



REVIEW ARTICLE

TREND ANALYSIS OF SELECT PASSENGER CAR COMPANIES IN INDIAN AUTOMOBILE INDUSTRY

*Dr. Nithya, G.

Assistant Professor, Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi

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*Corresponding author: Dr. Nithya, G.

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ABSTRACT

The Indian automobile industry has witnessed significant growth and transformation over the past decade, driven by technological advancements, evolving consumer preferences, and government policies. India has reportedly become the world's third-largest automotive market in 2022. India's automobile industry is a vital sector, ranking as the 3rd largest auto market globally by sales and 4th largest by production and valuation, contributing significantly to the national GDP and employment. It's witnessing growth in production, domestic sales, and exports, with a focus on electric vehicles and collaborations with global players. The present paper measures the trend analysis of select passenger car companies in India for the period of 5 years from 2024 to 2028. The secondary data were used for this study and analyzed by using Trend Analysis.

INTRODUCTION

Today, the automobile industry is one of the most important sectors in the nation, making a significant contribution to the Indian economy. Because of the improving economic climate and rising disposable incomes of customers, the demand for and sales of automobiles in India have been steadily increasing. The Indian automobile industry is becoming a manufacturer and assembler of entire vehicles, including passenger automobiles, rather than only parts. One of the main causes of the increase in the automobile industry's revenue, both for passenger cars and commercial vehicles, has been the steady increase in population.

REVIEW OF LITERATURE

Huda Salhe Meften and Manish Roy Tirkey (2014) found that the company has an excellent gross profit ratio, and the trend is rising, which is appreciable, indicating efficiency in production costs. The net profit for the year 2010-11 is excellent, and it is 8 times higher than the previous year, indicating a decrease in operating expenses and a large proportion of net sales available to the shareholders of the company.

Jigneshkumar Kantibhai Prajapati (2019) the author, explored Profitability ratios prove the efficiency of the selected companies. The financial positions of the selected cement companies are adequate. But both companies must improve their short-term solvency positions.

Hetal C. Chotaliya (2020), the author, found that the activity and operational efficiency of the selected companies were good. The efficiency of asset management and asset utilisation is at a high level.

OBJECTIVE OF THE STUDY

- To ascertain trend analysis of select Passenger car companies in Indian Automobile Industry.
- To study about the Current position of select Passenger car companies in Indian Automobile Industry.

METHODOLOGY

The present study is analytical in nature. Secondary data required for the study.

SOURCE OF DATA: Data used for the study are secondary in nature. Secondary data are collected from Capitaline Plus data base.

SAMPLING: The sample companies are:

- Fiat India Automobiles Ltd
- Ford India Pvt Ltd
- Mahindra & Mahindra Ltd.
- Mahindra Electric Mobility Ltd.
- Maruti Suzuki India Ltd.

PERIOD OF STUDY: The study covers period of five years from 2024 to 2028.

FRAMEWORK OF ANALYSIS: The trend analysis is a statistical tool used to analyze the data.

LIMITATIONS OF THE STUDY

- Financial information collected for the present study is entirely secondary in nature.
- The study is restricted to select companies for the period of five years.

TREND ANALYSIS

Current Ratio: The proportion of current liabilities to current assets is known as the current ratio. It is a measurement of overall liquidity and is most frequently applied to the analysis of a company's short-term financial condition or liquidity. By dividing the sum of current assets by the sum of current liabilities, this is determined.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Current Ratio - Trend Analysis (In Crores)

Year	Fiat India	Ford India	M&M	Mahindra Electric	Maruti Suzuki
2024	1.869	0.900	0.925	0.879	0.699
2025	1.998	0.897	0.925	0.879	0.699
2026	2.128	0.893	0.925	0.879	0.699
2027	2.258	0.890	0.925	0.878	0.699
2028	2.388	0.887	0.925	0.878	0.699

It is observed from Table that the result of trend analysis in relation to the current ratio is exhibited. The trend analysis for the current ratio is computed based on the data for five years, ranging from 2024 to 2028.

The future amount of the current ratio may increase continuously in the case of one company, namely Fiat India Automobiles Ltd. The volume of the current ratio is at a stable level in the case of two companies, namely Mahindra & Mahindra Ltd., Maruti Suzuki India Ltd., The volume of current ratio is at a fluctuating level in the case of the remaining two companies, namely Ford India Pvt. Ltd., and Mahindra Electric Mobility Ltd.

Quick Ratio: The quick ratio, sometimes referred to as the acid test ratio or the liquid ratio is a more challenging liquidity test than the current ratio. This ratio can be explained as the link between current or liquid obligations and quick or liquid assets.

$$\text{Quick ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$

Quick Ratio - Trend Analysis (In Crores)

Year	Fiat India	Ford India	M&M	Mahindra Electric	Maruti Suzuki
2024	2.896	0.869	0.734	0.708	0.492
2025	3.089	0.886	0.734	0.708	0.492
2026	3.282	0.902	0.734	0.708	0.492
2027	3.476	0.919	0.734	0.708	0.492
2028	3.669	0.936	0.734	0.708	0.492

It is observed from Table that the result of trend analysis in relation to the quick ratio is exhibited. The trend analysis for the Quick ratio is computed based on the data for five years, ranging from 2024 to 2028. The future amount of the Quick ratio may increase continuously in the case of two companies, namely Fiat India Automobiles Ltd. and Ford India Pvt. Ltd. The volume of Quick ratio is at a stable level in the case of three companies, namely Mahindra & Mahindra Ltd., Mahindra Electric Mobility Ltd., Maruti Suzuki India Ltd.

