

Navigating Uncertainties: A Comparative Exploration of Risk Management Strategies in The Indian Auto Finance Industry Among Selected Companies

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Abstract

The automotive financing business in India is an essential component of the nation's economic progress. It offers customers and car manufacturers the essential financial support they require to fulfill their financial obligations. Nevertheless, this industry is confronted with a plethora of uncertainties, such as shifting market needs, shifting regulatory requirements, unstable economic conditions, and changing customer habits. Through the analysis of case studies of renowned companies, the research identifies significant risk factors and analyzes the efficiency of various approaches for mitigating those risks. The research makes use of a mixed-methods approach, including qualitative insights from industry professionals through interviews and surveys in addition to quantitative data analysis. The findings shed light on a variety of techniques, including credit risk assessment models, the diversification of loan portfolios, the adoption of sophisticated analytics, and the deployment of rigorous compliance frameworks. Furthermore, the research sheds light on the role that technology advancements, such as blockchain and artificial intelligence, play in boosting the capacities of risk management. The comparison highlights considerable disparities in the efficiency of strategies, which are driven by factors such as the size of the organization, its position in the market, and its acceptance of technical advancements. This study makes a contribution to the current body of research by offering insights that can be put into practice by industry practitioners and policymakers in order to improve the resilience and sustainability of the Indian auto financing sector in the face of uncertainty. The findings that were obtained are intended to provide assistance to businesses in the process of refining their risk management frameworks, therefore generating a financial climate that is more stable and secure.

Keywords: Risk Management, Auto Finance, Market uncertainties, Portfolio risk management, Enterprise risk management (ERM).

Introduction

The automobile financing sector in India is an essential component of the nation's overall financial system. It plays a significant part in fostering economic expansion and boosting mobility. This industry is responsible for providing essential financial services that make it possible for individuals and companies to acquire automobiles. As a result, it is the primary driver of the automotive sector, which is an important indication of the state of the economy. In recent years, the Indian car loan business has experienced significant expansion, which has been supported by increased consumer demand, increasing disposable incomes, and favorable regulations implemented by the government. Despite this expansion, the industry is confronted with a great number of uncertainties and dangers, which calls for the creation and execution of effective risk management strategies in order to guarantee the sector's capability to remain resilient and sustainable.

When it comes to the car financing business, risk management is very necessary because of the inherent volatility and complexity of the sector. Companies operating in this sector are exposed to a wide range of risks, including credit risk, market risk, operational risk, and regulatory risk, among others. There is a danger that borrowers will not repay their debts, which might result in severe financial losses. This is represented by credit risk. The term "market risk" refers to the fluctuations in market circumstances that might have an effect on profitability. These fluctuations include changes in interest rates and automobile prices, among other things. Inefficiencies in processes, fraud, and disruptions in technical systems are examples of the types of internal failures that can give rise to operational risk. The term "regulatory risk" refers to the possibility that changes in laws and regulations would alter operating processes and the state of the company's finances. In order to effectively manage risks, it is necessary to first identify, evaluate, and rank the risks in order of importance, and then to put into action actions that will either control or minimize the impact of these risks. In the context of the Indian automobile financing sector, where market dynamics and regulatory frameworks are constantly shifting, it is essential to take a complete approach to risk management in order to preserve stability and profitability.

The objective of this study is to carry out a comparative investigation of the risk management measures that are utilized by a selection of organizations operating within the Indian automobile financing sector. The primary goals are to identify the major risks that auto finance companies in India face, to investigate the various strategies that these companies use to manage risks, to evaluate the effectiveness of these strategies in mitigating the risks that have been identified, to identify best practices and to provide recommendations for improving risk management frameworks within the industry, and to identify the various strategies that these companies use to manage risks. A comprehensive analysis of a selection of organizations operating within the Indian automobile finance industry is included in the scope of this study. These companies include both major, well-established businesses as well as smaller, up-and-coming competitors. In order to give insights into the various methods to risk management and to emphasize the aspects that contribute to the success or failure of these approaches, this comparative study will be conducted.

The objectives of the study will be accomplished by the utilization of a mixed-methods strategy, which employs a combination of qualitative and quantitative research methodological approaches. The technique entails completing a thorough evaluation of the current literature on risk management in the automotive financing business. This review will include academic articles, reports from the industry, and case studies. The purpose of this research is to develop a theoretical framework. The data will be collected from primary and secondary sources, with primary data being obtained through interviews and surveys with industry experts, executives, and risk management professionals from the selected companies, and secondary data including financial reports, regulatory filings, and market analysis reports. Both types of data will be gathered. In order to highlight the risk management procedures of the selected organizations and give insights that are applicable in the real world, detailed case studies of those companies will be prepared. The data that was collected will be reviewed in order to compare the risk management methods of the organizations that were chosen, whereby similarities and differences in approaches will be identified, and the effectiveness of these strategies in reducing risks will be evaluated. On the basis of the findings of the comparative study, recommendations will be made. These recommendations will identify best practices and suggest changes for risk management frameworks in the Indian car finance market.

The significance of this study lies in the fact that it intends to make a contribution to the current body of information about risk management in the automotive financing business, particularly with regard to the Indian backdrop. In order to provide industry practitioners and policymakers with relevant insights, the research will give a comparative analysis of the techniques utilized by various organizations. The findings have the potential to assist businesses in improving their risk management processes, increasing their resistance to unpredictability, and ensuring sustainable development strategies. In addition, the suggestions generated by the study can provide regulatory authorities with information that can be used to formulate regulations that assist efficient risk management in the business.

