



Financial Performance Analysis Of Hero Motocorp Company

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ABSTRACT

The study analyses the financial performance of Hero MotoCorp for the period 2015–2016 to 2024–2025 using ratio analysis and financial statement analysis. The research evaluates the company's profitability, liquidity, solvency, and operational efficiency based on secondary data collected from annual reports and financial records. The findings indicate that the company maintained a stable financial position with strong profitability, effective liquidity management, and low financial risk. Despite facing challenges such as market competition and the impact of the COVID-19 pandemic, the company showed gradual recovery and improvement in recent years. The study concludes that Hero MotoCorp possesses sound financial management practices and a strong financial structure that support long-term growth and sustainability.

Keywords: Financial Performance, Hero MotoCorp, Ratio Analysis, Profitability, Liquidity, Solvency, Automobile Industry.

INTRODUCTION

The automobile industry is one of the major contributors to India's economic growth and industrial development. Among the various segments of the industry, the two-wheeler sector holds a significant market share due to increasing consumer demand, affordability, and convenience. Hero MotoCorp is one of the leading two-wheeler manufacturers in India, recognized for its strong brand value, extensive distribution network, fuel-efficient vehicles, and large customer base. The company has maintained a competitive position in the market through continuous innovation and effective business strategies.

Financial performance analysis plays an important role in evaluating the profitability, liquidity, solvency, and operational efficiency of a company. It helps in understanding the financial strengths and weaknesses of an organization and provides insights into its overall financial stability. The present study focuses on analyzing the financial performance of Hero MotoCorp using financial ratios and other analytical tools. The study is based on secondary data collected from the company's annual reports and financial statements to examine its financial position and performance over the selected period.

REVIEW OF LITERATURE

Kang and Nanda (2017) examined the factors influencing managerial remuneration practices in Indian companies. The study found that company size, profitability, board composition, and corporate governance significantly affect executive compensation practices. The research emphasized that effective governance mechanisms improve transparency and align managerial interests with shareholder objectives.

Aggarwal and Singh (2018) analysed CSR and sustainability reporting practices among top Indian companies through content analysis. The findings revealed that larger companies provide better sustainability disclosures, while many firms still lack comprehensive reporting standards. The study highlighted the importance of transparency and compliance in corporate reporting practices.

Rajesh (2020) studied sustainability performance using Environmental, Social, and Governance ESG scores. The research revealed that firms with higher ESG performance achieved better operational efficiency, stronger stakeholder trust, and long-term competitive advantage. The study emphasized ESG assessment as an important tool for sustainable corporate growth.

Rather (2021) proposed an LSTM based deep learning model for stock market prediction and predictive optimization. The findings showed that deep learning techniques improved forecasting accuracy and reduced prediction errors compared to traditional statistical methods. The study highlighted the importance of artificial intelligence in financial forecasting and investment planning.

Jena (2022) examined Indian consumers sentiment towards electric vehicles using big data analytics and sentiment analysis techniques. The study found that environmental awareness, fuel savings, and government incentives positively influenced EV adoption, while concerns regarding charging infrastructure and battery life created negative perceptions among consumers.

RESEARCH OBJECTIVE

1. To analyse the financial performance of Hero MotoCorp Company.
2. To identify strengths and weaknesses in financial management. To provide suggestions for improving financial performance.

RESEARCH METHODOLOGY

The study adopts a descriptive and analytical research design to evaluate the financial performance of Hero MotoCorp during the period 2015–2016 to 2024–2025. The research is mainly based on secondary data collected from annual reports, audited financial statements, company websites, financial journals, and online financial databases. Various financial ratios such as profitability ratios, liquidity ratios, solvency ratios, and activity ratios were used to analyze the company's financial position and operational efficiency. Tools like Net Profit Ratio, Return on Equity, Return on Assets, Current Ratio, Quick Ratio, Debt–Equity Ratio, Asset Turnover Ratio, and Inventory Turnover Ratio were applied for the analysis. The collected data were systematically classified, tabulated, and interpreted to understand the financial strengths, weaknesses, and overall performance trends of the company.

DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS:

1. Net Profit Ratio (%)

Net Profit Ratio is a profitability ratio that measures the percentage of net profit earned from total sales. It helps in evaluating the company's efficiency in controlling expenses and generating profit from business operations. A higher ratio indicates better profitability and strong financial performance.

