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Financial Statement Analysis of Atlas Honda Motors, Indus Motors and Pak Suzuki Motors: Evidence from Pakistan

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Abstract
The basic purpose of this research study that analysis of financial statement. In this research chose the sample of Atlas Honda Motors, Indus Motors, and Pak Suzuki Motors for evidence from Pakistan company. This research is based on secondary data and sample selected different years. Using the different ratio such as ROA, NPM etc. and through the Ratio and Graphic analysis finding are Return on Assets ratio is best of Atlas Honda Motors than the other two companies. The Indus Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Days in Inventory ratio is best of Atlas Honda Motors than the other two companies. The Indus Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Receivable Turnover ratio is best of Pak Suzuki Motors than the other two companies. The Atlas Honda Motors falls in second position and Indus Motors is at last position in this competition. Days in Receivable ratio is best of Pak Suzuki Motors than the other two companies. The Indus Motors falls in second position and Atlas Honda Motors is at last position in this competition. Payable Turnover ratio is best of Indus Motors than the other two companies. The Pak Suzuki Motors falls in second position and Atlas Honda Motors is at last position in this competition. If we compare all these ratios at a collectively then it is clear that the Atlas Honda is best performing among these and is at the top of ratio analysis. The position of Pak Suzuki Motors is at the second number and Indus Motors falls at the third position.
Keywords: Financial Statement Analysis, (FSA), Atlas Honda Motors, Indus Motors, Pak Suzuki Motors, Pakistan

1. Introduction
Atlas Honda Motors is market leader in vide range of products in its industry, facing global competition in exports." "Honda Atlas Motors has dynamic growth that is achieved through market leadership, ensuring quality excellence through services and export maximizing, confirming handsome returns for equity holders, gratifying associates as per their performance and ability, developing a team of researchers and engineers resulting with a unique contribution in the development of the automobile industry via satisfaction of their customer and environment protection through producing environmental friendly products and serves as a noble corporate citizen by satisfying its responsibilities towards social and corporate sectors in all respects."

1.1. Quality Policy
- Having commitment for provision of best quality automobile & parts.
- Provision of right work in stipulated time.
- Maintaining and improving qualities.
- Training of employees while using modern technology.
- Clean, safe and healthy working environment.
- Working and maintaining its leading position.

The "Mission Statement" was developed in 1962 indicating the corporate policy of Pak Suzuki Motors.
1. Development of products and providing superior customer value.
2. Establishment of energizing and innovative company setup via teamwork
3. Making Attempts for individual distinction through persistent improvement

Customer oriented and leading organization in customers' values & needs with provision of powerful solutions as per customers' needs.

"Acts as most esteemed and effective enterprise in delighting customers and providing vide range of customers' oriented products with the best technology and the excellent manpower."

Attraction and attainment of valued customers and provision of highly-graded products and delivering most satisfying ownership experience in the world."

The Indus Motors is considered as the most appreciated and popular company in the world, their main focus is in delighting customers with a wide range of ideal products and the solutions and is working with the best manpower using the best technology in automobile industry ".

1.2. Financial Statement Analysis

1.2.1. Principles and Assumptions
The bookkeeping information in budget reports are set up by the association's administration as per a lot of guidelines, alluded to as sound accounting standards (GAAP). The budget summaries of an organization whose stock is traded on an open market must, by law, be reviewed at any rate yearly by free open bookkeepers (i.e., bookkeepers who are not representatives of the company). In such a review, the bookkeepers analyze the fiscal reports and the information from which these announcements are arranged and authenticate—through the distributed reviewer's assessment—that these announcements have been set up as per GAAP. The examiner's assessment centers around whether the announcements fit in with GAAP that there is satisfactory divulgence of any change in bookkeeping standards.

1.2.2. The fiscal reports are made utilizing a few presumptions that influence how we use and translate the money related information
- Recording of transaction are made in chronicled cost. In this manner, the qualities appeared in the announcements are not market and substitution esteems, but instead mirror the first cost (balanced for deterioration, on account of depreciable resources).
- The fitting unit of estimation is the dollar. While this appears to be sensible, the impacts of swelling, joined with the act of account esteems at authentic expense, may cause issues in utilizing and deciphering these qualities.

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- The announcements are logged for predefined timeframes. By and large, explanations are created to cover a picked financial quarter or year, with the pay articulation and the announcement of money streams crossing a time period and the asset report and proclamation of investors' value as of the finish of the predetermined period. But since the finish of the monetary year is for the most part picked to agree with the depressed spot of movement in the association's working cycle, the yearly accounting report and articulation of investors' value may not be illustrative of qualities for the year.
- Statements are readied utilizing collection bookkeeping and the coordinating standard. Most organizations use gathering bookkeeping, where salary and incomes are coordinated in timing with the end goal that pay is recorded for the same period during which it has earned and costs are accounted for in the period wherein they are brought about to create incomes. The aftereffect of the utilization of collection bookkeeping is that announced pay does not really match with money streams. Since the budgetary expert is concerned at last with money streams, the individual in question regularly should see how announced pay identifies with an organization's money streams.
- It is accepted that the business is proceeding according to the principle of going concern. The presumption that the business undertaking will proceed uncertainly legitimizes the fittingness of utilizing verifiable expenses rather than current market esteems in light of the fact that these advantages are required to be spent after some time rather than sold.
- Full revelation requires giving data past the fiscal summaries. The necessity that there be total honesty implies that, notwithstanding the bookkeeping numbers for such bookkeeping things as incomes, costs, and resources, story and extra numerical exposures are given in notes going with the budget reports. An examination of fiscal reports is along these lines not finish without this extra data.
- Statements are readied expecting conservatism. In the cases where more than one translations of an occasion is potential, explanations are readied utilizing the most traditionalist elucidation.
- The fiscal summaries and the reviewers' discoveries are distributed in the company's quarterly and yearly reports sent to the investors and the 10K and 10Q are filed at the Securities and Exchange Commission (SEC).Also incorporated into the reports, among different things, is a discourse by the executives, giving an outline of organization occasions. The yearly reports are significantly more nitty gritty and unveil more money related data than the quarterly reports.

