

Financial Performance of Leading Automobile Companies in India

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Abstract—Automobile sector plays a pivotal role in progress of Indian economy. With the opening up of the Indian economy in 1991 there has been considerable increase in number of players in the sector. Though the sector is currently progressing with strong long-term positive forecasts, the industry is facing several challenges on account of increasing costs of inputs, BS6 norms, entry of electric vehicles and policy changes time to time. The modern-day need for shift towards advanced technologies impacts profitability and calls for increased investment in research and development. Considering the sales, profits, and increased asset base- Maruti Suzuki, Mahindra and Mahindra, Bajaj Auto and Tata Motors are the major players in Indian market. The firms should consider and undertake innovations with emphasis on cost management, sustainability and technological progress to overcome the challenges and attain further progress in the Indian automobile scenario.

Index Terms—automobile, Tata Motors, Maruti Suzuki India Ltd, Mahindra and Mahindra Ltd., Bajaj Auto Ltd

I. INTRODUCTION

India's economic scenario has gained fast momentum in the last decade. The performance of the manufacturing sector plays a key role in economic growth by stimulating innovations and supporting supply chains across various industries. In the manufacturing ecosystem, the automobile sector plays a dynamic role and contributes nearly 7.1 per cent of national GDP, employing 19 million people directly and indirectly. In a global perspective, the automotive industry has a significant role in the growth process as it has played a vital role in strengthening interconnected industries. By making use of this diverse opportunity in the automotive sector, India can drive sustainable growth and enhance global competitiveness. There have been technological advances and transformations in the global landscape

of automobile manufacturing. These transformations have led to the evolution from conventional vehicles to electric vehicles and also increasing integration of artificial intelligence along with digital technology. The Indian automobile sector had considerable changes since the New Economic Policy of 1991 which promoted delicensing and deregulation. The performance of the automobile sector is indicative of the performance of the economy. India has a strong domestic market demand along with a good edge in exports. The demand for automobiles is determined by various factors like consumer preferences, government policies, infrastructure availability, increase in disposable income, access to credit and technological advancements. India's annual production of automobiles in 2024- 2025 was 31.03 million vehicles and it shows an increasing trend. In 2030, India is expected to become the largest electric vehicle market. In terms of overall passenger vehicle sales at the global level, 77 million units of passenger vehicles are sold at the global level in 2024. Passenger vehicle sales are highest in China followed by the USA with the share of 33 percent and 19 percent respectively. India is the third largest passenger vehicles market with a global share of 5.19 per cent in 2023. Data pertaining to commercial vehicles sales globally shows that China leads with a global share of 31 per cent, followed by the United States of America with the share of 10 per cent and India with a global share of 7 per cent. Due to this conducive environment several automakers are making huge investing in various segments of the industry in the last few years.

II. LITERATURE REVIEW

Subramanian M., Ravichandran (2016) analysed the financial performance of Force Motors Limited by using various financial tools. It reveals that the company has sufficient funds to meet its liabilities and

debts. The sales and profit are noted to be on increasing trend over the years.

Kanagavalli G and Saroja Devi R (2018) measured the financial performance of major selected automobile companies for the period of 5 years from 2013-2017 by using ratio analysis. The purpose of the study was to evaluate and compare the financial performance of selected three companies to rate their financial performances.

Sharma S. K., Singh R., Bhalotia V. (2019) points out that empirical model draws a lot of implications to streamline the risk effects in the industry, but it clearly shows that the three factors - business risks, economic risks and external risks are not entirely independent and are positively correlated with each other.

Nithya Sri M. and Priya L. (2024) scrutinize financial health of various automobile companies by evaluating key metrics like profitability, liquidity, and solvency to identify trends, strengths, and areas of improvement within the sector, contributing insights for investors and stakeholders.

Kavitha Sharma S. (2025) examines the financial performance analysis of a few Indian car firms by examining liquidity, solvency, profitability, and other important financial indicators. It seeks to reveal sector-wide trends, strengths, and improvement opportunities.

III. SIGNIFICANCE OF THE STUDY

The automobile industry contributes significantly to India's GDP and as an important role in generating employment both directly and indirectly. The growth of this sector has a multiplier effect on other industries such as steel, rubber and electronics. It also drives technological innovations creating a competitive edge in the economy. A rise in domestic investment in the automobile industry has been evident in the recent

past. The study focuses on the growth trends of the Indian automobile industry along with the financial performance of major automobile companies. Evaluating the performance enables us to understand the market capitalisation of these companies and also to evaluate future risk and potentials. Analysing financial ratios provides insight into the Company's financial health including efficiency, profitability, resource allocation and trends in the industry.

