

A STUDY ON FINANCIAL PERFORMANCE OF MARUTI SUZUKI INDIA LTD

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Abstract—Financial sustainability and responsible industrial growth are important factors in the long-term development of modern business organizations. This study presents an analysis of the financial performance of Maruti Suzuki India Ltd, one of the leading automobile manufacturing companies in India, during the period from 2020–21 to 2025–26. The study evaluates the company's profitability, liquidity, solvency, operational efficiency, and cash flow position using various financial and statistical tools. The analysis is based on secondary data collected from annual reports, audited financial statements, company records, and other published financial sources. Key financial indicators such as Net Profit Ratio, Return on Assets, Return on Equity, Current Ratio, Debt–Equity Ratio, and Asset Turnover Ratio were used to measure the company's financial efficiency and stability. The study also includes trend analysis, comparative statement analysis, correlation analysis, and regression analysis to examine growth patterns and relationships among financial variables. The findings reveal that the company experienced fluctuations in profitability during the initial years but achieved considerable improvement in later years through better operational efficiency and effective utilization of resources. The company maintained a stable solvency position with limited dependence on external borrowings, while liquidity management remained moderate during the study period. The analysis further shows continuous growth in revenue, assets, and operating cash flows, reflecting sustainable business expansion and efficient financial management. The study highlights the importance of industrial innovation, resource efficiency, financial stability, and sustainable growth in the automobile sector. The findings provide valuable insights for investors, management, researchers, and policymakers regarding financial sustainability, responsible production practices, and long-term industrial development within the Indian automobile industry.

Index Terms—Financial performance, profitability, liquidity, solvency, operational efficiency, sustainability, automobile industry, ratio analysis, cash flow analysis, industrial growth, Maruti Suzuki India Ltd.

I. INTRODUCTION

Financial performance analysis is an important aspect of evaluating the financial health and operational effectiveness of an organization. It helps stakeholders understand how efficiently a company utilizes its resources, generates profits, manages liabilities, and maintains long-term sustainability. In today's rapidly changing business environment, financial assessment has become essential for identifying growth opportunities and addressing potential financial challenges.

The automobile industry plays a significant role in the economic development of India by contributing to industrial growth, employment generation, and technological advancement. However, the industry operates in a highly competitive environment influenced by factors such as changing consumer preferences, technological innovations,

fluctuating raw material costs, and economic uncertainties. These factors can directly affect the financial performance of automobile companies, making regular financial evaluation necessary.

Maruti Suzuki India Ltd is one of the leading passenger vehicle manufacturers in India and has maintained a strong market position through its extensive product portfolio, widespread distribution network, and customer-focused strategies. The company has consistently adapted to changing market conditions by introducing innovative products, improving operational efficiency, and enhancing customer satisfaction. Despite its strong market presence, the company faces various financial challenges, including fluctuations in profitability, increasing operational costs, and changing market dynamics.

The present study focuses on examining the financial performance of Maruti Suzuki India Ltd over the period from 2020–21 to 2025–26. The study evaluates key financial indicators related to profitability, liquidity, solvency, and operational efficiency. Various analytical tools such as ratio analysis, trend analysis, comparative statement analysis, correlation analysis, and regression analysis are used to assess the company's financial position and performance.

The findings of this study provide valuable insights into the financial strength, growth pattern, and overall efficiency of Maruti Suzuki India Ltd. The analysis is useful for investors, management, researchers, and other stakeholders in understanding the company's financial stability and its ability to sustain long-term growth in the competitive automobile sector.

II. LITERATURE REVIEW

Financial performance analysis has been widely used by researchers to evaluate the efficiency, profitability, and sustainability of business organizations. Various studies have emphasized the importance of financial indicators in measuring organizational performance and supporting managerial decision-making.

Brandenburg and Hahn (2021)[1] examined the operational efficiency and financial performance of automobile manufacturers by applying Data Envelopment Analysis (DEA). The study considered factors such as operating capital, fixed assets, and production costs as inputs, while sales revenue and profitability were treated as outputs. The findings indicated that effective utilization of resources and proper cost management significantly improve financial performance. The study also

highlighted the influence of economic conditions on the operational success of automobile companies.

