

## **A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF BAJAJ AUTO PVT LTD, HYDERABAD.**

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### **ABSTRACT**

This study main focus on to analysis the overall performance of the Bajaj auto limited to analysis the overall performance with the help of financial statement with shows all revenues, expenses, assets, and liabilities in the form of a balance sheet and a profit and loss statement This statement is examined; it is referred to as performance; it aids the company in making decisions and provides information about the role of financial components in business. The method used to analysis their performance was ratio analysis (liquidity, profitability and solvency) and fluctuating working capital schedules This technique aids in the analysis of business performance.

**Key Words:** Financial performance, Financial statement, Ratio Analysis.

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### **INTRODUCTION**

Financial Performance Analysis Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business.

There are two types of financial analysis:

- **Fundamental Analysis** Fundamental analysis uses ratios gathered from data within the financial statements, such as a company's earnings per share (EPS), in order to determine the business's value.
- **Technical Analysis** Technical analysis uses statistical trends gathered from trading activity, such as moving averages (MA).

## **REVIEW OF LITERATURE**

**Murugananthamand Barkavi (2020)** conducted research for analysis of the financial performance of TVS Motors by using 5 years of annual audited reports. And finally, these studies concluded business is Good and they have better performance. In addition to that want to increase their sales volume, and produce more from the owner's funds and available funds. This helps firms to increase their Performance in their competitive world.

**Pravin Narayanan Mahamuni and Anil Arun Poman (2019)** executed a study to find out the Comparative financial performance between Bajaj Auto and Hero Motor Corp by using Du Pont Analysis made by calculating Return on Assets and Return on Equity. The result concluded Bajaj Auto's Financial performance is better than Hero Motor Corp.

**Srinivas, Saroj (2013)** investigated a study to judge the financial performance of Housing Development Financial Corporation and Industrial Credit and Investment Corporation of India Bank by using the CAMEL rating model. The result of these studies shows there is no significant difference between ICICI And HDFC Bank's financial position. When compare to HDFC bank, the ICICI bank wants to slight Improvement in its financial conditions.

**Siva and Nagarajan (2011)** conducted research by using CAMEL norms and its key impact on the State Bank of India groups. The researcher concluded that the CAMEL model helps to identify the financial strength and weaknesses.

**Alagumurugan (2022)** made research on the financial performance analysis of Bajaj Auto Ltd. The main objective of the study was to evaluate the liquidity, profitability position, solvency and turnover position of the company. Ratio analysis was used for analysing the financial performance of evaluation.

**Mayilsamy and Sarulatha (2023)** analysed that the financial performance of Bajaj Auto Limited. The main objective of the study was to identify the liquidity and profitability position of the company. Ratio analysis was used to analyse the financial statement of the company.

**Geetanjili Shrivastav and Vikas Bhatol (2021)** have done a study on financial statement analysis of Bajaj Auto and Hero MotoCorp. The primary objective of the study was to analyse financial statement of the firms. Three years of financial data was used for analysis. Trend analysis,

ratio analysis, comparative balance sheet and profit & loss account was the tools used.

### **NEED AND IMPORTANCE**

Over the last decade, the two-wheeler industry has grown significantly. Increased demand in urban and semi-urban regions, as well as a relatively low cost of ownership, are two major factors, two - wheelers industry is growing in India. Its success is boosted by the fact that it is the favored mode of transportation over public transportation and four-wheelers. With increasing fuel costs, raising safety concerns, numerous road crashes, higher insurance premiums, and speculation about the electrification of motorcycles, the industry has recently been facing downturns and showing signs of decline. There are roadblocks to the industry's expansion.

### **SCOPE OF THE STUDY**

The current research has a very wide and broad scope. The scope of this report is restricted to profitability analysis, liquidity analysis, short- term financial strength analysis through working capital management, and long-term financial strength analysis through solvency ratios analysis.

The current research focuses specifically on monetary issues. The present study did not cover non-monetary factors that could have a direct effect on the financial output of the two-wheeler industry and selected two-wheeler firms. Other financial issues such as capital budgeting, the effect of social, economic, and political conditions on the two-wheeler industry, the impact of government policies on trade and industry, and so on are not covered in this report.

