

Working Capital Management in select Automobile Companies in India

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ABSTRACT

Working capital management directly affects profitability and is considered as one of the most important facets of financial decision-making. Infrastructural development of a nation comprises of urban development, rural development and industrial development, but the hidden requirement of infrastructure is the connectivity between various regions, which is fulfilled by the automobile industry. This paper has made an attempt to analyse the liquidity and solvency position of the select automobile companies in India. The period of the study for ten years i.e., from 2008-09 to 2017-18 has been adopted. It is concluded that the average current ratios of select automobile companies are not satisfactory because ratio of all select companies are below the standard norm. The average Quick ratio of select automobile companies had depicted good performance because Bajaj Auto Ltd., and Hero Motocorp Ltd., companies ratio was above the standard norm and remaining companies had reported poor performance due to below the standard norm. The average inventory turnover ratios were recorded less than the standard norms during the study period. It may be concluded that the efficiency of inventory management was not upto mark as it was not turned over in commensurate with the cost of goods sold.

1. Introduction

The working finance is the life-line and nerve centre of every business enterprise. No business can run effectively without adequate quantity of working funds. Management of working capital is an integral part of overall corporate management. A business enterprise with ample working capital is always in a position to take advantages of any favorable opportunities either to purchase raw-materials or implement a new special order or to wait for enhancing market status. Working capital can be utilized for meeting day-to-day expenses and for maintaining fixed assets that are involved in everyday life of a business enterprise. It is rightly said that the overall success or failure of a business enterprise mainly depends upon how the enterprise manage its working capital. Thus, proper management of working capital has become an essential part of every business enterprise because it shows the efficiency and financial strength of an enterprise. In modern financial management, administration of working capital is an important and challenging task due to high proportion of working capital in the business finance. In fact, it is the activity of the finance manager to provide adequate working capital to maintain the stinking balance between liquidity and profitability of a business enterprise.

Liquidity and profitability are the two major aspects of corporate business life. Emphasize on liquidity will adversely affect the profitability and vice-versa. Therefore, proper management between the two should be the basic objective of the working capital management. Efficient management of working capital means management of various components of working capital in such a way that an adequate amount of working capital is maintained for smooth running of an enterprise and for fulfillment of objectives of liquidity and profitability. But, it is very difficult for the finance manager to estimate working capital properly because the amount of working capital varies across business enterprises over the

periods depending upon the nature of business, raw-materials used, technology, finished products, degree of competition in the market, credit policy and the like. Therefore, effective provision of working capital in the form of different current assets and its proper management has become an essential part of business finance.

2. Review of Literature

Amir Hossein Jamali and AsgharAsadi (2012)¹ in their article on " Management efficiency and profitability in Indian automobile industry: from theory to practice" they investigated that the relationship between the management efficiency and the firms profitability for a sample of 13 auto manufacturing companies listed on the Bombay Stock Exchange, located in Pune for the period of 5 years from 2006 to 2010. Management efficiency is an important component of corporate financial management because it directly affects the profitability of the firms. Considering the importance of profitability for the survival of a business and the role of efficient management to achieve this aim, this paper explores the relationship between management efficiency and profitability in Automobile Industry of India. For this purpose, 13 auto manufacturing companies located in Pune were chosen as the sample. The analysis is carried out using Minitab 14 and conducting Pearson Coefficient correlation test on variables of the study including Gross Profit Ratio (GPR) and Assets Turnover Ratio (ATR).The central conclusion of the study is that profitability and management efficiency are highly correlated to each other and based on the results of the study, recommendations for improving the management efficiency and profitability in this industry are suggested.

Repalle Vinod (2014)² in his research paper entitled " Evaluation of Working Capital Management on Profitability of Indian Automobile Industries", he has made an attempt to analyze the efficient working capital. The period of study

covers for five years i.e., from 2008-09 to 2012-13. It is found that not only long term funds and their cost affect the profitability of a firm but even working capital has an impact on profitability because effective working capital management is about striking a tradeoff between profitability and liquidity. It is concluded that to maintain it further, to run the business long term. The Indian automobile industry has been recording tremendous growth over the years and has emerged as a major contributor to India's Gross Domestic Product. The industry currently accounts for almost 7 per cent of the country's GDP and employs about 19 million people both directly and indirectly.

