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To Study the Financial Statement Analysis of Maruti Suzuki India Ltd.

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ABSTRACT: This study conducts a comprehensive financial statement analysis of Maruti Suzuki, focusing on its balance sheet, profit and loss statement, and trend analysis. The research employs common size and comparative financial statement techniques to evaluate asset composition, growth patterns, liquidity management, leverage, and profitability trends. The findings indicate that Maruti Suzuki maintains a strong equity-based capital structure with minimal debt, ensuring financial stability. The company has consistently invested in long-term financial assets and capital expansion, with a notable increase in Property, Plant, and Equipment (PPE) and capital work-in-progress post-2022, suggesting a strategic push toward capacity expansion and modernization.

Revenue has exhibited steady growth from 2020 to the forecasted period of 2027, driven by increased market demand, product expansion, and operational efficiency. Cost management remains crucial, as the cost of goods sold (COGS) and operating expenses have risen proportionally. Profitability indicators, including gross profit, operating income, and net profit, reflect financial resilience, despite fluctuations in profit before tax (PBT) in 2023. The company's liquidity position has strengthened, with increased cash reserves and improved trade receivable and payable cycles.

Trend analysis further underscores Maruti Suzuki's strong asset growth, particularly in investments and financial instruments, indicating a balanced approach between expansion and financial security. The study highlights the company's conservative debt strategy, prioritizing internal funding over external borrowing, which enhances financial robustness but may limit aggressive expansion opportunities.

Overall, Maruti Suzuki's financial strategy focuses on sustainable growth, long-term investments, and efficient capital utilization. The research suggests that while the company's financial health remains strong, optimizing working capital management and exploring strategic leverage could accelerate growth. This study provides valuable insights for investors, financial analysts, and policymakers in assessing the company's financial trajectory and decision-making strategies.

KEYWORDS: Financial Statement Analysis, Common Size Statement, Trend Analysis, Ratio Analysis, Profit & Loss Forecasting, Maruti Suzuki, Financial Stability, Liquidity Management.

I. INTRODUCTION

Financial statement analysis is a crucial tool for assessing a company's financial health, operational efficiency, and long-term viability. It provides investors, analysts, and stakeholders with valuable insights into an organization's performance by evaluating key financial indicators. This research paper focuses on the financial statement analysis of Maruti Suzuki, India's leading automobile manufacturer, through various analytical techniques, including common size analysis, comparative statements, trend analysis, ratio analysis, and profit and loss forecasting.

Maruti Suzuki plays a dominant role in the Indian automotive industry, contributing significantly to the country's economic growth. As consumer preferences, market dynamics, and economic conditions evolve, understanding the financial trends of a major player like Maruti Suzuki becomes essential for stakeholders. This study aims to analyze the company's financial trajectory over recent years, identifying key trends in revenue, profitability, liquidity, and financial stability.

The research employs quantitative methods to examine the company's financial statements, assess growth patterns, and forecast future performance. By utilizing common size and comparative financial statements, the study compares year-over-year financial trends, highlighting shifts in assets, liabilities, and income components. Ratio analysis helps evaluate liquidity, solvency, efficiency, and profitability, while trend analysis and forecasting provide insights into Maruti Suzuki's financial sustainability and strategic direction.

The findings of this research will aid investors, financial analysts, and policymakers in understanding Maruti Suzuki's financial strengths and potential challenges. It will also offer recommendations on optimizing financial management strategies to enhance profitability and long-term value creation.

II. HISTORY

Financial statement analysis involves examining financial reports to assess profitability, liquidity, solvency, and overall efficiency. Maruti Suzuki India Limited, the country's largest automobile manufacturer, plays a significant role in the Indian automotive industry. As a subsidiary of Suzuki Motor Corporation, Japan, Maruti Suzuki has established itself as a market leader in passenger vehicles, driven by its strong brand value, extensive distribution network, and continuous product innovation.

The financial statements of Maruti Suzuki provide valuable insights into its business performance, operational efficiency, and market position. Analysing these statements helps stakeholders make informed decisions regarding investments and strategic planning.

III. RESEARCH OBJECTIVES

The primary objective of this research is to analyze the financial statements of Maruti Suzuki to evaluate its financial position and performance. The key objectives include:

1. Preparing **Common Size Statements** to understand the proportion of different financial components.
2. Conducting **Comparative Analysis** to assess financial performance over different periods.
3. Performing **Trend Analysis** to identify patterns and financial growth trends.
4. Forecasting the **Profit and Loss Statement** based on historical data and industry trends.
5. Calculating and interpreting liquidity ratio.

IV. SCOPE AND LIMITATIONS

Scope:

- The study focuses on the financial statement analysis of Maruti Suzuki India Limited.
- It includes an in-depth examination of the balance sheet, profit and loss statement, and cash flow statement over a selected time period.
- The research incorporates quantitative financial analysis techniques, including ratio analysis, trend analysis, and forecasting.

Limitations:

- The study relies on publicly available financial data, which may not reflect real-time business performance.
- Forecasting involves assumptions based on historical trends, which may not accurately predict future performance.