Specifically, the document is organized as follows: The introduction includes a summary of the research methods, as well as the history of the study, its aims, its scope, and the importance of the study. The literature review examines the current literature on risk management in the automotive financing business, focusing on the most important ideas, models, and findings from prior research. A comprehensive account of the Indian auto financing business is provided in the industry overview. This overview covers topics such as market dynamics, important players, and current developments. Within the section titled "Risk Identification," a comprehensive examination of the most significant dangers that car lending firms in India face is presented. In the section on risk management strategies, the various risk management techniques that the selected organizations have used are investigated, and case studies are used to support the findings. A comparative study of the success of various tactics is provided in the section titled "Comparative Analysis." As part of this analysis, best practices and areas for improvement are both identified. In conclusion, the section titled "Conclusions and Recommendations" shows the findings and conclusions that were derived from the research as well as the recommendations that may be implemented to improve risk management frameworks within the industry.

In conclusion, the automobile financing business in India plays a vital part in the economic growth of the country; yet, it is confronted with considerable uncertainties that require the implementation of comprehensive risk management measures from the industry. In order to provide industry practitioners and policymakers with relevant insights, the purpose of this study is to give a detailed comparative analysis of various tactics. Increasing the resiliency and sustainability of the automobile financing business in India is the goal of the research, which will do this by identifying best practices and presenting recommendations that may be practically implemented. The research will contribute to a greater knowledge of risk management in this crucial industry by conducting an in-depth assessment of chosen organizations. This will eventually help the sector's long-term growth and stability.

Historical Perspective:

Beginning in the early 20th century, the automobile industry in India has a long and illustrious history that dates back to early in the century. The industry had its early rise with the construction of manufacturing facilities by pioneers such as

Hindustan Motors and Premier Automobiles Limited (PAL). This led to the sector's increased production. On the other hand, significant reforms and liberalization measures that were implemented in the 1990s prepared the ground for a dramatic transformation in the industry, which in turn attracted huge investments from both domestic and foreign actors.

Key Players and Market Landscape:

At the present time, the car industry in India is characterized by a dynamic ecosystem that includes both indigenous manufacturers and global firms. There are a number of prominent manufacturers that dominate the industry across a variety of vehicle sectors. These players include Maruti Suzuki, Tata Motors, Mahindra & Mahindra, and Hero MotoCorp. In addition, foreign automobile manufacturers such as Hyundai, Honda, Toyota, and Volkswagen have built a substantial presence in the Indian market. These companies have capitalized on the expanding customer base and production capabilities of the country.

Government Initiatives and Policies:

Through policy interventions, incentives, and regulatory frameworks, the Indian government has been instrumental in defining the growth trajectory of the automobile sector. This has been accomplished through the Indian government. The Automotive Mission Plan (AMP), the National Electric Mobility Mission Plan (NEMMP), and the Faster Adoption and Manufacturing of Electric Vehicles (FAME) scheme are all examples of initiatives that have played a significant role in fostering innovation, sustainability, and technical growth within the industry.

Challenges and Opportunities:

Even though it has experienced amazing expansion, the automobile industry in India is confronted with a number of obstacles. These issues include changing fuel costs, regulatory compliance, infrastructural impediments, and environmental concerns. On the other hand, these problems also create possibilities for players in the sector to embrace innovation, diversification, and strategic cooperation. There are several significant trends that are influencing the future of the automotive industry in India. These trends include the shift towards electric and hybrid cars, the adoption of modern manufacturing methods, and the emphasis on research and development to produce new products.

Review of the Auto Sector in India:

The automobile industry in India has seen considerable modifications during the course of this country's history, and it has emerged as an important contributor to the growth and development of the country's economy. This overview focuses on a number of different facets of the Indian automobile industry, including its historical development, the dynamics of the market, the problems, possibilities, and prospects that it continues to face.

Historical Evolution:

Beginning in the early 20th century, when the first indigenous vehicle manufacturing facilities were founded, the Indian automotive industry has a long and illustrious history that dates back to that time period. To be more specific, the economic reforms and liberalization policies that were implemented in the 1990s were the ones that prepared the way for the industry to see fast development and expansion. The transition of the Indian automobile industry into a worldwide manufacturing powerhouse was accelerated by the presence of multinational businesses, technical improvements, and regulations that were beneficial to the government.

Market Dynamics:

The automobile industry in India is comprised of a wide variety of vehicles, such as passenger cars, commercial vehicles, two-wheelers, and three-wheelers, in order to meet the requirements of a growing population. Among the main businesses that are now dominating the industry are companies such as Maruti Suzuki, Tata Motors, Mahindra & Mahindra, and Hero MotoCorp. The industry is characterized by fierce rivalry, fast technical innovation, and fluctuating customer tastes, which requires industry stakeholders to continuously adapt and evolve in order to remain competitive.

Statement of Need:

Risk and return are two factors that are extremely important in the automobile business, which operates in an environment that is both dynamic and competitive. It is crucial for investors, governments, and industry stakeholders to have a solid understanding of the risk-return trade-off and its implications. We may acquire insights into the financial performance of automobile firms, the risk exposure they have, and the investment potential they have by doing a comparative study of these companies. Through the provision of relevant information that can be used for informed

decision-making within the automotive industry, the purpose of this study is to bridge the gap between theory and practice.

Objective of study:

1. The purpose of this article is to educate readers on the significance of the automobile industry in the expansion and development of India's economy.
2. Conduct a Return Ratio analysis in order to ascertain the profitability and effectiveness of automobile manufacturers.

