A STUDY ON FUNDAMENTAL ANALYSIS OF MAHINDRA & MAHINDRA

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Abstract: *The Indian Automobile Industry is the fourth largest industry in the world. India's automobile industry is likely to contribute 12 per cent to the country's GDP over the coming decade, from 7.1 per cent at present. Said by Union Minister Anant Geete. The study examines the fundamental analysis of Mahindra & Mahindra by using the various key ratios of the company. The study also covers the economic analysis, sector analysis, and company analysis.*

The study helps us to examine that M&M is good for investment or not. Which can be analyzed with the help of company financials by using various ratios and statistical data of the organization.

Index Terms – Equity research, Economic Analysis, Sector Analysis, Company Analysis, Key Ratios.

Introduction

The Indian automotive vehicle trade has became the fourth largest trade in the world with sales increasing 9.5 per cent year-on-year to 4.02 million units (excluding 2 wheelers) in 2017. It absolutely was the seventh largest manufacturer of business vehicles in 2017. The 2 Wheelers section dominates the market in terms of volume because of a growing socio-economic class and a young population. Moreover, the growing interest of the businesses in exploring the agricultural markets additional assisted the expansion of the arena.

Overall an automobile export from Asian nation has been grown. Additionally, many initiatives by the govt of India of Asian nation and also the major automobile players within the Indian market are expected to form. India a frontrunner within the two-wheeler and 4 wheeler markets within the world by 2020.

Investing is one in every of the foremost crucial selections that each earning individual needs to build at one purpose of the time or the opposite. One in every of tempting choices obtainable is that the investment within the shares and securities of firms. The investment in share market extremely is bountied however highly risky.

The construct of study comes into image once call needs to be created on selecting a specific company's shares for investment. Analysis includes basic analysis. A correct analysis helps in reducing the risks on investment within the share markets less risky and extremely bountied.

This project is geared toward analyzing the Mahindra & Mahindra stock and to help investment selections thus on minimize the chance of investment and acquire higher returns.

Objectives of the Study:

- To study Automobile sector in India.
- To study and analyse financial performance of Mahindra & Mahindra FY 2014 to FY 2018.
- To Predict Whether to buy shares of Mahindra & Mahindra as an investment option.

Scope:

The scope of the project covers the introduction to the Indian Automobile Industry and the fundamental analysis of the Mahindra & Mahindra including the analysis of Automobile industry Findings, Conclusions and Recommendations.

Limitations:

- The analysis is absolutely supported secondary information and thence the accuracy of information could be a major concern.

- Study covers basic analysis of only 1 company.

- Analysis helps the capitalist in creating investment selections however not each investment is entirely obsessed with the analysis alone.

- Some vital ideas would leave uncovered within the project because to lack of information. And also the project should be completed within a short span of time.

COMPANY PROFILE

Mahindra and Mahindra Limited (**M&M**)

Is an Indian multinational car manufacturing corporation headquartered in Mumbai, Maharashtra, India. It is one of the largest vehicle manufacturers by production in India and the largest manufacturer of tractors in the world. It is a part of the Mahindra Group, an Indian conglomerate.

It was ranked 21st on a list of top companies in India by Fortune India 500 in 2011. Its major competitors in the Indian market include Maruti Suzuki, Tata Motors and Ashok Leyland.

Company History

Mahindra & Mahindra was set up as a steel trading company in 1945 in Ludhiana as Mahindra & Mohammed by brothers Kailash Chandra Mahindra and J.C. Mahindra and Malik Ghulam Mohammed. After India gained independence and Pakistan was formed, Mohammed emigrated to Pakistan where he became that country's first finance minister. The company changed its name to Mahindra & Mahindra in 1948. It eventually saw a business opportunity in expanding into manufacturing and selling larger MUVs, starting with the assembly under licence of the Willys Jeep in India. Soon established as the Jeep manufacturers of India, the company later commenced manufacturing light commercial vehicles (LCVs) and agricultural tractors.

Over the past few years, the company has taken interest in new industries and in foreign markets. They entered the two-wheeler industry by taking over Kinetic Motors in India. M&M also has a controlling stake in the REVA Electric Car Company and acquired the South Korea's SsangYong Motor Company in 2011. In 2010–11 M&M entered in micro drip irrigation with the takeover of EPC Industries Ltd in Nashik.

In December 2015, Mahindra and Mahindra Ltd and affiliate Tech Mahindra Ltd, through a special purpose vehicle (SPV), have agreed to buy a 76.06% stake in Italian car designer Pininfarina SpA, for €25.3 million (around Rs.186.7 crore).