Jothi K., & Kalaivani (2015)³ their study have made an attempt to compare and analyze liquidity, profitability, solvency ratios of the Honda and Toyota Automobile companies in India. The period of study covered five years i.e., from 2010 to 2014 and the essential data for this study have been collected from the annual reports of two companies (Honda & Toyota). The researcher found that the satisfying to note that the both (HONDA & TOYOTA) companies have comfortable short term liquidity position and therefore not likely encounter to any major difficulties in paying / discharging their short term obligations in time. As far as cash ratio is concerned, it is encouraging to note that the Honda is having sound cash management practice. Toyota Company had made use of more borrowed funds than the capital.

Vidya, (2015)⁴ had discussed that the standard current ratio of automobile industry is matched with Tractor and the four sectors like gears, engine parts, lamps and ancillaries are matched with standard norms. It is inferred that other sectors have to improve the repaying capacity to strengthen the financial aspects. The standard liquidity ratio is matched with tractor in the automobile sector and all the sectors are standard in the auto ancillary. In order to meet the financial obligation, the LCV/HCV, motor cycle, scooters have to make arrangement to meet the standards.

Jothi. K. and Geethalakshmi. A. (2016)⁵ in their article entitled "Liquidity and Profitability Position of Select Automobile Companies in India", they analyzed that the short term solvency position of the select automobile companies; to identify the long term solvency financial position of the select automobile companies; to analyze the profitability position of the select automobile companies and to suggest recommendations for future growth and development of the select industries in India. The period of study covers 5 years i.e., from 2011-2012 to 2015-2016. It is found that there higher level of consistency (Liquidity position) is noticed in TVS motors. The researcher suggested that Tata motors and TVS motors should maintain ideal current ratio and quick ratio. It was found that there higher level of consistency (profitability position) is noticed in TVS motors & Tata motors. There is a positive relationship between the profitability, Short term and Long term capital.

Sneh Lata & Robin Anand, (2017)⁶ in their article entitled "A Study on Liquidity and Profitability Analysis of Selected Companies of Indian Automobile Industry", they examined the liquidity and profitability position of selected companies of

automobile industry for the past five years. It involves in-depth analysis of performance of the selected companies with the help of key ratios, statistical analysis and Anova. This paper has been highlighted the liquidity and profitability position of automobile industry. The researcher suggested that all companies should maintain ideal current ratio and quick ratio. Performance of Mahindra and Mahindra Ltd. and Maruti Suzuki India Ltd. is quite satisfactory but as so far Tata company performance going down year by year. Tata Company needs to generate good profits and also maintain liquidity position to face the competition in industry.

3. Objectives of the study

The study is primarily aimed at examining various dimensions of management of working finance in select automobile companies in India. The specific objectives set for the study are:

- to analyze the Liquidity Ratios of select automobile companies in India,
- to evaluate the Debtors Turnover Ratio of select automobile companies in India, and
- to assess the efficiency of Inventory Turnover Ratio of select automobile companies in India

4. Hypotheses of the study

The following hypotheses are formulated based on the above objectives:

- There is no significant difference among Liquidity ratios of select automobile companies in India.
- There is no significant difference among Debtors Turnover ratio of select automobile companies in India, and
- There is no significant difference among Inventory Turnover Ratio of select automobile companies in India.

5. Sample Design

According to the Society of Indian Automobile Manufacturers (SIAM), the universe for the study consists of 50 companies. For the purpose of the study the top 6 companies have been selected conveniently that have highest production and turnover. The selected sample companies included viz., Ashok Leyland Ltd., Bajaj Motor Ltd., Hero Motocorp Ltd., Maruti Suzuki India Ltd., Mahindra & Mahindra Ltd., and Tata Motors Ltd.

6. Period of the study

The period of the study for ten years i.e., from 2008-09 to 2017-18 has been adopted.

7. Sources of data

The study is based on the secondary data only. The secondary data have been collected from books, journals, magazines, daily newspapers, Internet, Society of Indian Automobile Manufacturers (SIAM), published annual reports of the select Automobile companies in India and Automobile industry annual review.