V. RESEARCH METHODOLOGY

5.1. Data sources:

This research is based on secondary data obtained from publicly available financial reports and market analysis. The primary sources of data include:

- Annual Reports of Maruti Suzuki India Limited (Balance Sheet, Profit & Loss Statement, and Cash Flow Statement).
- Quarterly Financial Reports published by the company.
- Reports from Regulatory Bodies such as SEBI, RBI, and the Ministry of Corporate Affairs.

5.2. Data Collection Approach:

- Identification of Relevant Financial Data: The study involves extracting historical financial data for a specific period (e.g., the last 5 year) from the company's financial reports.
- Compilation of Financial Statements: Common size, comparative, and trend analysis statements are prepared using extracted financial figures.

5.3. Analysis Techniques:

To derive meaningful insights, the following financial analysis techniques are employed**:**

a) Common Size Analysis

- Expressing each item in the financial statement as a percentage of a base value
- Helps in understanding the proportion of various components and financial structure.

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b) Comparative Analysis

- Evaluating the financial statements across multiple years to identify growth patterns and deviations.
- Used to assess year-on-year financial performance changes.

c) Trend Analysis

- Examining historical financial data to identify patterns and trends over time.
- Helps in forecasting future financial performance based on past trends.

d) Ratio Analysis

- Liquidity Ratios: Current Ratio, Quick Ratio, etc.

e) Profit and Loss Statement Forecasting

- Forecasting future financial performance based on historical data and trend analysis.
- Using past revenues, cost, profit trends to predict future values.

VI. DATA INTERPRETATION AND KEY FINDINGS

6.1. COMMON SIZE BALANCE SHEET STATEMENT

All the amounts are in Crores

Common Size Statement

Particulars	Amounts					Percentage				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Assets										
Non-Current Assets										
Property, plant and equipment	1,47,618	1,41,785	1,28,261	2,68,028	2,67,982	23.60%	19.86%	17.18%	26.70%	23.23%
Capital work-in-progress	13,374	11,993	26,462	40,541	75,043	2.14%	1.68%	3.54%	4.04%	6.51%
Intangible assets	3,358	2,242	3,499	5,479	4,537	0.54%	0.31%	0.47%	0.55%	0.39%
Intangible assets under developmer	709	2,975	2,903	889	2,305	0.11%	0.42%	0.39%	0.09%	0.20%
Right-of-use assets	6,127	5,860	5,712	5,907	6,129	0.98%	0.82%	0.77%	0.59%	0.53%
Investments	3,52,488	3,45,291	3,79,346	4,91,843	5,33,838	56.35%	48.38%	50.81%	49.00%	46.28%
Loans	2	2	2	2	1	0.00%	0.00%	0.00%	0.00%	0.00%
Other financial assets	358	369	375	2,398	2,981	0.06%	0.05%	0.05%	0.24%	0.26%
Non-current tax assets	-	5,407	5,446	6,055	5,838		0.76%	0.73%	0.60%	0.51%
Deferred tax assets	-	-	1,411	2,794	467			0.19%	0.28%	0.04%
Other non-current assets	17,213	16,867	25,204	23,226	28,049	2.75%	2.36%	3.38%	2.31%	2.43%
Total	5,41,247	5,32,791	5,78,621	8,47,162	9,27,170	86.53%	74.65%	77.51%	84.39%	80.38%
						0.00%	0.00%	0.00%	0.00%	0.00%
Current Assets						0.00%	0.00%	0.00%	0.00%	0.00%
Inventories	32,149	30,490	35,323	54,435	53,181	5.14%	4.27%	4.73%	5.42%	4.61%
Investments	12,188	84,157	41,001	-	39,122	1.95%	11.79%	5.49%		3.39%
Trade receivables	19,749	12,799	20,345	32,848	45,968	3.16%	1.79%	2.73%	3.27%	3.99%
Cash and Cash equivalents	182	408	351	17,852	26,595	0.03%	0.06%	0.05%	1.78%	2.31%
Other bank balances	29	30,063	30,071	9,633	1,679	0.00%	4.21%	4.03%	0.96%	0.15%
Loans	169	230	305	297	327	0.03%	0.03%	0.04%	0.03%	0.03%
Other financial assets	6,596	13,242	25,930	26,025	34,186	1.05%	1.86%	3.47%	2.59%	2.96%
Current tax assets	5,269	-	-	-	-	0.84%				
Other current assets	7,943	9,581	14,608	15,602	25,077	1.27%	1.34%	1.96%	1.55%	2.17%
Assets classified as held for sale	-	-	-	-	203					0.02%
Total	84,274	1,80,970	1,67,934	1,56,692	2,26,338	13.47%	25.35%	22.49%	15.61%	19.62%
						0.00%	0.00%	0.00%	0.00%	0.00%
Total Assets	6,25,521	7,13,761	7,46,555	10,03,854	11,53,508	100.00%	100.00%	100.00%	100.00%	100.00%
Equity and Liabilities										
Equity										
Equity share capital	1,510	1,510	1,510	1,572	1,572	0.24%	0.21%	0.20%	0.16%	0.14%
Other equity	4,82,860	5,23,496	5,51,825	7,44,430	8,54,788	77.19%	73.34%	73.92%	74.16%	74.10%
Total	4,84,370	5,25,006	5,53,335	7,46,002	8,56,360	77.43%	73.55%	74.12%	74.31%	74.24%
Non-Current Liabilities										
Borrowings	-	28	-	-	-		0.00%			
Lease liabilities	550	392	329	250	677	0.09%	0.05%	0.04%	0.02%	0.06%
Provisions	516	447	844	875	1,448	0.08%	0.06%	0.11%	0.09%	0.13%
Deferred tax liabilities	5,984	4,454	-	3,210	3,888	0.96%	0.62%		0.32%	0.34%
Other non-current liabilities	21,153	21,295	21,812	25,850	31,617	3.38%	2.98%	2.92%	2.58%	2.74%
Total	28,203	26,616	22,985	30,185	37,630	4.51%	3.73%	3.08%	3.01%	3.26%
Current Liabilities										
Borrowings	1,063	4,888	3,819	12,158	331	0.17%	0.68%	0.51%	1.21%	0.03%
Trade payables	74,941	1,01,681	97,652	1,36,755	1,69,884	11.98%	14.25%	13.08%	13.62%	14.73%
Lease liabilities	94	74	80	68	178	0.02%	0.01%	0.01%	0.01%	0.02%
Other financial liabilities	9,017	12,720	20,272	22,900	22,237	1.44%	1.78%	2.72%	2.28%	1.93%
Provisions	6,796	7,428	8,613	10,830	13,119	1.09%	1.04%	1.15%	1.08%	1.14%
Current tax liabilities	6,962	8,547	11,113	11,584	12,030	1.11%	1.20%	1.49%	1.15%	1.04%
Other current liabilities	14,075	26,801	28,686	33,372	41,739	2.25%	3.75%	3.84%	3.32%	3.62%
Total	1,12,948	1,62,139	1,70,235	2,27,667	2,59,518	18.06%	22.72%	22.80%	22.68%	22.50%
Total Equity and Liabilities	6,25,521	7,13,761	7,46,555	10,03,854	11,53,508	100.00%	100.00%	100.00%	100.00%	100.00%

