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TO STUDY THE FINANCIAL STATEMENT ANALYSIS OF MAHINDRA & MAHINDRA

Ms. Avanti Ingale[1], Mr. Malhar Kate[2], Ms. Sakshi Jadhav [3]
Department of MBA,
Dr. D. Y. Patil Institute of Technology, Pimpri, Pune, India

ABSTRACT:
This study examines the financial performance and stability of a company over a specified period by analysing key financial ratios, including the Current Ratio, Quick Ratio, Absolute Liquidity Ratio, and Debt-to-Equity Ratio. These metrics provide insight into the company's liquidity position and capital structure, helping to assess its ability to meet short-term liabilities and long-term financial sustainability.

The analysis reveals that the company's liquidity ratios have fluctuated, often remaining below ideal industry benchmarks. The Current Ratio, while improving in recent years, suggests potential challenges in maintaining sufficient working capital. The Quick Ratio indicates that a significant portion of the company's current assets consists of inventory, which may not be easily converted into cash. The Absolute Liquidity Ratio highlights limited cash reserves, posing risks in times of financial uncertainty. On the other hand, the Debt-to-Equity Ratio has shown a downward trend, indicating a strategic reduction in debt financing and a greater reliance on equity, which reduces financial risk but may impact growth opportunities.

The study concludes that while the company has made efforts to manage its financial position, there are areas requiring improvement, particularly in liquidity management. Recommendations include optimizing working capital, improving cash flow management, and maintaining an optimal balance between debt and equity to enhance financial stability. These findings contribute to financial decision-making by providing insights into how businesses can strengthen their financial health through effective asset and liability management.

Keywords:
Financial Performance, Liquidity Ratios, Current Ratio, Quick Ratio, Absolute Liquidity Ratio, Debt-to-Equity Ratio, Capital Structure, Working Capital Management, Financial Stability, Cash Flow Management, Debt Management, Equity Financing, Financial Health, Business Sustainability, Risk Assessment.

1.INTRODUCTION:

Mahindra & Mahindra (M&M) is one of India's most prominent multinational corporations, primarily engaged in the automotive and farm equipment sectors. Established in 1945, the company has expanded its operations globally, manufacturing a diverse range of vehicles, including SUVs, commercial vehicles, and tractors. Beyond its core automotive business, M&M has a strong presence in financial services, technology, and renewable energy, making it a key player in India's industrial landscape. Understanding its financial performance is crucial for investors, stakeholders, and business analysts, as it provides insights into the company's stability, profitability, and long-term sustainability. This study aims to analyze M&M's financial performance over the past five years, focusing on key financial indicators such as assets, liabilities, equity, revenue growth, and profitability.

To gain a comprehensive understanding of the company's financial health, this research employs various financial analysis techniques, including ratio analysis, trend analysis, and common size financial statement analysis. These methodologies help in evaluating liquidity, solvency, efficiency, and profitability to assess the company's overall financial stability. Additionally, a profit and loss forecast is conducted based on historical trends, providing an estimate of future financial performance. This study will not only highlight M&M's financial strengths but also identify potential risks and areas for improvement. The findings will be valuable for investors making informed decisions, business analysts evaluating industry trends, and policymakers understanding the financial dynamics of a leading Indian conglomerate.

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2. HISTORY OF CORPORATE FINANCE:

Mahindra & Mahindra is a big company in India known for its diverse business ventures. Founded in 1945, it has grown into various industries like automotive, aerospace, agribusiness, and information technology. Understanding the financial health of such a large company is important for making good decisions and building trust among stakeholders. This project will analyse Mahindra & Mahindra's financial statements to get a clear picture of its financial health and performance.

3. RESEARCH OBJECTIVES:

The main goal of this research is to analyse Mahindra & Mahindra's financial statements. We aim to:
1. Analyse the company's financial performance over the past five years.
2. Identify trends and patterns in key financial metrics like cash, property plant and equipment, investments, etc.
3. Forecast the revenues, expenses, and profits for the next 3 years.
4. Provide useful insights and recommendations for improving the company's financial strategies.

4. SCOPE AND LIMITATIONS:

This research will focus on the financial statements of Mahindra & Mahindra for the last five years. We will examine the balance sheet and income statement, along with key financial ratios.
However, there are some limitations. The analysis will be based on publicly available financial statements, which may not include all details. Additionally, we will rely on historical data, which may not predict future performance accurately. Also, we assuming hypothetical growth rates for forecasting which may not forecast accurately.

5. RESEARCH METHODOLOGY:

5.1. Data sources:

The sources of information for this research include:
1. Annual Reports – Mahindra & Mahindra's annual reports for the past five years will provide comprehensive financial data, including income statements, balance sheets, and cash flow statements.
2. Financial Disclosures – Quarterly and annual financial disclosures from Mahindra & Mahindra will be analysed to gain insights into the company's financial performance and strategic initiatives.
3. Regulatory Filings – Documents filed with regulatory bodies, such as the Securities and Exchange Board of India (SEBI), will provide additional financial information.
4. Articles – Articles and papers related to financial statement analysis will be reviewed to incorporate established theories and methodologies.