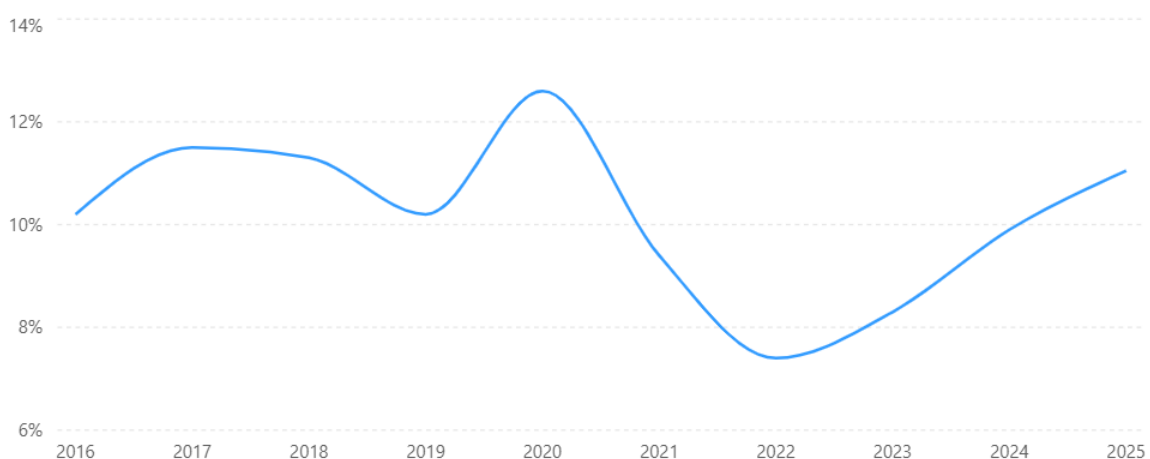
Year	Net Profit Ratio (%)
2016	10.2
2017	11.5
2018	11.3
2019	10.2
2020	12.6
2021	9.4
2022	7.4
2023	8.3
2024	9.9
2025	11.05

Interpretation

The Net Profit Ratio of Hero MotoCorp showed fluctuations during the study period. The company maintained satisfactory profitability from 2016 to 2018 with ratios above 10%, reflecting efficient cost management and strong operational performance. The ratio reached its highest level in 2020 due to improved sales and better cost control measures. However, profitability declined during 2021 and 2022 because of reduced market demand, rising costs, and the impact of the COVID-19 pandemic. From 2023 onwards, the company gradually recovered and improved its profitability performance through better operational efficiency and sales growth. Overall, the company maintained satisfactory profitability despite temporary economic and industrial challenges.

Net Profit Ratio of Hero MotoCorp

Trend analysis from 2016 to 2025.



2. Return on Equity (ROE %)

Return on Equity is a profitability ratio that measures how efficiently the company uses shareholders' funds to generate profits. A higher ROE indicates effective financial management and better returns to investors.

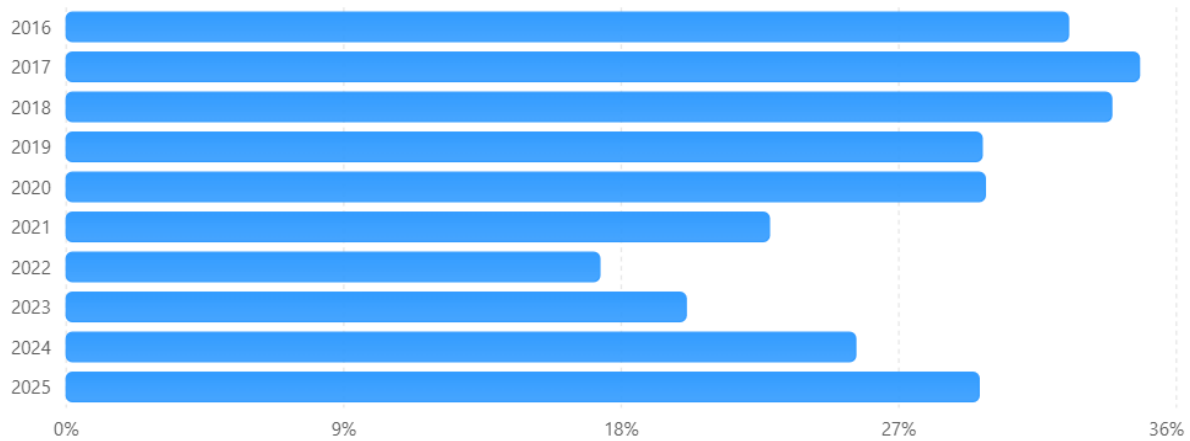
Year	Return on Equity (%)
2016	32.5
2017	34.8
2018	33.9
2019	29.7
2020	29.8
2021	22.8
2022	17.3
2023	20.1
2024	25.6
2025	29.6