### **OBJECTIVES OF THE STUDY**

- a) To evaluate the liquidity and profitability position of Bajaj auto ltd.
- b) To Examine the Solvency and turnover position of Bajaj auto ltd
- c) To assess the efficiency of an investments.
- d) To measure the operating efficiency of Bajaj auto ltd

### **Research Methodology**

#### **Source of Data**

In this project the research done is based the concept of Descriptive Research, as the data will be collected to clarify the facts. The data used for the analysis and interpretation is the primary data.

Primary data is the kind of data that is collected directly from the data source without going through any existing sources. It is mostly collected specially for a research project and may be shared publicly

to be used for other research.

**Tools used for data analysis:** The type of research problem an organization is facing will determine the research design and not vice-versa. The design phase of a study determines which tools to use and how they are used. The last 3 years annual report of the company is compiled and tabulated for the purpose of study.

**The techniques used are:**

- Comparative study of Balance sheet
- Comparative study of Profit and loss account for the FY 2024-25.
- Trend Analysis
- Ratio Analysis
  - Profitability ratio
  - Turnover ratio.
  - Solvency ratio
  - Current ratio.

#### **DATA COLLECTION TOOLS**

- For the success of the present study data was collected mainly from secondary sources like annual reports of Bajaj from the FY 2020-21 to FY 2024-25, newsletter, magazines and journals of the company.
- Research involves gathering data that describe events and then organizes, tabulates, depicts and describes the data collection it often uses visual aids such as graphs and charts to aid the reader in understanding the data.

#### **LIMITATIONS OF THE STUDY**

1. The Bajaj Auto was studied using secondary data from published reports and journal articles from 2021 to 2025. The information gathered from the above sources may not contain all of the necessary details. As a result, the current research would take into account all of the short comings that are inherent in the secondary data from financial reports.

- 2. The sample size for the current study is very small. Only one two- wheeler companies are included in the sample. Therefore, the limitation of the small sample is also applicable to the present

### **Data Analysis and Interpretation**

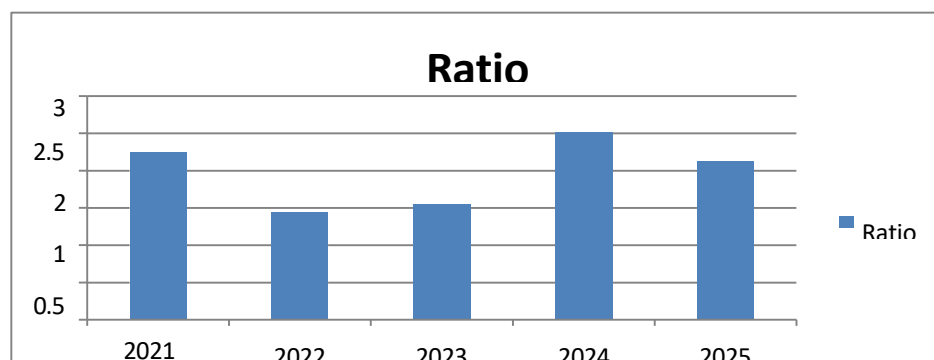
**1. Liquidity ratio:** The liquidity ratio is used to measure the liquidity position of any organization. It means whether the financial organization is able to pay its short-term obligations.

**1.1 Current Ratio:** The current ratio is one of the important ratios to measure liquidity position. The ideal ratio of the current ratio was 2:1. The result will come to two and more than two means it short- term liquidity position is strong.

The formula for calculating the current ratio was = Current Assets / Current Liabilities.