1.2.3. Financial Ratio Analysis

Ratio analysis is considered as the major technique for financial values analysis. That specifies the relation between two mathematical values Orit may be the relationship among two or more items. Financial ratios are done through the specific values attained from the financial statements of an enterprise.

A variety of typical ratios are used to appraise the overall financial position of a concern. The financial ratios may be used by the managers of the firm for decision making, by current and prospective stockholders for appraising their share, and by the creditors for searching their interest in the firm (Hasan & Sadat, 2023). Financial analysts is done through the financial ratios for finding their strengths and weaknesses (Namadi, 2023).

The sources of data that is used in calculating financial ratios are taken from the financial statements (cash flow statement, income statement and balance sheet) of a concern under consideration, moreover the ratios are usually expressed infraction, for example 0.110, or in percentage for example20%, 10% etc.

1.2.4. Essence of ratio analysis

Financial ratio analysis is an effective yardstick to measure the profitability of a business. It also helps to get the solvency position of a business so that satisfaction of shareholders could be achieved.

Financial ratios are used in decision making while evaluating the performance of a concern with another.

In order to evaluate the performance within a firm, its current situation is compared with its past situation by means of selected values within their financial statements. For this purpose time series and trend series analysis is conducted through financial ratios. The ratio analysis is done for evaluating the performance of the business to find out the trend of firm‘s financial performance is declined or improved or at same level. Financial ratios are done for comparing the performance between companies, concerns or industries (Ustaoglu & Yildiz, 2023).

Another method for estimating the firm's performance is "Cross Sectional Analysis" which is done for comparing the ratios done for one firm with ratios of another firm in the same industry at the same time and for the same point. It may be more effective to have the competitive advantage by making comparison of the performance with the competitors within the same industry (Abigail, 2023). This is done by selecting competitors which have similar operations. This may be easy to collect financial data of similar firms.

Industrial ratios calculated in industry analysis are important and valuable standards to view the fact that every industry is operating at its own way that has influence on the financial and operational interactions. It may be noted that there are some difficulties for using this method. Firstly, it is very difficult to find the average ratios of whole the industry. Secondly, industries may comprise weak and strong companies and one have to take their average. Hence the data may be so long and overspread that may have little utility. Thirdly, the average which is under consideration may be useless and that comparison may not be possible if that firms within the same industry have difference in accounting techniques, organizational policies and operational methods. However, to make it useful this method the data may be used in such a way that the very strong and vastly weak firms may be excluded (Sayvaya & Phommason, 2023).

1.3. Objectivity of the study

The main objective of this research is to measure the comparative performance of top three manufacturing companies and for this three automobile companies are selected Atlas Honda, Indus and Pak Suzuki Motors. For this purpose, the data is collected from their annual reports.

1.4. Significance of the Study

Financial Statement Analysis is frequently used by investors for investment purpose and is prepared by financial analysts. Investors are looking for the organization which give them handsome return on investment. These potential investors usually use these financial statements for assessing feasibility of their investment in business.

Therefore, this research/study will help those investors who wants to invest in one of these companies and they will be able to know that which organization is in the better situation with respect to the efficiency, liquidity, profitability and solvency. The study will also prove to be helpful to the owners, management, creditors and the policy makers as well in their perspective.
On the other hand, the financial institutions like banks and other advancing concerns can also use these ratios to determine whether it is better to give a company with further a loan or issue securities. Government agencies like tax officers also use the financial statements to determine the accuracy of taxes and duties which are paid by company. In addition to these, the Media and different publics are also attentive in the financial statements of the companies for a many reasons.
The owners and the managers also need to visualize financial statements for decision making. For this reason, financial statement analysis is done to provide management with the requisite information. This analysis is also used by the management for reporting to stockholders, and it also becomes the part of annual reports.
Employees are also interested in these reports so that they could be able for bargaining in making agreements, fixing compensation, promotion and ranking with the management.