Interpretation

The Return on Equity Ratio remained strong during the initial years, indicating efficient utilization of shareholders' funds and strong profitability. The ratio declined during 2020–2022 due to reduced profitability and the impact of the COVID-19 pandemic on the automobile industry. However, the company gradually recovered in the later years with improved operational efficiency and better financial performance. Overall, Hero MotoCorp maintained satisfactory returns to shareholders throughout the study period.

Return on Equity (ROE)

ROE performance of Hero MotoCorp from 2016 to 2025.



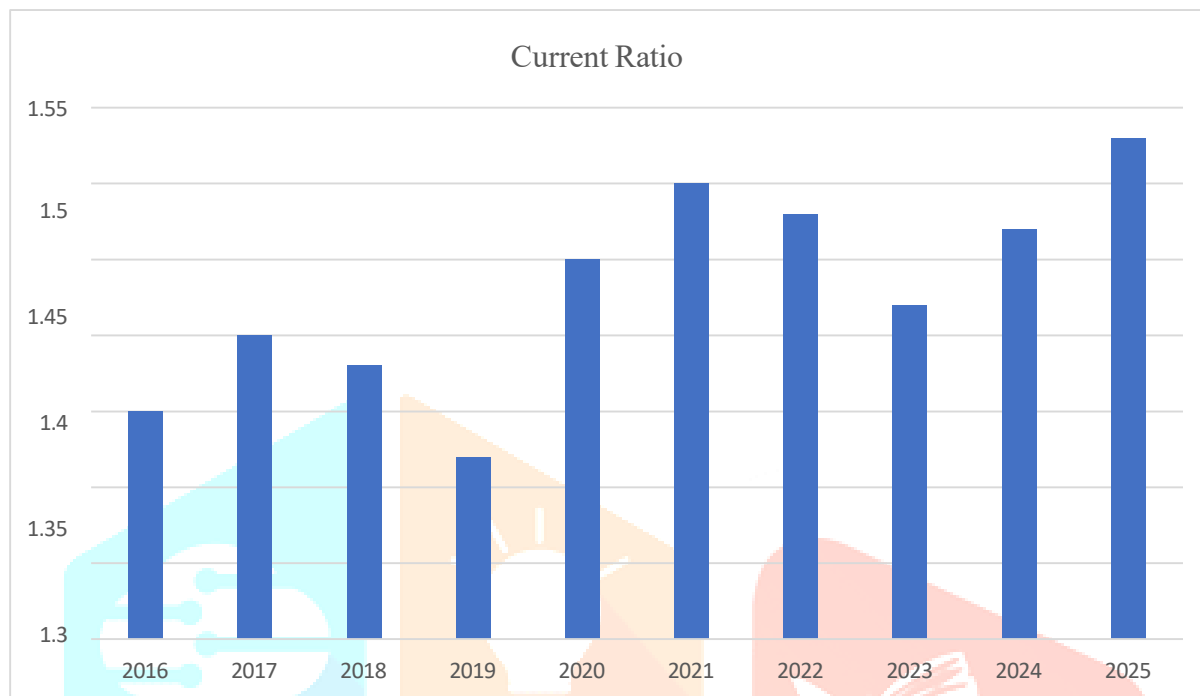
3. Current Ratio (%)

Current Ratio is a liquidity ratio that measures the company’s ability to meet short-term liabilities using current assets. A ratio above 1 indicates a satisfactory liquidity position and efficient working capital management.

Year	Current Ratio
2016	1.35
2017	1.4
2018	1.38
2019	1.32
2020	1.45
2021	1.5
2022	1.48
2023	1.42
2024	1.47
2025	1.53

Interpretation

Current Ratio indicating that the company maintained a satisfactory liquidity position. The stable ratio reflects efficient working capital management and the company’s ability to meet short-term financial obligations. The ratio further improved during the pandemic years due to cautious financial planning and effective liquidity management. Overall, the company maintained strong short-term financial stability during the study period.



