

A STUDY ON FINANCIAL PERFORMANCE OF BAJAJ AUTO LIMITED

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ABSTRACT

Financial performance analysis plays a crucial role in evaluating the operational efficiency, profitability, liquidity, and solvency of an organization. The present study focuses on the financial performance analysis of Bajaj Auto Limited, one of India's leading automobile manufacturers. The automobile industry significantly contributes to economic growth, employment generation, and technological advancement. Therefore, assessing the financial health of a major industry participant provides valuable insights for investors, management, creditors, and other stakeholders. The study utilizes secondary data collected from annual reports and published financial statements of Bajaj Auto Limited for a period of five years. Various financial tools such as ratio analysis, trend analysis, mean, standard deviation, and coefficient of variation are employed to examine the company's financial position and operational performance. The findings indicate that Bajaj Auto Limited has maintained a strong profitability position with consistent earnings and efficient utilization of resources. Liquidity ratios reveal the company's capability to meet short-term obligations, while solvency indicators demonstrate a stable long-term financial structure. Trend analysis highlights positive growth in sales, net profit, and shareholders' wealth over the study period. However, fluctuations in certain ratios suggest the need for continuous monitoring of working capital and asset utilization efficiency. The study concludes that Bajaj Auto Limited possesses a sound financial foundation and strong market competitiveness. The results may assist investors in making informed decisions and help management formulate strategies for sustainable growth and improved financial performance. The study also contributes to the existing literature on financial performance evaluation in the Indian automobile sector.

Keywords: Financial Performance, Bajaj Auto Limited, Ratio Analysis, Liquidity, Profitability, Solvency, Trend Analysis, Automobile Industry, Financial Statements, Shareholder Wealth.

I. INTRODUCTION

The financial performance of a company reflects its ability to generate profits, manage resources efficiently, and create value for stakeholders. Financial statement analysis has become an essential tool for evaluating organizational performance and supporting strategic decision-making [1]. It assists investors in understanding the profitability and risk profile of a company [2]. Financial analysis also helps management identify strengths and weaknesses in operations [3]. Ratio analysis is widely recognized as an effective technique for measuring corporate performance [4]. Liquidity analysis evaluates a firm's capability to meet short-term obligations [5]. Profitability indicators assess earnings generated from available resources [6]. Solvency measures determine long-term financial stability [7]. Efficiency ratios examine asset utilization and operational effectiveness [8]. The

growing complexity of modern business environments has increased the importance of financial evaluation [9]. Sound financial performance attracts investors and enhances market confidence [10]. It also facilitates business expansion and technological innovation [11]. Financial analysis provides a basis for forecasting future growth opportunities [12]. Stakeholders rely on financial information for investment and lending decisions [13]. Effective performance assessment contributes to sustainable organizational development [14]. The Indian automobile industry has emerged as a key contributor to national economic growth [15].

Bajaj Auto Limited is one of the leading automobile manufacturers in India with a strong presence in domestic and international markets [16]. The company has established a reputation for innovation and product quality [17]. Its diverse portfolio includes motorcycles, scooters, and three-wheelers [18]. Strategic alliances have strengthened its global competitiveness [19]. The company's consistent financial growth has attracted significant investor interest [20]. An analysis of its financial performance provides insights into operational efficiency and profitability [21]. Previous studies have emphasized the relevance of ratio analysis in evaluating automobile companies [22]. Financial stability enables firms to withstand market uncertainties [23]. Efficient working capital management improves liquidity and operational performance [24]. Profitability growth enhances shareholder wealth and market valuation [25]. The adoption of advanced technologies influences corporate financial outcomes [26]. Global competition necessitates continuous performance monitoring [27]. Sustainable financial management supports long-term growth objectives [28]. The automobile sector continues to experience rapid transformation through innovation and electrification [29]. Therefore, a comprehensive financial performance analysis of Bajaj Auto Limited is essential for understanding its financial health and future prospects [30].