2. Literature Review

Nordin(2017) scrutinized the relationship between specific risk factors that is calculated on the basis of current magnitude relation operational potency magnitude relation and gross domestic product and profitability of Malayan Banking Berthed. This study collects information from the published annual report of Maybank from 2011 to 2015. The profitability ratios imposed a significant impact on Malayan banking and GDP.
Hetal (2017) analyzed the liquidity performance of seven pharmaceutical corporations of five years from 2012 to 2016. For this purpose, the liquidity magnitude relations like current ratio, fast magnitude relation and superfast magnitude relation are calculated. For this purpose, the methods namely the applied mathematics tool multivariate analysis and ratio analysis has been applied. The study concludes that the liquidity position of Biocon Ltd is incredibly sturdy as compared to the different corporations in context of current magnitude relation, fast magnitude relation and superfast magnitude relation that was applied for this study. Whereas the results that are found in the multivariate analysis shows that there is a big distinction between them in context of current magnitude relation, fast magnitude relation and superfast magnitude relation of the chosen pharmaceutical corporations.
Panigrahi (2017) in his study investigated the liquidity position of the chosen pharmaceutical firms by firms by creating use of liquidity magnitude relations like current ratio, absolute magnitude relation and fast magnitude relation. The information is taken from 2012-2016. He investigated that the Short term debtors have an interest in liquidity position of those 5 companies that are Ajanta company, Biocon Ltd, Torrent company Ipca Labs, and Lykalabs. After the whole work that result's the liquidity position of Ajanta company is best as current and fast ration however within the concern of absolute the mixed result's found.
R.Kajananthan(2014) study is related to the performance of Dialog Axiata Plc and Sri Lanka telecommunication Plc. The researcher has worked and completed this great research by using each income and ancient ratios analysis over the period that is of five years. The normal ratios manufacturing completely different results from income ratios that shows the Liquidity position, financial condition and profitability. The Sri Lanka telecommunication Plc was to found have higher financial condition ratios then Dialog Axiata Plc.
C.Panchal(2016) investigated the liquidity position of some infrastructure companies by creating the use of the quantitative liquidity ratio, e. g. the current quantitative relationship and the rapid quantitative relationship for the period from year 2011 to 2015. These results showed that in the three nominate structure companies, namely Reliance Infrastructures Ltd, the IRB Infrastructure Ltd. and Jaypee Infrastructure Ltd. The liquidity position of the IRB is better with the current quantitative ratio and the unit of rapid quantitative relationship area involved. Therefore, it is clear that the liquidity position of the IRB is pleasant during 2011-2015.
Habib(2010) analyzed the execution of different companies in the Asian countries. It assessing how well corporate performance is. The greatest objective is achieved through the quantitative analysis of the relationships of 2 pharmaceutical companies (Beximco and pharmaceutical sq.). In Asian countries, the largest range of knowledge of the annual monetary reports in the pharmaceutical companies from 2007 to 2008. The monetary measure of the square measure has evaluated such liquidity indices, plus management indices, profit indices, market price indices, debt management indices and finally lives the simplest performance between 2 companies. The mathematical calculation was established for the quantitative analysis of the relationships between 2 companies between 2007 and 2008. It is the most important factor for the performance analysis.
Miscul(2015) took twenty-nine banks as a sample size and examined the relevance of the Altman Z-Score model to forecast bank failures. The emphasis of this analysis is to support the coherence of the Altman Z-Score model as a predictor of bank failures in Bangladesh. The researcher when analyzed all the Z scores of the test banks found that seven units in the area of banks in a healthy monetary position and twenty-two surface units in insolvency during the period 2009-2014. Muslim banks or followers of Sariah are larger than standard banks. Satiety in the banks of the hand makes it bigger than before. This analysis indicates that those units in the area of banks in the insolvent area for money review or trend statement. This additional material is likely to improve the shareholders' guarantee for their ability to form many informed selections.
Raju (2016) investigated whether or not there is an important distinction between one variable and another variable and to understand the connection between them, with acceptable suggestions to strengthen the liquidity position of the automobile trade. The information obtained from the annual reports of the automobile trade and therefore, the value of the study was 2002-2003 - 2014-15 Motor, Tata Motors and Hero Motor Corporation and some of the combinations absolutely related to a smaller relationship and, therefore, the study} It was also found that there was an important distinction from one variable to a different variable within a pair in relation to the current quantity relationship and because the rapid quantitative relationship.
Shivam Mathur (2016) declared that the man of science has designated a pair of automobile corporations in Asian country. The most objective of this project is to investigate the monetary position of the chosen automobile corporations for last 3 years (2012-2014). This study is relied on the secondary information. Monetary position is analyzed by victimization totally

different ratios. From the study, position of Maruti Suzuki & Tata Motors is determined. This project shows the amendment in profitableness.

Kanagavalli (2018) in this research the researcher points out the present analysis measures the money performance of major designated automobile firms for the amount of five years from 2013-2017 by mistreatment magnitude relation analysis. The aim of the study is to gauge and compare the money performance of designated 3 firms to rate their money performances. The aim of the study is to research by scrutiny the chance of various firms, on their strengths and weaknesses.

Jindal (2017) evalutaed the performance of companies in automobile sector and used financial ratios as tool for this study. The scientist chooses 3 corporations of Japan and brought six-year knowledge from their annual reports 2010-2015. The companies square measure Honda Motors, Mazda Motors and Toyota Motors Corporation. The result's the Toyota motor is additional economical in quality utilization and Mazda is that the most liquid than the Honda and Toyota Motors

A.ajanthan(2013) examined the connection of the firm size performance on profitableness. For that, the man of science took the info from fifteen corporations that area unit active within the national capital exchange for the year 2007 to 2012. The man of science used the variables of firm profitableness that area unit come on assets and income whereas total assets and total sales area unit the measures of firm size. The man of science found no relationship between the corporate size and profitableness.

Nasir (2007) took the information of ninety-four firms of half dozen years from 1999 to 2004 that lies in metropolis securities market to search out the link between the capital management with profit and liquidly of the businesses. The researchers noticed that there was a negative relationship between the capital management and also the profit of the corporate. The researchers noticed that there is negative relationship between the profit and the liquidity of the firm.

Garcia-teruel (2007) in their investigation, they tried to make an evidence of a sample of small and medium-scale companies in Spain on account of working capital management and profitability. They believe that the cash conversion cycle improves the profitability of the company, and the management can create values by reducing stocks and reducing the number of days for outstanding debts.

GalihPrakoso (2016) in their analysis, tried to provide information on the results of asset management for the benefit of a sample of small-sized & medium-sized companies of Spain. They point out that the money conversion cycle improves corporate profits and, therefore, managers will produce value, reduce stocks and overdue accounts will not be delayed.