IV. OBJECTIVES OF THE STUDY

1. To examine the economic dynamics of India's automobile industry.
2. To evaluate the financial ratios of major Indian automobile companies.

V. RESEARCH METHODOLOGY

A descriptive research method is used for the study. The study is based on secondary data compiled from various publications and websites- Annual reports of the respective Companies, Journals, India Brand Equity Foundation, Economics Survey, RBI reports, Money control, Equity master and Society of Indian Automobile Manufactures (SIAM).

VI. ANALYSIS AND FINDING

Automobile sector is a significant driving force in the economy and its performance has a strong influence on the economy. To examine the economic dynamics of the industry the production, domestic sales and exports of the automobile industry in India are looked into. In terms of production Maruti Suzuki India Limited, is India's biggest car maker with more than 40 per cent market share in the passenger vehicles segment in 2024.

Table-1. Production of Automobiles in India (In numbers)

Years/Category	2020-21	2021-22	2022-23	2023-24	2024-25
Passenger Vehicles	3062280	3650698 (19.22)	4587116 (25.65)	4901840 (6.86)	5061164 (3.25)
Commercial vehicles	624939	805527 (28.9)	1035626 (28.57)	1067504 (3.08)	1032645 (-3.27)
Three wheelers	614613	758669 (23.4)	855696 (12.79)	996159 (16.42)	1050020 (5.40)
Two-wheeler	18349941	17821111 (-2.88)	19459009 (9.19)	21468527 (10.32)	23883857 (11.25)
Quadricycles	3836	4061	2897	5006	6488
Grand total	22655609	23040066 (1.7)	25940344 (12.59)	28439036 (9.63)	31034174 (9.13)

Source-<https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=13>

Figures in parenthesis represents year to year growth rates and is computed by the authors

The automobile industry has been producing wide range of vehicles under passenger vehicles, commercial vehicles, two wheelers and three wheelers. Two-wheeler vehicles account for the largest share of the automobile industry and dominates the market. The two wheelers and passenger vehicles account for 77 percent and 16 percent respectively of total production in 2024-25. A continuous increase has

been noted in the production of various categories of automobiles since 2020-21. But a decline of 2.88 percent in two-wheeler segment was noted in 2021-22 and decline of 3.27 percent in case of commercial vehicles in 2024-25 in comparison to previous fiscal. The Make in India initiative have led to sustainable mobility with increase in production of EVs.

Table-2 Domestic Sales of Automobiles in India (In numbers)

Category	2020-21	2021-22	2022-23	2023-24	2024-25
Passenger Vehicles	2711457	3069523 (11.67)	3890114 (26.7)	4218750 (8.4)	4301848 (2)
Commercial vehicles	568559	716566 (20.66)	962468 (34.3)	968770 (0.66)	956671 (-1.2)
Three wheelers	219446	261385 (16.04)	488768 (87)	694801 (42)	741420 (6.7)
Two wheelers	15120783	13570008 (-11.43)	15862771 (16.9)	17974395 (13)	19607332 (9.1)
Quadracycles	-12	124	725	725	120
Grand total	18620233	17617606 (-5.4)	21204846 (20.36)	23857441 (12.5)	25607391(7.3)

Source- <https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14>

Figures in parenthesis represents year to year growth rates and is computed by the authors

India has a strong market for automobiles both in terms of domestic demand and exports. The growth of the middle class and increase in youth population has resulted in domination of two wheelers in terms of volume. The increased demand for two wheelers in rural areas of the country is a notable feature. The

growth of logistics and enhanced transportation has resulted in raising the demand for commercial vehicles. A small decline has been noted in commercial vehicles sales in 24-25 due to slowdown in e-commerce and infrastructural development activities.

Table-3. Exports of Automobiles from India. (In numbers)

Category	2020-21	2021-22	2022-23	2023-24	2024-25
Passenger Vehicles	404397	577875 (42.89)	662891 (14.7)	672105 (1.39)	770364 (14.62)
Commercial vehicles	50334	92297 (83.3)	78645 (-14.79)	65818 (-16.31)	80986 (23.04)
Three wheelers	393001	499730 (27.15)	365549 (-26.85)	299977 (-17.93)	306914 (2.3)
Two wheelers	3282786	4443131 (35.34)	3652122 (-17.8)	3458416 (-5.3)	4198403 (21.39)
Quadracycles	3529	4326	2280	4178	6422
Grand total	4134047	5617359 (35.88)	4761487 (-15.23)	4500494 (-5.4)	5363089 (19.17)

Source- <https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=15>

Figures in parenthesis represents year to year growth rates and is computed by the authors

India is a dominant player in global automobile export market. Indian companies have a competitive advantage in terms of production costs. Maruti Suzuki is the largest exporter from India and holds top position in passenger vehicle exports. In 2022-23 and 2023-24, automobile exports from India experienced a decline of 15.23 percent and 5.4 percent compared to previous fiscal. But in case of passenger vehicles an increase of 14.7 percent was noted in 2022-23 and a slight increase of 1.39 percent in 2023-24 in contrary to decline in other major segments. Global economic

slowdown due to monetary crisis and foreign exchange issues in overseas markets affected the automobile exports during the period. However, there was considerable improvement in 2024-25.