Literature Review:

It was claimed by Horne and James (2001) that beta is still a valid measure of risk, despite the fact that it could not be a reliable indication of the returns that are actually achieved. The research conducted by Meric et al. (2010) showed that there is a positive risk-return relationship between the various industries that are listed on the stock market in the United States. The empirical literature has shown a number of conclusions that have been deemed contentious; hence, the purpose of this study is to examine the Capital Asset Pricing Model (CAPM) in order to investigate the connection between anticipated return and systematic risk. Additionally, market beta estimates for individual companies may be obtained from the COMPUSTAT database, which is a big corporate financial data repository that is utilized extensively in both academic and commercial settings. Beta estimates are also provided by investment services companies as "risk attributes" or "volatility measures" of the bond and stock funds that they manage. There is no other model that is theoretically well-founded that has been applied as an alternative to the Capital Asset Pricing Model (CAPM) for the purpose of estimating the cost of equity capital (Kaplan & Peterson, 1998). Awalakki and Archanna's 2021 study The research investigates the connection between economic and financial variables and stock returns for a total of 28 companies that were selected among those that were listed on the National Stock Exchange during a period of eight years, from 2010 to 2017. The findings, which were obtained by the utilization of panel data regression, reveal that Return on Equity (ROE) and Price to Book Value (PB) have a positive and substantial influence on the returns of investment in stocks. The results of the study indicate that managers have the ability to improve stock valuation by gaining an awareness of essential resources and making efficient use of them. This highlights the significance of educated decision-making when it comes to investment strategies and market forecasting. the year 2021 (Awalakki & Archanna). The purpose of this research study is to analyze the influence that important accounting measures, such as return on equity (ROE), return on assets (ROA), price-to-earnings (P/E), price-to-book (P/B), price-to-sales (P/S), and price-to-cost (P/C), have on the stock prices of the National Stock Exchange during a period of fifteen years (2005-2020). The objective of this study is to investigate the ways in which these financial indicators have an impact on stock returns, with a particular focus on the significance of these indicators for investors, creditors, and other stakeholders in assessing the financial health and profitability of firms that are listed on the exchange. Markowitz's (1952) work Markowitz (1952) was the first person to suggest a contemporary theory, and it was called the portfolio investment theory.

It is believed that the rates of return of individual assets are covariant with one another, and that there is a relatively consistent covariance, also known as a correlation coefficient, between the rates of return of every two assets. Therefore, he said that it is theoretically conceivable to create a variance-covariance matrix of all hazardous assets. This information was provided by him. The year 2023 (Awalakki & Archanna) Through the application of principles from behavioural finance, this research study that does not rely on empirical evidence investigates the relationship between investor attention and the volatility of financial markets. This article investigates the elements that determine investor attention, such as cognitive biases and social factors, and analyzes the influence that these factors have on market dynamics. Additionally, it provides a comprehensive overview of the available literature and theoretical frameworks in order to improve the reader's understanding of this complex connection. (2012) According to Abedi, Daribi, and Rasiah. This study highlights the significance of the risk-return connection as a tool that may assist companies and investors in making decisions. Through the examination of various theories, empirical research, and performance measurements like as the Treynor, Sharpe, and Jansen Indices, which are derived from the Capital Asset Pricing Model (CAPM), the purpose of this study is to increase the knowledge of the risk-return dynamics of various industry sectors in order to provide better decision assistance. 2023 book by Awalakki and Archanna. The purpose of this study is to investigate the influence that overconfidence biases have on investment portfolios by analyzing cognitive and emotional factors such as the illusion of expertise and emotional attachment. With its origins in the field of behavioural finance, this approach draws attention to negative outcomes such as excessive trading and loss aversion. It also suggests solutions for mitigating these outcomes, including as diversification, passive investing, and behavioral coaching, in order to facilitate portfolio decisions that are more informed and logical. (2018) According to Subramanyam, Nalla, and Kalyan. The purpose of the research is to provide investors with information on mutual funds, with a particular focus on the potential for optimizing returns in the context of India's expanding capital market. By shedding light on investor understanding, risk tolerance, and preferences, it demonstrates the role that mutual funds play in diversifying assets for the purpose of achieving optimal returns and

mitigating risk. The year 2022, Awalaki. The purpose of this article is to investigate the relationship between neurotransmitters (dopamine, serotonin, and norepinephrine), feelings, and the results of investments, with the goal of elucidating the role that these factors have in influencing the behavior and choices of investors. It places an emphasis on the neurological mechanisms that are responsible for choice diversification and confronts biases, highlighting the necessity of education for cognitive function and bias mitigation in the context of controlling investor behavior within the financial sector. (2021) According to Moulbharathi and Sugandi. In this study, statistical methods such as standard deviation, beta, and regression analysis are utilized to conduct an analysis of the risk and return of stocks in the automotive, banking, finance, fast-moving consumer goods, and information technology industries from 2017 to 2021. By comparing the performance of certain sectors to benchmark indexes, it provides investors with direction and assists them in making educated investment decisions that take into account both risk and return as factors. The year 2015's Awalakki S. M. The findings of a research conducted in Kalaburagi, Karnataka, suggest that salaried employees are more likely to consider investments for retirement. Furthermore, the results of a recent survey indicate that there has not been a major increase in the amount of money that salaried employees invest in comparison to businesspeople. The expanding knowledge of investing possibilities implies that the environment is altering, with greater choices for paid workers. This is despite the fact that retirement has traditionally been the primary focus of attention. (2015) Author: AWALAKKI This research investigates the capital structures of five well-known cement firms (ACC, Ultratech, Ambuja, J.K., and Chettinad) from 2008-2009 to 2013-2014. It analyzes the influence that these structures had on investment patterns and highlights the significance of debt-equity mix in making efficient financing decisions. In order to have a better understanding of the financial dynamics of these companies, the intra-company study will be conducted.