Maria Zain (2008) analyzed that the return against assets is a very important weight that shows the ability of company to use its assets to obtain a financial gain. He pointed out that a high participation indicates that the company's business honestly uses the company's assets for financial gain. It is generally known as the ratio of magnitude of operational performance, as a result it is proved to be an honest indication of operational efficiency.

Billah(2015) the researcher desires to the study the dimensions and profitableness relationship of Indian automobile sectors. To research the connection, the regression model is used over their years 1994 to 2014. For profitableness net income quantitative relation to sale and net income over total assets also net income over total liabilities and firm size asset flip over and sales are taken and that they notice there's combine relationship between them.

Krishna Moorthi (2012) has done the liquidity analysis of the businesses in Asian country. This study examines over the three years (2010-2012). Traditional magnitude relation examines that were taken are current magnitude relation, fast magnitude relation and absolute liquid magnitude relation and income examines operative income magnitude relation. The ultimate result shows the positive relationship between the normal ratios and therefore the income ratios

Qasim (2011) worked and revealed the link between the Profitability and liquidity of the firm so each firm needs maintenance relationship while doing the day to day business operations. In short the results of the study demonstrate that every quantitative relation includes a vital result on the monetary position of enterprise with differing quantity which at the side of liquidity ratios in initial place.

3. Research Methodology

It is a type of quantitative research in which the focus of study is automobile sector of Pakistan and the sample of the study is the top three car automobiles manufacturing companies in Pakistan named as Atlas Honda Motors, Indus Motors & Pak Suzuki Motors. In this research the comparative financial statement analysis is prepared in respect of these three selected automobiles companies. The time span for this research is taken from 2015 to 2017. The related data and information is gained from their annual reports published in different media. The main objective of this research is to assess the comparative performance of these companies by analyzing the data that is collected for the above said period from the annual reports of these companies.

The techniques which are used in this research is the ratio analysis, horizontal and vertical analysis that are conducted for analyzing comparative performance of these three companies. The main ratios that are calculated are the Profitability Ratios, Liquidity Ratios, Financial Leverage Ratios and Activity Ratios. In addition to these ratios, the Horizontal Analysis and Vertical Analysis of financial statements of these three companies is also conducted for the years from 2015 to 2017 for making the best comparison.

The research which is conducted is also a type of secondary research because the data involved in it is taken from secondary sources i.e. from annual reports which got be published by the companies for the years from 2015 to 2017.

This analysis is called as Panel data analysis as is discussing to the statistical analysis of data groups consisting of numerous observations that are made in the form of ratio analysis and horizontal & vertical analysis for each of these three manufacturing company. This is generated by pooling time-series (from year 2015 to 2017) observations across the financial statements (i.e. income statements and balance sheets) of these three companies.

3.1. Classification of Ratios

Financial ratio may be very effective for an analyst for viewing accurate image of a company's actual position, its current condition in performing various services and the other trends that it may develop in performing its business. The most effective use of the ratio is attained by comparing it with other data and standards. These financial ratios are considered as the important measure to analyze the adequate performance of the organization and it also used to measure and view many other important aspects of a business at its operational level. Financial ratios are frequently used for evaluating the business performance in different ways in different areas of world. The following are some important ratios that are frequently used by different organizations:

3.2. Profitability ratios

The Profitability Ratios are helpful in determining the marginal analysis and exhibit gain on sales and working capital.

3.3. Liquidity Ratios

Liquidity ratios are used for measuring the available cash for paying the debt and exhibits a situation of a company's financial position on short term basis.

3.4. Solvency Ratios or Gearing ratios

Solvency ratios are usually used for measuring the measurement of capital employed in percentage that is backed by debts and long term finance. If the solvency ratios are higher the situation shows that the company is dependent on borrowing and long term funding. If the solvency ratios are lower the situation shows that the company is dependent only on equity finance. Usually, if gearing is higher, level of financial risk is also higher that is due to the increase in unstable profits.

3.5. Turn over Ratios

The turnover ratios also known as activity group ratios that indicate the organizational efficiency towards different assets through changing them in form of sales.

3.6. Users of Financial Analyses

Different groups of people both from inside & outside the business are user and analyzer of the financial statements. Generally, these users are:

3.7. Internal Users

Internal users are those who are directly connected to the business and includes the owner, management and staff/employees.

3.8. External Users

External users are those who are outsiders and interested in the business for number of reasons and includes financial institutions, banks, potential investors, government departments/agencies and other parties.

4. Data Analysis and Interpretations

4.1. Profitability Ratios

Profit of any concern is considered as the surplus income which is in raw shape and is calculated by deducting total costs from total revenues. It is commonly calculated by using the information present in income statement and balance sheet. Some of these profitability ratios are given below:

4.2. Net Profit Margin

This ratio shows the part of profit that is remained with the owners from total sales from which all the expenses and taxes are paid. If net profit ratio is higher the profitability of the business will also high.

