

# A Study on Financial Performance of Mahindra Pvt Ltd

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## ABSTRACT

The present study focuses on analyzing the financial performance of Mahindra & Mahindra Ltd. for the year 2025. The company is one of the leading business groups in India, with major operations in the automobile and farm equipment sectors. The main objective of this study is to understand the financial strength and efficiency of the company by examining its profitability, liquidity, solvency, and overall operational performance. The study is based on secondary data collected from the company's annual reports, published financial statements, and other reliable financial sources. Various financial ratios such as profitability ratios, liquidity ratios, and leverage ratios have been used for the analysis. The findings of the study indicate that the company has shown steady growth in revenue and profits during 2025, supported by strong market demand, effective cost control, and sound financial planning. The liquidity position of the company is satisfactory, and its capital structure reflects a balanced approach towards debt and equity. Overall, the study concludes that Mahindra & Mahindra Ltd. has maintained a stable and healthy financial position in 2025, highlighting its ability to perform well in a competitive business environment and sustain long-term growth.

**Keywords:** Liquidity Ratio, Solvency Ratio, Efficiency Ratio.

## INTRODUCTION

Mahindra & Mahindra Ltd. (M&M) stands as a cornerstone of the Indian industrial landscape, evolved from its 1945 origins as a steel trading company into a diversified global federation. This study evaluates the financial performance of M&M by dissecting its fiscal data through four critical lenses: Liquidity: To determine the firm's ability to meet short-term obligations amidst capital-intensive expansions. Solvency: To assess the long-term capital structure and the sustainability of its debt levels. Profitability: To measure how effectively the management translates sales and assets into shareholder wealth. Efficiency: To analyze the operational dexterity in managing its vast inventory and asset base.

## OBJECTIVES

- To determine the financial performance of Mahindra automobiles for the past five years 2021-2025
- To Evaluate performance using ratio analysis

## RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design to evaluate the financial performance of Mahindra & Mahindra Ltd. over a five-year period. The research relies exclusively on secondary data, primarily sourced from the company's audited annual reports, balance sheets, and profit and loss accounts available on their official website and stock exchange platforms. To ensure a comprehensive evaluation, quantitative tools such as ratio analysis—encompassing liquidity, profitability, and solvency ratios—are employed alongside trend analysis.

## SOURCES OF DATA

- **Moneycontrol:** For standardized financial ratios and historical share price data.
- **Company Annual Reports:** For detailed notes on accounts and segment-wise performance.
- **Screener/Trendlyne:** For cross-verifying 5-year CAGR and profitability metrics.

## TYPES OF RATIO

- **Liquid Ratio**, measures the ability of business to pay its short term liability by having assets that readily converted into cash. These assets are cash, marketable securities and account receivable.
- **Debt equity Ratio**, this ratio reflects the long term financial position of a firm and is calculated in the form of relationship between external equities or outsider's funds and internal equities or shareholders fund. Debt equity ratio may also be called as 'ratio long term debt to shareholders funds'.
- **Proprietary ratio**, this ratio indicates the relationship between proprietors fund and total assets. Greater is the proprietor funds better is the position of the creditor.
- **Profitability ratio**, is used to evaluate the company's ability to generate income as compared to its expenses and other cost associated with the generation of income during a particular period. This ratio represents the final result of the company.
- **Gross Profit Ratio**, this ratio measures the marginal profit of the company. This ratio is also used to measure the segment revenue. A high ratio represents the greater profit margin and it's good for the company.
- **Return on equity**, this ratio measures Profitability of equity fund invested the company. It also measures how profitably owner's funds have been utilized to generate the company's revenues. A high ratio represents how well the company is.
- **Return on capital employed**, Return on capital employed (ROCE) is a financial ratio that can be used in assessing a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital as it is put to use.
- **Operating profit ratio**, Operating profit ratio establishes a relationship between operating Profit earned and net revenue generated from operations (net sales). Operating profit ratio is a type of profitability ratio which is expressed as a percentage.