**Table 1**  
**Current Ratio**

Year	Current assets (Rs.)	Current liabilities (Rs.)	Ratio (Times)
2021	9,235.63	4111.29	2.25
2022	7,062.66	4,873.68	1.45
2023	6,596.96	4,253.21	1.55
2024	14,175.13	5,643.21	2.51
2025	9,994.47	4,689.44	2.13



### **INTERPRETATION**

Table shows the Current ratio of Bajaj auto ltd. The current ratio of that firm shows a fluctuating trend. The current ratio decreased from 2.25 times in the year 2021 to 1.45 times

in the year 2022. Due to this reason, current assets decreased from Rs.9,235.63 in the year 2021 to Rs. 7,062.66 in the year 2022. From the overall analysis, the current ratio results are more than the standard norm of 2:1 except in the years 2021 and 2025. Due to the impacts of Covid - 19 lockdown in India.

### **1.1 Quick Ratio**

The quick ratio helps to measure the Company's ability to pay its immediate liabilities without the sale of its stocks. It is a more conservative measure when compared to the current ratio. The ideal norm of the quick ratio was 1:1.

The formula for calculating the quick ratio was = Quick Assets/ Quick Liabilities

Quick assets include all current assets except inventories and prepaid expenses, Quick liabilities include all current liabilities except bank over draft.

Table 2

**Quick Ratio**

Year	Quick assets (Rs.)	Quick liabilities (Rs.)	Ratio (Times)
2021	8,493.05	4,111.29	2.06
2022	6,101.15	4,873.68	1.25
2023	5,333.46	4253.21	1.30
2024	12,681.24	5,643.21	2.25
2025	8,763.96	4,689.44	1.87

### **INTERPRETATION**

The above table denotes the quick ratio of Bajaj Auto Ltd from 2021 to 2025. The ratio decreased from 2.06 times in 2021 to 1.30 times in the year 2023 after that it increased from 1.30 times in the year 2023 to 1.87 times in the year 2025.

**Profitability Ratio:** Earning profit is the first and foremost objective of any business. And it is a major source of internal funds by the way of retained earnings and reserve and surplus. The dividend paid to the equity shareholders depends upon the company's profitability.

**1.1 Operating Profit Ratio:** The operating profit ratio helps to measure the operating efficiency of the business. Operating profit comes from the company's regular courses of business. And it is the major source of income. The formula for calculating operating profit ratio = Operating profit/ Net Sales

**Table 3**

**Operating Profit Ratio**

Year	Operating Profit (Rs.)	Total revenue (Rs.)	Ratio (%)
2021	25,218.92	26512.17	95.12
2022	30,357.57	31899.27	96.48
2023	29,918.65	31652.21	95.16
2024	27,741.08	29017.54	94.52
2025	33,144.71	34353.95	95.60

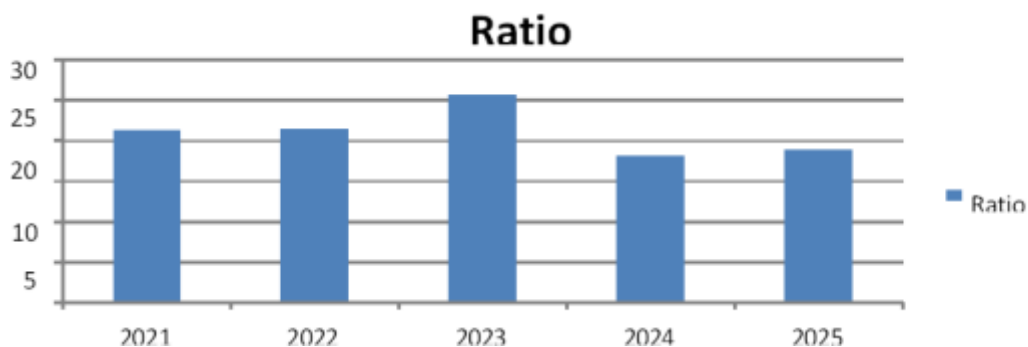
**INTERPRETATION**

From the above table, clearly shows the operating profit position of the firm. The operating profit ratios show a constant trend. The operating profit ratio increased from 95.12 percent to 95.60 in the year 2021-2025. It is an appreciable one. So, the company tries to increase revenue from the operations of the business.