In January 2017, Mahindra and Mahindra Ltd (M&M) acquired a 75.1 equity stake in Hisarlar Makina Sanayi ve Ticaret Anonim Şirketi (Hisarlar), a farm equipment company, marking its entry into Turkey.

In September 2017 Mahindra and Mahindra Ltd acquired Erkunt Traktor Sanayii AS, a Turkish tractor maker and its foundry business for ₹800 crore.

Sources: wikipedia.org/wiki/Mahindra_%26_Mahindra

MANAGEMENT OF MAHINDRA & MAHINDRA

Name	Designation
Keshub Mahindra	Chairman
Anand g Mahindra	Executive Chairman
Pawan Goneka	Managing Director
Nadir B Godrej	Director
M M Murugappan	Director
R K Kulkarni	Director
Anupam Puri	Director
Vishakha N Desai	Director
Vikram Singh Mehta	Director
T N Manoharan	Director

Table no. 1

Avenue Mahindra&Mahindra Ltd Stock Information

Sector: Automobile Sector

BSE Code: 500520

NSE Code: M&M

Market Cap: 121,050 Cr.

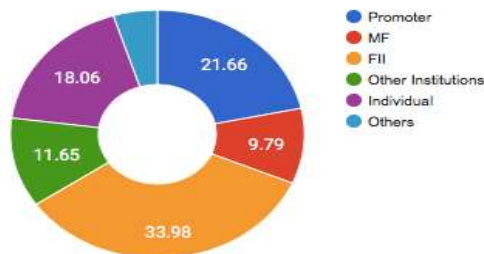Face Value: 5.00

Book Value: 296.44

52 weeks High / Low: 992.00 / 612.50

Stock P/E: 21.13

Shareholding Pattern – Mahindra&Mahindra Ltd.

Holder's Name	No. of shares	% of shares
Promoters	254271118	21.66%
General Public	212009016	18.06%
Foreign Institutions	398986432	33.98%

NBanks Mutual Funds	11461651	9.79%
Others	1861651	0.16%
Financial Institutions	104261419	8.88%

Table no. 2

Chart no. 1

Literature Review

1. Rakhi Sharma Assistant Professor, Tirpude Institute of Management Education, Nagpur Profitability Analysis of Mahindra & Mahindra ltd. Ltd

The study was undertaken to examine the profitability position of Mahindra & Mahindra ltd. for the past ten years. The study involves in-depth analysis of profitability of the company having regard to important aspects concerning the same. The researcher had also done comparative study of annual increase in sales and profitability of company to understand the growth of the organization.

2. Sneh Lata Dr. Robin Anand Research Scholar, Department of Commerce, JJT University, Jhunjhunu, (Rajasthan) India.

Assistant Professor, Department of Commerce, Manohar Memorial (P.G.) College Fatehabad, Haryana.

FINANCIAL PERFORMANCE ANALYSIS OF MAHINDRA AND MAHINDRA COMPANY – A PRE & POST MERGER PERSPECTIVE

The study shows that how mergers and acquisition in automobile sector of the companies can achieve a significant growth in their productivity. The researcher had selected Mahindra and Mahindra Company and Ssang Yong as sample size to analyze merger and acquisition in this sector. The main objective of the researcher was to analyze the financial performance of the company after merger. The researcher had undertaken many key ratios of the organization to analyze the financial performance of the company.

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com) **Deep A Shah – Research Analyst**
(Deep.S@MotilalOswal.com); **Suneeta Kamath – Research Analyst** (Suneeta.Kamath@MotilalOswal.com)

According to the researchers the M&M will be launching three new UVs (an MPV, a compact SUV, and a premium SUV) in CY18- two launches before Diwali and one after Diwali. Also, it would be undertaking full model changes for three models in 2020. M&M is on track for having a complete gasoline powertrain; it intends to offer petrol version of all models by 2020. It

would be launching four new petrol engines – 0.6 liter. 1.5 liter, 2 liter TGDI, and 2 liter GDI. Post 2020, its product portfolio would be fuel- agnostic. M&M diesel background, its focus has been to bring petrol's performance closer to diesel. This would be the one key differentiators of M&M petrol engine.

RESEARCH METHODOLOGY

The project is on Fundamental Analysis of Mahindra & Mahindra. Hence, Study should be done on the idea of knowledge and news accessible concerning the world i.e. Secondary knowledge by numerous modes. This analysis had to be completed by doing elementary analysis of the businesses.