According to Froot (2003), risk is defined as the fluctuation in cash flows, which is a factor that is disruptive to both the activities of investing and financing. Culp (2002) defines risk as "any source of randomness that may have an adverse impact on the market value of a corporation's assets net of liabilities, on its earnings, and/or on its raw cash flows" (Culp C. L., 2001, p.14). Risk may be defined as "any source of randomness that may have an adverse impact on the market value;" In order to provide assistance to an investor, Santanu Kumar Ghosh and Paritosh Chandra Sinha (2007) conducted research on the firm's capital arrangement decision. The findings indicate that the returns from shareholders are greatly influenced by the amount of debt that a company has. When it comes to the maintenance of the long-term debt to equity ratio, companies tend to be more conservative than when it comes to the overall debt to equity ratio. It is not always the case that an increase in debt levels is good news for investors, and those who are willing to take risks behave differently.

During the period of time spanning from 1991-1992 to 2003-2004, Manor Selvi.A and Vijaya Kumar.A (2007) investigate the patterns of profit that were seen in a selection of car industries in India. This indicates that 55.55 percent of India's vehicle industry are seeing a downward trend in terms of profitability. A number of different limitations on pricing, output, growth, and investment, among other things, that have been extended by the government to these businesses over the course of time have had a negative impact, as seen by the declining trend of profit rates in these industries.

Sur and Mitra (2011) made a small attempt to analyze the BR associated with the selected Indian information technology businesses by utilizing Ginny's coefficient of mean difference. Additionally, they attempted to determine the relative risk-return status of the companies. This analysis was conducted during the years 1999-2000 and 2008-2009. According to the findings of the study, the selected information technology businesses did not exhibit any uniformity with regard to the risk-return trade off.

The BR linked with twenty different firms operating in the Indian fast-moving consumer goods (FMCG) industry was analyzed by Sur et al. (2014) in their study, which covered the years 1995-1996 to 2011-2012. According to the findings of the study, Godfrey had the lowest BR, while Colgate had the greatest BR. Additionally, it was discovered that LR, CSR, and CPR established themselves as key contributors to the BR throughout the course of the study period.

METHODOLOGY

Processes of production and intellectual activity are what constitute financial performance measures. Financial performance is also concerned with the activities of the firm, which contribute to the rise of profits and also to the enhancement of both total investments and total investments. There is a connection between the success of shareholders and the performance of the company's finances. In light of this, the researcher has conducted an analysis of the notion of Financial Performance Analysis as well as its many associated components. Within the context of the Automobile Industry of India, the researcher investigates the facts and also makes the decision to analyze the entire idea. The assessment process is carried out by the researcher by making use of the facts and information that are accessible from a variety of secondary sources; hence, the character of the study becomes analytical.

ANALYSIS

We estimated the five financial indicators that would be utilized in the creation of the model based on the data that was found in Table 1. These indicators include:

- CR (current risk) = Current Assets / Current Liabilities
- ROI (return on investment) = Net income / Total Assets
- DTE (Debt to Equity) = Total Liabilities / Shareholders` Equity
- TAT (Total Assets Turnovers) = Revenues / Total Assets
- WCA (Working Capital to Total Assets) = (Current Assets – Current Liabilities)/Total Assets

Table 1 Markers of financial health (Fiscal year 2017)

Company	CR	ROI	DTE	TAT	WCA
Ashok Leyland	0.95	1.461	0.35	0.8608	0.02889
TATA	0.52	1.045	0.92	1.2	-0.0727
Maruti Suzuki	0.66	1.356	0.01	1.309	-0.127
Mahindra & Mahindra	1.03	0.7417	0.11	1.74	0.08534
Bajaj Auto Ltd	3.21	1.098	0.01	0.9935	0.2855

Source: Secondary data. Researcher own calculation

Table 1 presents the financial metrics of the vehicle firms that were chosen for this presentation. For the Mahindra & Mahindra and Bajaj Auto industries, the present risk is exhibiting a pattern that is both more favorable and more favorable. The selected firms, with the exception of Mahindra & Mahindra, are in a favorable position with regard to their return on investment. TATA and Ashok Leyland respectively have a high debt to equity ratio, whilst Maruti Suzuki and Bajaj Auto have a low debt to equity ratio. In terms of total assets turnover, Mahindra & Mahindra and Maruti Suzuki both have the highest levels. It is clear that TATA and Maruti Suzuki are experiencing a negative trend in their Working Capital to Total Assets risk, whilst Bajaj Auto Ltd. is seeing a significant and positive trend in WCA.