Growth in Sales: Divide the increase in sales by the total sales for the prior quarter. After determining the total sales for the current and prior periods, you must compute your sales growth. Divide the sales growth by the total sales for the prior time period to get this. The objective is to determine the difference in sales from the previous period's total sales. Formula for calculating Growth in Sales = Sales Increase/Total Sales from Previous.

Growth in Sales - Trend Analysis (In Crores)

Year	Fiat India	Ford India	M&M	Mahindra Electric	Maruti Suzuki
2024	-4.182	14.980	7.737	23.162	8.066
2025	-6.405	14.312	7.736	23.162	8.066
2026	-8.629	13.644	7.736	23.162	8.066
2027	-10.853	12.976	7.736	23.162	8.066
2028	-13.076	12.308	7.735	23.162	8.066

It is observed from Table that the result of trend analysis in relation to Growth in Sales is exhibited. The trend analysis for Growth in Sales is computed based on the data for five years, ranging from 2024 to 2028. The volume of Growth in Sales is at a stable level in the case of two companies, namely, Mahindra Electric Mobility Ltd., Maruti Suzuki India Ltd., The volume of Growth in Sales is at a fluctuating level in the case of the remaining three companies, namely, Fiat India Automobiles Ltd., Ford India Pvt. Ltd., and Mahindra & Mahindra Ltd.

Debt Equity Ratio: The external internal equity ratio is another name for the debt equity ratio. It is estimated to compare the assets of the company to the relative claims of outsiders and the owners. Additionally, it gauges how long-term debt and equity are related. In general, a debt equity ratio of 2:1 is seen as secure.

$$\text{Debt-equity ratio} = \frac{\text{Outsider's funds}}{\text{Shareholder's funds}}$$

Debt Equity Ratio - Trend Analysis (In Crores)

Year	Fiat India	Ford India	M&M	Mahindra Electric	Maruti Suzuki
2024	-0.333	2.266	0.186	0.534	0.035
2025	-0.644	2.385	0.186	0.536	0.035
2026	-0.955	2.503	0.187	0.537	0.035
2027	-1.267	2.621	0.187	0.539	0.035
2028	-1.578	2.740	0.188	0.540	0.036

It is observed from Table that the result of trend analysis in relation to the debt equity ratio is exhibited. The future amount of the debt equity ratio may increase continuously in the case of four companies, Ford India Pvt. Ltd., Mahindra & Mahindra Ltd., Mahindra Electric Mobility Ltd., Maruti Suzuki India

Ltd., The volume of the Debt-to-Equity Ratio is at a fluctuating level in the case Fiat India Automobiles Ltd.,

Cost of Debt: The cost of debt is the actual interest rate a business pays on its debts, including bonds and loans.

Total Interest / Total Debt = Cost of Debt

Cost of Debt - Trend Analysis (In Crores)

Year	Fiat India	Ford India	M&M	Mahindra Electric	Maruti Suzuki
2024	0.046	0.058	0.049	0.071	0.570
2025	0.034	0.060	0.049	0.071	0.570
2026	0.022	0.063	0.049	0.071	0.570
2027	0.011	0.065	0.049	0.071	0.570
2028	-0.001	0.067	0.049	0.071	0.570

It is observed from table that the result of trend analysis in relation to the cost of Debt is exhibited. The trend analysis for the cost of Debt is computed based on the data for five years, ranging from 2024 to 2028. The future amount of debt may increase continuously in the case of one company, namely Ford India Pvt. Ltd. The volume of Cost of Debt is at a stable level in the case of three companies, namely, Mahindra & Mahindra Ltd., Mahindra Electric Mobility Ltd., Maruti Suzuki India Ltd. The volume of the cost of Debt is at a fluctuating level in the case of the remaining one company, namely, Fiat India Automobiles Ltd.

FINDINGS

- The future amount of the Current Ratio may increase continuously in the case of one company, namely Fiat India Automobiles Ltd.
- The future amount of the Quick Ratio may increase continuously in the case of two companies, namely Fiat India Automobiles Ltd. and Ford India Pvt. Ltd.
- The volume of Growth in Sales is at a stable level in the case of two companies, namely, Mahindra Electric Mobility Ltd., Maruti Suzuki India Ltd.
- The future amount of the Debt Equity Ratio may increase continuously in the case of four companies: Ford India Pvt. Ltd., Mahindra & Mahindra Ltd., Mahindra Electric Mobility Ltd., Maruti Suzuki India Ltd.
- The future amount of Cost of Debt may increase continuously in the case of one company, namely Ford India Pvt. Ltd.

CONCLUSION

The trend analysis of select passenger car companies in the Indian automobile industry reveals a sector undergoing rapid transformation driven by evolving consumer preferences, technological advancements, and regulatory changes. Current Ratio and Quick Ratio are expected to increase for Fiat India Automobiles Ltd. Growth in sales and debt-equity ratio may increase continuously for Mahindra Electric Mobility Ltd. The cost of debt continuously increases for the company Ford India Pvt. Ltd. By understanding these trends, stakeholders can make informed decisions to adapt to changing market dynamics and unlock new growth opportunities. Moving forward, continuous investment in research, development, and customer-centric solutions will be crucial for sustaining long-term success in the Indian passenger car market.

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