8. Tools of analysis

The simple mathematical and statistical tools are used as measures for judging the degree of efficiency of financial analysis of the select Automobile companies in India. Further, various statistical tools are deployed such as percentages, ratios, mean, Standard Deviation, Co-efficient of Variation and ' F ' test are applied at an appropriate context to analyze the data.

Current Ratio

The current ratio establishes a relationship between current assets and current liabilities. The objective of computing this ratio is to measure the ability of the firms to meet its short-term obligations and to reflect the short-term financial strength/solvency of the firm. In other words, the

objective is to measure the safety margin available for short-term creditors. The ideal ratio is 2:1. A higher the current ratio is a clue that a company is able to pay its debts maturing within a year. On the other hand, a low current ratio points to the possibility of a firm not being able to pay its short-term debt. However, too high a ratio indicate that the presence of idle funds with the firm or the absence of investment opportunities with the firm and too low ratio may indicate that the inadequacy of working capital which may deter the smooth functioning of the firm. This ratio is computed by dividing the current assets by the current liabilities. In the form of a formula, this ratio may be expressed as follow:

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

Table 1: Current Ratio of Select Automobile Companies in India from 2008-09 to 2017-18

Year	Ashok Leyland	Bajaj	Hero	Maruti Suzuki	Mahindra & Mahindra	Tata
2008-09	1.49	1.03	0.49	1.62	1.06	0.89
2009-10	1.40	0.70	0.60	1.06	1.16	0.66
2010-11	1.24	0.73	0.24	1.56	0.91	0.87
2011-12	0.89	1.12	1.11	1.69	1.09	0.62
2012-13	0.81	1.50	1.22	1.60	1.10	0.48
2013-14	0.84	1.19	1.26	1.76	1.29	0.36
2014-15	0.93	2.13	1.36	0.93	1.13	0.42
2015-16	1.02	1.56	1.47	0.63	1.09	0.60
2016-17	0.95	2.92	1.82	0.65	1.32	0.58
2017-18	0.95	2.25	2.04	0.51	1.24	0.62
Mean	1.05	1.51	1.16	1.20	1.14	0.61
S D	0.24	0.72	0.57	0.49	0.12	0.17
C V	22.63	47.65	49.36	41.19	10.62	28.19

Source: Annual Reports of Select Auto mobile Companies in India.

Table 1 reveals the Current ratio of select automobile companies in India from 2008-09 to 2017-18.. Bajaj Auto Ltd recorded with 1.51 times was higher, followed by Maruti Suzuki India Ltd.,(1.20 times), Mahindra & Mahindra Ltd., (1.14 times), Hero Motocorp Ltd., (1.16 times), Ashok Leyland Ltd., (1.05 times) and Tata Motors Ltd., (0.61 times). It indicates that the mean current ratio of Bajaj Auto Ltd., was higher and the Tata Motors Ltd., was low. The calculated CV reveals that the Current ratio of Mahindra & Mahindra Ltd., 10.62 per cent was more consistent than the followed by Ashok Leyland Ltd.,(22.63 per cent), Tata Motors Ltd., (28.19 per cent), Maruti

Suzuki India Ltd., (41.19 per cent), Bajaj Auto Ltd., (47.65 per cent) and less consistent in Hero Motocorp Ltd., (49.36 per cent). It indicates that the Current ratio of Mahindra & Mahindra Ltd., 10.62 per cent was more consistent and less consistent in Hero Motocorp Ltd. The Standard Deviation of Current ratio was recorded a highest of 0.72 per cent in Bajaj Auto Ltd., and lowest of 0.12 per cent in Mahindra & Mahindra Ltd. It is concluded that the average current ratio of select automobile companies are not satisfactory because all select companies are below the standard norm.

Table 1A: Results of ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.275	5	0.855	4.286*	0.05
Within Groups	10.770	54	0.199		
Total	15.045	59			

*Note: *significant at 5% level.*

The calculated value of ' F ' test is less than its table value at 5% level of significance. Hence, the null hypothesis is accepted. From the analysis, it can be concluded that there is no relationship between the current ratio of select automobile companies in India.

Quick Ratio/ Acid – Test Ratio

The quick ratio establishes a relationship between quick assets and current liabilities. The objective of computing this ratio is to measure the ability of the firm to meet its short term obligations as and when due without relying upon the realization of stock.