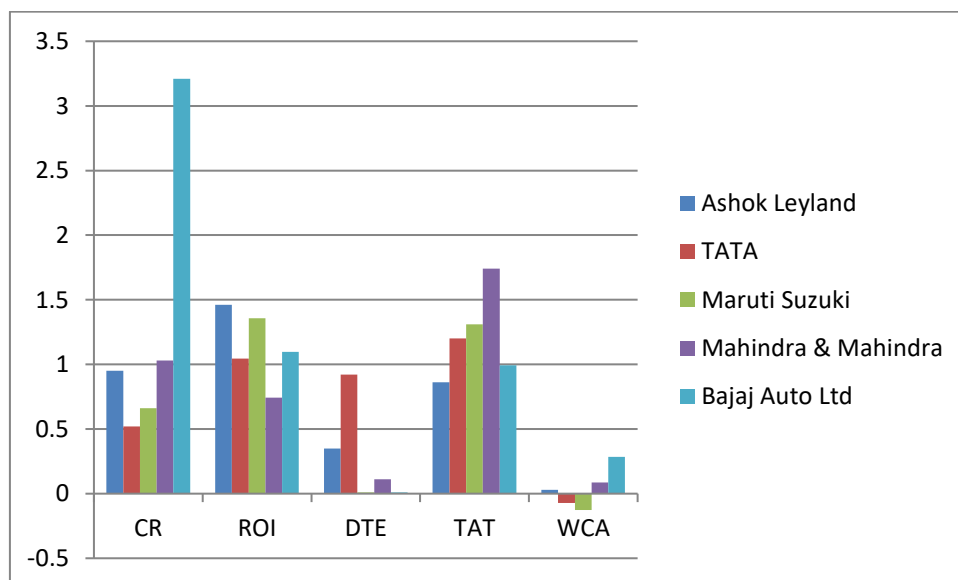


Table 2 Results for α and β

Financial indicators	Minimum level	Maximum level	α	β
CR	0.031	2.424	1.2273	0.376

ROI	-3.106	5.601	1.2475	1.3678
DTE	-0.463	1.545	0.5413	0.3155
TAT	-3.548	4.24	0.3461	1.2235
WCA	-0.101	1.779	0.8391	0.2954

Source: Secondary data, Researcher own calculation

When doing a discriminant analysis, the researcher will determine the greatest and lowest values for each indicator under consideration. The following equation serves as the foundation for the Financial Risk Score model that has been proposed:

$$FRS = \alpha_1 CR + \alpha_2 ROI + \alpha_3 DTE + \alpha_4 TAT + \alpha_5 WCA + \beta$$

Where,

FRS – Financial Risk Score

$\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5$ – parameters

β - Error

$$\text{Hence, } FRS = 1.2273*CR + 1.2475*ROI + 0.5413*DTE + 0.3461*TAT + 0.8391*WCA$$

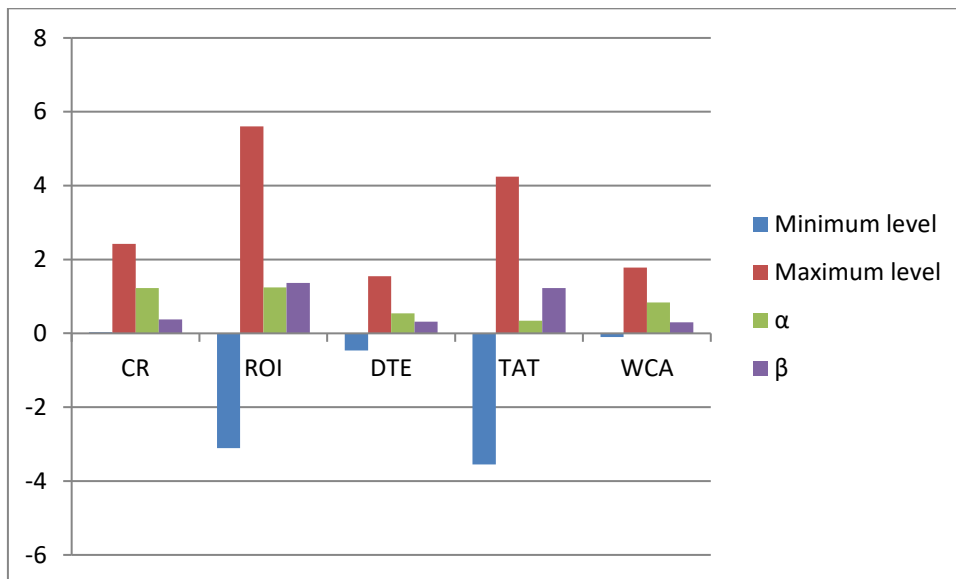
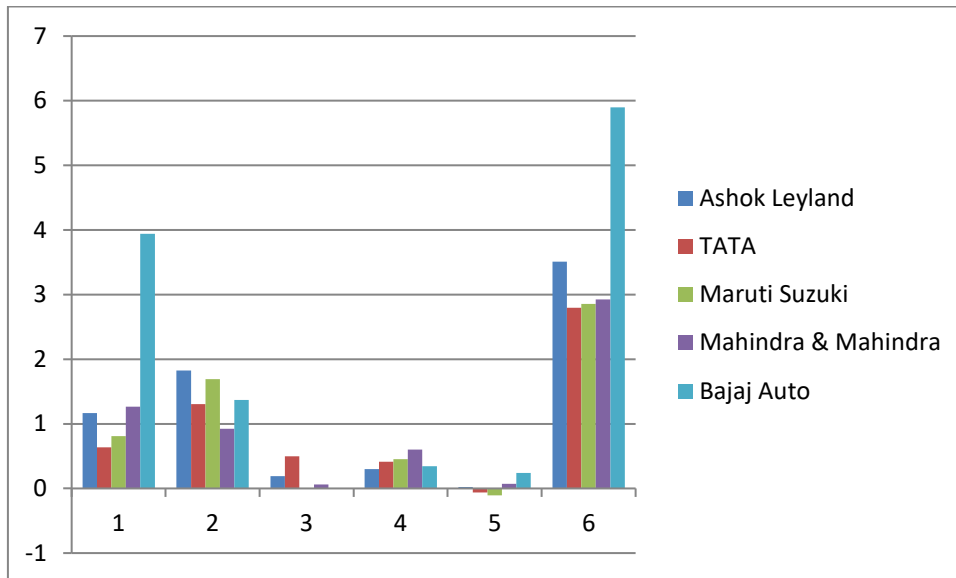