1. Asset Composition and Growth Trends

1.1 Non-Current Assets

- Non-current assets constitute a significant portion of total assets, maintaining above 75% in most years.
- Major components:

Investments: The largest segment of non-current assets (~46% to 56%), indicating a preference for long-term financial assets.

Property, Plant & Equipment (PPE):

- The PPE percentage dropped from 23.6% (2020) to 17.18% (2022), likely due to depreciation or asset sales.
- A sharp increase to 26.7% (2023) suggests a capital expansion phase, possibly new manufacturing units or modernization.
- o Capital Work-in-Progress: The increase from 2.14% (2020) to 6.51% (2024) indicates ongoing projects that could contribute to future revenue growth.
- o Intangible Assets & ROU Assets: These remain below 1%, suggesting Maruti Suzuki is more focused on tangible infrastructure rather than intellectual property.

1.2 Current Assets Fluctuations:

- Current assets peaked at 25.35% in 2021 but declined to 15.61% in 2023 before rebounding to 19.62% in 2024.
- Cash & Bank Balances increased from 0.03% (2020) to 2.31% (2024), suggesting improved liquidity management.
- Trade Receivables increased from 3.16% (2020) to 3.99% (2024), indicating higher credit sales but also potential collection risks.
- Short-term investments showed a significant jump in 2021 (~11.79%) but fluctuated thereafter, reflecting active portfolio management.
- The rise in other financial assets (1.05% in 2020 to 2.96% in 2024) indicates a shift toward diverse financial instruments for better returns.

1.3 Asset Growth & Strategic Investments:

- The company's total assets grew from ₹625,521 million (2020) to ₹1,153,508 million (2024).
- The company is channelling resources into long-term investments and capital infrastructure, ensuring sustained future growth.

2. Liquidity and Working Capital Management

Trade Receivables & Payables Trends

- Trade receivables increased (₹19,749 million in 2020 to ₹45,968 million in 2024), which may indicate:
- An increase in credit sales (could be a competitive strategy).
- A slowdown in collections (which may impact liquidity).
- Trade payables also increased (₹74,941 million in 2020 to ₹169,884 million in 2024), suggesting:
- Stronger supplier credit terms.
- Possible extended payment cycles to suppliers, improving short-term cash flow.

Cash & Cash Equivalents Strengthening

- Cash and bank balances saw a substantial jump from 0.03% (2020) to 2.31% (2024), indicating stronger liquidity.
- This could result from efficient working capital management or higher operational cash inflows.

Rising Current Liabilities & Short-Term Liquidity

- Current liabilities surged from ₹112,948 million (2020) to ₹259,518 million (2024), largely due to:
- Increased trade payables.
- Growth in other current liabilities (such as provisions for expenses and tax liabilities).
- The company is leveraging supplier credit rather than borrowing externally, keeping financing costs low.