II. LITERATURE REVIEW

Several researchers have examined financial performance analysis as a tool for evaluating organizational effectiveness. Alagumurugan analyzed the financial performance of Bajaj Auto Limited and reported satisfactory solvency and turnover positions [1]. Mayilsamy and Sarulatha observed fluctuations in liquidity and profitability ratios [2]. Geetanjili Shrivastav and Vikas Bhatol compared Bajaj Auto and Hero MotoCorp and found superior profitability performance in Bajaj Auto [3]. Muruganatham and Barkavi highlighted the importance of liquidity and profitability management in automobile firms [4]. Thamilselvan and Nivetha reported positive financial trends in Hero MotoCorp [5]. Pravin Narayan Mahamuni and Anil Arun Poman applied the DuPont model to compare Bajaj Auto and Hero MotoCorp [6]. Kalimuthu and Pavithra emphasized the role of expense control in improving profitability [7]. Financial ratio analysis remains a dominant technique in performance evaluation [8]. Researchers have identified liquidity management as a critical factor influencing financial stability [9]. Profitability indicators are commonly used to assess business efficiency [10]. Working capital management significantly affects organizational performance [11]. Comparative analysis helps identify industry leaders and benchmark performance [12]. Trend analysis facilitates understanding of financial growth patterns [13]. Corporate profitability influences investment attractiveness [14]. Financial performance evaluation supports strategic planning and resource allocation [15].

Subsequent studies have focused on broader dimensions of corporate performance and value creation. Researchers have highlighted the relationship between solvency and long-term sustainability [16]. Effective asset utilization

contributes to operational efficiency [17]. Financial leverage influences shareholder returns and risk exposure [18]. Earnings stability enhances stakeholder confidence [19]. The automobile industry has experienced significant transformation due to technological advancements [20]. Corporate governance practices affect financial outcomes [21]. Capital structure decisions influence profitability and market value [22]. Investors increasingly rely on financial metrics for decision-making [23]. Sustainable growth depends on effective financial management practices [24]. Economic fluctuations impact organizational performance and profitability [25]. Industry competition requires continuous monitoring of financial indicators [26]. Financial statement analysis assists in identifying emerging business opportunities [27]. Performance measurement supports managerial control and strategic implementation [28]. Longitudinal studies reveal changing trends in financial health over time [29]. Overall, existing literature confirms that financial analysis is essential for assessing the operational and financial strength of organizations, particularly within the automobile sector [30].

III. RESEARCH METHODOLOGY

The present study adopts a descriptive and analytical research design to evaluate the financial performance of Bajaj Auto Limited. The study is based entirely on secondary data collected from the company's annual reports, audited financial statements, official publications, journals, websites, and industry reports. A five-year period is considered for analysis to understand the trends and changes in the company's financial position. The selected period provides sufficient information to assess profitability, liquidity, solvency, and operational efficiency. The study focuses on key financial variables such as sales revenue, net profit, total assets, shareholders' equity, current assets, and current liabilities.

Various analytical tools are employed to achieve the objectives of the study. Ratio analysis is used to evaluate liquidity, profitability, and solvency positions. Trend analysis is applied to identify growth patterns and financial performance over the study period. Statistical tools such as mean, standard deviation, and coefficient of variation are utilized to measure consistency, variability, and financial stability. The collected data are systematically classified, tabulated, and interpreted to derive meaningful conclusions. The findings obtained through these methods provide insights into the financial strengths and weaknesses of Bajaj Auto Limited and support recommendations for improving future performance.

IV. RESULTS & DISCUSSION

The analysis of financial statements reveals that Bajaj Auto Limited has maintained a strong financial position throughout the study period. Profitability ratios indicate consistent growth in earnings, reflecting effective cost management and efficient utilization of resources. The net profit margin and return on equity demonstrate the company's ability to generate satisfactory returns for shareholders. Liquidity ratios reveal that the organization possesses adequate current assets to meet short-term obligations. The current ratio and quick ratio indicate a reasonably stable liquidity position. Trend analysis further shows a positive increase in sales revenue and profitability, highlighting the company's strong market presence and operational efficiency.

YEAR	NET PROFIT (Rs.)	NET SALES (Rs.)	RATIO
2018-2019	4577.86	30249.96	15.08
2019-2020	4890.40	29918.65	16.35
2020-2021	4550.70	27741.08	16.40
2021-2022	5586.34	33144.71	16.85
2022-2023	5627.60	36427.60	15.45
Total			80.13
Mean			16.026
Standard Deviation			0.733
Coefficient of Variation			4.575

YEAR	GROSS PROFIT (Rs.)	NET SALES (Rs.)	RATIO
2018-2019	4715.96	30249.96	15.59
2019-2020	4846.82	29918.65	16.20
2020-2021	4668.82	27741.08	16.83
2021-2022	4988.28	33144.71	15.05
2022-2023	4328.36	36427.60	17.20
Total			64.04
Mean			16.01
Standard Deviation			0.922
Coefficient of Variation			5.759