Table 3 Financial risk score (FRS)

COMPANY	1.227 *CR	1.2457* ROI	0.5413 *DTE	0.3461 *TAT	0.8391 *WCA	FRS	Rank
Ashok Leyland	1.166	1.823	0.189	0.298	0.024	3.510	II
TATA	0.638	1.304	0.498	0.415	-0.061	2.794	V
Maruti Suzuki	0.81	1.692	0.005	0.453	-0.107	2.854	IV
Mahindra & Mahindra	1.264	0.925	0.06	0.602	0.072	2.923	III
Bajaj Auto	3.94	1.37	0.005	0.344	0.24	5.898	I
AVERAGE	1.564	1.423	0.152	0.422	0.034	3.594	

Source: Secondary data. Researcher own calculation

Presented in the preceding table 3 is the Financial Risk Score for the various vehicle manufacturers that were chosen. Bajaj Auto has the highest FRS score (ranked 1), followed by Ashok Leyland (ranked 2) and Mahindra & Mahindra (ranked 3). This means that Bajaj Auto is the most successful FRS company. In terms of FRS, TATA had the lowest score and ranked fifth.



COMPARATIVE ANALYSIS

A comparison of the findings with the average for the industry is performed by the researcher.

Table 4 FRS value with industry average

COMPANY	FRS value	Industry average	Assessment
Ashok Leyland	3.510	3.594	Good
TATA	2.794	3.594	Poor
Maruti Suzuki	2.854	3.594	Moderate
Mahindra & Mahindra	2.923	3.594	Moderate
Bajaj Auto	5.898	3.594	Best

Source: Secondary data. Researcher own calculation

Presented in the preceding table 4 is the FRS value as well as the industry average. This suggests that Bajaj Auto is in the best position possible and is performing better than the average for the industry. Ashok Leyland is in a strong position and is comparable to the average for the industry. The positions of Maruti Suzuki and Mahindra & Mahindra are considered to be modest. There is a significant gap between TATA's financial risk values and the average for the industry, and the company's FRS score is lower than the average.

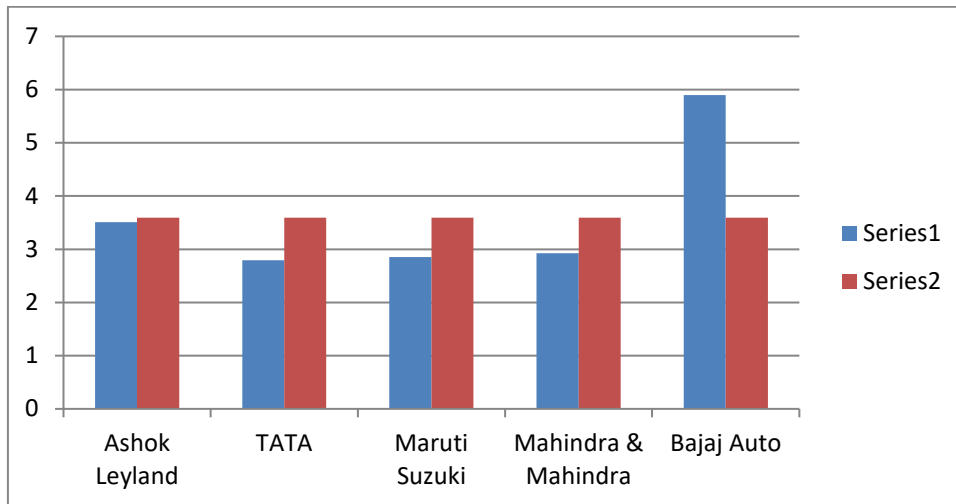


Table 5 CR value with industry average

COMPANY	CR value	Industry average	Assessment
Ashok Leyland	1.166	1.564	Good
TATA	0.638	1.564	Poor
Maruti Suzuki	0.81	1.564	Moderate
Mahindra & Mahindra	1.264	1.564	Moderate
Bajaj Auto	3.94	1.564	Best

Source: Secondary data. Researcher own calculation

The value of the CR and the average for the industry are displayed in table 5 above. This suggests that Bajaj Auto is in the best position possible and is performing better than the average for the industry. Ashok Leyland is in a strong position and is comparable to the average for the industry. The positions of Maruti Suzuki and Mahindra & Mahindra are considered to be modest. Although TATA has a lower CR rating than the average for the industry, the company is in a precarious position with regard to its financial risk values.