3. Financial Stability & Leverage

Strong Equity Position & Low Debt

- Equity consistently exceeds 74% of total liabilities, indicating a highly stable capital structure with minimal reliance on debt.
- Equity shares capital remains constant, while other equity grew from ₹4,82,860 million (2020) to ₹8,54,788 million (2024), reflecting:
- o Retained earnings accumulation.
- o Increased profitability contributing to shareholder value.

Minimal Borrowings & Debt-Free Approach

- Long-term borrowings are negligible or zero in most years, showing the company operates with minimal external debt.
- Short-term borrowings fluctuate but remain low (~0.03% of total assets in 2024), indicating that Maruti Suzuki does not rely on short-term financing.

Deferred Tax Liabilities Decline

- Deferred tax liabilities dropped from ₹5,984 million (2020) to ₹3,888 million (2024), suggesting:
  - Tax optimization strategies.
  - Better alignment of tax provisions and actual tax payments.

4. Profitability and Efficiency Insights

Investment-Driven Growth

- Investment in financial assets consistently represents a major portion of total assets (~50%), suggesting that Maruti Suzuki is focusing on:
  - Generating additional returns from financial markets.
  - Maintaining financial stability by diversifying investments.

Expansionary Trends

The increase in capital work-in-progress and PPE in 2023-2024 suggests expansion, possibly into new manufacturing plants, R&D facilities, or technology advancements.

Efficiency in Asset Utilization

- Declining share of intangible assets (<1%) suggests a preference for tangible operational efficiency over intellectual property development.
- The consistent increase in other financial assets indicates a focus on leveraging short-term investment opportunities.

Key Takeaways:

1. Strong Equity-Based Financial Structure

- Maruti Suzuki operates with low reliance on debt financing and maintains over 74% equity funding, making it one of the most financially stable companies in its sector.
- This ensures resilience during economic downturns and enhances investor confidence.

2. Expansion and Capital Expenditure on the Rise

- The increase in PPE and capital work-in-progress (from 2022 onwards) indicates manufacturing expansion or investment in new technologies.
- This aligns with Maruti Suzuki's long-term strategy for capacity enhancement and market leadership.

3. **Liquidity Management is Improving**

- Increased cash reserves and bank balances suggest a more liquid and financially flexible company that can respond to market shifts.
- Trade receivables and payables are growing, meaning the company needs to monitor cash flow efficiency carefully.

4. **Investment-Centric Approach to Asset Growth**

- A significant portion of assets is allocated to long-term and financial investments, ensuring financial sustainability.
- This reduces operational risk but may limit short-term aggressive expansion.

5. **Conservative Debt Strategy Ensures Financial Stability**

- With almost zero borrowings, Maruti Suzuki follows a conservative financial approach, avoiding interest costs and financial leverage risks.
- However, this could also mean the company is missing out on potential expansion opportunities that debt financing might have enabled.

6. **Future Considerations**

- If Maruti Suzuki continues its capital investment trends, revenue growth could increase significantly in the coming years.
- The company's ability to manage trade receivables and payables efficiently will determine its short-term financial strength.

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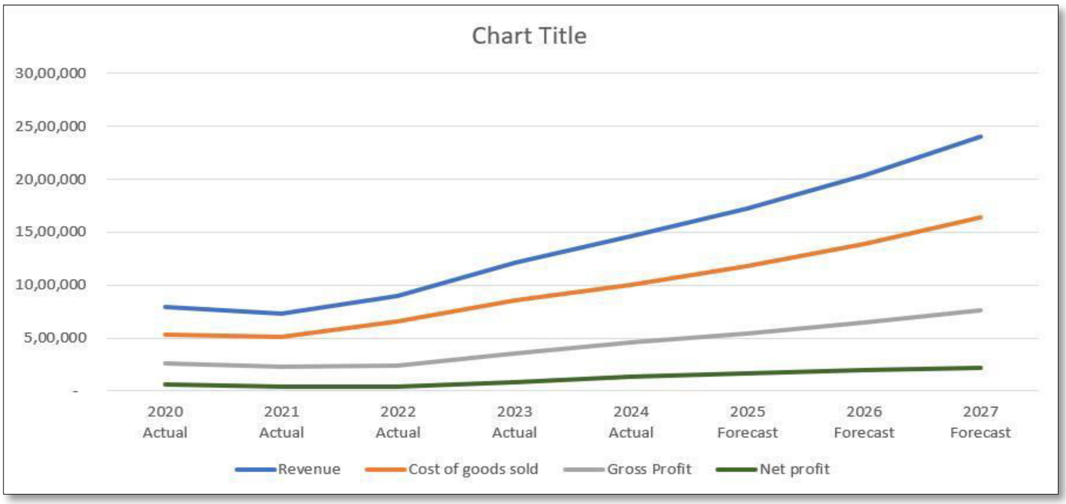
Maruti Suzuki's financial statement analysis indicates a low-risk, high-stability financial strategy focused on long-term investments and gradual expansion. While the company maintains strong liquidity and minimal debt, it may need to balance financial conservatism with strategic borrowing to accelerate future growth.