YEAR	OPERATING PROFIT (Rs.)	NET SALES (Rs.)	RATIO
2018-2019	4982.02	30249.96	16.47
2019-2020	5096.23	29918.65	17.03
2020-2021	4928.48	27741.08	17.76
2021-2022	5258.84	33144.71	15.86
2022-2023	6549.14	36427.60	17.98
Total			85.1
Mean			17.02
Standard Deviation			0.883
Coefficient of Variation			5.187

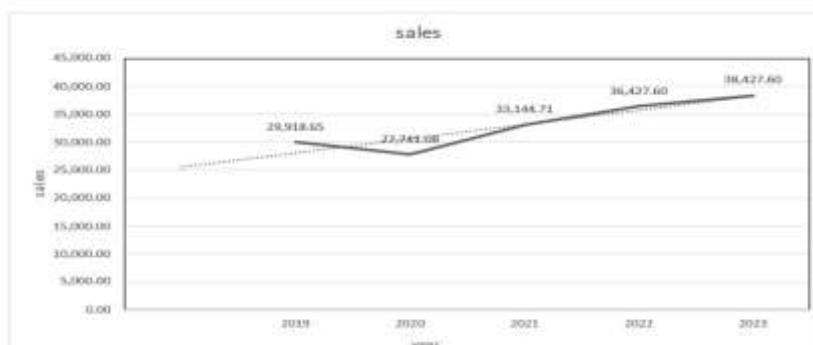
The solvency position of Bajaj Auto Limited remains satisfactory, indicating low financial risk and strong long-term sustainability. Debt-related ratios suggest that the company has effectively managed its capital structure without excessive dependence on external borrowings. The coefficient of variation and standard deviation analysis reveal moderate fluctuations in financial performance, suggesting stability in earnings and operations. Despite overall positive performance, certain variations in liquidity and efficiency ratios indicate opportunities for improving working capital management and asset utilization. The results suggest that Bajaj Auto Limited

possesses strong financial fundamentals, enabling it to maintain competitiveness and achieve sustainable growth in the dynamic automobile industry.

YEAR	NET INCOME (Rs.)	AVERAGE TOTAL ASSETS (Rs.)	RATIO
2018-2019	4679.66	21779.90	21.48
2019-2020	5103.14	19925.49	25.61
2020-2021	4561.25	25202.26	18.09
2021-2022	5027.53	26668.80	18.85
2022-2023	5667.08	25425.86	22.28

Total	106.31
Mean	21.262
Standard Deviation	22.995
Coefficient of Variation	14.084

YEAR	NET INCOME (Rs.)	SHAREHOLDER FUND (Rs.)	RATIO
2018-2019	4675.18	21779.90	21.47
2019-2020	5099.98	19925.40	25.60
2020-2021	4554.59	25202.26	18.07
2021-2022	5018.87	26668.80	18.81
2022-2023	5627.60	25425.86	22.13
Total			80.48
Mean			20.12
Standard Deviation			1.982
Coefficient of Variation			9.849



V. CONCLUSION

The study concludes that Bajaj Auto Limited has demonstrated strong financial performance during the period under review. The analysis of profitability, liquidity, solvency, and efficiency indicators reveals that the company has maintained a healthy financial structure and achieved satisfactory operational results. Consistent profitability, effective resource utilization, and prudent financial management have contributed significantly to the company's success. The findings indicate that the organization possesses adequate liquidity to meet short-term obligations and sufficient solvency to ensure long-term sustainability. Trend analysis confirms positive growth in sales, profits, and shareholder value, reflecting the company's strong market position within the Indian automobile

industry. Although certain fluctuations were observed in selected financial ratios, the overall financial condition remains stable and favorable. The study highlights the importance of continuous monitoring of working capital, cost control measures, and efficient asset management to sustain future growth. Investors, creditors, and management can utilize the findings to make informed decisions regarding investment, financing, and strategic planning. Furthermore, the study contributes to understanding the financial dynamics of the automobile sector and emphasizes the significance of financial performance analysis as a decision-making tool. Therefore, Bajaj Auto Limited can be considered a financially sound organization with strong growth potential and the capability to sustain long-term competitiveness in both domestic and global markets.

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