5.2. Data Collection Approach:

The data collection approach for this research will involve only secondary data collection method. Most of the data will be collected from publicly available sources. Mahindra & Mahindra's annual reports and financial disclosures will be downloaded from the company's official website. Regulatory filings will be obtained from the SEBI website. Also, other websites providing information about the company's financial statements will be used.

5.3. Analysis Techniques

Several analysis techniques will be used to validate and interpret the collected data:
1. Financial ratio analysis – Key financial ratios, including current ratio, liquid ratio, and absolute liquid ratio will be calculated to assess Mahindra & Mahindra's financial health.
2. Trend analysis – Trend analysis will be conducted specifically for the company's assets over the past five years. This will help in understanding the changes and growth in Mahindra & Mahindra's asset base.
3. Common size statement analysis – Common size analysis will be conducted for the balance sheet to understand the proportion of each item relative to total assets. This technique helps in identifying trends and changes in the financial structure of the company.
4. Income statement forecasting – Income statement forecasting will be performed to project future financial performance under various scenarios like optimistic, base, and worst. This technique will involve analysing historical income statement data to make informed predictions about future revenues, expenses, and profitability.

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6. DATA INTERPRETATION AND KEY FINDINGS

6.1. COMMON SIZE BALANCE SHEET STATEMENT

All the amounts are in Crores

Common Size Statement

Particulars	Amounts 2020	2021	2022	2023	2024	Percentages 2020	2021	2022	2023	2024
1. Assets										
Non-Current Assets										
Property, plant and equipment	7,980.76	7,872.59	12,242.92	13,050.12	13,740.02	15.80%	13.21%	18.38%	17.22%	16.39%
Capital WIP	1,196.68	1,708.88	1,624.27	950.27	1,846.00	2.37%	2.87%	2.44%	1.25%	2.20%
Intangible assets	2,413.83	2,306.76	2,661.04	3,926.08	3,788.01	4.78%	3.87%	4.00%	5.18%	4.52%
Intangible assets under development	2,812.78	3,123.28	3,638.47	1,834.35	1,909.80	5.57%	5.24%	5.46%	2.42%	2.28%
Investments	17,748.48	19,576.60	16,302.40	17,539.06	21,548.74	35.14%	32.85%	24.48%	23.14%	25.71%
Loans	138.86	1,652.72	385.20	177.45	93.09	0.27%	2.77%	0.58%	0.23%	0.11%
Other financial assets	486.38	639.61	1,567.20	1,503.29	3,224.18	0.96%	1.07%	2.35%	1.98%	3.85%
Income tax assets	929.28	920.61	647.67	910.60	926.74	1.84%	1.54%	0.97%	1.20%	1.11%
Other non-current assets	1,653.52	1,475.45	1,311.44	1,244.96	1,629.00	3.27%	2.48%	1.97%	1.64%	1.94%
Total	**35,360.57**	**39,276.50**	**40,380.61**	**41,136.18**	**48,705.58**	**70.02%**	**65.91%**	**60.63%**	**54.28%**	**58.11%**
Current Assets										
Inventories	3,400.91	3,955.47	5,970.39	8,881.35	9,504.82	6.73%	6.64%	8.96%	11.72%	11.34%
Investments	2,189.65	4,488.47	7,902.06	9,548.01	8,446.66	4.34%	7.53%	11.86%	12.60%	10.08%
Trade receivables	2,998.98	2,342.85	3,038.57	4,041.73	4,549.46	5.94%	3.93%	4.56%	5.33%	5.43%
Cash and cash equivalents	2,323.51	739.31	717.26	1,310.11	1,869.37	4.60%	1.24%	1.08%	1.73%	2.23%
Bank balances	1,913.00	5,516.11	2,933.31	3,171.64	3,656.55	3.79%	9.26%	4.40%	4.19%	4.36%
Loans	512.02	756.94	1,845.52	2,176.96	2,378.92	1.01%	1.27%	2.77%	2.87%	2.84%
Other financial assets	506.41	649.85	1,128.45	1,321.49	1,450.20	1.00%	1.09%	1.69%	1.74%	1.73%
Other current assets	1,297.01	1,863.30	2,639.93	3,499.68	3,249.82	2.57%	3.13%	3.96%	4.62%	3.88%
Assets held for sale	-	-	50.40	692.66	-	-	-	0.08%	0.91%	-
Total	**15,141.49**	**20,312.30**	**26,225.89**	**34,643.63**	**35,105.80**	**29.98%**	**34.09%**	**39.37%**	**45.72%**	**41.89%**
Total Assets	**50,502.06**	**59,588.80**	**66,606.50**	**75,779.81**	**83,811.38**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
2. Equity and Liabilities										
Equity										
Equity share capital	596.52	597.39	598.30	599.05	599.62	1.18%	1.00%	0.90%	0.79%	0.72%
Other equity	33,871.32	33,904.53	37,599.75	42,757.68	51,676.94	67.07%	56.90%	56.45%	56.42%	61.66%
Total	**34,467.84**	**34,501.92**	**38,198.05**	**43,356.73**	**52,276.56**	**68.25%**	**57.90%**	**57.35%**	**57.21%**	**62.37%**
Liabilities										
Non-Current Liabilities										
Borrowings	2,032.03	7,070.03	5,681.53	2,331.56	1,134.86	4.02%	11.86%	8.53%	3.08%	1.35%
Lease liabilities	-	-	163.90	268.17	330.37	-	-	0.25%	0.35%	0.39%
Other financial liabilities	560.07	476.55	683.12	678.36	697.53	1.11%	0.80%	1.03%	0.90%	0.83%
Provisions	922.98	955.42	925.15	1,207.09	1,187.23	1.83%	1.60%	1.39%	1.59%	1.42%
Deffered tax liabilities	1,408.17	1,343.15	1,762.18	1,470.29	1,555.06	2.79%	2.25%	2.65%	1.94%	1.86%
Other non current liabilities	138.15	108.56	211.85	427.62	651.02	0.27%	0.18%	0.32%	0.56%	0.78%
Total	**5,061.40**	**9,953.71**	**9,427.73**	**6,383.09**	**5,556.07**	**10.02%**	**16.70%**	**14.15%**	**8.42%**	**6.63%**
Current Liabilities										
Borrowings	900.00	24.74	816.24	2,312.17	450.03	1.78%	0.04%	1.23%	3.05%	0.54%
Lease liabilities	-	-	81.38	113.62	121.19	-	-	0.12%	0.15%	0.14%
Trade payables	6,785.83	9,988.16	12,970.13	17,145.62	18,591.95	13.44%	16.76%	19.47%	22.63%	22.18%
Other financial liabilities	1,052.85	2,027.47	1,396.52	1,622.21	1,615.39	2.08%	3.40%	2.10%	2.14%	1.93%
Other current liabilities	1,422.22	2,227.64	2,946.20	3,578.21	4,152.64	2.82%	3.74%	4.42%	4.72%	4.95%
Provisions	595.56	486.48	463.78	606.83	684.17	1.18%	0.82%	0.70%	0.80%	0.82%
Current tax liabilities	216.36	378.68	306.47	476.16	363.38	0.43%	0.64%	0.46%	0.63%	0.43%
Liabilities associated with assets classified as held for sale	-	-	-	185.17	-	-	-	-	0.24%	-
Total	**10,972.82**	**15,133.17**	**18,980.72**	**26,039.99**	**25,978.75**	**21.73%**	**25.40%**	**28.50%**	**34.36%**	**31.00%**
Total Equity and Liabilities	**50,502.06**	**59,588.80**	**66,606.50**	**75,779.81**	**83,811.38**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