The higher the quick ratio is better the position of the company. The commonly acceptable quick ratio is 1:1 but may vary from industry to industry. A company with a quick ratio of less than one cannot currently pay back its current liabilities. It is a sad sign for investors and partners. This ratio is computed

by dividing the quick assets with the current liabilities. The ratio may be expressed hereunder:

$$\text{Quick Ratio} = \frac{\text{Quick Assets (Current Assets - Inventory)}}{\text{Current Liabilities}}$$

Table 2: Quick Ratio of Select Automobile Companies in India from 2008-09 to 2017-18

(In times)

Year	Ashok Leyland	Bajaj	Hero	Maruti Suzuki	Mahindra & Mahindra	Tata
2008-09	0.86	0.89	0.33	1.35	0.84	0.69
2009-10	0.85	0.60	0.51	0.72	0.93	0.50
2010-11	0.61	0.59	0.16	1.21	0.66	0.63
2011-12	0.43	0.98	0.96	1.42	0.77	0.41
2012-13	0.45	1.35	1.06	1.33	0.80	0.27
2013-14	0.58	1.05	1.10	1.54	0.97	0.15
2014-15	0.65	1.95	1.15	0.63	0.86	0.19
2015-16	0.68	1.32	1.30	0.36	0.84	0.33
2016-17	0.54	2.70	1.66	0.40	1.03	0.33
2017-18	0.75	2.07	1.85	0.31	1.03	0.38
Mean	0.64	1.35	1.01	0.93	0.87	0.39
S D	0.72	0.69	0.15	0.18	0.12	0.49
C V	47.65	51.10	23.21	45.42	13.76	52.79

Source: Annual Reports of Select Auto mobile Companies in India.

Table 2 portrays the mean Quick ratio of select automobile companies in India from 2008-09 to 2017-18.. Bajaj Auto Ltd., recorded with 1.35 times was higher, followed by Hero Motocorp Ltd., (1.01 times), Maruti Suzuki India Ltd., (0.93 times), Mahindra & Mahindra Ltd., (0.87 times), Ashok Leyland Ltd., (0.64 times) and Tata Motors Ltd., (0.39 times). It indicates that the mean quick ratio of Bajaj Auto Ltd., was higher and the Tata Motors Ltd., was low. The calculated CV reveals that the Quick ratio of Mahindra & Mahindra Ltd., 13.76 per cent was more consistent than the followed by Hero Motocorp Ltd.,(23.21 per cent), Maruti Suzuki India Ltd., (45.42 per cent), Ashok Leyland Ltd., (47.65 per cent), Bajaj Auto

Ltd.,(51.10 per cent) and less consistent in Tata Motors Ltd., (52.79 per cent). It indicates that the quick ratio of Mahindra & Mahindra Ltd., 13.76 per cent was more consistent and less consistent in Tata Motors Ltd., The Standard Deviation of quick ratio was recorded a highest of 0.72 per cent in Ashok Leyland Ltd., and lowest of 0.12 per cent in Mahindra & Mahindra Ltd. It is concluded that the average Quick ratio of select automobile companies depict good performance because Bajaj Auto Ltd., and Hero Motocorp Ltd., companies are above the standard norm and remaining companies are poor performance because below the standard norm.

Table 2 A: Results of ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.182	5	1.436	7.673*	0.05
Within Groups	10.109	54	0.187		
Total	17.291	59			

Note: *significant at 5% level.

The calculated value of 'F' test is less than its table value at 5% level of significance. Hence, the null hypothesis is accepted. From the analysis, it can be concluded that there is no relationship between the quick ratios of select automobile companies in India.

Debtors Turnover Ratio

The liquidity position of an enterprise depends upon the quality of debtors to a great extent. Financial analysts employ two ratios to judge the quality or liquidity of debtors. The first ratio is debtors (receivables) turnover ratio which is found out by dividing the credit sales with average debtors. This ratio is computed by dividing the net credit sales by the average account receivables (average debtors). The ratio may be expressed as follows:

$$\text{Debtors Turnover Ratio} = \text{Sales} / \text{Debtors}$$

Table 3: Debtors Turnover ratio of Select Automobile Companies in India from 2008-09 to 2017-18

(In times)