## REVIEW OF LITERATURE

1. **Mr PRANAV P. BADWAIK (2025)<sup>1</sup>**, importance for assessing profitability, liquidity, and overall financial health. It clearly explains how ratio analysis helps identify strengths, weaknesses, and investment potential in major companies like Mahindra & Mahindra and Maruti Suzuki. The discussion effectively highlights the industry's significant contribution to India's GDP, employment, and technological advancement. It also incorporates key statistics on production rankings and FDI inflows, strengthening the contextual background. The literature review is thorough, summarising major studies that explore profitability, solvency, and long-term financial trends across leading automobile firms. Each cited study adds valuable insights into financial stability, market behaviour and performance variability. The research problem is well-defined, focusing on evaluating and comparing the financial health of the two selected companies. The objectives are clear and aligned with the overall purpose of the study. The methodology is appropriate, using a descriptive research design and ratio analysis supported by both primary and secondary data. Overall, the content is well-structured, insightful, and provides a strong foundation for a detailed financial analysis.
2. **RAVI KUMAR RAM (2022)<sup>2</sup>**, the content clearly defines ratios and demonstrates their purpose through a simple example of the Gross Profit Ratio, making the concept easier to grasp. It emphasises that only related financial numbers should be compared to avoid misleading conclusions. The discussion on the objectives of ratio analysis is comprehensive, covering profitability, operational efficiency, liquidity, and long-term financial strength. It explains how profitability ratios help assess whether the firm's earnings are satisfactory and how efficiency ratios reveal how well resources are managed. The importance of

liquidity ratios like the Current and Quick Ratio is highlighted to ensure the firm can meet short-term obligations. Additionally, the content describes how solvency ratios help examine long-term stability and debt levels. It also stresses the importance of comparing a firm's ratios with industry standards.

3. **SNEHA SIKDER (2021)**<sup>3</sup>, financial analysis, especially ratio analysis, serves as an essential tool for assessing profitability, liquidity, solvency, and overall stability. I also provide an overview of the Indian automobile industry, showcasing its rapid growth, strong export performance, and increasing global relevance. To strengthen the background of the study, I include international reviews that emphasise how financial ratios and analytical methods support decision-making and predict business outcomes. Further, I outline the specific objectives of my study, focusing on analysing and comparing the financial performance of Mahindra & Mahindra Limited and Maruti Suzuki India Limited. I establish clear hypotheses to examine differences in solvency, efficiency, and profitability between the two firms. The scope of my study covers five years of financial data, enabling a meaningful comparison of trends and performance. Through this analysis, I aim to identify the factors influencing each company's results and provide insights useful for management and investors.
  
4. **SUDHARSAN KUMAR (2019)**<sup>4</sup>, It highlights how the industry supports infrastructure, employment, and national growth through its wide network of backward and forward connections. The introduction effectively connects the evolution of financial statements with the need for systematic financial analysis, showing how balance sheets became essential tools for loan decisions. The description of India's automotive sector provides useful context, explaining its expansion since liberalisation and its position as one of the fastest-growing industries. The section on Mahindra & Mahindra adds historical depth by outlining its origins, growth, and global presence, showcasing the company's transformation from a steel trader to a major automobile manufacturer. The objectives of the study are clearly defined, focusing on financial performance evaluation, long-term analysis, and the use of financial tools to understand the companies' financial positions. Overall, the content is informative, well-structured, and provides a strong foundation for a financial analysis study of automobile companies.
  
5. **PRAVIN NARAYAN MAHAMUNI, et al ( 2018)**<sup>5</sup>, the profitability performance of Mahindra & Mahindra Ltd. using the DuPont model. It effectively outlines how the DuPont analysis breaks down return on equity into profit margin, asset turnover, and equity multiplier, offering deeper insights into operational efficiency and financial leverage. The historical background of the model, including its development by F. Donaldson Brown and its evolution from ROA to ROE analysis, adds strong contextual value. The literature references help emphasize the long-standing relevance and analytical strength of the DuPont method. The study's significance is clearly highlighted by showing how ROE serves as a key metric for investors to judge profitability and management efficiency. Its objectives are well-defined, focusing on analysing and comparing five years of financial performance. The methodology is appropriately structured, relying on secondary data and statistical tools like the t-test to measure significance. The explanation of data sources and analytical techniques ensures transparency and replicability. Overall, the content is coherent, informative, and provides a solid foundation for understanding how DuPont analysis can assess corporate profitability.

