

FINANCIAL STATEMENT ANALYSIS OF MAHINDRA & MAHINDRA LIMITED

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ABSTRACT

This project analyses the financial statements of Mahindra & Mahindra to evaluate its performance and financial position using tools like ratio analysis, comparative statements, trend analysis. The study examines key aspects such as profitability, liquidity, solvency, and operational efficiency based in Balance Sheet, Profit and Loss Account, and Cash flow Statement. The findings reveal that the company maintains a strong financial position with steady growth, supported by diversified operations and marketed leadership, though areas like cost control and liquidity management need continuous attention.

Key words: Financial Statement Analysis, Mahindra & Mahindra Limited.

INTRODUCTION

Financial Statement analysis is a systematic process of examining and interpreting a company's financial information to evaluate its performance and financial position. It involves analysing key financial statement such as the Balance Sheet, Profit and Loss Account, and Cash Flow Statement to understand profitability, liquidity, efficiency, and solvency. This analysis helps stakeholders like investors, creditors, and management make informed economic decisions.

Mahindra & Mahindra (M&M) is one of India's Leading Multinational companies, well-known for its strong presence in the automobile and farm equipment sectors. Over the years, the company has diversified into various industries including information technology, financial services, and renewable energy, making it a significant contributor to the Indian economy.

The purpose of this project is to conduct a detailed financial statement analysis of Mahindra & Mahindra to assess its financial health and operational efficiency. By using tools such as ratio analysis, trend analysis, and comparative statements, the study aims to provide insights into the company's growth, stability, and overall performance. This analysis not only helps in understanding the past and present financial condition of the company but also assists in predicting its future prospects and sustainability in competitive business environment.

STATEMENT OF PROBLEM

Despite being a leading company, Mahindra & Mahindra faces the challenge of maintaining consistent financial performance amid changing market conditions and industry competition. There is a need to systematically analyses its financial statements to evaluate profitability, liquidity, efficiency, and risk and to identify areas that require improvement for sustained growth and stability.

REVIEW OF LITERATURE

- Priya Sharma and Dr S. Rajkumar (2023), in their study titled "A Study on Financial Stability and Performance of Mahindra & Mahindra Ltd.", analysed the company's growth, profitability, and liquidity over five years using ratio and trend analysis. The study revealed strong liquidity, steady revenue growth, and efficient asset utilization, though minor fluctuations in debt ratios in debt ratios

were observed due to expansion. The researchers concluded that diversification ensured financial stability and suggested increasing equity financing for long-term solvency.

- Deepa R and Dr. N Prabhu (2022), in their research “A Study on Financial Efficiency of Mahindra & Mahindra Ltd.”, examined financial and operational efficiency using ratio analysis. The study found improved profitability, satisfactory liquidity, and efficient resource utilization, concluding that better debt management could further enhance performance.
- Kavitha M (2022), under the guidance of Prof. R. Kumar, in the study “Financial Performance Analysis of Mahindra & Mahindra Ltd.”, analysed profitability, liquidity, and solvency using ratio and common-size analysis. The study found stable profit margins, adequate liquidity, and controlled debt, concluding that diversification and cost control contributed to financial stability.

OBJECTIVES OF THE STUDY

1. To evaluate the financial performance and position of Mahindra & Mahindra Limited over the past five years.
2. To analyse key financial ratios such as profitability, liquidity, solvency, and efficiency to assess the company’s financial health.
3. To study trends and growth patterns in revenue, expenses, net profit, and assets to understand financial progress and stability over time.
4. To evaluate the efficiency of asset utilisation and working capital management for operational effectiveness.

RESEARCH METHODOLOGY

The study follows a descriptive research design to analyse the financial the financial performance and position of Mahindra & Mahindra Limited using its published financial statements, industry publications, and credible financial databases. Analytical tools such as ratio analysis, trend analysis, comparative statements are used to evaluate profitability, liquidity, solvency, efficiency, and overall financial health. The study also considers qualitative aspects like accounting policies, disclosure practices, and regulatory compliance to provide context to the numerical data.