Table 1: Net Profit Margin ratio of Atlas Honda Motors

Net Profit Margin. = Net Profit ÷ Sales x 100

Net Profit Margin of Atlas Honda Motors

Year	Net profit	Sales	Net Profit Margin
2015	2,350,891	45,772,177	5.14%
2016	2,772,635	76,516,040	3.62%
2017	3,752,479	64,534,021	5.81%

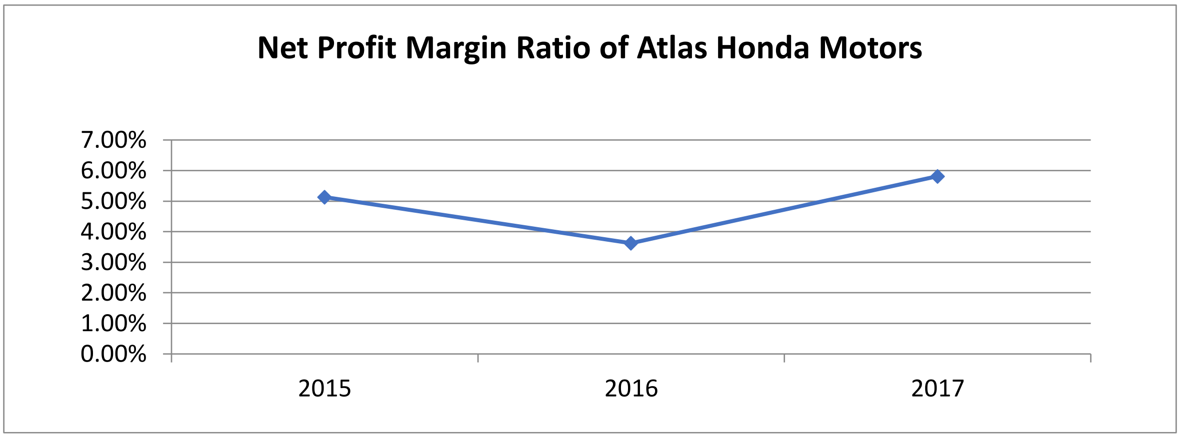

Figure 1: Net Profit Margin of Atlas Honda Motors

In 2015 net profit margin is 5.14% which is reduced to 3.62% in 2016 because sale is increased and net profit is also increased but not in the same ratio as sales. This decrease in the net profit may due to increasing in operating expenses. It is recommended to the management to decrease in operating expenses. However, in 2017, the operating expenses are reduced due to which net profit margin is increased. It is recommended to the management to take steps to improve the profitability furthermore.
In 2015 net profit margin is 6.91% which is reduced to 5.46% in 2016 because sale is decreased and net profit also decreased. In the later year 2017 the sales is increased but the profit is increased slightly but not in the same ratio as sales this may be due to increasing operating expenses. It is recommended to the management to decrease the operating expenses and to take steps to improve the profitability furthermore.

Table 2: Net Profit Margin Ratio of Pak Suzuki Motors

Net Profit Margin Ratio of Pak Suzuki Motors

Year	Net profit	Sales	Net Profit Margin
2015	5,842,671	84,548,757	6.91%
2016	3,001,799	55,022,415	5.46%
2017	3,825,821	101,811,611	3.76%

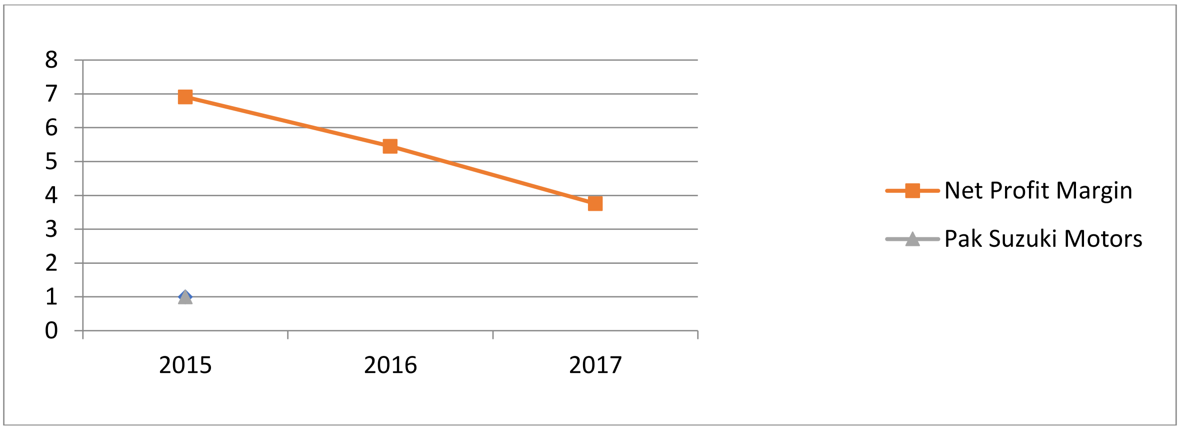

Figure 2: Net Profit Margin of Pak Suzuki Motors

Table 3: Net Profit Margin Ratio of Indus Motors

Year	Net Profit	Sales	Net Profit Margin
2015	9,110,251	96,516,322	9.44%
2016	11,454,940	108,758,668	10.53%
2017	13,001,265	112,271,656	11.58%

