



A Comparative Study On Financial Analysis Of Hero Motocorp, Tvs Motors And Bajaj Auto

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Abstract: This study compares the financial performance of Hero MotoCorp, Bajaj Auto, and TVS Motors in terms of liquidity, profitability, efficiency, and solvency. Hero MotoCorp excels in liquidity and profitability, maintaining strong financial stability. Bajaj Auto shows remarkable efficiency in asset utilization and capital turnover but demonstrates increasing reliance on debt. TVS Motors struggles with liquidity and debt dependency, yet displays gradual improvement in profitability and operational efficiency. The analysis provides valuable insights for investors, highlighting Hero MotoCorp as stable, Bajaj Auto as growth-focused with debt risks, and TVS Motors requiring strategic improvements for sustainable growth within the period of five years (2019-2024)

Keywords: Liquidity, Efficiency, Solvency, Profitability, Valuation, Two-wheeler industry, Financial analysis tools, Market dynamics

I. INTRODUCTION

The Indian automobile industry is a significant contributor to the country's GDP, with TVS Motor Company, Hero MotoCorp, and Bajaj Auto being leading players. India is a favorable market for two-wheeler industry, leading in production, sales, and exports. India is also one of the largest two-wheeler Exporter. In FY 2024-24, auto-mobile exports in India witnessed a growth of 16% as compared to the previous year period. The purpose of this research for the financial performance of the three largest two-wheeler manufacturers, including TVS Motor Company, Hero MotoCorp, and Bajaj Auto. The assessment considers profitability, liquidity, and overall market status of performance over the past few years to provide an understanding of financial health and competition among players in the sector.

II. STATEMENT OF THE PROBLEM:

To assess and compare the financial performance of three key players in the Indian automobile sector: TVS, Hero and Bajaj. By assessing the financial performance, it will help better understand these companies' market placement and financial strength. Each of the companies outlined above employs a different financial model and strategy. This study will analyze these differences, and their effect on overall financial performance, such as generative revenue, profitability, and liquidity. With increasing competition, it's important to compare the financial metrics of each company, and identify which company has a greater competitive advantage regarding profitability and market share.

III. OBJECTIVES OF THE STUDY:

- To compare the financial performance of Baja Auto, HERO Motocrop and TVS Motors.
- To know the profitability position of the automobile industry in India.
- To examine the liquidity of position of companies.
- To analyze the factors influencing their profitability and revenue growth.

IV. RESEARCH METHODOLOGY:

Design: Descriptive Research

Sample Size: selected as Hero MotoCorp, Bajaj Auto, and TVS Motors

Data Source: Secondary data from platforms like cmie prowest and money control

Tools Used: Ratio analysis, Trend analysis

Limitation of Time Period Analyzed: five years (2019-2024)

V. ANALYSIS AND INTERPRETATION

1. Current Ratio:

Current Ratio	Bajaj Auto	Hero MotoCorp	TVS Motors
3-1-2020	1.124	1.551	0.535
3-1-2021	1.645	1.687	0.463
3-1-2022	1.93	2.084	0.531
3-1-2023	2.343	1.872	0.677
3-1-2024	1.427	2.178	0.631

Interpretation

The **Current Ratio** shows a company's ability to meet short-term liabilities using its current assets. Hero MotoCorp has maintained strong ratios consistently, which peaked at 2.178 in 2024, indicating management of liquidity funding and overall financial stability. Bajaj Auto experienced a two-year flailing of results, with 2.343 in 2023 marking the highest liquidity ratio of the last three years, but the fall to 1.427 in 2024 may signal some concerns relative to liquidity. TVS Motors floundered

throughout the timeline with ratios below 1, ending at 0.631 in 2024, which may indicate possible liquidity issues.

2. Net Profit Margin

Net Profit Margin (%)	Bajaj Auto	Hero MotoCrop	TVS Motors
01-03-2020	12.59	17.04	3.6
01-03-2021	9.62	16.41	3.65
01-03-2022	8.45	15.14	4.29
01-03-2023	8.6	15.44	5.65
01-03-2024	10.59	16.73	6.55

Interpretation

The **Net Profit Margin** shows how much profit a company earns as a percentage of its revenue. TVS Motors' P/E ratios are often high—and projections suggest they could hit 62.5 in 2024. That bodes well for the company's future expansion. Hero MotoCorp's ratios are steadier, lower—and expected to reach 25.2 in 2024. That shows investors still have faith in the company. Bajaj Auto's ratios have been more up-and-down, but they're rising. By 2024, they could reach 34.5. That shift in the market's mood is clear. The difference in growth projections—and the companies' overall growth potential—is most evident in the fact that TVS Motors is seen as the most valuable company overall, followed by Bajaj Auto and Hero MotoCorp.