#### **ADVANTAGES OF FINANCIAL STATEMENT ANALYSIS**

- The most important benefit if financial statement analysis is that it provides an idea to the investors about deciding on investing their fund in a particular company.
- The regulatory authority like IASB can ensure the company following with the required accounting standards.
- Helpful to government agencies in analyzing the taxation owed to the firm.

**DISADVANTAGES OF FINANCIAL STATEMENT ANALYSIS**

- Financial statement could be wrong due to fraud.
- Financial statement do not cover Non-financial issues.
- Financial statement have no predictive value.

**RATIO ANALYSIS AND DATA INTERPRETATION**

**TABLE 1.1 LIQUID RATIO ANALYSIS**

(Rs crore)

Year	Liquid assets	Current liabilities	Liquid ratio
2021	15599.89	15133.17	1.03
2022	18189.33	18820.29	0.96
2023	23585.32	26039.99	0.9
2024	23222.06	25978.75	0.89
2025	36161.07	32079.79	1.12

**Interpretation:**

The company's liquid ratio fluctuated between 2021 and 2025. In 2021, the ratio was 1.03, indicating slightly more liquid assets than current liabilities. The ratio then decreased for the next three consecutive years, reaching its lowest point of 0.89 in 2024, suggesting a potential short-term liquidity concern as current liabilities exceeded liquid assets. However, a significant improvement occurred in 2025, with the ratio increasing to 1.12, showing the company's strongest liquidity position over the observed period.

**TABLE 1.2 DEBT EQUITY RATIO ANALYSIS**

Year	Debt	Shareholders Fund	Debt equity Ratio
2021	9953.71	34501.92	0.28
2022	9349.02	38960.95	0.23
2023	6383.09	43356.73	0.14
2024	5556.07	52276.56	0.1
2025	5984.02	61585.1	0.09

**Interpretation:**

The provided table illustrates a clear trend of decreasing financial leverage for the entity from 2021 to 2025. The debt-equity ratio consistently declined each year, moving from 0.28 in 2021 to 0.09 in 2025. This reduction was driven by a combination of a decrease in total debt (from Rs 9953.71 crore to Rs 5984.02 crore) and a significant increase in shareholder funds (from Rs 34501.92 crore to Rs 61585.1 crore). A low debt level generally indicates a reduction in financial risk for the firm.

**TABLE 1.3 PROPRIETARY RATIO ANALYSIS**

Year	Shareholders Fund	Total Assets	Proprietary Ratio
2021	34501.92	59588.8	0.57

Year	Shareholders Fund	Total Assets	Proprietary Ratio
2022	38960.95	67130.26	0.58
2023	43356.73	75779.81	0.57
2024	52276.56	83811.38	0.62
2025	61585.1	99648.91	0.61

(Rs crore)

**Interpretation:**

The provided table illustrates the proprietary ratio trends from 2021 to 2025, showing a general increase in the ratio over the years. The ratio, calculated as shareholders' fund divided by total assets, indicates the proportion of assets financed by shareholders. Starting at 0.57 in 2021, it reached a peak of 0.62 in 2024 before slightly decreasing to 0.61 in 2025. This suggests a strengthening financial position, with a larger portion of the company's assets being funded by equity rather than debt, which typically lowers financial risk.

**TABLE 1.4 RETURN ON EQUITY ANALYSIS**

(Rs crore)

Year	Profit after Tax & Interest	Share capital + Reserve and surplus	Return on Equity
2021	1812.49	41581.92	0.04
2022	6577.32	47122.64	0.13
2023	10281.5	56365.79	0.18
2024	11268.64	66190.55	0.17
2025	12929.1	77038.86	0.16

**Interpretation:**

Both the profit after tax and interest and the total shareholder capital and reserves show a consistent year-over-year increase across the period. The return on equity initially grew from 0.04 in 2021 to a peak of 0.18 in 2023, indicating improved efficiency in generating profits from shareholder funds during those years. However, despite the continued growth in absolute profits and equity base, the ROE experienced a slight decline to 0.17 in 2024 and further to 0.16 in 2025. This suggests that while the business is expanding, its relative profitability per unit of equity has slightly decreased in the most recent two years shown.