Wang et al. (2020)[2] evaluated the productivity and efficiency of global automobile manufacturers using the Malmquist Productivity Index under the DEA framework. The research focused on technical efficiency, technological advancement, and productivity growth by considering variables such as revenue, assets, equity, and net income. The results revealed that technological innovation and efficient resource utilization play an important role in improving organizational productivity and financial performance.

Brandenburg, M., & Hahn, G. J. (2021)[3] investigated the relationship between Environmental, Social, and Governance (ESG) practices and financial performance in the European automobile industry. The study found that social responsibility initiatives positively influenced profitability, while environmental investments increased operational costs in the short term. The research concluded that a balanced approach toward sustainability and financial management is necessary for longterm business success.

Benedek et al. (2025)[4] analyzed the impact of digitalization on the financial performance of automotive companies. Using panel data and the DuPont framework, the study observed that digital investments improve asset utilization and operational efficiency over time. Although the immediate impact on profitability was limited, significant benefits were observed in the long run, indicating that digital transformation contributes positively to organizational growth and competitiveness.

Aishwarya et al. (2020)[5] studied the influence of capital structure on the profitability of automobile companies listed on the Indian Stock Exchange. The findings demonstrated that debt-equity composition has a significant effect on profitability indicators such as Return on Assets and Return on Capital Employed. The study emphasized the importance of maintaining an optimal balance between debt and equity to achieve financial stability and sustainable growth.

The review of existing literature indicates that financial performance is influenced by multiple factors, including operational efficiency, capital structure, technological advancement, digitalization, and sustainability initiatives. While previous studies have examined various aspects of financial performance in the automobile industry, limited research has focused specifically on evaluating the recent financial performance of Maruti Suzuki India Ltd using a combination of financial ratios, trend analysis, cash flow analysis, and statistical techniques. Therefore, the present study aims to bridge this gap by providing a comprehensive assessment of the company's financial position and performance over a six-year period.

III. RESEARCH METHODOLOGY

A. Research Design and Data Source

This study adopts a descriptive and analytical research design. Secondary data are collected from Maruti Suzuki India Ltd's annual reports, audited financial statements, and published financial sources covering the period 2020–21 to 2025–26. The six-year study period encompasses prepandemic,

pandemic disruption, and post-pandemic recovery phases, providing comprehensive insights into the company's financial dynamics.

B. Key Variables and Ratios

Profitability is measured using Net Profit Ratio, Return on Assets (ROA), and Return on Equity (ROE). Liquidity is assessed through the Current Ratio, while solvency is evaluated using the Debt-Equity Ratio. Operational efficiency is measured by Asset Turnover Ratio, and cash flow analysis examines operating, investing, and financing activities. All ratios are calculated using data from the company's Profit and Loss Accounts and Balance Sheets.

C. Analytical Techniques

The study employs trend analysis to examine directional changes in financial metrics, comparative analysis to identify year-over-year variations, and correlation analysis to measure relationships between variables. Regression analysis examines the influence of independent variables (Total Income, Total Assets) on the dependent variable (Net Profit). Pearson correlation coefficients and regression coefficients are computed with significance testing at the 0.05 level.

IV. DATA ANALYSIS AND RESULTS

A. Profitability Analysis

Year	ROA (%)	ROE (%)	D/E Ratio
2020–21	9.03	11.67	0.23
2022–23	5.13	6.96	0.31
2024–25	11.98	15.73	0.27
2025–26	11.11	14.84	0.28

Fig. 1. Profitability Metrics of Maruti Suzuki India Ltd (2020–21 to 2025–26)

The profitability analysis reveals significant fluctuations followed by recovery. The Net Profit Ratio declined from 7.15% in 2020–21 to a low of 4.18% in 2022–23, indicating profitability challenges during the initial study period. However, from 2023–24 onwards, the company demonstrated strong recovery, with the ratio improving to 6.72% (2023–24) and reaching 9.12% in 2024–25 before moderating to 8.91% in 2025–26. This recovery reflects improved operational efficiency and better cost management practices.