4. Debt–Equity Ratio (%)

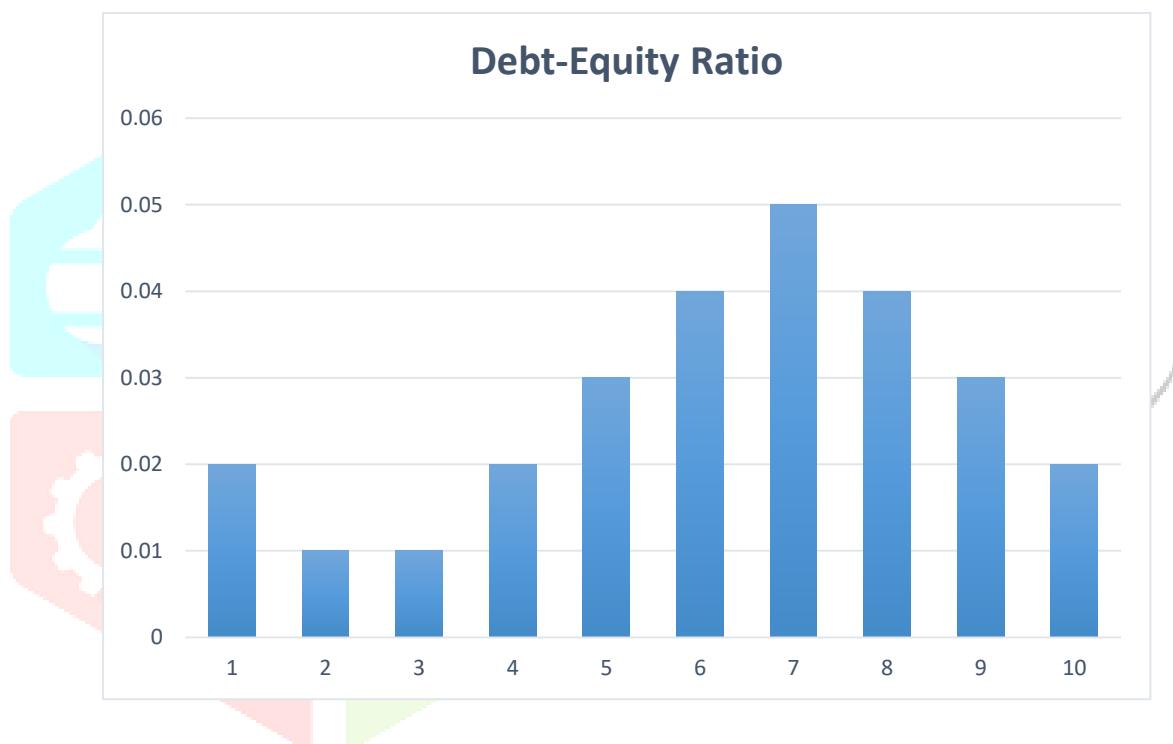
Debt–Equity Ratio is a solvency ratio that measures the relationship between borrowed funds and shareholders’ funds. A lower ratio indicates lower financial risk and strong financial stability.

Year	Debt-Equity Ratio
2016	0.02
2017	0.01
2018	0.01
2019	0.02
2020	0.03
2021	0.04
2022	0.05

2023	0.04
2024	0.03
2025	0.02

Interpretation

The Debt Equity Ratio remained very low throughout the study period, indicating lower financial risk and minimal dependence on borrowed funds. The company mainly relied on shareholders’ funds for financing its operations and assets. Although a slight increase was observed during the pandemic period, the ratio remained financially stable. Overall, Hero MotoCorp maintained a strong capital structure and sound long-term solvency position.



5. Asset Turnover Ratio (%)

Asset Turnover Ratio measures how efficiently the company utilizes its assets to generate sales revenue. A higher ratio indicates better asset utilization and operational efficiency.