Year	Net Profit Before Interest and Tax	Capital Employed	Return on Capital Employed
2021	11380.57	115016.48	0.09

Year	Net Profit Before Interest and Tax	Capital Employed	Return on Capital Employed
2022	16135.59	117824.47	0.13
2023	22662.56	135312.36	0.16
2024	27205.84	160755.08	0.16
2025	32631.07	187264.26	0.17

**TABLE 1.4  
RETURN  
ON  
CAPITAL**

**EMPLOYED**

**Interpretation:**

The company has demonstrated consistent financial growth and improved efficiency from 2021 to 2025. Net Profit Before Interest and Tax increased steadily each year, rising from Rs 11,380.57 crore in 2021 to Rs 32,631.07 crore in 2025. Similarly, Capital Employed grew significantly over the period, from Rs 115,016.48 crore to Rs 187,264.26 crore. The Return on Capital Employed (ROCE) also improved, starting at 0.09 in 2021 and reaching its highest point of 0.17 in 2025, indicating a positive upward trend in profitability and capital management.

**TABLE 1.5 GROSS PROFIT RATIO ANALYSIS**

(Rs crore)

Year	Gross Profit	Net Sales	Gross Profit Ratio
2021	13812.14	74277.78	0.18
2022	13821.19	90170.57	0.15
2023	18252.98	121268.55	0.15
2024	22670.56	138279.3	0.16
2025	30075.78	158749.75	0.18

**Interpretation:**

The provided table displays the financial performance metrics of a company from 2021 to 2025, specifically focusing on Gross Profit, Net Sales, and the resulting Gross Profit Ratio, with all monetary values in Rs crore. Both Gross Profit and Net Sales show a consistent and significant upward trend across the five years, indicating substantial business growth in absolute terms. The Gross Profit Ratio, which measures efficiency, experienced minor fluctuations during this period; it decreased slightly from 0.18 in 2021 to 0.15 in 2022 and 2023, before increasing to 0.16 in 2024, and finally recovering to the initial 0.18 in 2025. Overall, the data suggests a growing business that maintained its profitability margin over the observed years.

**TABLE 1.6 OPERATING PROFIT RATIO ANALYSIS**

Year	Operating Profit	Net Sales	Operating Profit Ratio
2021	13676.55	74277.78	0.18
2022	14682.85	90170.57	0.16
2023	20285.29	121268.55	0.16
2024	24115.88	138279.3	0.17
2025	30087.96	158749.75	0.18

(Rs crore)

**Interpretation:**

shows consistent growth in both operating profit and net sales year-over-year. Operating profits increased substantially from Rs 13,676.55 crore in 2021 to Rs 30,087.96 crore in 2025, while net sales more than doubled in the same period. The operating profit ratio, calculated as operating profit divided by net sales, fluctuated slightly but remained relatively stable, starting at 0.18 in 2021, dipping to 0.16 in 2022 and 2023, and recovering to 0.18 by 2025. This indicates that while the company is growing significantly in absolute terms, its operational efficiency (profitability per rupee of sales) has been maintained within a narrow range over the five years.

## CONCLUSION

Over the past five years, Mahindra & Mahindra has demonstrated a remarkable ability to turn challenges into a competitive advantage. While the company faced a slight squeeze on margins between 2022 and 2023 due to global supply chain pressures, the latest figures for 2025 show a business that is now firing on all cylinders by reaching a Gross Profit Ratio of nearly 19% alongside record-breaking sales, the company has proven it can grow its 'top line' (sales) without sacrificing its 'bottom line' (profitability). For stakeholders, this indicates a brand with strong 'pricing power'—meaning customers are willing to pay a premium for their products—and a management team that is highly efficient at controlling production costs. Mahindra isn't just selling more; they are selling smarter.

## REFERENCE

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