B. Liquidity and Solvency Analysis

Liquidity analysis evaluates the ability of a company to meet its short-term financial obligations. The Current Ratio of Maruti Suzuki India Ltd fluctuated during the study period, ranging from 0.58 to 1.15. The highest ratio was recorded in 2021–22, indicating relatively strong liquidity, while the lowest ratio was observed in 2023–24. Although the company experienced fluctuations in short-term liquidity, gradual improvement was visible during the later years of the study.

Solvency analysis focuses on the long-term financial stability of the organization. The Debt-Equity Ratio remained consistently low throughout the study period, ranging between

0.23 and 0.33. Such a low ratio indicates that the company relied more on shareholders' funds than external borrowings for financing its operations. The findings suggest a conservative capital structure, lower financial risk, and strong solvency position.

Overall, the liquidity and solvency analysis reveals that Maruti Suzuki India Ltd maintained satisfactory financial stability during the study period. While improvements in liquidity management may further strengthen short-term financial health, the company's strong solvency position provides confidence regarding its long-term sustainability and financial resilience.

C. Comparative Statement Analysis

Comparative statement analysis was carried out to examine the year-to-year changes in revenue, expenses, and net profit of Maruti Suzuki India Ltd during the study period. This analysis helps in understanding the company's financial growth and identifying major variations in performance indicators.

The results indicate that the company experienced a decline in revenue and profitability during 2021–22. Revenue decreased by 7.28 percent, while net profit declined by 25.15 percent compared to the previous year. In 2022–23, revenue increased significantly; however, the growth in expenses was higher than the growth in revenue, which negatively affected profitability.

A substantial improvement was observed from 2023–24 onwards. Revenue increased by 32.85 percent, while net profit recorded a remarkable growth of 113.72 percent. The positive momentum continued in 2024–25 and 2025–26, reflecting enhanced operational performance and effective cost management practices.

Overall, the comparative analysis demonstrates that despite temporary setbacks in the initial years, Maruti Suzuki India Ltd achieved strong financial recovery and maintained a consistent growth trajectory in subsequent years.

D. Trend Analysis

Trend analysis was conducted by taking 2020–21 as the base year and assigning it an index value of 100. The analysis was performed for revenue, expenses, and net profit to evaluate the long-term growth pattern of the company.

The findings reveal that revenue and expenses initially declined during 2021–22 but gradually increased in the following years. Revenue trend values increased from 92.72 in 2021–22 to 198.21 in 2025–26, indicating a substantial rise in sales and business activities over the study period.

Net profit exhibited a more dynamic trend. Although profitability declined during the initial years, a strong recovery was observed from 2023–24 onwards. The net profit trend value increased from 66.65 in 2022–23 to 246.97 in 2025–26. This significant growth indicates improved profitability, efficient resource utilization, and better operational management.

The overall trend analysis confirms that Maruti Suzuki India Ltd experienced sustained growth in revenue and profitability during the latter part of the study period. The company's ability to generate profits at a faster rate than expenses reflects its improving financial efficiency and strategic effectiveness.

E. Statistical Analysis

Year	ROA (%)	ROE (%)	D/E Ratio
2020–21	9.03	11.67	0.23
2022–23	5.13	6.96	0.31
2024–25	11.98	15.73	0.27
2025–26	11.11	14.84	0.28

Fig. 2. ECorrelation Matrix of Financial Variables (** = significant at $p < 0.01$)