3. Debt To Equity Ratio

Formula=Total Debt/Shareholder's Equity

Debt-To-Equity Ratio	Hero MotoCrop	TVS Motors	Bajaj Auto
3-1-2020	0.011	0.596	0.006
3-1-2021	0.01	0.302	0.005
3-1-2022	0.011	0.408	0.005
3-1-2023	0.009	0.441	0.005
3-1-2024	0.008	0.254	0.041

Interpretation

The **Debt-to-Equity Ratio** reflects a company's reliance on debt compared to shareholders' equity. Based on the document, Hero MotoCorp exhibits strong financial health, demonstrating progressively consistent ratios from 0.011 in 2020 to 0.008 in 2024 and exhibiting only minor debt dependency. Bajaj Auto also has effective debt control, with ratios less than 0.01 through 2023 before rising modestly from 0.025 to 0.041 in 2024, respectively. In contrast, TVS Motors shows higher ratios, starting at 0.596 in 2020 and dropping to a still comparably higher ratio of 0.254 by 2024, indicating a

more significant debt reliance. In general, Hero MotoCorp and Bajaj Auto show improvement in solvency positions when contrasted with TVS Motors.

4. Return On Capital Employed

Return On Capital Employed (%)	Bajaj Auto	Hero MotoCorp	TVS Motors
01-03-2020	32.08	26.52	18.29
01-03-2021	22.96	24.43	17.24
01-03-2022	22.76	19.68	20.55
01-03-2023	28.72	22.07	26.85
01-03-2024	38.68	28.57	31.32

Interpretation

The **Return on Capital Employed (ROCE)** ratio measures how efficiently a company uses its capital to generate profits. Bajaj Auto consistently leads with the highest ROCE, showing impressive growth from 22.76% in 2022 to 38.68% in 2024, indicating excellent capital utilization. Hero MotoCorp exhibits stable improvement, with ROCE rising from 19.68% in 2022 to 28.57% in 2024, reflecting effective use of resources. TVS Motors demonstrates steady progress, increasing from 20.55% in 2022 to 31.32% in 2024, showcasing improved profitability. Overall, Bajaj Auto excels in capital efficiency, followed by Hero MotoCorp and TVS Motors, both showing positive trends in utilizing their capital effectively.

5. Total Asset Turnover Ratio

Formula= Sales/ Total Assets

Total Asset Turnover Ratio	Bajaj Auto	Hero MotoCorp	TVS Motors
3-1-2020	1.478	1.483	2.101
3-1-2021	1.228	1.452	2.022
3-1-2022	1.109	1.292	1.87
3-1-2023	1.034	1.449	1.711
3-1-2024	1.219	1.544	1.847

Interpretation

The **Total Asset Turnover Ratio** measures how efficiently a company utilizes its total assets to generate sales. In the document, while it registers a decline from 2.101 in 2020 to 1.847 in 2024, indicating lower asset efficiency with the passage of time, TVS Motors consistently registers the best ratios. Hero MotoCorp always employs its assets, evident from its constant ratios, which marginally increased to 1.544 in 2024. Bajaj Auto's performance is irregular; it reached its highest value in 2020 at

1.478, dropped to 1.034 in 2023, and then went up to 1.219 in 2024. TVS Motors is the most effective company, Hero MotoCorp is constant, and Bajaj Auto has improved slightly.

VI. SUGGESTIONS

For the investor to focused on the bajaj auto, bajaj auto now investor have to invest the money in the low price of share in the future the share value can be increased to sell the when the share value is high

For the invest who focused on the Hero MotoCrop, the investor should wait for the fall in price when the share is in peak, if the investor has the shares it is the correct time to sell the shares for the high price

For the investor who has focused on TVS Motors wait till the debt of the company is cleared and then the investor should buy the share when the company gives the shares at beginning of the shares purchase. Even if the debt is not cleared the shares can be bought on investors own risk it might be fall into bankruptcy.

VII. CONCLUSION:

This comparative financial analysis reveals distinct strengths and weaknesses of Hero MotoCorp, Bajaj Auto, and TVS Motors. Hero MotoCorp leads in liquidity and profitability, showcasing excellent financial stability. Bajaj Auto excels in operational efficiency and capital utilization but faces increasing debt reliance. TVS Motors demonstrates gradual improvement in profitability and efficiency but struggles with liquidity and higher debt levels. Overall, Hero MotoCorp maintains a balanced financial position, Bajaj Auto shows competitive efficiency despite debt concerns, and TVS Motors requires focused efforts to enhance liquidity and reduce debt dependence. Strategic improvements can strengthen their market standing and long-term growth potential

VIII. REFERENCES

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IX. WEBSITES

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