SOURCE OF DATA

The study is based entirely on secondary data, which has been collected from:

1. Published annual reports of Mahindra & Mahindra Limited.
2. Company’s official website.
3. Journals, research articles, and textiles on financial management.
4. Financial databases and government publications.

No primary data has been collected directly from respondents.

TOOLS AND EQUIPMENTS

The following tools have been employed in the study:

1. Ratio Analysis – for assessing profitability, liquidity, solvency, and efficiency.
2. Comparative Financial Statements – to analyse year-on-year changes.
3. Trend Analysis – to evaluate growth and performance over time.

These tools are applied to interpret the data systemically and draw meaningful conclusions.

LIMITATION OF THE STUDY

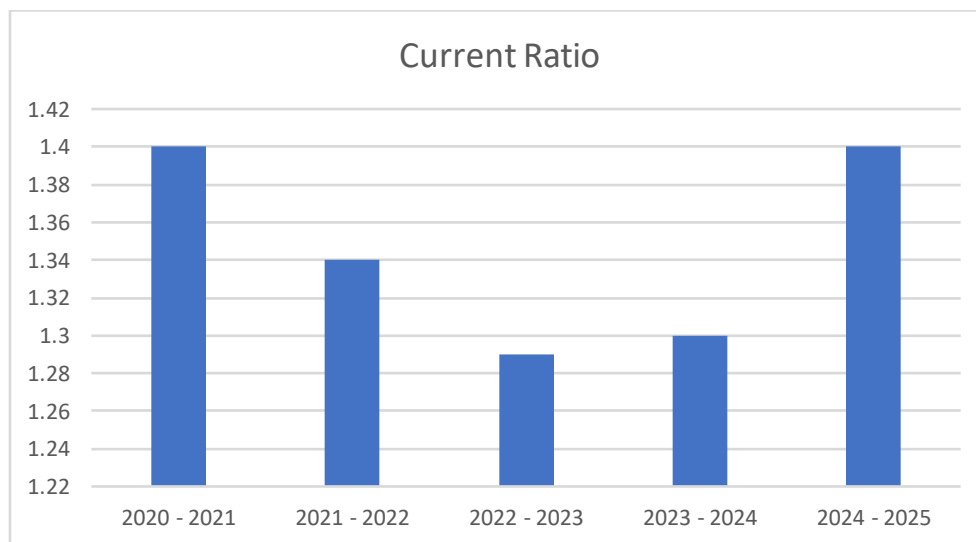
1. The study is based on secondary data, and accuracy depends on the reliability of published sources.
2. It is restricted to financial aspects and excludes non-financial performance measures such as innovation, HR efficiency, and brand value.
3. Analysis is based on historical data and may not always reflect future performance.

ANALYSIS AND INTERPRETATION

RATIO ANALYSIS

- **CURRENT RATIO**

Year	Current Ratio	Current Assets (in ₹ Crores)	Current Liabilities (in ₹ Crores)
2020 - 2021	1.40	72137.91	51446.01
2021 - 2022	1.34	75148	56288.33
2022 - 2023	1.29	91325.44	70579.41
2023 - 2024	1.30	98265.64	75545.65
2024 - 2025	1.40	126573.27	90322.01