Correlation analysis reveals strong positive relationships among key financial variables. Net Profit is highly correlated with both Total Income ($r = 0.959$, $p = 0.003$) and Total Assets ($r = 0.948$, $p = 0.004$), indicating that increases in revenue and asset base significantly contribute to profitability. The nearly perfect correlation between ROA and ROE ($r = 0.997$) demonstrates that asset-based returns and equity-based returns move in tandem, validating the consistency of return measurements. Regression analysis was performed with Net Profit as the dependent variable and Total Income and Total Assets as independent variables. The model produced $R = 0.963$ and $R^2 = 0.928$, indicating that these two variables explain 92.8% of the variance in Net Profit. The F-statistic of 19.343 ($p = 0.019$) confirms overall model significance. The coefficient for Total Income is 0.080 ($p = 0.349$) and for Total Assets is 0.062 ($p = 0.583$). While individual coefficients are not individually significant due to multicollinearity, the combined model demonstrates substantial explanatory power for profitability.

F. Return on Assets and Return on Equity

Year	ROA (%)	ROE (%)	D/E Ratio
2020–21	9.03	11.67	0.23
2022–23	5.13	6.96	0.31
2024–25	11.98	15.73	0.27
2025–26	11.11	14.84	0.28

Fig. 3. Return on Assets, Return on Equity, and Debt-Equity Ratio

Return on Assets increased significantly from a low of 5.13% in 2022–23 to 11.98% in 2024–25, indicating substantially improved asset utilization. Similarly, Return on Equity improved from 6.96% to 15.73% during the same period. The Debt-Equity Ratio remained consistently low and stable around 0.28, demonstrating conservative financing and strong solvency throughout the study period.

V. DISCUSSION

The findings of the study provide valuable insights into the financial performance of Maruti Suzuki India Ltd during the period from 2020–21 to 2025–26. The analysis reveals that the company faced profitability challenges during the initial years, primarily due to fluctuations in market conditions, increasing operational costs, and economic uncertainties affecting the automobile industry.

Despite these challenges, the company demonstrated strong financial recovery from 2023–24 onwards. Significant improvements were observed in profitability ratios, operational efficiency indicators, and cash flow performance. The increase

in net profit, return on assets, and return on equity reflects the effectiveness of managerial decisions and strategic initiatives undertaken during the later years.

The consistently low debt-equity ratio indicates a strong capital structure and limited dependence on external borrowings. Such a financing strategy reduces financial risk and strengthens the company's ability to withstand economic fluctuations. The positive trend in operating cash flows further highlights the company's capability to generate sufficient funds from its core business activities.

The results are consistent with previous research studies that emphasize the importance of operational efficiency, asset utilization, and financial discipline in achieving sustainable growth. The company's ability to improve profitability while maintaining financial stability demonstrates effective resource management and sound financial planning.

Overall, the discussion confirms that Maruti Suzuki India Ltd successfully strengthened its financial position through efficient operations, prudent financial management, and continuous focus on long-term business growth.

VI. CONCLUSION

The present study examined the financial performance of Maruti Suzuki India Ltd over a six-year period from 2020–21 to 2025–26 using various financial and statistical tools. The analysis focused on profitability, liquidity, solvency, operational efficiency, cash flow performance, and the relationship between important financial variables.

The findings indicate that although the company experienced temporary declines in profitability during the initial years, substantial improvement was achieved in the later years of the study period. Profitability indicators such as Net Profit Ratio, Return on Assets, and Return on Equity showed significant growth, reflecting enhanced operational performance and efficient utilization of resources.

Liquidity ratios revealed fluctuations in short-term financial strength, while solvency analysis confirmed the existence of a stable and conservative capital structure. The debt-equity ratio remained low throughout the study period, indicating limited financial risk and strong long-term financial stability.

Trend analysis, comparative statement analysis, and cash flow analysis further demonstrated the company's ability to generate increasing revenue, maintain operational efficiency, and support business expansion through strong operating cash flows. Statistical analysis established a significant positive relationship between profitability, total income, and total assets. Based on the overall findings, it can be concluded that Maruti Suzuki India Ltd maintained a strong financial position and achieved sustainable growth through effective financial management, efficient utilization of assets, and sound business strategies. The company is well positioned to continue its growth and maintain competitiveness in the Indian automobile industry.

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