities in quick assets.The ideal ratio is 1:1. Calculated quick assets subtracting the stock and prepaid experience from the current assets. If the quick ratio is equal to or more than the ideal ratio ratio, then the organization is capable of prompt payment of its current liabilities. Is capable of paying and its short-term solvency is good but if this ratio is less than the ideal ratio then the institution cannot pay its current liabilities promptly and the short-term solvency of the institution is considered weak. Analyzing Table 2, it is revealed that the quick ratios of these companies Mahindra & Mahindra, Eicher Motor Limited and Bajaj Auto Limited are more than the ideal ratio. These companies are able to pay their current liabilities promptly and Tata Motors and Maruti Suzuki Company This ratio is less than the ideal ratio

Table 2 : Quick Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	0.43	0.33	0.44	0.43	0.38	0.37	0.397
Maruti Suzuki India Ltd.	0.60	0.36	0.78	0.96	0.46	0.64	0.633
Mahindra & Mahindra Ltd.	0.99	0.99	1.06	1.08	1.07	0.99	1.030
Force Motors Ltd.	0.54	0.49	0.30	0.36	0.52	0.89	0.517
Eicher Motors Ltd.	0.84	0.85	1.60	3.29	3.13	1.91	1.937
Bajaj Auto Ltd.	0.99	1.44	1.87	2.25	1.30	1.25	1.516

Capital Structure Ratio

Capital structure ratios express the relationship between the capital invested by the business owners and the amount received from lenders. These ratios help in assessing the protective cover provided to the lenders between risk capital and equity capital. This ratio measures the amount of capital invested by business owners compared to the amount invested by them.

Debt-Equity Ratio: Through this ratio, the amount of capital and the amount of owned capital in the total capital is ascertained. Equity share capital, preference share capital, retained earnings and reserve & surplus are included in the owned capital, whereas in borrowed capital, all short-term and long-term capital are included. The solvency of the institution is affected by the source of funds invested in its assets. It is necessary to maintain a proper balance between the money contributed by the owners and the loans taken for managing the assets. If the capital is kept more than it protects the interest of the lenders and they do not face any problem of payment in future. Whereas if the company depends more on debt capital than on owned capital, then the interest of the lenders is relatively less secure and they may have to take risks in the future and the company may also experience financial difficulty at the time of repayment of these loans.As per the industrial standards, the ideal ratio of debt equity to be 1:1 is considered to be a good situation. Formula: Debt-Equity Ratio = Total Debt/Shareholders' Funds. Total Debt= Total Short term debt + Total Long term debt. Shareholders' Fund = Equity Share Capital + Pref. Share Capital + Reserve & Surplus. Here as per the analysis of Table 3, the situation of Tata Motors Debt-Equity ratio is close to the ideal ratio, this ratio of all other companies is much below the ideal ratio. There is very little use of borrowed capital in financing assets in all companies except Tata Motors. Bajaj Auto Limited did not use Debt at all from the financial year 2018-19 to 2022-23.

Table 3 : Debt-Equity Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	0.46	0.84	1.17	1.14	1.14	0.79	0.923
Maruti Suzuki India Ltd.	0.00	0.02	0.01	0.01	0.00	0.00	0.007
Mahindra & Mahindra Ltd.	0.03	0.11	0.17	0.21	0.09	0.07	0.113
Force Motors Ltd.	0.23	0.49	0.60	0.28	0.12	0.13	0.308
Eicher Motors Ltd.	0.01	0.01	0.0	0.0	0.0	0.01	0.005
Bajaj Auto Ltd.	0.03	0.00	0.00	0.00	0.00	0.00	0.03

Long-term Debt-Equity Ratio: This ratio shows the proportions of long-term loans in the total capitalization of the institution. This ratio finds out what part of the capitalization is financed through long-term loans. Analyzing Table 4, it is known that long term debt was not used by Maruti Suzuki and Bajaj Auto and long term debt was not used by Eicher Motors in other financial years except 2023 24. Share capital was used by these companies in financing.