1. **Non-Current Assets**

   These are the company's long-term assets.

Property, plant and equipment (PPE):

PPE makes up a good portion of non-current assets, but its percentage fluctuates.
It was at 15.80% in 2020, decreased to 13.21% in 2021, then rose to a peak of 18.38% in 2022. It slightly dropped again in the following years to 17.22% in 2023 and 16.39% in 2024. This fluctuation could reflect the company's changes in investment in factories, machinery, or physical infrastructure.

Capital Work in Progress (WIP):

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These are ongoing projects that aren't complete yet, like buildings under construction. The percentage has seen minor ups and downs.
It was 2.37% in 2020, rose to 2.87% in 2021, then slightly dipped and ended at 2.20% in 2024.
This suggests a consistent level of ongoing projects, though fewer in 2023 (1.25%).
Intangible Assets:
These are non-physical items like patents or brand value.
The trend is relatively stable, showing a slight increase in 2023 (5.18%) before settling at 4.52% in 2024.
This indicates that the company has been focusing on its intellectual property and brand investments.
Intangible Assets Under Development:
These are ongoing projects related to intangible assets.
The percentages drop significantly from 5.57% in 2020 to just 2.82% in 2024.
This suggests that fewer new intangible projects were in progress, possibly because earlier ones were completed.
Investments:
The company's long-term investments have significantly reduced over the years from 35.14% in 2020 to 23.14% in 2023, before slightly recovering to 25.71% in 2024.
This trend might mean that the company has been reallocating funds from long-term investments to other areas.
Loans and Other Financial Assets:
The percentage of loans fluctuated but generally remained small, dropping from 0.27% in 2020 to 0.11% in 2024. However, other financial assets showed growth over time, increasing to 3.85% in 2024, suggesting a focus on diversifying financial instruments.
Total Non-Current Assets:
Overall, non-current assets as a share of total assets decreased from 70.02% in 2020 to 54.28% in 2023, before rebounding to 58.11% in 2024.
This reflects a strategic shift towards more current, short-term assets.