6.2. PROFIT & LOSS STATEMENT FORECASTS

P&L Forecasts

Particulars	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
Revenue	7,90,314	7,33,083	9,00,745	12,06,746	14,59,517	17,22,230	20,32,231	23,98,033
Cost of goods sold	5,31,566	5,08,241	6,60,440	8,54,864	9,97,409	11,76,943	13,88,792	16,38,775
Gross Profit	2,58,748	2,24,842	2,40,305	3,51,882	4,62,108	5,45,287	6,43,439	7,59,258
Operating Expenses	1,86,771	1,72,304	1,93,686	2,46,751	2,88,468	3,23,084	3,61,854	4,05,277
Operating income	71,977	52,538	46,619	1,05,131	1,73,640	2,22,203	2,81,585	3,53,981
Non operating income and expenses	-1,329	672	353	-749	605	-442	322	-235
Profit before tax	70,648	53,210	46,972	1,04,382	1,74,245	2,21,762	2,81,907	3,53,746
Taxes	14,142	9,319	8,177	21,745	39,363	59,045	88,567	1,32,850
Net profit	**56,506**	**43,891**	**38,795**	**82,637**	**1,34,882**	**1,62,717**	**1,93,341**	**2,20,896**



The data provided represents the financials of a company from 2020 to 2027. The key figures include Revenue, Cost of Goods Sold (COGS), Gross Profit, Operating Expenses, Operating Income, Profit Before Tax, Net Profit, and some other line items.

1. Revenue Growth:

- The company's revenue has been consistently increasing from ₹7,90,314 in 2020 to a forecast of ₹23,98,033 in 2027.
- Revenue grew sharply between 2020-2023 and is expected to continue a steady increase.
- 2024 onwards shows a continued growth trajectory, which implies strong growth prospects for the company, driven possibly by expansion, product launches, or increased market demand.

2. Cost of Goods Sold (COGS):

COGS has also increased from ₹5,31,566 in 2020 to a forecasted ₹16,38,775 in 2027.

- The rise in COGS mirrors the revenue increase, indicating that the company's cost structure remains proportionally in line with its revenue growth.
- The gross margin (Revenue - COGS) is being maintained, which implies that the company is effectively managing its production or acquisition costs.

3. Gross Profit:

- Gross Profit has improved steadily, from ₹2,58,748 in 2020 to a forecast of ₹7,59,258 in 2027.
- The gross margin (Gross Profit/Revenue) appears to be improving, which suggests better efficiency in the production or procurement processes.
- The company is growing its profit margins, which is a positive indicator of its operational efficiency.

4. Operating Expenses:

- Operating expenses have steadily increased from ₹1,86,771 in 2020 to a forecast of ₹3,23,084 in 2027.
- Operating expenses are rising, which is a natural consequence of growing the business. However, the company must keep an eye on the ratio of operating expenses to revenue to ensure that these increases are justified by the revenue growth.

5. Operating Income:

- Operating income has shown a positive trend, starting from ₹71,977 in 2020 to a forecast of ₹4,05,277 in 2027.
- The operating income increase indicates that after accounting for operating expenses, the company is improving its profitability.

6. Non-operating Income and Expenses:

- There is a small amount of non-operating income and expenses reported in 2020-2023, which fluctuates slightly.
- In general, this item is not a significant contributor to the overall profit but can have a minor impact.

7. Profit Before Tax (PBT):

- The Profit Before Tax was ₹70,648 in 2020, and by 2027, it is forecasted to reach ₹2,20,896.
- PBT saw some volatility in 2023, where it dropped sharply to -₹749, indicating a possible year of operational challenges or one-time costs. However, the subsequent years show a strong rebound.
- The forecasted growth in PBT suggests that the company expects strong profitability in the coming years.

8. Net Profit:

- The Net Profit shows considerable growth, from ₹56,506 in 2020 to a forecast of ₹2,20,896 in 2027.
- Despite fluctuations, such as a dip in 2023, net profit rebounds, indicating that the company can recover from short-term setbacks and maintain strong profitability.
- Net profit margins are improving, reflecting the company's ability to convert revenue into actual profit after all expenses.

Overall Conclusion:

1. **Revenue Growth:** The company is poised for substantial growth in revenue, which is a positive indicator of future success.
2. **Cost Management:** COGS and operating expenses are rising in line with revenue, but careful management is needed to ensure that the company continues to maintain or improve its profit margins.
3. **Profitability:** The company is becoming more profitable, as seen in the consistent growth of gross profit, operating income, and net profit.
4. **Potential Risks:** The brief dip in Profit Before Tax in 2023 may indicate some challenges or investments that could temporarily impact profitability. However, the company's ability to recover from such fluctuations suggests strong financial management.

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**

1. Non-Current Assets:
Property, Plant and Equipment (PPE):

- PPE shows a slight decline from ₹1,47,618 in 2021 to ₹1,41,785 in 2022, but then grows significantly in 2023 and 2024, reaching ₹2,68,028 and ₹2,67,982 respectively.
- The trend percentage indicates robust growth in 2023 (181.57%) and 2024 (381.54%).