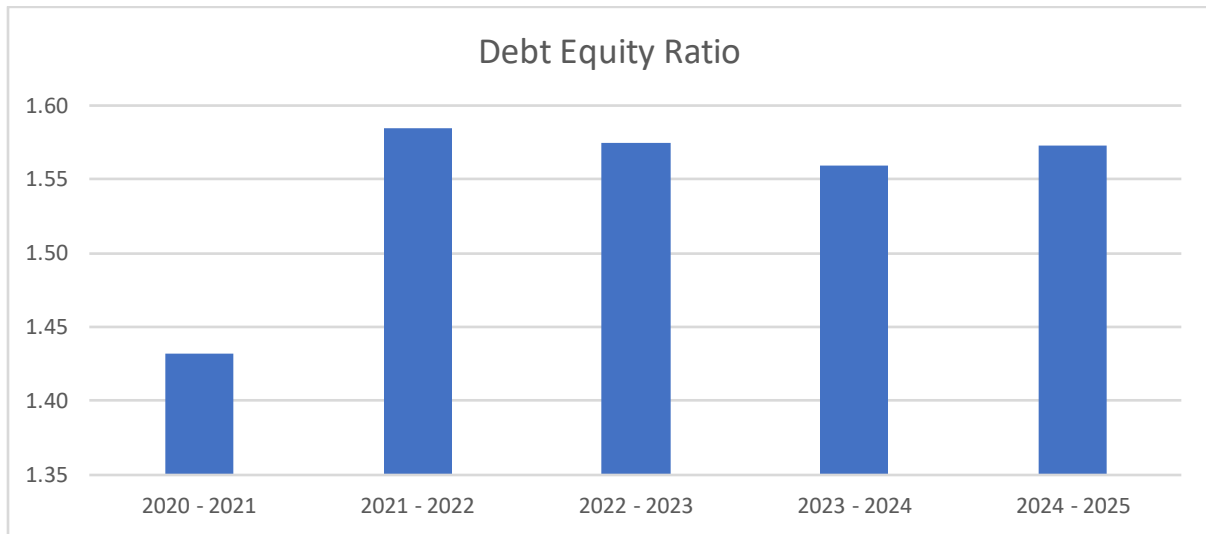


INTERPRETATION

Over the last five years, Mahindra & Mahindra maintained a current ratio above 1, indicating good liquidity. Though it dipped around FY 2022-23, it recovered by FY 2024-25, showing effective working capital management.

● **DEBT-EQUITY RATIO**

Year	Debt Equity Ratio	Total Debt (in ₹ Crores)	Shareholder's Fund (in ₹ Crores)
2020 - 2021	1.43	59553.15	41,581.92
2021 - 2022	1.58	74667.18	47,122.64
2022 - 2023	1.57	88767.01	56,365.79
2023 - 2024	1.56	103203.23	66,190.55
2024 - 2025	1.57	121172.95	77,038.86

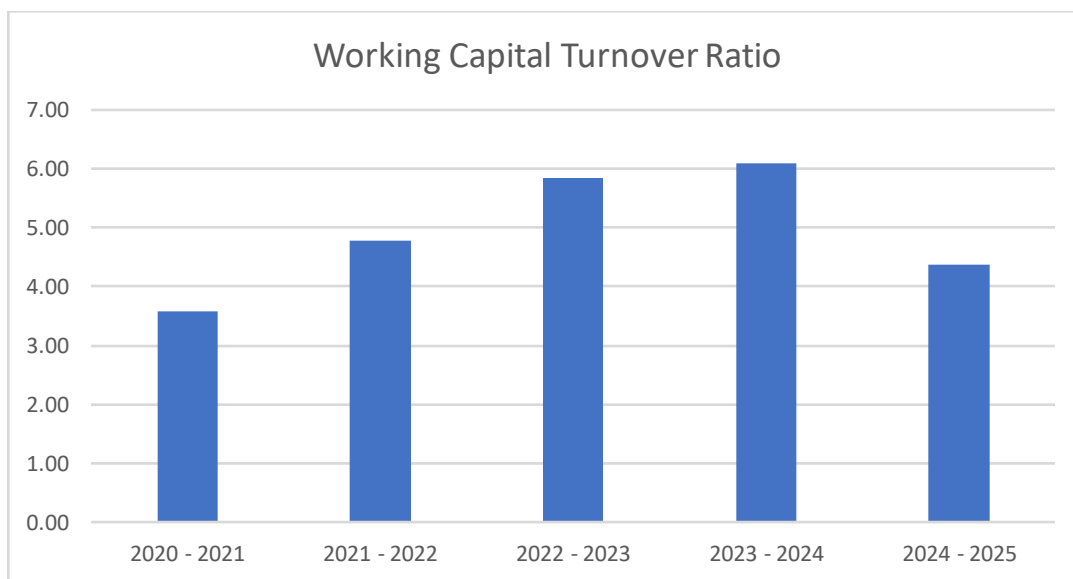


INTERPRETATION

The Debt Equity Ratio of Mahindra & Mahindra rose in FY 2021-22, then slightly declined and stabilised in later years, indicating a balanced capital structure and controlled use of debt.