Year	Ashok Leyland	Bajaj	Hero	Maruti Suzuki	Mahindra & Mahindra	Tata
2008-09	6.24	23.52	82.16	22.26	12.55	16.50
2009-10	7.09	42.18	145.38	35.93	14.79	14.88

2010-11	9.38	44.10	147.37	40.64	17.34	18.46
2011-12	10.44	46.19	86.59	37.96	16.02	20.05
2012-13	8.79	26.05	35.74	30.62	18.31	24.62
2013-14	7.65	25.31	27.46	30.91	16.14	28.18
2014-15	10.78	30.14	19.85	46.71	15.22	32.57
2015-16	15.05	31.60	22.29	44.47	16.28	27.01
2016-17	23.28	22.83	18.23	56.73	15.00	20.85
2017-18	26.77	16.87	21.20	54.56	15.34	16.91
Mean	12.55	30.88	60.63	40.08	15.70	22.00
S D	7.06	10.04	51.69	10.87	1.56	5.84
C V	56.28	32.52	85.26	27.12	9.91	26.52

Source: Annual Reports of Select Auto mobile Companies in India.

Table 3 shows the mean Debtors Turnover Ratio of select automobile companies in India from 2008-09 to 2017-18. Hero Motocorp Ltd., recorded with 60.63 times was higher, followed by Maruti Suzuki India Ltd., (40.08 times), Bajaj Auto Ltd., (30.88 times), Tata Motors Ltd., (22.00 times), Mahindra & Mahindra Ltd., (15.70 times) and Ashok Leyland Ltd., (12.55 times). It indicates that the mean debtors turnover ratio of Hero Motocorp Ltd., was higher and the Ashok Leyland Ltd., was low. The computed CV reveals that the debtors turnover ratio of Mahindra & Mahindra Ltd., 9.91 per cent was more

consistent than the followed by Tata Motors Ltd.,(26.52 per cent), Maruti Suzuki India Ltd., (27.12 per cent), Bajaj Auto Ltd., (32.52 per cent), Ashok Leyland Ltd.,(56.28 per cent), and less consistent in Hero Motocorp Ltd., (85.26 per cent). It indicates that the debtors turnover ratio of Mahindra & Mahindra Ltd., 9.91 per cent was more consistent and less consistent in Hero Motocorp Ltd., The Standard Deviation of debtors turnover ratio was recorded a highest of 51.69 in Hero Motocorp Ltd., and lowest of 1.56 in Mahindra & Mahindra Ltd.

Table 3 A: Results of ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	16128.892	5	3225.778	6.500*	0.05
Within Groups	26797.000	54	496.241		
Total	42925.892	59			

Note: *significant at 5% level.

The calculated value of 'F' test is less than its table value at 5% level of significance. Hence, the null hypothesis is accepted. From the analysis, it can be concluded that there is no relationship between the debtor's turnover ratios of select automobile companies in India.

Inventory Turnover Ratio

The inventory turnover ratio establishes a relationship between costs of goods sold and average inventory of finished goods. The objective of computing this ratio is to determine the efficiency with which the inventory is converted into sales. Financial analysts have fixed a norm of eight times as an optimum turnover of inventory. A relatively low inventory may

be the result of ineffective inventory management i.e. carrying too large an inventory and poor sales or carrying expired inventory to avoid writing off inventory losses against income. Normally a high number indicates greater sales efficiency and a lower risk of loss through un-saleable stock. A high inventory turnover ratio indicates that stock is fast moving. As a result inventory is effectively turned into sales. In the form of a formula, this ratio may be expressed as follows:

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$$

Table 4: Inventory Turnover Ratio of Select Automobile Companies in India From 2008-09 to 2017-18.

(In times)

Year	Ashok Leyland	Bajaj	Hero	Maruti Suzuki	Mahindra & Mahindra	Tata
2008-09	3.54	19.15	28.61	16.74	8.79	8.29
2009-10	3.57	20.92	29.65	21.23	11.18	9.75
2010-11	4.29	24.10	30.51	21.95	11.48	10.31
2011-12	4.33	23.38	29.15	17.48	11.76	9.69
2012-13	4.50	22.30	26.95	17.88	12.89	7.56
2013-14	5.00	22.10	28.45	17.66	11.42	6.43
2014-15	7.81	20.78	27.12	16.20	10.82	6.47
2015-16	8.60	19.97	26.36	13.50	11.69	6.28
2016-17	6.72	20.50	28.94	14.58	11.91	6.22
2017-18	9.00	23.97	29.84	17.09	12.76	7.85
Mean	5.74	21.72	28.56	17.43	11.47	7.89

S D	2.10	1.72	1.36	2.60	1.14	1.58
C V	36.66	7.92	4.76	14.91	9.93	19.99

Source: Annual Reports of Select Auto mobile Companies in India.