2. Current Assets

These assets are short-term resources used or converted to cash within a year.

Inventories:
Inventories rose consistently from 6.37% in 2020 to 11.72% in 2023. Although there was a slight drop to 11.34% in 2024.
The trend still indicates an increase in production or stock levels. This could be due to expanding operations or anticipating higher demand.
Investments:
Short-term investments grew significantly from 4.34% in 2020 to a peak of 12.60% in 2023, before declining to 10.08% in 2024.
The rise points to the company prioritizing liquid investments to maintain financial flexibility.
Trade Receivables:
These represent amounts owed by customers.
The percentage remained relatively stable, ranging between 3.93% and 5.94%, showing consistent credit sakes without major changes.
Cash and Cash Equivalents:
This declined sharply from 4.60% in 2020 to 1.08% in 2022 but increased slightly to 2.23% in 2024.
The drop may suggest tighter cash management or reinvestment into other areas.
Other Current Assets:
This category includes prepayments or other operating assets the company expects to use soon.
These gradually grew from 2.57% in 2020 to 4.62% in 2023, slightly declining to 3.88% in 2024.
Total Current Assets:
The proportion of current assets grew steadily from 29.98% in 2020 to 45.72% in 2023, before slightly declining to 41.89% in 2024.
This shift indicates a conscious move towards maintaining higher liquidity or short-term resources.

3. Equity

Equity represents the shareholders' ownership in the company.

Equity Share Capital:
This decreased steadily from 1.18% in 2020 to 0.72% in 2024.

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This may be due to buybacks or changes in shareholding patterns.

Other Equity:

This component remained mostly stable, except for a notable rise in 2024 (61.66%) reflecting strong retained earnings or reserves.

This indicates that the company has been reinvesting its profits and improving its financial health.

Total Equity:

The overall equity percentage dropped between 2020 (68.25%) and 2023 (57.21%) but rebounded to 62.37% in 2024.

This recovery reflects improved shareholder value.

4. **Non-Current Liabilities**

   Long-term liabilities include debts the company needs to repay over time.

Borrowings:

The percentage dropped significantly from 4.02% in 2020 to just 1.35% in 2024.

This showcases efforts to reduce long-term debt.

Deferred Tax Liabilities:

These slightly declined over the years, from 2.79% in 2020 to 1.86% in 2024.

This shows effective tax management.

Total Non-Current Liabilities:

The overall percentage saw a drop from 10.02% in 2020 to 6.63% in 2024.

This indicates a decline in long-term financial obligations.

5. **Current Liabilities:**

   These represent the company's short-term financial obligations.

Trade Payables:

A significant increase is seen, from 13.44% in 2020 to 22.18% in 2024.

This shows rising obligations to suppliers, likely tied to increased operations or production.

Borrowings:

Current borrowings spiked in 2023 (3.05%) but were otherwise low, indicating reliance on short-term credit in certain years.

Total Current Liabilities:

The percentage consistently rose from 21.73% in 2020 to 34.36% in 2023, before slightly declining to 31.00% in 2024.

This trend reflects growing short-term liabilities, possibly tied to operations.

Key Takeaways:

1. **Long-Term Stability:**
   The company has been reducing its long-term borrowings over the years. This means it has been paying off debts and becoming more financially stable.
2. **Stronger Equity Positions:**
   The company's equity increased in 2024. This shows that the company has saved more money or made better profits, boosting its overall financial strength.
3. **Business Growth:**
   The increase in inventories and trade payables suggests that the company is producing and selling more. It might be responding to higher market demand or expanding its operations.
4. **Focus on Liquidity:**
   The company has shifted its focus from long-term assets to short-term assets. This helps it stay flexible and ready to meet short-term financial needs.
5. **Reduced Tax Burden:**
   Deferred tax liabilities have decreased, which means that the company has been managing its taxes efficiently and saving money in the process.
6. **Financial Strength:**
   Overall, the company is reducing its liabilities and focusing on building its financial health, which makes it more stable.
7. **Decreasing Focus on Long-Term Assets:**