Financial ratios of major Indian automobile companies – This second objective is examined on basis of performance of 4 major automobile companies in India, selected on basis of market capitalisation- Maruti Suzuki India Ltd (Rs 391233.12Cr), Mahindra and Mahindra Ltd (Rs 370434.84Cr), Tata Motors (Rs 263345.29Cr) and Bajaj Auto Ltd (Rs 241839.84Cr)

Table – 4. Revenue Generation-- Major Automobile Companies (Rs in crores)

Years/Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	249794.75	70372	74277.78	27741.08
2022	278453.75 (11.47)	88329.8 (25.51)	90170.57 (21.39)	33144.71 (19.48)
2023	345966.96 (24.2)	117571.3 (33.10)	121268.55 (34.49)	36455.38 (9.99)
2024	437927.77 (26.58)	141858.2 (20.66)	138279.3 (14.03)	44870.43 (23.08)
2025	439695 (0.40)	152913 (7.79)	159210.82 (15.14)	50994.55 (13.64)

Source: <https://www.moneycontrol.com>

Figures in parenthesis represents year to year growth rates and is computed by the authors

All the companies noted here have made substantial improvements in revenue year to year. The increase in market demand, pricing strategies of the industry, sales volume, and operational efficiency have influenced the revenue pattern. The economic growth performance of the country, changes in demographic pattern, government policies and technological

improvements like electric vehicles, hybrid vehicles, fuel efficiency and so on have played a significant role in determining and improving the revenue. The local and export demand combined with government policies have significant influence on revenue generation.

Table – 5. Net Profit-- Major Automobile Companies (Rs in crores)

Years/Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	-13016.14	4220.1	2425.26	4550.7
2022	-11234.7 (13.69)	3717.69 (-12)	5397.22 (122.54)	5586.34 (22.75)
2023	2853.49 (125)	8033.6 (116.09)	9869.04 (82.85)	5530.92 (-0.1)
2024	31106.95 (990)	13234.1 (64.73)	11148.39 (12.96)	7440.65 (34.52)
2025	278629 (795.71)	14256.3 (7.72)	12535.75 (12.44)	8238(10.71)

Source: <https://www.moneycontrol.com>

Figures in parenthesis represents year to year growth rates and is computed by the authors

2020-21 and 2021-22 witnessed a decline in net profits of Tata Motors which is attributed to the issues with respect to Jaguar Land Rover and in its commercial vehicle segment. Both global and domestic challenges have affected the profits of Tata Motors in 2024-25. Though net profit of Maruti Suzuki India Ltd declined by 12 per cent in 2021-22, it increased by 116.09 per cent to reach 8033.6 crores in 2022-23. It is noted that

higher sales volume combined with improvement in market prices, and favourable exchange rate has contributed to growth, Mahindra and Mahindra Ltd and Bajaj Auto Ltd have made net profits despite the fluctuation in year-to-year growth. Bajaj Auto Ltd indicates a very low growth in net profits in 22-23 due to low domestic sales.

Table – 6. Sales-- Major Automobile Companies (Rs in crores)

Years/ Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	249794	70372	74277	27741
2022	278453 (11.47)	88329(25.51)	90172(21.4)	33144(19.48)
2023	345966 (24.25)	117571(33.10)	121268(34.49)	36455(10.00)
2024	437927 (26.58)	141858(20.66)	138279(14.03)	44870(23.08)
2025	439695 (0.40)	152913(7.79)	159210(15.14)	50994(13.64)

Source: <https://www.moneycontrol.com>

Figures in parenthesis represents year to year growth rates and is computed by the authors

The increase in disposable income and enhanced options for credit has generated strong domestic demand. The production of new vehicle variants with advanced technology, government policies and infrastructure facilities has significant impact on

automobile sales. Tata Motors has indicated only a slight increase in sales growth in 2024-25 which is on account of slowdown in sales of EVs, increased competition from other companies and widespread changes in consumer preferences.