Table 4 shows that the mean Inventory Turnover ratio of select automobile companies in India from 2007-08 to 2017-18. Hero Motocorp Ltd., recorded with 28.56 times was higher, followed by Bajaj Auto Ltd., (21.72 times), Maruti Suzuki India Ltd., (17.43 times), Mahindra & Mahindra Ltd., (11.47 times), Tata Motors Ltd., (7.89) and Ashok Leyland Ltd., (5.74 times). It indicates that the mean Inventory Turnover ratio of Hero Motocorp Ltd., was higher and the Ashok Leyland Ltd., was low. The calculated CV reveals that the Inventory Turnover ratio of Hero Motocorp Ltd., 4.76 per cent was more consistent than the followed by Bajaj Auto Ltd., (7.92 per cent), Mahindra & Mahindra Ltd., (9.93 per cent), Maruti Suzuki India Ltd., (14.91 per cent), Tata Motors Ltd., (19.99 per cent), and less consistent in Ashok Leyland Ltd., (36.66 per cent). It

indicates that the Inventory Turnover ratio of Hero Motocorp Ltd., 4.76 per cent was more consistent and less consistent in Ashok Leyland Ltd. The Standard Deviation of Inventory Turnover ratio recorded a highest of 2.60 in Maruti Suzuki India Ltd., and the lowest of 1.14 in Mahindra & Mahindra Ltd. The average inventory turnover ratio of 7.89 times and 5.74 times were enrolled in Tata Motors Ltd., and Ashok Leyland Ltd., respectively. These ratios were recorded less than the standard norms during the study period. It may be concluded that the inventory was not effectively turned over during the study period under reference in these two companies. It is clear indication of under-utilization of working funds by the management of Tata Motors Ltd and Ashok Leyland Ltd.

Table 4 A: Results of ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3824.492	5	764.898	232.158*	0.05
Within Groups	177.915	54	3.295		
Total	4002.407	59			

Note: *significant at 5% level.

The calculated value of 'F' test is less than its table value at 5% level of significance. Hence, the null hypothesis is accepted. From the analysis, it can be concluded that there is no relationship between the inventory turnover ratios of select automobile companies in India.

9. Conclusion

A business enterprise with ample working capital is always in a position to take advantages of any favorable opportunities either to purchase raw-materials or implement a new special order or to wait for enhancing market status. Efficient management of working capital means management of various components of working capital in such a way that an adequate amount of working capital is maintained for smooth running of an enterprise and for fulfillment of objectives of liquidity and profitability. But, it is very difficult for the finance manager to estimate working capital properly because the amount of working capital varies across business enterprises over the periods depending upon the nature of business, raw-materials used, technology, finished products, degree of competition in the market, credit policy, etc. Therefore, effective provision of working capital in the form of different current assets and its proper management has become an essential part of business finance.

In this present paper, the average current ratios of select automobile companies are not satisfactory because all select companies are below the standard norm. The average Quick ratio of select automobile companies are good performance because Bajaj Auto Ltd., and Hero Motocorp Ltd., companies are above the standard norm and remaining companies are poor performance because they are maintaining below the standard norm. The average inventory turnover ratios of Tata Motors Ltd., and Ashok Leyland Ltd., were recorded less than the standard norms during the study period. It may be concluded that the inventory was not effectively turned over during the study period under reference in these two companies. It is clear indication of under-utilization of working funds by the management of Tata Motors Ltd and Ashok Leyland Ltd. Select automobile companies are not maintaining standard norm. Hence, it is suggested to improve liquidity performance either by increasing current assets or reducing current liabilities of select companies. The working funds were under-utilized in the case of Ashok Leyland Ltd., and Tata motors Ltd., due to ineffective inventory turnover. Therefore, the management of these companies shall adopt the new inventory management techniques.

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