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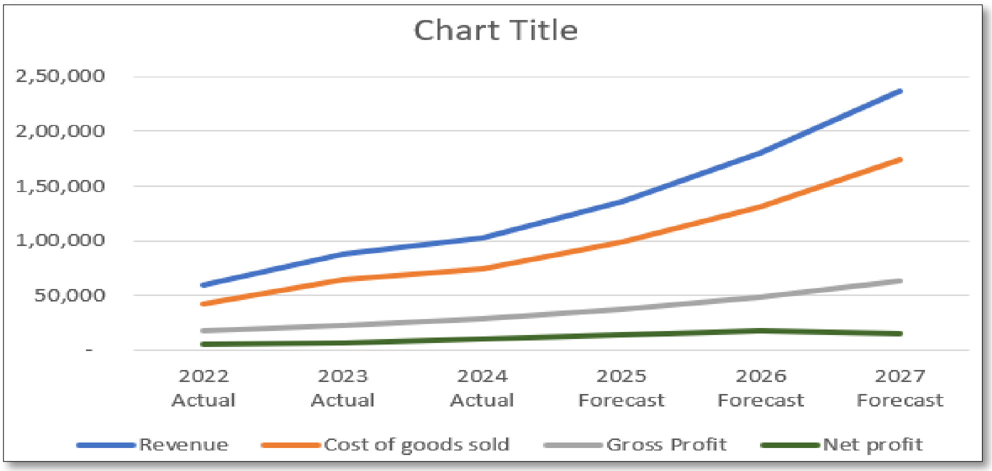
The percentage of non-current assets has been declining. While this shift towards liquidity can be positive, it might also indicate reduced investment in long-term growth drivers like infrastructure, machinery, or innovation.

8. **Declining Investments in Intangibles:**
Intangible assets under development have dropped. This could suggest a slowdown in innovation or research and development, which might hinder future competitiveness in technology driven markets.
9. **Trade Payables Growth:**
The steady increase in trade payables might point to delayed payments to suppliers. While this can improve working capital, excessive reliance on payables can strain supplier relationships and lead to operational risks.
10. **Increasing Dependence on Current Liabilities:**
Current liabilities have grown significantly. Although they decreased slightly in 2024, the increasing proportion of short-term obligations could increase financial risks, especially in times of economic uncertainty.

6.2. PROFIT & LOSS STATEMENT FORECASTS

P&L Forecasts

Particulars	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
Revenue	59,841	87,568	1,03,158	1,36,168	1,79,742	2,37,260
Cost of goods sold	42,560	64,558	74,006	98,428	1,30,910	1,74,110
Gross Profit	17,280	23,010	29,151	37,740	48,832	63,150
Operating Expenses	10,924	13,387	15,415	18,344	21,830	25,977
Operating income	6,357	9,623	13,736	19,396	27,003	37,172
Non operating income and expenses	209	1,492	253	927	3,393	12,417
Profit before tax	6,148	8,131	13,483	18,469	23,610	24,755
Taxes	1,278	1,582	2,765	4,120	6,139	9,147
Net profit	**4,870**	**6,549**	**10,718**	**14,349**	**17,471**	**15,608**



Forecast Overview
This financial forecast for Mahindra & Mahindra is based on historical data trends from 2022 to 2024. Using the average year-on-year growth percentage, it estimates the company's performance for 2025 to 2027. The analysis represents a realistic and data driven outlook, rooted in historical patterns and stable market conditions.

Key Insights from the Forecast

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1. **Expected Revenue Growth:**
   Revenue is expected to grow steadily from 1,36,168 crores in 2025 to 2,37,260 crores in 2027.
   This consistent growth reflects the company's ability to maintain market strength and meet expected demand while expanding gradually.
2. **Cost of Goods Sold (COGS):**
   COGS is projected to rise alongside revenue, reaching 1,74,110 crores in 2027.
   This proportional increase indicates efficient management of production costs without significant inefficiencies anticipated.
3. **Gross Profit:**
   Gross profit is expected to increase from 37,740 crores in 2025 to 63,150 crores in 2027.
   This indicates that the company appears to maintain its ability to generate value from its operations, reflecting a stable gross profit margin.
4. **Operating Expenses:**
   Operating expenses are forecasted to grow at a controlled pace, reaching 25,977 crores in 2027.
   This shows that the company is likely to scale operations efficiently while keeping a firm grip on expenses.
5. **Operating Income:**
   Operating income is estimated to rise from 19,396 crores in 2025 to 37,172 crores in 2027.
   The forecast point towards improved operational performance, with the growth in income outpacing the increase in expenses.
6. **Non-Operating Income:**
   Non-operating income is expected to contribute positively, increasing from 927 crores in 2025 to 12,427 crores by 2027.
   These gains may come due to strategic investments.
7. **Profit Before Tax:**
   Profit before tax is forecasted to grow from 18,469 crores in 2025 to 24,755 crores in 2027.
   This indicates that the overall financial health is expected to remain strong, driven by consistent revenue growth and controlled costs.
8. **Taxes:**
   Taxes are projected to increase from 4,120 crores in 2025 to 9,147 crores in 2027, aligned with rising profits.
9. **Net Profit:**
   Net profit is expected to grow from 14,349 crores in 2025 to 15,608 crores in 2027, peaking at 17,471 crores in 2026.