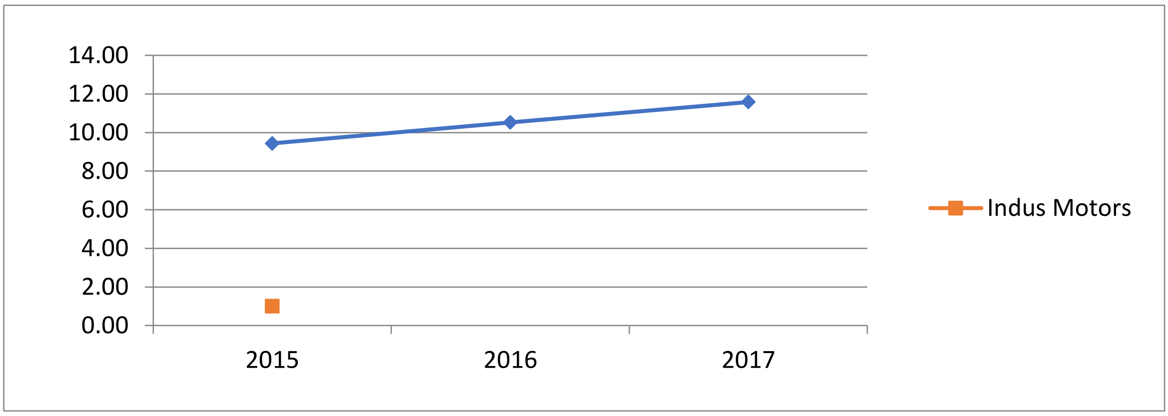

Figure 3: Net Profit Margin Ratio of Pak Indus Motors

In 2015 the Profit Margin Ratio is 9.44% which is gradually increased to 10.53% & 11.58% respectively in the later years i.e.2016, 2017. This is a good sign and profit margin has a positive trend. So the management is advised to sustain this position and should take further steps to improve it more.

Table 4: Net Profit Margin of Atlas Honda, Pak Suzuki Motors and Indus Motors

Years	2015	2016	2017
Atlas Honda Motors	5.14%	3.62%	5.81%
Pak Suzuki Motors	6.91%	5.46%	3.76%
Indus Motors	9.44%	10.53%	11.58%

On comparing the three companies' three years profitability as mentioned above it is clear that profitability of Indus Motors, is much more than the profitability of other two companies and its graph line shows positive trend.
The graph of Atlas Honda first came down and then increased minutely. This show that management has taken steps to improve. There is a need to improve furthermore.
The graph of Pak Suzuki Motors has a downward trend that should be avoided. The company's management is advised to take steps to improve it.

This ratio shows the percentage of profit of any company with respect to its all resources and assets. It examines the efficiency of the company in utilizing of its resources to produce earning.

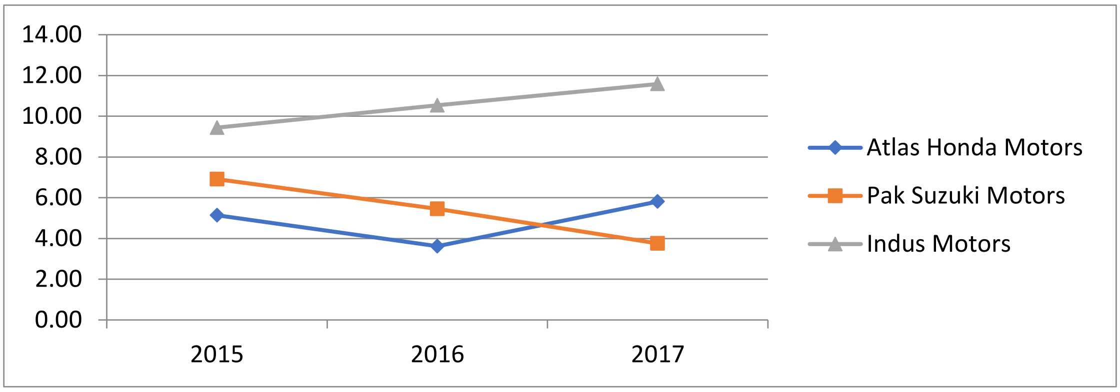

Figure 4: Net Profit Margin Raito of Atlas Honda, Pak Suzuki Motors and Indus Motors

Return on Assets = Net Income ÷ Average Total Assets x 100

Table 5: Return of Asset of Atlas Honda Motors

Years	Net Income	Average Total Assets	Return on Assets
2015	2,350,891	15,073,432	15.60%
2016	3,001,799	18,075,418	16.61%
2017	3,752,479	23,005,856	16.31%

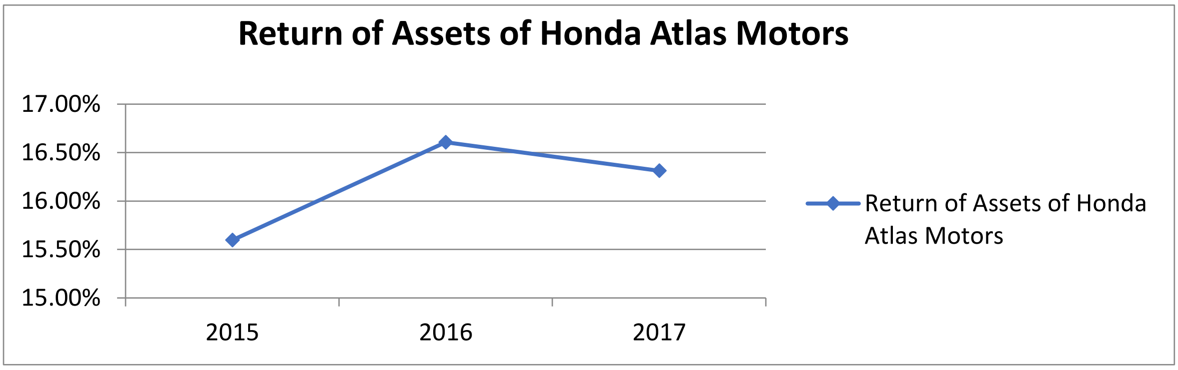

Figure 5: Return of Asset of Atlas Honda Motors

Return on Assets of Honda Atlas Motors for the year 2015 is 15.60% and is increased slightly to 16.61% in the year 2016 by increasing in assets. But in 2017 it is reduced to 16.31% as assets are increased. This negative trend shows that the management should review the assets increased. The increase in productive assets should be made so that its trend should be positive.