Secondary data was collected from the subsequent sources.

- Internet

- Company websites

- Magazines

- Various articles

Type of Study:

- The project will be exploratory in the initial stage and the knowledge thus gained will be used for further descriptive research.

Data:

The project is done by the using secondary data.

Data Analysis and Interpretation
SECTOR ANALYSIS

India has emerged as one of the largest and fastest growing automotive market in the world, particularly in subsectors like lighting passengers and commercial vehicles, two wheelers and automotive components.

As the growth of automotive industry is rapid and evolving strengths in R&D and supply chain in the country are creating more opportunities for engineering and manufacturing companies to enter into the market. Because of this, most of the large international players have already entered or are taking bold steps to enter the market.

For this monthly Advanced Engineering Sector View, and the strategic partners, PWC, has kindly contributed their insights into the Indian automotive sector. Below the update and upcoming trends in the light vehicle and auto components subsectors had been shown.

Light vehicle:

Light Vehicle assembly volume has grown from 0.7m, in 2001, to 3.5m in 2011 and is expected to grow to 7.5m by 2018 (11% CAGR). Most of the big OEMs are already in India or are in the process of setting up their manufacturing facilities. Whilst

Suzuki has the largest market share (in Light Vehicles), both Indian manufacturers (e.g. Tata, Mahindra) and international players (e.g. Hyundai, Toyota) have been gaining market share in recent times.

Auto components:

Over the last decade the Indian automotive industry has emerged as one of India's fastest growing and globally competitive manufacturing sectors in world. The country's auto component industry has also shown great advances in recent years in terms of quality, spread, absorption of newer technologies, skilled manpower at a reasonable price, and flexibility.

Domestic Sales:

The domestic sales of the vehicles have been increased in the year 2018. The overall Commercial Vehicles segment grew by 19.94 percent in April-March in 2018 as compared to the same period in last year.

Exports:

In April-March 2018, the overall automobile exports increased by 16.12 percent. Two and Three Wheelers Segments registered a growth of 20.29 percent and 40.13 percent respectively, while Passenger Vehicles and Commercial Vehicles declined by (-) 1.51 percent and (-) 10.53 percent respectively in April-March 2018 over the same period last year.

Market Size:

The overall sales of domestic vehicles has risen at 7.01 per cent CAGR between FY13-18 with 24.97 million vehicles obtaining sold-out in FY18.

The automotive vehicle trade is about to witness major changes within the kind of electrical vehicles (EVs), shared quality, Asian country Stage-VI emission and safety norms. Electrical cars in Asian country are expected to induce new inexperienced variety plates and will additionally get free parking for 3 years beside toll waivers. Sales of electrical two-wheelers are calculable to possess crossed 55,000 vehicles in 2017-18. Premium motorcycle sales in Asian country crossed a Meg unit in FY18.

Investments:

In order to stay up with the growing demand, the many automotive vehicle manufacturers have started finance their cash heavily in numerous segments of the trade throughout the previous few years. The trade has attracted Foreign Direct Investment (FDI) price US$ 18.413 billion throughout the amount April 2000 to Gregorian calendar month 2017, in line with knowledge discharged by Department of business Policy and Promotion (DIPP).

Growth value proposition:

Demand factors:

- Higher the price of automobiles, lower the demand would be.
- Availability of various finance option makes it affordable for consumers who don't have enough money in hand and hence it increases demand of automobile.
- As income of people increases, their demand for automobiles also increases.
- Better the presence and quality of public transport, lower will be the demand for private vehicles.

Supply factors:

- Higher the price of automobiles, higher will be the supply.
- Higher cost of inputs i.e. (rubber, steel, labour, machinery etc.) would lead to decline in production of automobiles.
- Technological advancement would make production more profitable and hence would favor production.

Company Analysis

Company analysis consists of mensuration its performance and ascertaining the reason behind this performance. Once some corporations have done well no matter economic or trade failures, it implies that there are bound distinctive characteristics for this specific company that had created it successful. The identification of those characteristics whether or not quantitative or qualitative, is noted as company analysis

Quantitative indicators of company analysis are the money indicators and operational potency indicators. Money indicators are the profitableness indicators and money position indicators, analyzed through the financial gain and record statement of the corporate.