Table 4 : Long-term Debt-Equity Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	0.17	0.46	0.71	0.86	0.84	0.63	0.612
Maruti Suzuki India Ltd.	–	–	–	–	–	–	–
Mahindra & Mahindra Ltd.	0.02	0.05	0.15	0.21	0.06	0.06	0.092
Force Motors Ltd.	0.16	0.31	0.34	0.27	0.09	0.10	0.212
Eicher Motors Ltd.	0.01	0.0	0.0	0.0	0.0	0.0	0.001
Bajaj Auto Ltd.	–	–	–	–	–	–	–

Interest Coverage Ratio: This ratio is found by dividing interest in pre-tax net income. This ratio shows how many times the organization can pay interest from its income. This ratio tells the relationship between the debts of the business and the profits. The higher this ratio, the more security the lenders have because the business has enough revenue available to pay the interest. According to Industrial Standard Earning Before interest and tax should be approximately 6 to 7 times the interest payable. The higher this ratio, the better it will be for the lenders but the business will not get the benefit of trending on equity. Analyzing Table 5, it is known that the interest coverage ratio of Tata Motors in the financial year 2019-20 is negative because this year the company did not make sufficient profits due to which the company was not able to pay its interest. The interest coverage ratio is very high because there is very little utilization of loans in business by these companies especially Bajaj Auto Limited and Eicher Motors Limited.

Table 5 : Interest Coverage Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	3.96	1.75	0.19	0.07	-1.34	2.45	1.180
Maruti Suzuki India Ltd.	89.20	55.44	37.40	52.18	54.16	138.94	71.220
Mahindra & Mahindra Ltd.	98.16	36.05	29.90	14.81	46.31	57.04	47.045
Force Motors Ltd.	10.95	2.20	-1.76	-4.82	4.19	13.64	4.067
Eicher Motors Ltd.	259.86	271.49	207.49	194.84	224.79	884.76	340.538
Bajaj Auto Ltd.	184.5	188.66	715.79	892.74	2083.34	1496.241	926.893

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Activity or Efficiency Ratio:
These ratios tell us with what efficiency the work is being done in the business. It measures the work efficiency of the managers. It gives information about whether the organization has used its available resources efficiently and profitably or not.

Stock Turnover Ratio: This ratio measures the rate at which stock is converted into sales. The higher this ratio is, the better it is. Higher stock turnover ratio is considered an indicator of business efficiency and profit. By analyzing Table 6, it is known that the stock turnover ratio is good among all the automobile companies. Bajaj Auto Limited has the highest stock turnover ratio and Force Motors Limited has the lowest ratio.The stock turnover ratios of other automobile companies are almost similar to the average stock turnover ratios.
Formula = Cost of goods sold / Average Stock

Table 6 : Stock Turnover Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	13.86	12.52	7.66	4.54	11.46	14.84	10.813
Maruti Suzuki India Ltd.	10.93	11.94	12.07	23.06	23.52	25.87	17.898
Mahindra & Mahindra Ltd.	7.78	8.43	8.23	11.39	13.38	13.96	10.528
Force Motors Ltd.	5.26	5.37	4.32	3.56	5.58	7.25	5.223

Eicher Motors Ltd.	8.76	8.64	6.91	11.21	17.52	16.18	11.537
Bajaj Auto Ltd.	18.92	18.27	16.28	14.32	28.13	31.46	21.23

Debtor’s Turnover Ratio: This ratio expresses the relationship between debtors and net credit sales. It tells how much of the sales is in the form of debtors which is not received and in what period the money is received from the debtors. This ratio is found by dividing the average receivable in credit sale. Analysis of Table 7 shows that the Debtors turnover ratio of all the companies is very good. The Debtors Turnover Ratio of Eicher Motors Limited in the year 2018-19 is 86.94 which is highest till date among all the companies. Eicher Motors Limited and Maruti Suzuki have higher debtors turnover ratios as compared to other companies. This ratio of all other companies is almost equal.

Table 7 : Debtor’s Turnover Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	28.90	29.76	22.51	14.84	16.80	21.15	22.327
Maruti Suzuki India Ltd.	35.69	44.13	53.40	43.26	35.29	37.23	41.500
Mahindra & Mahindra Ltd.	22.99	24.01	21.36	16.86	13.10	13.58	18.650
Force Motors Ltd.	46.47	26.04	20.55	13.49	18.38	21.93	24.477
Eicher Motors Ltd.	25.23	15.03	14.20	44.18	75.46	86.94	43.507
Bajaj Auto Ltd.	22.92	22.13	15.66	12.49	13.97	11.551	16.453

Assets Turnover Ratio: This ratio is found by dividing the total assets employed in the business by the total net sales. This ratio measures the efficient and profitable use of the assets used in the business. A high total assets frequency ratio reflects the efficiency of the managers. If this ratio is low then It shows that a portion of the assets of the business are not being used. The organization is not using its assets to their full potential. Analysis of Table 8 shows that all the companies have good asset turnover ratios. All the companies are fully utilizing their assets in their business. The highest turnover ratios are of Maruti Suzuki India Limited and Force Motors Limited.