6.3. TREND ANALYSIS

Trend Analysis										
Assets	**Amount**					**Trend Percentage**				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Current Assets:										
Inventories	3,401	3,955	5,970	8,881	9,505	100	116	176	261	279
Investments	2,190	4,488	7,902	9,548	8,447	100	205	361	436	386
Trade receivables	2,999	2,343	3,039	4,042	4,549	100	78	101	135	152
Cash and cash equivalents	2,324	739	717	1,310	1,869	100	32	31	56	80
Bank balances	1,913	5,516	2,933	3,172	3,657	100	288	153	166	191
Loans	512	757	1,846	2,177	2,379	100	148	360	425	465
Other financial assets	506	650	1,128	1,321	1,450	100	128	223	261	286
Other current assets	1,297	1,863	2,640	3,500	3,250	100	144	204	270	251
Assets held for sale	-	-	50	693	-					
Total Current Assets	**15,141**	**20,312**	**26,226**	**34,644**	**35,106**	**100**	**134**	**173**	**229**	**232**
Non Current Assets:										
Property, plant and equipment	7,981	7,873	12,243	13,050	13,740	100	99	153	164	172
Capital WIP	1,197	1,709	1,624	950	1,846	100	143	136	79	154
Intangible assets	2,414	2,307	2,661	3,926	3,788	100	96	110	163	157
Intangible assets under development	2,813	3,123	3,638	1,834	1,910	100	111	129	65	68
Investments	17,748	19,577	16,302	17,539	21,549	100	110	92	99	121
Loans	139	1,653	385	177	93	100	1,190	277	128	67
Other financial assets	486	640	1,567	1,503	3,224	100	132	322	309	663
Income tax assets	929	921	648	911	927	100	99	70	98	100
Other non-current assets	1,654	1,475	1,311	1,245	1,629	100	89	79	75	99
Total Non-Current Assets	**35,361**	**39,277**	**40,381**	**41,136**	**48,706**	**100**	**111**	**114**	**116**	**138**

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Introduction-

Trend analysis is a technique used to predict the future movement of assets by analysing historical data. This report examines the trend in **Overall Net Current Assets** and **Net Non-Current Assets** over the years **2019-20 to 2023-24**, with **2020 as the base year**.

1. Current Assets Trend

The Current Assets (including inventories, trade receivables, loans, other financial assets, and other current assets) have shown a consistent upward trend over the years.

- Investments experienced a drop in 2024, decreasing from ₹9,548.00 crore to ₹8,447.00 crore.
- Cash and Cash Equivalents declined slightly in 2021-22 from ₹739.00 crore to ₹717.00 crore but gradually increased in subsequent years.
- Bank Balances decreased from ₹5,516.00 crore (2021-22) to ₹2,933.00 crore (2022-23), indicating a significant reduction.

2. Non-Current Assets Trend

Non-current assets have shown positive growth across various categories, such as:

1. Capital Work in Progress (WIP) and Intangible Assets under Development have been steadily increasing.
2. Loans under non-current assets also followed an upward trajectory.
3. Property, Plant, and Equipment (PPE) declined from 2019-20 to 2020-21 but showed improvement in later years.
4. Intangible Assets also declined from 2019-20 to 2020-21 before stabilizing.
5. Investments saw a significant reduction in 2021-22 compared to the base year.
6. Income Tax Assets showed a decline in 2021-22.
7. Other Non-Current Assets declined between 2020-21 and 2022-23, indicating fluctuations in asset management.

Conclusion & Key Takeaways-

1. **Overall Asset Growth** – Both current and non-current assets show a general upward trend.
2. **Investment Decline** – Investments dropped significantly in 2021-22 and 2024, requiring further analysis.
3. **Cash Flow Observations** – Bank balances and cash equivalents show fluctuations that may indicate liquidity adjustments.
4. **Non-Current Assets Stability** – Despite some fluctuations, most non-current assets have seen positive growth.

6.4. PROFIT & LOSS COMPARATIVE STATEMENT

Comparative Statement				
Particulars	2024	2023	Absolute change	Percentage change
Income				
Revenue from operations	98,763.42	84,960.26	13,803.16	16%
Income from investments	2,456.00	1,684.37	771.63	46%
Income from operations	**1,01,219.42**	**86,644.63**	**14,574.79**	**17%**
Other Income	1,938.43	923.71	1,014.72	110%
Total Income	**1,03,157.85**	**87,568.34**	**15,589.51**	**18%**
Expenses				
Cost of materials consumed	71,553.40	62,226.20	9,327.20	15%
Purchases of stock-in-trade	4,027.48	3,406.84	620.64	18%
Changes in inventories of finished, stock-in-trade and wip goods	-1,574.51	-1,074.80	-499.71	46%
Employee benefits expenses	4,416.42	3,649.88	766.54	21%
Finance costs	138.77	272.78	-134.01	-49%
Depriciation, amortisation and impairment expense	3,438.85	3,154.46	284.39	9%
Loss from investments	253.27	62.91	190.36	303%
Other expenses	7,421.20	6,309.75	1,111.45	18%
Total expenses	**89,674.88**	**78,008.02**	**11,666.86**	**15%**
Profit before exceptional items and tax	13,482.97	9,560.32	3,922.65	41%
Exceptional items	-	-1,429.54	0.00	0%
Profit before tax	**13,482.97**	**8,130.78**	**5,352.19**	**66%**
Tax expense				
Current tax	2,724.02	1,846.51	877.51	48%
Deferred tax	41.15	-264.37	305.52	-116%
Profit for the year	**10,717.80**	**6,548.64**	**4,169.16**	**64%**

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Revenue Breakdown:

1. **Revenue from Operations**: The revenue from operations for 2024 increased to ₹98,763.42 crore from ₹84,960.20 crore in 2023, showing an absolute increase of ₹13,803.16 crore, or **16%**growth.