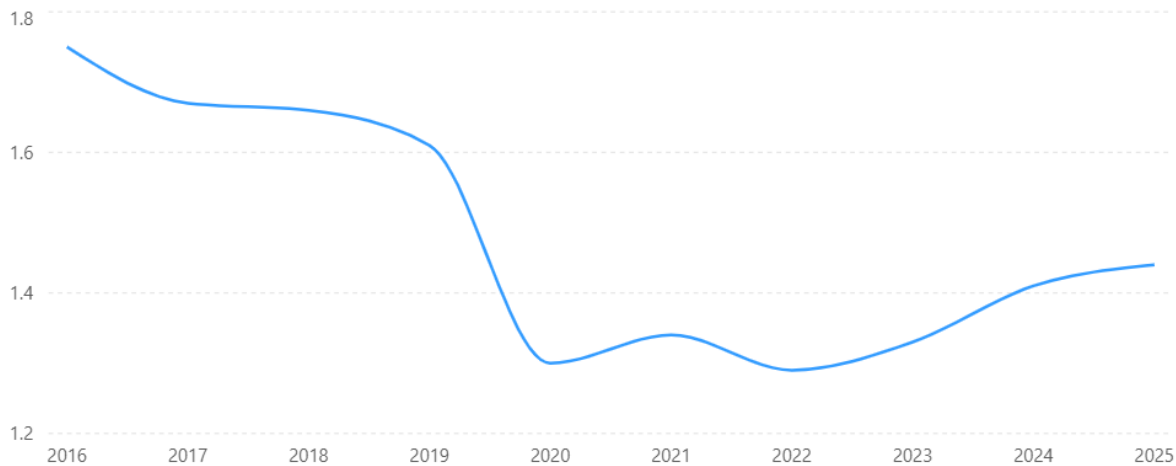
Year	Asset Turnover Ratio
2016	1.75
2017	1.67
2018	1.66
2019	1.61
2020	1.3
2021	1.34
2022	1.29
2023	1.33
2024	1.41
2025	1.44

Interpretation

The Asset Turnover Ratio showed a decline during the middle years of the study period due to reduced sales, operational disruptions, and the impact of the COVID-19 pandemic. However, the company gradually improved its operational efficiency and sales performance in the later years. The recovery in the ratio indicates better utilization of assets and improvement in business activities. Overall, the company maintained satisfactory operational efficiency during the study period.

Asset Turnover Ratio

Operational efficiency trend from 2016 to 2025.



FINDINGS

The overall financial performance analysis of Hero MotoCorp reveals that the company maintained a strong and stable financial position during the study period. The profitability ratios indicated satisfactory earnings performance and efficient utilization of shareholders' funds. Liquidity analysis showed that the company possessed sufficient current assets to meet its short-term obligations effectively. The solvency position remained strong with very low dependence on external borrowings, reflecting lower financial risk and a stable capital structure. Although the company faced temporary challenges due to economic slowdown and the COVID-19 pandemic, it gradually recovered through improved operational efficiency, better cost management, and increased sales performance. Overall, the study concludes that Hero MotoCorp maintained sound financial health, efficient operational management, and long-term financial stability throughout the study period.

SUGGESTIONS

1. Hero MotoCorp should focus on improving profitability through effective cost control, efficient resource utilization, and better operational management.
2. The company should strengthen its market position by introducing innovative and fuel-efficient vehicles to increase sales and customer satisfaction.
3. The company should expand its investment in electric vehicles and modern technologies to remain competitive in the changing automobile industry.
4. Hero MotoCorp should continue maintaining a strong liquidity position and low debt levels to ensure long-term financial stability and lower financial risk.
5. The company should regularly evaluate its financial performance and improve asset utilization and inventory management to enhance overall operational efficiency.

CONCLUSION

The study titled “Financial Performance Analysis of Hero MotoCorp” was conducted to evaluate the profitability, liquidity, solvency, and operational efficiency of the company during the period 2015–2016 to 2024–2025. The analysis was carried out using various financial ratios based on secondary data collected from annual reports and financial statements. The findings reveal that the company maintained a strong financial position with satisfactory profitability, stable liquidity, and low financial risk during most of the study period.

Although the company faced temporary challenges during the pandemic period due to reduced demand, rising costs, and economic uncertainties, it gradually recovered through improved operational efficiency and better financial management. The study concludes that Hero MotoCorp possesses strong financial stability, effective management practices, and good growth potential. With continued focus on innovation, technology, and electric vehicle expansion, the company can further strengthen its competitiveness and long-term sustainability in the automobile industry.

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