Table 8 : Assets Turnover Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	1.72	1.56	1.13	0.75	1.11	1.13	1.233
Maruti Suzuki India Ltd.	1.68	1.93	1.63	1.36	1.57	1.36	1.588
Mahindra & Mahindra Ltd.	1.97	1.93	1.34	1.15	1.30	1.01	1.450
Force Motors Ltd.	2.45	2.09	1.35	0.91	1.56	1.28	1.607

Eicher Motors Ltd.	1.01	1.12	0.98	0.94	1.12	1.03	1.033
Bajaj Auto Ltd.	1.74	1.43	1.24	1.10	1.50	1.357	1.394

Profitability Ratio:

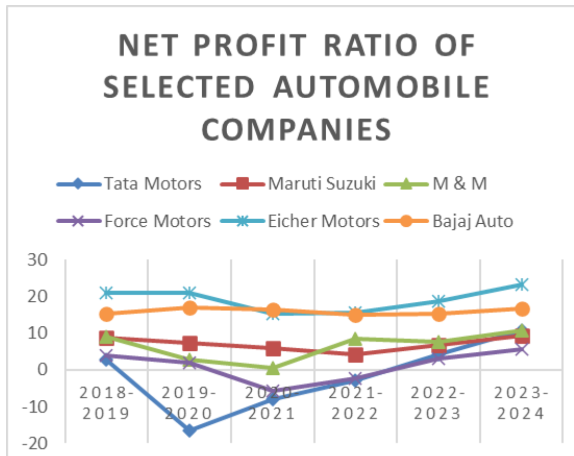
Net Profit Ratio: The profitability and working efficiency of the company is measured through this ratio. The higher this ratio is, the greater is the working efficiency and profitability of the company.

Formula = Net Profit * 100 / Net sales

Analyzing Table 9, it is found that the average net profit ratio of Tata Motors Limited is negative. The company suffered a loss of 16.59% in 2019-20 and has also suffered a loss in 2020-2021 and 202-202. Both Tata Motors and Force Motors have suffered huge losses due to Corona in 2020-21 and 2021-22. In these two years, Eicher Motors and Bajaj Motors have made an average profit of 15%. probably this profit has been made by these companies in the two wheeler segment. Eicher Motors Limited recorded the highest profit of 23.31% in the year 2023-24, which is the highest in these years.

Table 9 : Net Profit Ratio of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	10.78	4.14	-2.94	-7.93	-16.59	2.91	-1.605
Maruti Suzuki India Ltd.	9.37	6.84	4.26	6.01	7.47	8.71	7.110
Mahindra & Mahindra Ltd.	10.85	7.70	8.59	0.59	2.92	8.94	6.598
Force Motors Ltd.	5.74	3.02	-2.30	-5.62	1.88	4.03	1.125
Eicher Motors Ltd.	23.31	18.64	15.66	15.42	20.97	20.97	19.162
Bajaj Auto Ltd.	16.73	15.44	15.14	16.41	17.04	15.45	16.035



Return on Networth/Equity:

This ratio tells the relationship between net income after deducting interest and taxes and shareholders' investment. This ratio tells the rate of return on owners' funds. This earning rate should be higher than the prevailing interest rate. Analysis of Table 10 shows that the average return on equity of Tata Motors Limited is negative. In the year 2019-20, the return on equity of Tata Motors has been the most negative at 39.64. The average return on equity of Bajaj Auto Limited was 22.69, which is the highest. The average return on equity of Maruti Suzuki India Limited and Mahindra & Mahindra Limited is 11 to 12%.

Table 10 : Return On Equity of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	26.21	12.14	-6.97	-12.57	-39.64	9.11	-1.953
Maruti Suzuki India Ltd.	15.72	13.33	6.96	8.23	11.66	16.25	12.025
Mahindra & Mahindra Ltd.	20.50	15.10	12.66	0.77	3.86	14.01	11.150
Force Motors Ltd.	17.26	7.86	-4.17	-6.01	2.94	7.60	4.247
Eicher Motors Ltd.	23.89	20.35	14.69	13.70	23.00	28.82	20.742
Bajaj Auto Ltd.	30.08	22.13	18.81	18.07	25.59	21.46	22.69

Return on Capital Employed:

This ratio is an important measure of the overall profitability of the business. It measures the efficiency of management in the use of funds invested in the business. To find this, divide the profit before tax and interest by the invested capital. The higher this ratio is, the more efficient the management is. On analyzing Table 11, it is found that Eicher Motors and Bajaj Auto have a higher return on assets. This shows better asset utilization in these companies. Whereas Tata Motors and Force Motors have a lower return on assets. Eicher Motors had a negative return on assets in the year 2021-2022 and 2020-2021 and Tata Motors had a negative return on assets in the year 2019-2020.