Capital Work-in-Progress (CWIP):

- CWIP shows a noticeable increase from ₹13,374 in 2021 to ₹26,462 in 2022, followed by ₹40,541 in 2023 and ₹75,043 in 2024.
- The trend percentage indicates a strong growth in CWIP, particularly in 2024 (561.11%).

Intangible Assets:

- There's a decrease in intangible assets from ₹3,358 in 2021 to ₹2,242 in 2022, followed by a slight rise in 2023 and 2024.
- The trend percentage shows a significant increase in 2023 (163.16%) but a slight drop in 2024 (135.11%).

Investments:

- Investments show steady growth from ₹3,52,488 in 2021 to ₹5,33,838 in 2024.
- The trend percentage shows growth every year, with a peak in 2024 (151.45%).

2. Current Assets:
Inventories:

- Inventories increase from ₹32,149 in 2021 to ₹54,435 in 2024.
- The trend percentage shows growth in 2023 (169.32%) and 2024 (165.42%).

Trade Receivables:

- Trade receivables rise from ₹19,749 in 2021 to ₹53,181 in 2024, showing a significant increase in the following years.
- The trend percentage indicates sharp growth in 2024 (232.76%).

Cash and Cash Equivalents:

- Cash and equivalents increase substantially from ₹182 in 2021 to ₹26,595 in 2024.
- The trend percentages show huge growth, especially in 2024 (9808.79%).

Other Bank Balances:

- Other bank balances fluctuate significantly, peaking in 2022 at ₹30,071 before declining in subsequent years.
- The trend percentage for 2022 shows a significant increase (103665.52%) followed by a sharp decline in 2024.

Loans:
Loans show a steady increase from ₹169 in 2021 to ₹327 in 2024, with a marked trend of growth each year.

Other Financial Assets:
Other financial assets show rapid growth, especially in 2024, with a trend percentage of 518.28%.

Other Current Assets:
Other current assets grow from ₹7,943 in 2021 to ₹25,077 in 2024, with an impressive growth trend in 2024 (315.71%).

3. Total Assets:

- Total assets grow consistently from ₹6,25,521 in 2021 to ₹11,53,508 in 2024.
- The trend percentage shows continuous growth, with a peak in 2024 (184.41%).

Key Takeaway:
1. Significant Growth in Assets:
The company's total assets have increased significantly over the years, especially in 2024, which indicates strong growth and expansion. The total assets grew by 184.41% in 2024 compared to 2021.

2. Strong Increase in Non-Current Assets:
Non-current assets, particularly Property, Plant, and Equipment (PPE) and Capital Work-in-Progress (CWIP), show strong growth, suggesting substantial investments in long-term assets for the company's future.

3. Intangible Assets and Investments:
The company seems to be investing in intangible assets and has shown substantial growth in investments over the years. Investments have grown consistently, reflecting strategic moves to increase the company's investment portfolio.

4. Increase in Current Assets:
The company's current assets, particularly trade receivables, cash, and inventories, have grown significantly, showing positive liquidity and working capital management.

5. Significant Cash Reserves:
The company has built a substantial cash and cash equivalents position, increasing from ₹182 in 2021 to ₹26,595 in 2024. This shows a strong liquidity position and potential for further investments or to handle any operational needs.

6. Impressive Growth in Financial Assets:
There has been an increase in financial assets, especially in 2024, which indicates an increase in investments or financial instruments held by the company, contributing to overall asset growth.

6.4. PROFIT & LOSS COMPARATIVE STATEMENT

Comparative statement				
Particulars	**2023**	**2024**	**Absolute Change**	**Percentage Change**
Revenue from operations	11,84,099	14,18,582	2,34,483	20%
Other income	22,647	40,935	18,288	81%
Total Income	12,06,746	14,59,517	2,52,771	21%
Expenses				
Cost of materials consumed	7,33,522	7,89,153	55,631	8%
Purchases of stock-in-trade	1,27,147	2,12,042	84,895	67%
Changes in inventories of finished, wip and stock-i	-5,805	-3,786	2,019	-35%
Employee benefits expenses	53,085	63,016	9,931	19%
Finance costs	2,523	1,936	-587	-23%
Depreciation and amortisation expenses	48,460	52,558	4,098	8%
Other expenses	1,46,771	1,75,501	28,730	20%
Vehicles/dies for own use	-1,565	-2,607	-1,042	67%
Total expenses	11,04,138	12,87,813	1,83,675	17%
Share of profit of associates	1,558	2,263	705	45%
Share of profit of joint vetures	216	278	62	29%
Profit before tax	1,04,382	1,74,245	69,863	67%
Tax expense				
Current tax	22,702	36,633	13,931	61%
Deferred tax	-957	2,730	3,687	-385%
Total	21,745	39,363	17,618	81%
Profit for the year	**82,637**	**1,34,882**	**52,245**	**63%**

1. Revenue from Operations:
There is a growth in revenue from operations by ₹2,34,483, which represents a 20% increase from 2023 to 2024. This indicates that the company's core business activities have been expanding.