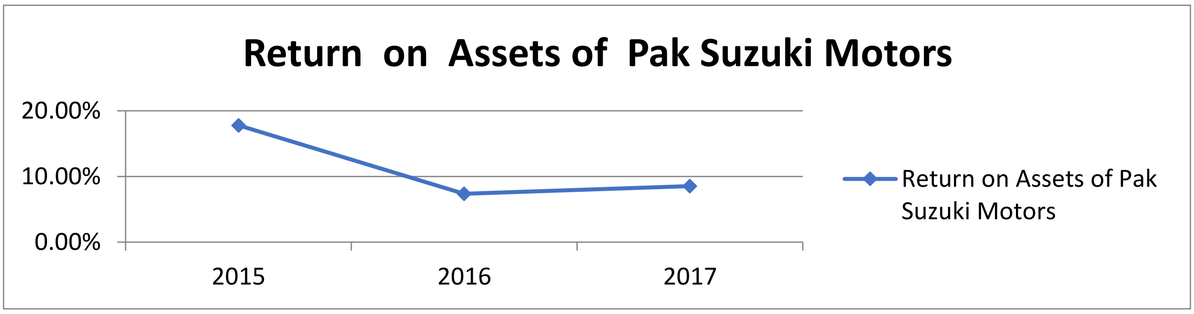

Figure 6: Return on Asset of Pak Suzuki Motor

Table 6: Return on Asset of Pak Suzuki Motor

Return on Assets Ratio = Net Income ÷ Average Total Assets x 100

Years	Net Income	Average Total Assets	Return on Assets
2015	5,854,055	32,903,073	17.79%
2016	2,772,167	37,651,976	7.36%
2017	3,785,458	44,381,216	8.53%

The Return on Assets Ratio of Pak Suzuki Motors for the year 2015 is 17.79% and is decreased to 7.36% in the year 2016 and 8.53% in 2017 by increasing in assets and sales goes down. This negative trend shows that the management is wasting the resources. The management should take serious action to improve the sales. This will ultimately enhance the profitability of the company.

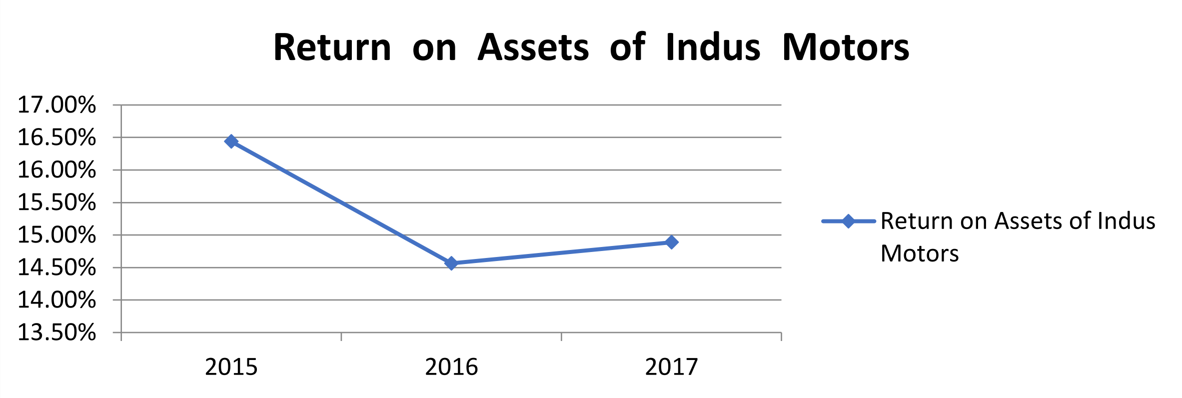

Figure 7: Return on Asset of Indus Motor

Table 7: Return on Asset of Pak Indus Motor

Years	Net Income	Average Total Assets	Return on Assets
2015	6,288,000	38,255,042	16.44%
2016	7,860,000	53,968,222	14.56%
2017	9,039,000	60,708,359	14.89%

The Return on Assets ratio of Indus Motors for the year 2015 is 16.44% and is decreased to 14.56% in the year 2016 and 14.89% in 2017 by increasing in assets. This negative trend indicates that the management is not exploiting the resources properly. The Management should review the assets increased. The increase in productive assets should be made so that its trend should be positive.

Comparison of Return on Asset Ratio of Atlas Honda, Pak Suzuki and Indus Motors

Table 8: Return on Asset ratio of Atlas Honda, Pak Suzuki Motors and Indus Motor

Years	2015	2016	2017
Atlas Honda Motors	15.60%	16.61%	16.31%
Pak Suzuki Motors	17.79%	7.31%	8.53%
Indus Motors	16.44%	14.56%	14.89%