2. Income from Investments: This increased by ₹771.63 crore, from ₹1,684.37 crore to ₹2,456 crore, a growth of 46%.

3. Income from Operations: Total income from operations, including the increase in revenue and investment income, grew from ₹86,644.63 crore in 2023 to ₹101,219.43 crore in 2024, showing a rise of ₹14,574.79 crore or 17%.

4. Other Income: Other income almost doubled, increasing by ₹1,014.72 crore, from ₹923.71 crore in 2023 to ₹1,938.43 crore in 2024, a 110% growth.

5. Total Income: Overall, total income for 2024 reached ₹103,157.85 crore, up by ₹15,589.51 crore or 18% from ₹87,568.34 crore in 2023.

Expenses Breakdown:

1. Cost of Materials Consumed: This increased from ₹62,226.20 crore in 2023 to ₹71,553.40 crore in 2024, an increase of ₹9,327.20 crore, or 15%.

2. Purchases of Stock-in-Trade: Increased by ₹620.64 crore, from ₹3,406.84 crore in 2023 to ₹4,027.48 crore in 2024, an increase of 18%.

3. Changes in Inventories of Finished Goods, Stock-in-Trade, and WIP: This showed a decrease, with a larger negative change of ₹499.71 crore from -₹1,074.80 crore to -₹1,574.51 crore, a 46% change.

4. Employee Benefits Expenses: Increased by ₹766.54 crore, from ₹3,649.88 crore to ₹4,416.42 crore, a 21% rise.

5. Finance Costs: Reduced by ₹134.01 crore, from ₹272.78 crore in 2023 to ₹138.77 crore in 2024, showing a decline of 49%.

6. Depreciation, Amortization, and Impairment Expenses: These expenses grew by ₹284.39 crore, from ₹3,154.46 crore to ₹3,438.85 crore, a 9% increase.

7. Loss from Investments: There was a significant increase in the loss from investments by ₹190.36 crore, from ₹62.91 crore to ₹253.27 crore, a 303% rise.

8. Other Expenses: Increased by ₹1,111.45 crore, from ₹6,309.75 crore to ₹7,421.20 crore, an 18% increase.

Profitability Breakdown:

1. Profit Before Exceptional Items and Tax: Increased by ₹3,922.65 crore, from ₹8,130.78 crore in 2023 to ₹13,482.97 crore in 2024, showing a 41% increase.

2. Exceptional Items: There were no exceptional items in 2024 (₹0.00 crore).

3. Profit Before Tax: Profit before tax saw a rise of ₹5,352.19 crore, increasing from ₹8,130.78 crore in 2023 to ₹13,482.97 crore in 2024, a 66% increase.

4. Tax Expense: The tax expense for the year increased significantly, especially the current tax expense (₹2,724.02 crore), and the deferred tax decreased drastically (from -₹264.37 crore to ₹41.15 crore).

5. Profit for the Year: The profit for the year grew from ₹6,548.64 crore in 2023 to ₹10,717.80 crore in 2024, a rise of ₹4,169.16 crore or 64%.

Key Takeaways:

1. Strong Revenue Growth: The company experienced robust growth in both revenue from operations (16%) and investment income (46%). This indicates strong performance in its core operations and an increased return from investments.

2. Significant Profit Improvement: The company achieved a 66% increase in profit before tax, primarily driven by the growth in revenue and reduced finance costs, despite a significant increase in losses from investments.

3. Operational Efficiency: There was a reduction in finance costs by 49%, which indicates improved financial management or lower borrowing costs. However, employee benefit expenses and cost of materials consumed increased, indicating growth in business activities.

4. Investment Loss Impact: The rise in losses from investments by 303% is notable and requires attention. This could reflect a decrease in investment returns or adverse market conditions impacting the company's investment portfolio.

5. Cost Management: While costs in areas such as purchases of stock-in-trade (18%) and employee benefits (21%) increased, the company managed its overall expenses to keep total growth at 15%, which is lower than revenue growth, resulting in improved profitability.

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6. Tax Impact: The substantial increase in current tax expenses (from ₹1,846.51 crore to ₹2,724.02 crore) suggest higher taxable income, aligning with the overall profit growth, while the deferred tax expense saw a significant reduction.