WORKING CAPITAL TURNOVER RATIO

Year	Working Capital Turnover Ratio	Net Sales	Working Capital
2020 - 2021	3.59	74,277.78	20691.9
2021 - 2022	4.78	90,170.57	18859.67
2022 - 2023	5.85	1,21,268.55	20746.03
2023 - 2024	6.09	1,38,279.30	22719.99
2024 - 2025	4.38	1,58,749.75	36251.26



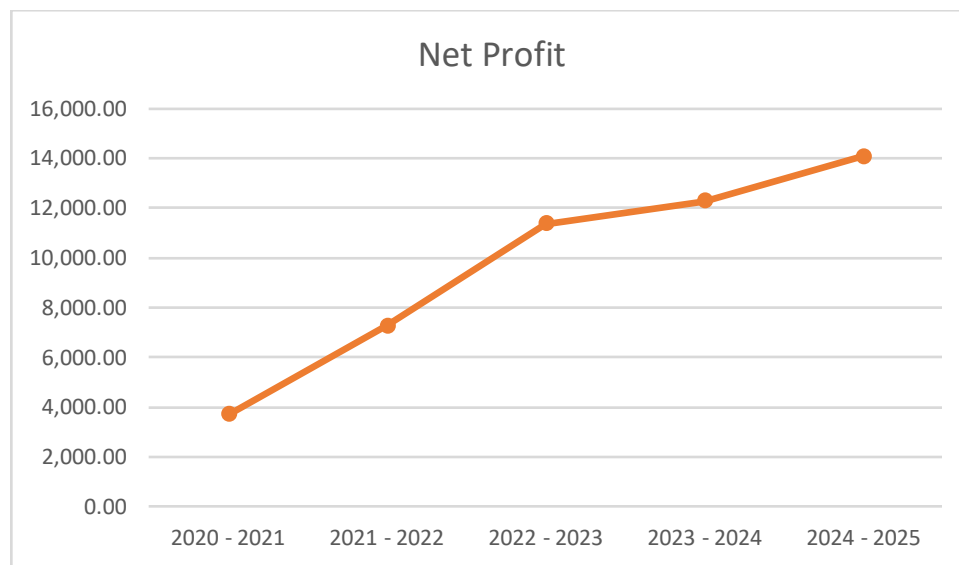
INTERPRETATION

The working Capital Turnover Ratio of Mahindra & Mahindra increased steadily until FY 2023-24, showing efficient utilization of working capital, and though it declined slightly in FY 2024-25, it remained satisfactory.

TREND ANALYSIS

- NET PROFIT GROWTH RATE**

Year	Net Profit	Net Profit Growth Rate
2020 - 2021	3,701.92	-
2021 - 2022	7,253.01	95.93
2022 - 2023	11,374.48	56.82
2023 - 2024	12,269.82	7.87
2024 - 2025	14,073.17	14.70



INTERPRETATION

The net profit of Mahindra & Mahindra shows a strong upward trend, with significant growth in FY 2021-23 and continued stability and improvement thereafter.

FINDINGS

- The liquidity position of Mahindra & Mahindra is satisfactory, indicating strong short-term financial stability.
- The company maintains a balanced capital structure with an optimal mix of equity and debt, reducing financial risk.
- Profitability ratios show improvement, reflecting better efficiency and higher returns.
- Efficiency ratios indicate effective utilisation of resources and improved operations.
- Sales and net profit of Mahindra & Mahindra increased steadily, indicating strong growth and improved profitability.
- Comparative analysis shows rising net worth, reserves, and fixed assets, indicating strong financial strength and internal growth.

SUGGESTIONS

- Mahindra & Mahindra should maintain optimal liquidity and ensure efficient working capital utilisation.
- Avoid excessive dependence on debt and strengthen reserves for long-term stability.
- Support growth with innovation, market expansion, and controlled expenses.

CONCLUSION

The financial analysis of Mahindra & Mahindra shows strong liquidity, a balanced capital structure, and good solvency. Profitability and efficiency have improved due to effective cost control and resource utilisation. Trend and comparative analysis indicate steady growth in sales, profits, and assets, confirming overall financial stability and long-term sustainability.

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