**1.1 Return on Equity Ratio** The return on equity ratio indicates the profitability of any business in relation to the equity shareholders' funds. We can calculate the shareholder's equity by deducting all liabilities from all assets. The formula for calculating Return on equity = Net Income/Shareholders' equity

**Table 4**

Year	Net income (Rs.)	Shareholder equity (Rs.)	Ratio %
2021	2,646.70	16,518.29	21.29
2022	3,890.34	19,563.63	21.46
2023	5,099.98	19,925.49	25.59
2024	4,554.59	25,202.26	18.07
2025	5018.17	26,668.80	18.82



## INTERPRETATION

The above table clearly explains the return on equity ratio of Bajaj Auto Ltd. The highest return on equity ratio shown in the year 2023 was 25.59 percent. The lowest ratio shown in the year 2024 was 18.07 percent. This ratio suddenly decreased from 25.59 percent in the year 2023 to 18.82 percent in the year 2025. Because of that the firm had increased equity shareholders fund in their capital structure.

**1.1 Return on Investment Ratio** The return on investment is helping to measure used to assess the efficiency or profitability of an investment. Income from investment is not a main source of business. Investment may be invested in other companies' equity shares, debenture, and another mode.

The formula for calculating Return on Investment ratio =  $\text{Net Profit} / \text{Investment} \times 100$

**Table 5**

**Return on Investment Ratio**

Year	Net Profit (Rs.)	Total Investments (Rs.)	Ratio %
2021	2,646.70	17,588.30	23.13
2022	3,890.34	19,159.36	20.13
2023	5,099.98	18,195.95	28.03
2024	4,554.59	22,630.95	24.40
2025	5018.17	23,818.76	23.13

## INTERPRETATION

Table shows the return on investment ratio of Bajaj auto limited. This ratio increased from 23.13 percent to 28.03 percent in the year 2021 to 2025. After that, the ratio decreased from 28.03 percent to 23.23 percent in the year 2021 to 2025. It is not an appreciable factor. So, the firm must want to concentrate on returns from investments by the way of selecting the best investment securities when choosing investments.

**2. Solvency Ratio:** The solvency ratio is used to measure a firm's ability to its long-term obligation of the business. It includes the debt-equity ratio and proprietary ratio.

**1.1 Debt- Equity Ratio:** Debt- equity ratio is the important ratio to measure long-term obligations. It matches the total liabilities with the total shareholders' equity fund. High debt equity shows a levered firm and low debt-equity ratio low levered firms.



**Table 6**

**Debt- Equity Ratio**

Year	Debt (Rs.)	Equity (Rs.)	Ratio (Times)
2021	120.77	16,518.29	0.007
2022	124.52	19,563.63	0.006
2023	125.59	19,925.49	0.006
2024	121.46	25,202.26	0.005
2025	159.07	26,668.80	0.006

**INTERPRETATION**

The above table shows the Debt – Equity ratio of Bajaj Auto Ltd. As per the standard norms, the debt equity ratio was 1:1. The above results are below 1:1. So, we Know the firm can easily able paid its outsiders' funds by using its total shareholders 'funds.

**2.2 Proprietary Ratio:** The proprietary is another important ratio to evaluate the proportion of shareholders' equity to the total assets of the firm. It is also called as a net-worth ratio or equity ratio or shareholders' equity ratio. The result of this ratio reveals how much the equity shareholders will get if the company goes to liquidation. The formula for calculating proprietary ratio = Shareholders fund/ Total Asset

**Table 7**

**Proprietary Ratio**

Year	Share holder fund (Rs.)	Total Assets (Rs.)	Ratio (Times)
2021	19,103.86	23,819.49	0.80
2022	21,779.90	27,380.39	0.80
2023	19,925.49	24,773.30	0.80
2024	25,202.26	31,530.20	0.80
2025	26,668.80	31,921.94	0.84

**INTERPRETATION**

Table, shows the Proprietary ratio of the firm and highlights the general financial strength of the firm. The proprietary ratio was increased from 0.80 times to 0.84 times in the year 2021 to

2025. The results of the proprietary ratios were above the standard norm. It denotes the firm has enough assets to meet its shareholders' fund. So, that firm can easily compensate their equity shareholder fund.