Equity Research

Equity research is the study of equities or stocks for the purpose of investments. Equity research is what an equity research analyst does. In simpler terms, equity research is the act of gathering information:

(1)   Information that helps investors to decide where to put in their money;

(2)   Information that traders require to understand whether to enter or exit a market position;

(3)   Information that financiers (bankers and firms) need to evaluate companies.

Equity research consist of followings.

1. Economics Analysis

2. Industry Analysis

3. Company Analysis

4. Financial Statement Analysis

5. Report Writing

6. Presentation and Recommendation

ECONOMIC ANALYSIS

The study of forces that determine the distribution of scarce resources. Economic analysis provides insight into how markets operate, and offers methods for attempting to predict future market behaviour in response to events, trends, and cycles. Economic analysis is also used by governments to determine tax rates and evaluate the financial health of the nation or state.

GDP	2597 USD Billion
GDP Growth Rate	7.7 %
Population	1.354 Billion
Inflation Rate	March CPI 4.35% WPI 5.09%
Unemployment Rate	3.52 %
FDI	1168 Million USD
Per Capita income	1963.55 USD

Table no. 3

GDP: -

The gross domestic product (GDP) measures of national income and output for a given country's economy. **Gross Domestic Product of India** grew by 1.9% in the first quarter of 2018 as compared to the previous quarter. The year-on-year change in GDP was 7.4%.

Supply-side models assume that GDP growth of the underlying economy flows to shareholders in three steps. First, it transforms into corporate profit growth; second, the aggregate earnings growth translates into earnings per share (EPS) growth, and finally EPS growth translates into stock price increases. So we are considering GDP as factor for research.

Chart no. 2

Sources: Trading Economics.com

GDP Growth Rate:

India's economy grew at an impressive 8.2 per cent in the first quarter of 2018-19 financial year ending June 30 on the back of a strong core performance and a healthy base. With China's growth coming down to 6.7 per cent in April-June 2018 from 6.8 per cent in January-March of the year, India remained the fastest-growing large economy in the world.

Sources: Trading Economics.com

Inflation Rate:

Inflation means a reduction in the value of money; in other words, a rise in general price levels. The inflation is based upon the Indian consumer price index. The index is a measure of the average price, which consumers spend on a market-based "basket" of goods and services. Inflation based upon the consumer price index (CPI) is the main inflation indicator in most countries.

India' annual inflation rate eased to 4.17 percent in July 2018 from a downwardly revised 4.92 percent in the previous month, and below market expectations of 4.51 percent. Still, inflation remained above the central bank's medium-term target of 4 percent for nine consecutive months. Inflation Rate in India averaged 6.52 percent from 2012 until 2018, reaching an all-time high of 12.17 percent in November of 2013 and a record low of 1.54 percent in June of 2017.
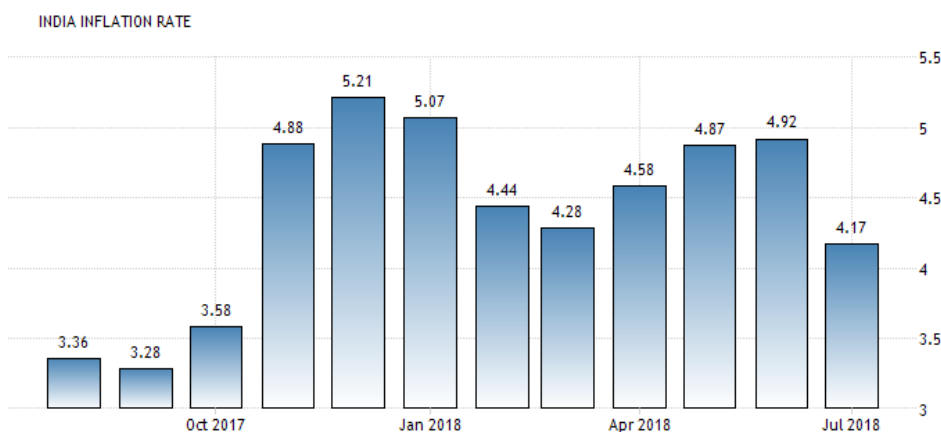
Chart no. 3

Sources: Trading Economics.co

Unemployment Rate:

Unemployment Rate in India increased to 3.52 percent in 2017 from 3.51 percent in 2016. Unemployment Rate in India averaged 4.05 percent from 1983 until 2017, reaching an all-time high of 8.30 percent in 1983 and a record low of 3.41 percent in 2014.
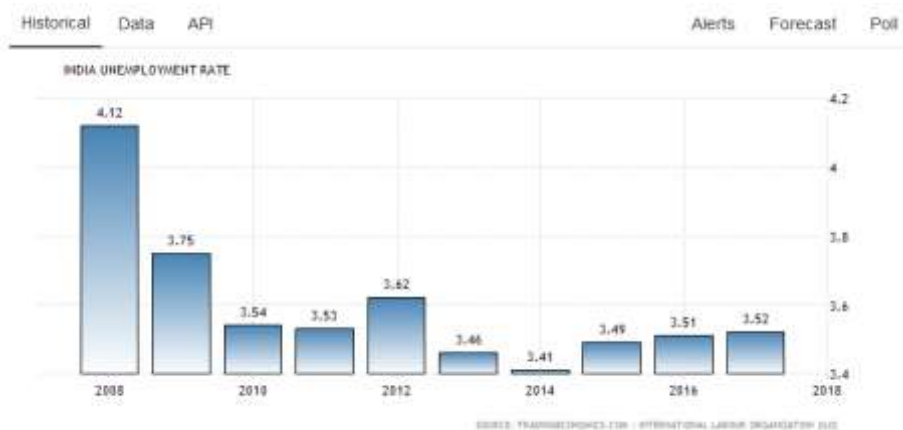

Chart no. 4

Sources: Trading Economics.com

Foreign Direct Investment:

An investment made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct investment than closed, highly regulated economies. The investing company may make its overseas investment in a number of ways - either by setting up a subsidiary or associate company in the foreign country, by acquiring shares of an overseas company, or through a merger or joint venture. The accepted threshold for a foreign direct investment relationship, as defined by the OECD, is 10%. That is, the foreign investor must own at least 10% or more of the voting stock or ordinary shares of the investee company.

Chart no. 5

Sources: Trading Economics.com

Per Capita Income:

Per capita income: total resources/total population.

Per capita income is often used as a way of communicating average income, though it can also be used as a measure of the wealth of the population of a nation, particularly in comparison to other nations. Per capita income is often used to measure a country's standard of living.
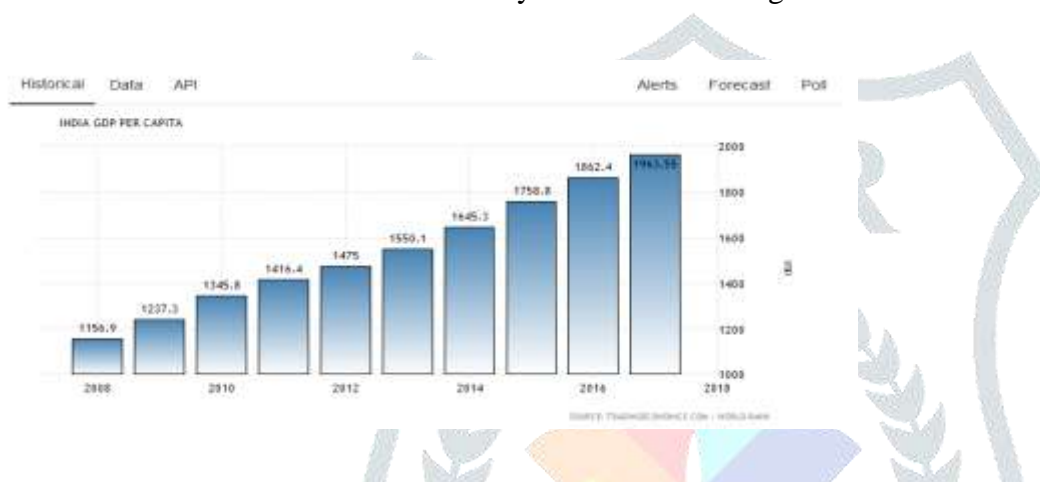
Chart no. 6
Sources: Trading Economics.com

Key Aspects

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

- 8.2 % growth in GDP is the highest growth in two years and strongest since the first quarter of 2016.
- GDP at current prices in Q1 of 2018-19 is estimated at Rs 44.33 lakh crore, as against Rs 38.97 lakh crore in Q1 of 2017-18, showing a growth rate of 13.8 percent.
- The world's second largest economy, China, reported a 6.7 per cent growth for June quarter compared with 6.8 per cent in March quarter. India remained the fastest-growing large economy in the world.
- India's $2.6 trillion economy surpassed France's in 2017 to be the world's sixth largest, and it was not far before the United Kingdom, according to World Bank data.
- The rupee has weakened nearly 10 percent against the dollar this year, touching a record low of 73 to the dollar, and is the worst performing currency in Asia.