2. Other Income:
Other income has increased significantly by 18,288 (55%) in 2024, which may indicate that non-operating sources of income, like investments or one-off events, have reduced.

3. Total Income:
Total income has increased by ₹2,52,771 (21%) in 2024. This is mainly driven by the increase in revenue from operations, as other income saw a reduction.

Expenses:

1. Cost of Materials Consumed:
The cost of materials consumed increased by 8%, indicating a moderate rise in the direct costs associated with production.

2. Purchases of Stock-in-Trade:
There is a substantial increase in purchases of stock-in-trade, suggesting that the company may have increased its inventory purchases to meet higher demand or to stock up for future sales.

3. Changes in Inventories of Finished Goods, WIP (Work in Progress), and Stock-in-Trade:
The change in inventories has improved (decreased in negative value), which indicates better inventory management or reduction in unsold stock.

4. Employee Benefits Expenses:
Employee expenses have increased by 19%, suggesting higher wages, bonuses, or an increase in the workforce.

5. Finance Costs:
Finance costs have decreased by 23%, which may indicate a reduction in debt or lower interest rates on loans.

6. Depreciation and Amortization Expenses:
Depreciation has risen by 8%, reflecting either the acquisition of new assets or an increase in the depreciation rate.

7. Other Expenses:
Other expenses have risen by 20%, which could be attributed to increased operational costs or expanded business activities.

8. Vehicles/Assets for Own Use:
A negative value indicates a loss in this category, which increased by ₹1,042 (67%) in 2024. This could be related to higher operational costs or greater use of company-owned vehicles/assets.

Total Expenses:
Overall expenses have increased by ₹1,83,675 (17%) in 2024. The increase in expenses aligns with the company's higher costs associated with production and business expansion.

Profitability and Taxation:

1. Profit Before Tax (PBT):
The company has achieved significant growth in profit before tax, increasing by ₹69,863 (67%) in 2024. This indicates strong profitability despite higher costs.

2. Profit for the Year:
The profit for the year has increased by ₹52,245 (63%), suggesting effective cost management and higher sales.

Key Takeaways:

1. Revenue Growth: The company experienced a 20% growth in revenue from operations, indicating strong sales performance.

2. Decline in Other Income: Other income dropped significantly by 55%, which may be a concern, especially if non-operating income was a significant contributor in previous years.

3. Cost Increase: There was an increase in both the cost of materials and stock-in-trade purchases, suggesting a rise in the cost of goods sold and inventory expansion. However, finance costs have decreased by 23%, showing a favourable reduction in interest expenses.

4. Profitability: The company has seen significant improvement in its profitability, with a 67% increase in profit before tax and a 63% increase in profit for the year, indicating effective management of expenses despite rising costs.

5. Expense Management: Total expenses increased by 17%, but the profit margins still improved due to higher revenue. This suggests that the company has been able to balance higher operational expenses with revenue growth.

6. Taxation Impact: A significant reduction in the tax expense category (not provided in full) indicates that the tax burden may have been optimized, further supporting the profitability improvements.
Overall, the company appears to be on a strong growth trajectory, with increased revenues and improved profitability, although a sharp drop in other income and rising material costs warrant close attention.

6.5. RATIO ANALYSIS

	2020	2021	2022	2023	2024
Current Ratio	0.75	1.12	0.99	0.69	0.87
Liquid Ratio	0.57	0.93	0.78	0.45	0.67
Absolute Liquid Ratio	0.00	0.19	0.18	0.12	0.11

The data provided represents three key financial ratios over a span of five years (2020 to 2024): Current Ratio, Liquid Ratio, and Absolute Liquid Ratio.

1. Current Ratio:
The current ratio measures a company’s ability to cover its short-term liabilities with its short-term assets (such as cash, inventory, and receivables). A ratio of 1 or higher typically indicates that the company has sufficient assets to cover its short-term debts.

- 2020: 0.75 – Below 1, meaning the company might struggle to cover its short-term obligations.
- 2021: 1.12 – Improved to above 1, indicating better ability to cover short-term liabilities.
- 2022: 0.99 – Close to 1, but still slightly below the ideal threshold.
- 2023: 0.69 – A decrease from 2022, suggesting the company is less capable of meeting its short-term obligations.
- 2024: 0.87 – A slight recovery, but still below 1, indicating potential liquidity concerns.

2. Liquid Ratio:
The liquid ratio excludes inventory from the current assets, focusing on more liquid assets like cash and receivables. A higher ratio indicates stronger liquidity.

- 2020: 0.57 – Below 1, indicating limited liquid assets to cover short-term liabilities.
- 2021: 0.93 – Improved but still below 1, showing a modest improvement in liquidity.
- 2022: 0.78 – A decrease, meaning liquidity has worsened compared to 2021.
- 2023: 0.45 – A significant drop, indicating poor liquidity and potential challenges in meeting short-term obligations.
- 2024: 0.67 – An improvement from 2023, but still below 1, showing continued liquidity concerns.