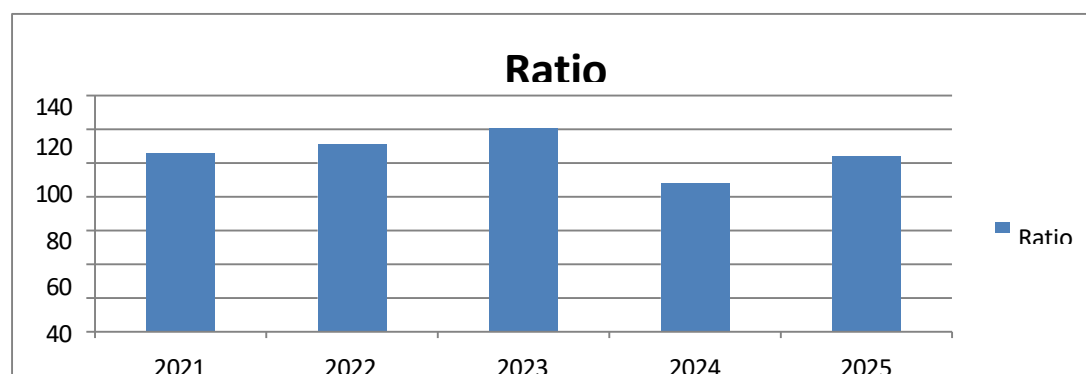
**3.1 Assets Turnover ratio:** The assets turnover ratio measures how the firm utilized its total assets in that business and how it helps to generate revenue for the business. The higher the ratio denotes the company's better performance.

The formula for calculating assets turnover ratio = Revenue/Total assets

**Table 8**

**Assets Turnover ratio**

Year	Total Revenue (Rs.)	Total assets (Rs.)	Ratio (Times)
2021	25,218.92	23,819.49	105.88
2022	30,357.57	27,380.39	110.87
2023	29,918.65	24,773.30	120.77
2024	27,741.08	31,530.20	87.98
2025	33,144.71	31,921.94	103.83



**INTERPRETATION**

From the above table shows the assets turnover ratio of Bajaj Auto Ltd from 2021 to 2025. This ratio increased from 105.88 times to 120.77 times in the year 2021 to 2023. After that results suddenly decreased from 120.77 to 87.98 due to the post-impact of Covid-19. Then the ratio slowly increased to 103.83.

**Findings**

**MAJOR FINDINGS**

The study was conducted on the basis of ratio analysis of Bajaj Auto Limited. The following were the observations from the analysis.

- a) The profitability ratio of Bajaj auto limited was considered to be more favorable

- b) Bajaj motors have a favorable generating revenue from its assets.
- c) Company have got an average and yet favorable leverage ratio.

### **MINOR FINDINGS**

- a) There was no significant increase or decrease in the companies leverage ratio.
- b) There was an decreased in the coverage ratio Bajaj motors ratio.

### **Suggestions**

- a) The results of the current ratios were shown above the standard Norm of 2:1.
- b) So, it is appreciable that the firm must maintain equal or above the Standard Norm in their future periods
- c) The results of the operating profit ratios were no great improvement when compared to Previous years. If the firm concentrates on its operating sources means it furthermore helps the company's growth.
- d) The debt-equity ratio of the firm was too good. The firm tries to follow that same Improvement in the future also.
- e) The results of the proprietary ratios were above the standard norm. It helps to the easy to Meet its shareholder's fund by its assets of the firms. So, they continue to follow this same Strategy in the future period.

### **CONCLUSION**

Over the last decade, the two-wheeler industry has grown significantly. Increased demand in urban and semi-urban regions, as well as a relatively low cost of ownership, are two major factors, two - wheelers industry is growing in India. Its success is boosted by the fact that it is the favored mode of transportation over public transportation and four-wheelers. With increasing fuel costs, raising safety concerns, numerous road crashes, higher insurance premiums, and speculation about the electrification of motorcycles, the industry has recently been facing downturns and showing signs of decline. There are roadblocks to the industry's expansion. The primary motive of this report is to analyze financial statement of the Bajaj it measures the performance in term of assets utilization, and profitability.

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