7. Final Profit Surge: The final profit for the year grew by 64%, showing the overall effectiveness of the company's operational strategies and financial performance.

Over the two fiscal years, Mahindra & Mahindra showcased robust revenue growth, driven by strong performances in both their automotive and farm equipment segments. While there was a slight decline in profit margins in FY24, the company's overall financial health remained strong, reflecting effective strategies and operations.

6.5. RATIO ANALYSIS

Ratios analysis

Ratios	2020	2021	2022	2023	2024
Current ratio Ideal - 2:1	1.37	1.34	1.38	1.33	1.35
Liquid ratio Ideal - 1:1	1.07	1.08	1.07	0.99	0.99
Absolute liquidity ratio Ideal - 0.5:1	0.39	0.41	0.19	0.17	0.21

1. Current Ratio (Ideal - 2:1)
Formula: Current Assets / Current Liabilities
Interpretation: The current ratio measures the company's ability to cover its short-term obligations with its short-term assets. An ideal ratio of 2:1 indicates that the company should have two dollars in current assets for every dollar in current liabilities.
Trend: The current ratio has remained relatively stable over the years, fluctuating between 1.33 and 1.38.
Interpretation: This ratio is below the ideal 2:1 benchmark, indicating that the company may not have enough current assets to comfortably cover its short-term liabilities. A ratio of around 1.35 suggests that the company is just slightly above the threshold where it could face liquidity issues if conditions worsen.

2. Liquid Ratio (Ideal - 1:1)
Formula: (Current Assets - Inventory) / Current Liabilities
Interpretation: The liquid ratio assesses the company's ability to pay off its short-term obligations without relying on the sale of inventory. The ideal liquid ratio is 1:1.
Trend: The liquid ratio has decreased from 1.07 in 2020-2022 to 0.99 in 2023 and 2024
Interpretation: This suggests that the company's liquidity position has weakened, and it is now slightly below the ideal 1:1 benchmark. With a ratio of 0.99, the company may face difficulty covering its short-term liabilities without liquidating inventory, which can be problematic if inventory cannot be easily converted to cash.

3. Absolute Liquidity Ratio (Ideal - 0.5:1)
Formula: (Cash + Cash Equivalents) / Current Liabilities
Interpretation: The absolute liquidity ratio measures the company's ability to meet its short-term obligations using only the most liquid assets (i.e., cash and cash equivalents).
Trend: The absolute liquidity ratio shows a significant decline from 0.39 in 2020 to 0.21 in 2024.

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Interpretation: This ratio is below the ideal 0.5:1 benchmark, indicating that the company has limited cash and cash equivalents to cover its short-term liabilities. A ratio as low as 0.17 in 2023 signals a potential liquidity risk. The company may struggle to meet its obligations without borrowing or selling assets.

Key Takeaways:

1. Liquidity Concerns: The company's liquidity ratios are consistently below the ideal benchmarks, indicating potential issues in covering short-term liabilities. In particular, the Absolute Liquidity Ratio is the most concerning, as it has significantly declined over the years.

2. Declining Liquidity: While the current ratio remains stable, it is below the ideal target. More concerning is the decrease in both the Liquid and Absolute Liquidity Ratios over time, which suggests the company is becoming less able to meet short-term obligations with liquid assets.

3. Action Points: The company may need to improve its liquidity management by increasing cash reserves, reducing current liabilities, or optimizing its working capital to ensure it can handle unexpected short-term financial pressures.

4. Risk of Financial Strain: If this trend continues, there could be a risk of financial strain, especially if the company faces a downturn in sales or an increase in liabilities.

CONCLUSION:

Mahindra & Mahindra Ltd. (M&M) has demonstrated consistent financial growth and operational efficiency over the past five years, positioning itself as a key player in the automotive and farm equipment industry. The company's revenue has steadily increased, reflecting strong market demand, product innovation, and effective expansion strategies. Furthermore, its profitability has remained robust, with improvements in operating margins and net income, indicating efficient cost management and pricing strategies.

A key highlight of M&M's financial performance is its decreasing long-term debt, which suggests a conscious effort toward maintaining a healthy capital structure. The company has effectively leveraged its financial resources to reduce reliance on external borrowing, strengthening its financial stability. Additionally, its ability to maintain a strong liquidity position ensures smooth operational cash flow and financial flexibility.

However, some financial indicators require close attention. The rising short-term liabilities, particularly trade payables, indicate increased obligations to suppliers, which may pose potential liquidity risks if not managed properly. Additionally, the decline in long-term investments could impact the company's future growth prospects if capital allocation toward research & development, infrastructure, and technology innovation is not prioritized.

Despite these challenges, the company's positive revenue and profit forecasts suggest continued growth potential. M&M's strong market presence, strategic expansions, and focus on innovation position it well for sustainable long-term success. However, careful risk management, cost control, and strategic investment will be crucial in maintaining and enhancing its financial position in the coming years.

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