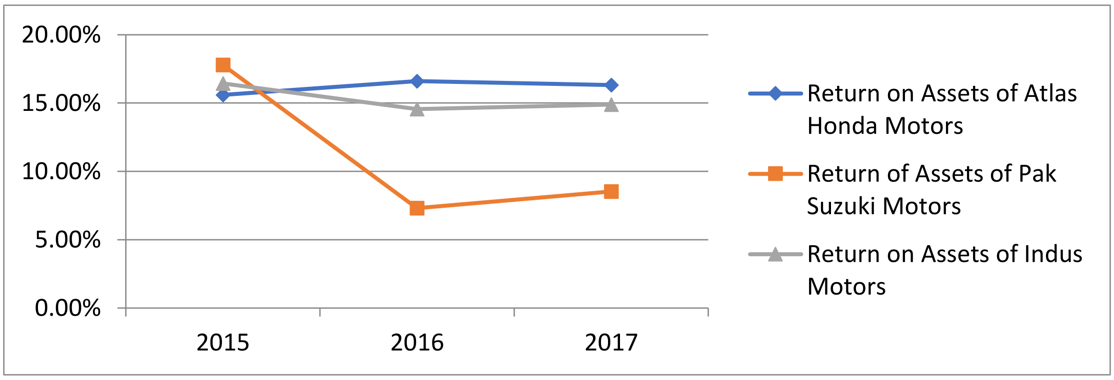

Figure 8: Return on Asset Ratio of Atlas Honda, Pak Suzuki Motors and Indus Motors

In above mentioned comparison chart of the three companies, the Atlas Honda has positive trend and Pak Suzuki Motors and Indus Motors shows negative trend. This shows that the management of Atlas Honda Motors is much conscious about return on assets. The Management of Atlas Honda Motors is advised to sustain and efforts should be made to further improve it. And the management of other two companies should take serious action by reviewing its assets and introduce productive assets to improve it.

5. Conclusion

Ratio analysis of three companies i.e. Atlas Honda Motors, Indus**.** Motors and Pak**.** Suzuki Motors done in the revealed a lot about performance of these companies. Now it is possible to conclude about their actual competitive position. While discussing the Profitability Ratios, the position of Atlas Honda and Indus Motors go side by side and is at the top in their competitive profitability position, while Pak Suzuki Motors is at lower level. The detail of these ratios is as under: Net**.** Profit margin ratio is best of Indus**.** Motors than the other two companies. The Atlas Honda Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Asset Turnover Ratio is best of Atlas Honda Motors than the other two companies. Pak Suzuki Motors falls in second position and Indus Motors is at last position in this competition. Return on Assets ratio is best of Atlas Honda Motors than the other two companies. The Indus Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Financial Leverage ratio is best of Indus Motors than the other two companies. The Pak Suzuki Motors falls in second position and Atlas Honda Motors is at last position in this competition. Return on Equity ratio is best of Indus Motors than the other two companies. The Atlas Honda Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Gross Profit Margin ratio is best of Indus**.** Motors than the other two companies. The Atlas Honda Motors falls in second position and Pak Suzuki Motors is at last position in this competition.

Operating Return on Assets ratio is best of Atlas Honda Motors than the other two companies. The Pak Suzuki Motors falls in second position and Indus Motors is at last position in this competition. Return on**.** Capital Employed ratio is best of Atlas**.** Honda Motors than the other two companies. The Pak Suzuki Motors falls in second position and Indus Motors is at last position in this competition.

The liquidity position of these companies as shown by the Liquidity Ratios, Pak Suzuki Motors is at the top in their competitive race. The liquidity position of Atlas Honda Motors is also good but falls after Pak Suzuki Motors. The liquidity position of Indus Motors is at the last in this competitive race. The detail of these ratios is as under:

Current Ratio is best of Pak Suzuki Motors than the other two companies. The Atlas Honda Motors falls in second position and Indus Motors is at last position in this competition. Quick/Acid Test Ratio is best of Pak Suzuki Motors than the other two companies. The Atlas Honda Motors falls in second position and Indus Motors is at last position in this competition. Cash Ratio is best of Atlas Honda Motors than the other two companies. The Pak Suzuki Motors falls in second position and Indus Motors is at last position in this competition.

The Activity Ratios show that the position of Atlas Honda and Pak Suzuki Motors go side by side and is at the top in their competitive position, while Indus Motors is at lower level. The detail of these ratios is as under:

Return on Assets ratio is best of Atlas Honda Motors than the other two companies. The Indus Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Days in Inventory ratio is best of Atlas Honda Motors than the other two companies. The Indus Motors falls in second position and Pak Suzuki Motors is at last position in this competition. Receivable Turnover ratio is best of Pak Suzuki Motors than the other two companies. The Atlas Honda Motors falls in second position and Indus Motors is at last position in this competition. Days in Receivable ratio is best of Pak Suzuki Motors than the other two companies. The Indus Motors falls in second position and Atlas Honda Motors is at last position in this competition. Payable Turnover ratio is best of Indus Motors than the other two companies. The Pak Suzuki Motors falls in second position and Atlas Honda Motors is at last position in this competition.

If we compare all these ratios at a collectively then it is clear that the Atlas Honda is best performing among these and is at the top of ratio analysis. The position of Pak Suzuki Motors is at the second number and Indus Motors falls at the third position.

5.1. Recommendations

It is obvious that this the modern age and technology is becoming more and more advanced. All the organization are trying to strengthen

their information and research department. So, they could be able to find the answers of the following questions; 1. What are the needs of their customers? What customer wants and what are the prospects of their customer? All the organizations want to satisfy the needs of their customers by providing superior customer values. For this all the departments within an organization are working to find out the answers of these questions.

Keeping in view of above it is recommended that these three companies should do SWOT analysis so that they should be aware of their strengths and weaknesses. They should innovate and strengthen their Information and research department. After doing this they could be able to take part in the competitive race and may be able to defeat their rivals.

The managements of these companies should be well aware about their weaknesses. After this they should know about their strengths so that they may be able to have the competitive advantage. So it is the duty not only of the finance department but also all the departments within an organization to take part for strengthening their position. So the management of all the departments of these companies should work hard to come over their weaknesses. The interpretations done in the previous chapter show their strengths and weaknesses. This information is best to control over the problems of their organization.

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