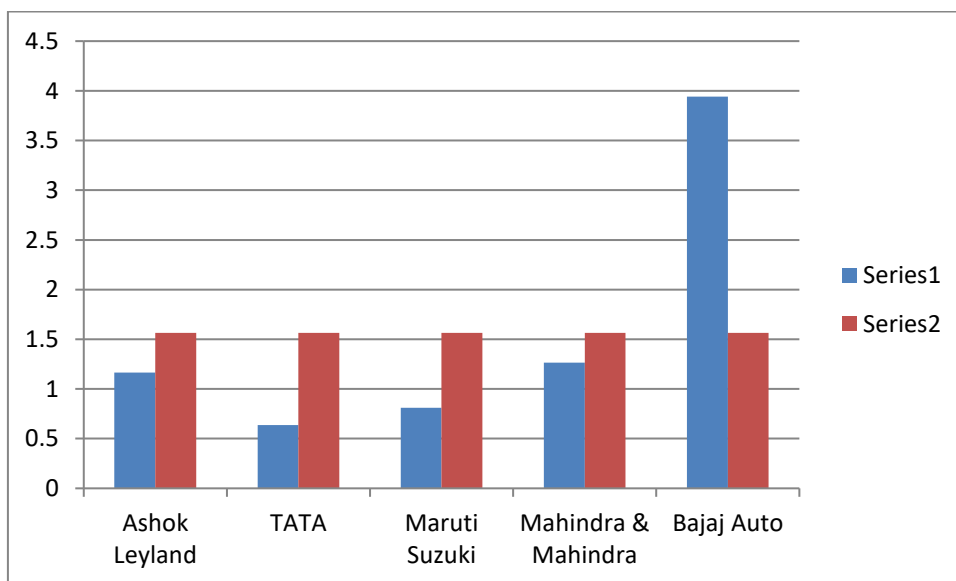


Table 6 comparable to the average for the industry

COMPANY	ROI	Industry average	Assessment
Ashok Leyland	1.823	1.423	Very Good
TATA	1.304	1.423	Good
Maruti Suzuki	1.692	1.423	Very Good
Mahindra & Mahindra	0.925	1.423	Moderate
Bajaj Auto	1.37	1.423	Good

Source: Secondary data. Researcher own calculation

The ROI value and the average for the industry are displayed in table 6, which can be seen above. The fact that Ashok Leyland and Maruti Suzuki are in a position that is both Very Good and higher than the average for the industry is indicated by this. Both Bajaj Auto and TATA are in a strong position and are comparable to the average for the industry. The standing of Mahindra & Mahindra is considered to be mediocre.

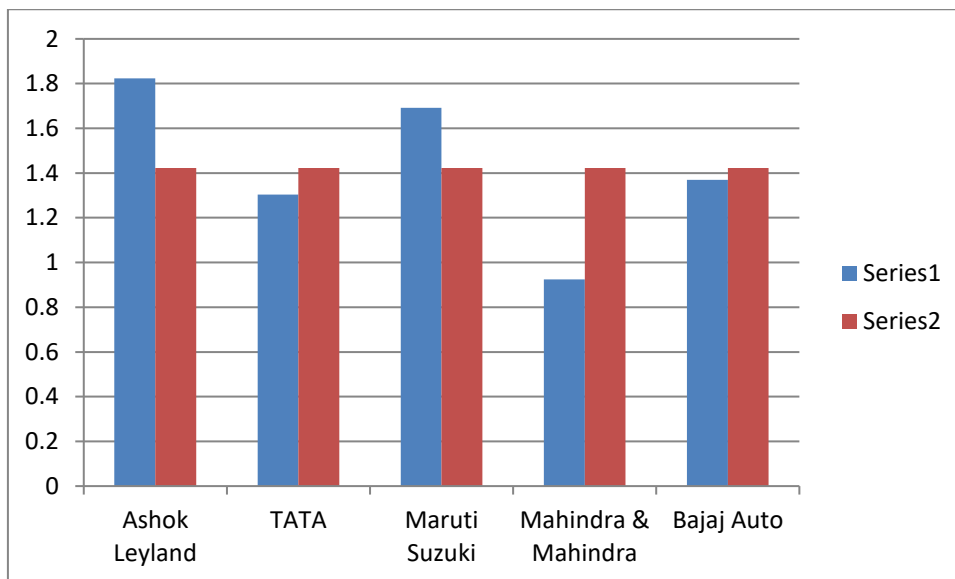


Table 7 DTE value in comparison to the average for the industry

COMPANY	DTE	Industry average	Assessment
Ashok Leyland	0.189	0.152	Very Good
TATA	0.498	0.152	Best
Maruti Suzuki	0.005	0.152	Worst
Mahindra & Mahindra	0.06	0.152	Poor
Bajaj Auto	0.005	0.152	Worst

Source: Secondary data. Researcher own calculation

The value of the DTE and the average for the industry are displayed in table 7 above. The fact that TATA is in the top position and is higher than the average for the industry is indicated by this. Compared to the average for the industry, Ashok Leyland is in a very good position of achievement. Both Maruti Suzuki and Bajaj Auto are now in the poorest position. In terms of its DTE values, Mahindra & Mahindra is in a bad state, and the company's DTE value is lower than the average for the industry.