Table 11 : Return On Capital Employed of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	17.41	9.96	1.07	0.37	-7.18	11.57	5.533
Maruti Suzuki India Ltd.	19.72	16.40	8.35	9.74	14.04	21.60	14.975
Mahindra & Mahindra Ltd.	23.55	19.76	13.80	12.35	13.26	16.86	16.597
Force Motors Ltd.	23.90	5.88	-2.99	-5.70	5.31	9.58	5.997
Eicher Motors Ltd.	29.15	25.46	18.60	17.58	28.00	42.05	26.807
Bajaj Auto Ltd.	38.68	28.72	22.76	22.96	32.08	28.28	28.913

Earning per share:

Generally, the profit on shares depends on the goods earned by the organization. After deducting interest, tax, and dividend on preference shares from the profit earned in the business, the amount that remains is the right of the common shares. In this way, the earning per share is determined by dividing the number of common shares in the profit that remains.

Tata Motors and Force Motors have negative earnings per share in the year 2021-2022 and 2022-2023. Maruti Suzuki has the highest earnings per share. Eicher Motors has the highest earnings per share of Rs

753.37 in the year 2018-2019, which is the highest in the last 5 years.

Table 12 : Earning Per Share of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	20.61	7.11	-3.63	-6.59	-21.06	5.94	0.397
Maruti Suzuki India Ltd.	431.08	266.46	124.68	140.02	187.06	248.30	232.933
Mahindra & Mahindra Ltd.	89.42	54.70	41.28	2.25	11.16	40.29	39.850
Force Motors Ltd.	304.86	115.40	-56.62	-84.90	44.16	111.70	72.433
Eicher Motors Ltd.	136.98	95.91	58.02	48.68	697.50	753.37	298.410
Bajaj Auto Ltd.	264.60	197.30	173.60	157.50	176.30	161.60	188.48

Return On Assets:

It shows the profitability of some of the company's assets. It tests how efficiently the management has used them. The higher the ratio, the more profit the company will earn. To find this ratio, the profit after tax but before interest is calculated and divided by the total assets. Analysis of Table No. 13 shows that Tata Motors has the lowest return on assets among all the companies and Bajaj Auto has the highest return on assets. Bajaj Auto and Eicher Motors are using their assets better.

Table 13 : Return On Assets of 5 Companies from 2018 to 2024

Name of Company/Year	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	Mean
Tata Motors Ltd.	11.95	4.41	-2.17	-3.68	-11.64	3.31	0.363
Maruti Suzuki India Ltd.	11.97	9.67	5.13	6.03	9.03	11.91	8.957
Mahindra & Mahindra Ltd.	12.78	8.64	7.35	0.45	2.63	9.10	6.825
Force Motors Ltd.	8.95	3.73	-2.01	-3.43	1.87	5.18	2.382
Eicher Motors Ltd.	18.31	15.54	11.10	10.53	17.99	21.67	15.857
Bajaj Auto Ltd.	21.83	18.07	15.72	14.44	20.58	17.07	17.951

CONCLUSION

1. Tata Motors is fully utilizing its current assets for profitable purposes but this shows a decrease in the working capital of the company. The organization is doing more business than its resources. This is affecting the solvency of the company whereas Eicher Motors Limited is having proper working capital. Liquidity ratio reveals high creditworthiness and high solvency of the company.
2. Bajaj Auto, Eicher Motors and Mahindra & Mahindra Company are able to pay their

obligations promptly. The position of Tata Motors, Maruti Suzuki and Force Motors is satisfactory.

3. Except Tata Motors all other automobile companies have very little use of loans for managing finance for assets hence there will be no problem of repayment of loans and payment of interest. The position of Tata Motors is satisfactory.
4. Due to low utilization of debt capital by Bajaj Auto and Eicher Motors and Maruti Suzuki companies, the interest of lenders in these companies is safe.
5. Bajaj Auto Limited can continue selling even at low margin profit. Because the stock turnover ratio of the company is high which is an indicator of the efficiency and profit growth of the company. More capital than required has been employed by Force Motors Limited in its stock.
6. The probability of bad debts from debtors is minimum among all the automobile companies because debtors' turnover ratio is high among all the companies.
7. All the companies are fully utilizing their assets in their business
8. During the Corona period, those automobile companies which were not manufacturing two wheelers suffered more losses. Bajaj Auto Limited and Eicher Motor Limited have made profits in these years while Tata Motors Limited and Force Motors Limited have suffered losses. Presently all the companies are making profit. Eicher Motors Limited has made the maximum profit. Tata Motors Limited has also made profit in 2022-23 and 2023-24.

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