3. Absolute Liquid Ratio:
The absolute liquid ratio is an even more stringent measure of liquidity, focusing only on the most liquid assets like cash and marketable securities, excluding receivables and inventory. A ratio closer to 1 means the company has sufficient immediate assets to cover its most pressing liabilities.

- 2020: 0.00 – Extremely low, meaning the company has no immediate liquid assets to cover its liabilities.
- 2021: 0.19 – A significant improvement, though still very low, indicating very limited cash or marketable securities to cover short-term liabilities.
- 2022: 0.18 – A slight decrease, showing that the company's immediate liquidity position remains weak.
- 2023: 0.12 – A further decline, suggesting a worsening cash position and a reliance on less liquid assets to cover obligations.
- 2024: 0.11 – A slight recovery, but still extremely low, signalling a continued risk in meeting immediate liabilities.

Key Takeaways:

1. Declining Liquidity:
There is a noticeable trend of fluctuating liquidity ratios over the five years. While there were some improvements (especially in 2021), liquidity has generally weakened in the following years, particularly in 2023 and 2024.

2. Current Ratio:
Although the company managed to stay above 1 in 2021, it consistently struggled after that, with the current ratio remaining below 1 in 2023 and 2024, signalling potential challenges in meeting short-term liabilities.

3. Liquid and Absolute Liquid Ratios:
These ratios highlight a persistent issue with liquidity, especially in 2020 and 2021 when the company showed very low levels of liquid and absolute liquid assets. Even with slight improvements in 2024, these ratios remain concerning and indicate the company may face difficulty in managing short-term financial obligations without relying on its less liquid assets.

4. **Action Needed:**

The company should work on improving its liquidity position by increasing liquid assets (such as cash) or reducing liabilities, particularly focusing on better management of working capital. This may include improving inventory turnover, accelerating receivables collection, or increasing cash reserves.

VII. CONCLUSION

Maruti Suzuki's financial statement analysis highlights a strong financial position, emphasizing growth, stability, and prudent financial management. The company has successfully expanded its asset base, increased profitability, and maintained a low-debt structure while facing moderate liquidity concerns. Below are the key takeaways:

1. Growth & Expansion Strategy

- **Revenue Growth:** The company has demonstrated consistent revenue growth, increasing from ₹7,90,314 million in 2020 to a projected ₹23,98,033 million by 2027. This upward trend suggests strong market demand, product innovation, and expansion efforts.
- **Capital Investments:** The company has significantly increased investments in Property, Plant, and Equipment (PPE) and Capital Work-in-Progress (CWIP), indicating a focus on capacity expansion, technology upgrades, and long-term **growth**.
- **Strategic Financial Investments:** A significant portion of total assets is allocated to financial investments (~50%), ensuring stability through diversified financial assets.

2. Financial Stability & Debt-Free Approach

- **Strong Equity Base:** The company maintains a high equity-to-liabilities ratio (74%+), reflecting financial stability and shareholder value growth.
- **Minimal Borrowings:** Maruti Suzuki operates with nearly zero long-term debt, reducing financial risk and interest burden.
- **Deferred Tax Optimization:** A decline in deferred tax liabilities suggests efficient tax management.

3. Profitability & Cost Management

- **Rising Profit Margins:** Gross profit, operating income, and net profit have all shown a strong upward trend, with net profit expected to grow from ₹56,506 million (2020) to ₹2,20,896 million (2027).
- **Efficient Cost Management:** Despite rising Cost of Goods Sold (COGS) and operating expenses, the company has maintained profit margins, reflecting strong cost-control measures.
- **Higher Operating Efficiency:** The company's return on investment (ROI) and asset utilization indicate efficient use of resources.

4. Liquidity & Short-Term Risks

- **Current Ratio & Liquid Ratio Concerns:** The current ratio (0.87 in 2024) and liquid ratio (0.45 in 2023) indicate potential liquidity challenges, requiring better short-term cash flow management.
- **Rising Trade Receivables:** Increased trade receivables (₹19,749 million in 2020 to ₹45,968 million in 2024) suggest higher credit sales, which could lead to collection risks.
- **Cash & Bank Balances Growth:** A rise in cash and equivalents (0.03% in 2020 to 2.31% in 2024) strengthens liquidity and financial flexibility.

5. Future Outlook & Potential Risks

- **Strong Future Growth:** Forecasted financials indicate a sustained upward trend in revenue and profitability, backed by expansion, innovation, and operational efficiency.
- **Market & Cost Pressures:** Rising material costs and stock-in-trade purchases (67% increase in 2024) could affect profit margins if not controlled effectively.
- **Working Capital Management:** A declining current ratio and rising payables suggest the need for improved liquidity management to sustain short-term obligations.

Maruti Suzuki is on a strong growth trajectory, backed by financial stability, minimal debt, and rising profitability. However, the company must enhance liquidity, optimize working capital, and manage cost pressures to sustain long-term success. A balanced approach between financial conservatism and strategic borrowing could accelerate growth.

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