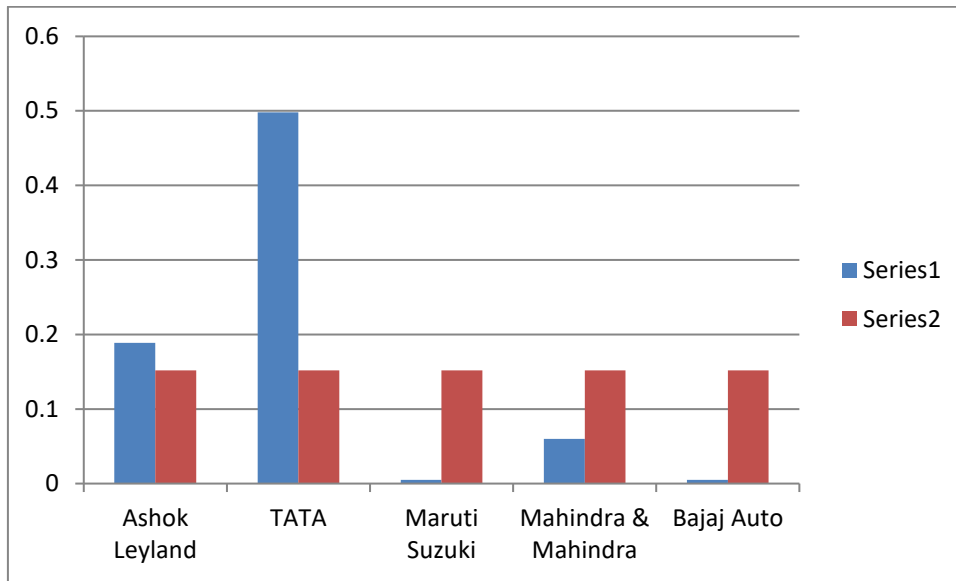
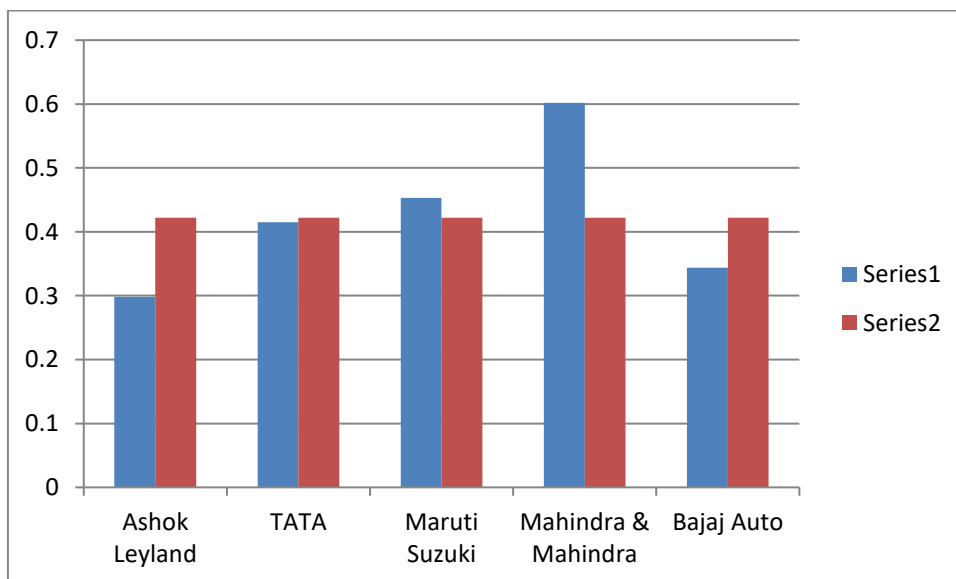


Table 8 TAT value in comparison to the average for the industry

COMPANY	TAT	Industry average	Assessment
Ashok Leyland	0.298	0.422	Moderate
TATA	0.415	0.422	Good
Maruti Suzuki	0.453	0.422	Very Good
Mahindra & Mahindra	0.602	0.422	Best
Bajaj Auto	0.344	0.422	Good

Source: Secondary data. Researcher own calculation

TAT value and industry average are displayed in table 8, which can be seen above. This suggests that Mahindra & Mahindra is in the best position possible and is performing better than the average for the industry. Both TATA and Bajaj Auto are in a strong position and are comparable to the average for the industry. Maruti Suzuki is now in a position intermediate. When compared to its TAT readings, TATA is in a very favorable situation.



Conclusion

The Indian auto finance industry is a cornerstone of the nation's economic framework, significantly influencing both the automotive market and broader financial stability. This study aimed to shed light on the diverse risk management strategies employed by selected companies within this sector, examining their effectiveness in navigating the myriad uncertainties they face. The comparative analysis revealed a spectrum of approaches tailored to the unique challenges and operational scales of different firms. Larger, established companies tend to adopt sophisticated, technology-driven risk management systems, leveraging advanced analytics and comprehensive compliance frameworks. In contrast, smaller, emerging players often rely on more agile, adaptive strategies, focusing on niche markets and personalized customer assessments. Key findings highlight the pivotal role of credit risk management, given its substantial impact on financial health, and the increasing importance of integrating technological innovations such as artificial intelligence and blockchain to enhance risk mitigation capabilities. Additionally, the study underscores the necessity of a proactive regulatory compliance strategy to navigate the complex and evolving legal landscape in India. Despite the effectiveness of these strategies, the research identifies areas for improvement, particularly in the standardization of risk assessment models and the need for greater transparency and data consistency. The adoption of best practices across the industry, such as enhancing inter-company collaborations and sharing risk intelligence, can further strengthen the sector's resilience. The recommendations proposed, including the implementation of robust, standardized risk management frameworks and the embracement of technological advancements, are aimed at fostering a more resilient and sustainable auto finance industry. Policymakers are encouraged to support these initiatives through conducive regulations and incentives. This study contributes valuable insights into risk management within the Indian auto finance industry, providing a foundation for ongoing improvements and ensuring that companies are better equipped to withstand future uncertainties. Through continuous adaptation and the adoption of best practices, the industry can achieve sustainable growth and stability, thereby reinforcing its pivotal role in India's economic landscape.

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