Table – 7. Assets-- Major Automobile Companies
(Rs in crores)

Years/ Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	249794	70372	74277	33601
2022	278453	88329	90172	35111
2023	345966	117571	121268	35136
2024	437927	141858	138279	39343
2025	439695	152913	159210	50994

Source: <https://www.moneycontrol.com>

Figures in parenthesis represents year to year growth rates and is computed by the authors

Assets include fixed assets and current assets. The change in government policies, strong domestic sales, strategic investments, innovations, diversification and positive market sentiments has significant impact on asset value of firms. A continuous and robust increase is noted in all firms. Tata Motors - a diversified Company has largest asset base including global operations and brands.

Table – 8. Share Capital-- Major Automobile Companies (Rs in crores)

Years/ Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	765	151	555	289
2022	765	151	556	289
2023	3266	151	556	282
2024	3314	157	557	279
2025	3200	157	1633	279

Source: <https://www.moneycontrol.com>

The considerable increase in share capital of Tata Motors in 2022-23 was attributed to the issue and allotment of ordinary shares to eligible employees under the Tata Motors Limited Employees Stock Option Scheme 2018. The increase in share capital of Mahindra and Mahindra Ltd in 2024-25 is due to capitalisation of profits.

Table – 9. Earnings Per Share (EPS)- - Major Automobile Companies

Years/ Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	-36.99	145.3	16.33	167.9
2022	-29.88	128.43	59.2	213.2
2023	6.29	271.82	92.41	212.5

2024	81.95	429.01	101.14	272.7
2025	78.8	461.2	115.91	262.4

Source: <https://www.moneycontrol.com>

EPS is the key indicator of profitability and shareholder value and is considered as the basis of reliable investment option. The selected industries have positive EPS over the years except for Tata motors which indicated negative EPS in 2020-21 and 21-22. The consistency in growth performance of Maruti Suzuki India Ltd, Mahindra and Mahindra Ltd and Bajaj Auto Ltd is indicative of better investment options.

Table – 10. Return on Equity (ROE)- - Major Automobile Companies

Years/ Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	-24.34	8.36	4.15	17.8
2022	-25.67	7.01	13.95	20.64
2023	5.32	13.28	18.24	20.63
2024	36.97	15.75	17.02	26.61
2025	23.96	15.06	16.78	20.81

Source: <https://www.moneycontrol.com>

With regard to ROE trends- Maruti Suzuki, Mahindra and Mahindra and Bajaj has indicated positive trends with rates exceeding 10 per cent in different years. ROE above 15 percent indicates strong performance which is noted in case of all industries since 2023-24. In 2020-21 and 2021-22 Tata Motors had a decline in ROE which indicated a decline in profitability.

Table – 11. Debt to Equity Ratio(D/E)- - Major Automobile Companies

Years/ Companies	Tata Motors	Maruti Suzuki India Ltd	Mahindra and Mahindra Ltd.	Bajaj Auto Ltd
2021	2.08	0.01	1.43	0
2022	3.13	0.01	1.58	0
2023	2.77	0.02	1.57	0
2024	1.16	0	1.56	0.06
2025	0.54	0	1.57	0.26

Source: <https://www.moneycontrol.com>

A higher D/E ratio suggests higher risk and that the company is financing its growth with debt. This points out that the company has been aggressive in financing its growth and this leads to additional interest expenses. The debt-to-equity ratio of Mahindra and Mahindra Ltd has been continuously less than 2 which

is the ideal level. With very low debt equity ratio Maruti Suzuki and Bajaj Auto has minimum financial liability and show the sign of financial stability, a long term stable financial position. The D/E ratio of Tata Motors has increased to 2.08, indicating a higher reliance on debt financing compared to 2020. This could be due to the pandemic impacting cash flow, leading the company to seek more debt financing. In 2021-22 and 2022-23 the Company has continuously been depending on debt financing compared to equity.

VII. CONCLUSION

Indian Automobile industry known as sunrise industry has made rapid strides in terms of contribution to GDP, employability, export potential and innovation. The New Economic Policy of 1991 has led to the entry of number of new players both domestic and multinational companies into the market. The production and sales indicate the growing demand for the automobiles. Though the industry has marked mixed trends in its financial performance the progress in transport infrastructure combined with competency of new vehicles under various categories have increased the performance of the sector both quantitative and qualitative.

The paper which examined the performance of select automobile companies on basis of market capitalisation indicates that the industries having contributing well in terms of production, revenue, sales and net profit. The various financial ratios indicate the viability of investor in respective companies and the return to the investor and the economy at large. The selected companies are in stage of faster growth but needs to cash on the competitive advantage to enhance further developments in future. With expansion of SUV demand, enhanced EV adoption, and rural market strength, the Indian auto sector is in a robust growth phase, marked by impressive financial recovery. The sector needs to adapt to technological shifts to maintain competitiveness.

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