- Credit ratings agency Moody's has warned about rising pressure of higher oil prices and interest rates on government finances and India's current account.
- Government data showed a fiscal deficit of Rs 5.40 lakh crore for April-July, or 86.5 percent of the budgeted target for the current fiscal year compared with 92.4 percent a year earlier.

Analysis of Financial Information:

Balance Sheet - Mahindra & Mahindra Ltd.

Rs (in Crores)

Particulars	Mar'18	Mar'17	Mar'16	Mar'15	Mar'14
Liabilities	12 Months	12 Months	12 Months	12 Months	12 Months
Share Capital	594.97	296.81	296.32	295.70	295.16
Reserves & Surplus	29699.07	26488.81	22126.85	18948.60	16485.24
Net Worth	**30294.04**	**26785.62**	**22423.17**	**19255.09**	**16791.19**
Secured Loan	.00	.00	.00	.00	294.10
Unsecured Loan	2864.37	2772.87	1843.55	2620.38	3451.06
TOTAL LIABILITIES	**33158.41**	**29558.49**	**24266.72**	**21875.47**	**20536.35**
Assets					
Gross Block	15510.34	14501.88	13241.17	11109.91	10242.58
(-) Acc. Depreciation	7650.93	6730.84	5645.18	5180.45	4365.63
Net Block	**7859.41**	**7771.04**	**7595.99**	**5918.67**	**5866.16**
Capital Work in Progress	3128.71	2040.40	1562.15	2178.76	1228.44
Investments	20582.97	17908.40	13547.40	13138.16	11379.85
Inventories	2701.69	2758.01	2687.93	2437.57	2803.63
Sundry Debtors	3172.98	2938.84	2511.64	2558.03	2509.84
Cash and Bank	2893.73	1687.48	2287.03	2064.77	2950.39
Loans and Advances	7077.26	4864.15	5307.43	4638.12	4539.55
Total Current Assets	**15845.66**	**12248.48**	**12794.03**	**11698.49**	**12803.41**
Current Liabilities	12729.14	9019.90	10168.07	9000.62	8678.28
Provisions	1529.20	1389.93	1064.78	2068.78	2074.02
Total Current Liabilities	**14258.34**	**10409.83**	**11232.85**	**11069.40**	**10752.30**
NET CURRENT ASSETS	**1587.32**	**1838.65**	**1561.18**	**629.09**	**2051.11**
Misc. Expenses	.00	.00	.00	.00	.00
TOTAL ASSETS	**33158.41**	**29558.49**	**24266.72**	**21875.47**	**20536.35**

(A+B+C+D+E)

Profit & Loss - Mahindra & Mahindra Ltd. Rs (in Crores)

	Mar'18	Mar'17	Mar'16	Mar'15	Mar'14
	12Months	12Months	12Months	12Months	12Months
INCOME:					
Sales Turnover	49444.99	47383.74	43638.90	41133.11	43120.18
Excise Duty	759.44	3330.24	2763.83	2187.69	2611.68
NET SALES	**48685.55**	**44053.50**	**40875.07**	**38945.42**	**40508.50**
Other Income	0	0	0	0	0
TOTAL INCOME	**49721.91**	**45398.96**	**41725.00**	**39794.36**	**41226.49**
EXPENDITURE:					
Manufacturing Expenses	247.13	230.33	230.82	222.41	221.35
Material Consumed	34314.64	32242.44	29629.02	28135.27	29614.77
Personal Expenses	2840.89	2714.43	2348.72	2316.93	2163.72
Selling Expenses	662.13	530.38	477.98	.00	.00
Administrative Expenses	4396.74	3821.26	3568.59	4097.38	3787.45
Expenses Capitalized	.00	.00	.00	.00	.00
Provisions Made	.00	.00	.00	.00	.00
TOTAL EXPENDITURE	**42461.53**	**39538.84**	**36255.13**	**34771.99**	**35787.29**
Operating Profit	6224.02	4514.66	4619.94	4173.43	4721.21
EBITDA	**7260.38**	**5860.12**	**5469.87**	**5022.37**	**5439.20**
Depreciation	1479.42	1526.38	1068.10	974.90	863.34
Other Write-offs	.00	.00	.00	.00	.00
EBIT	**5780.96**	**4333.74**	**4401.77**	**4047.47**	**4575.86**
Interest	112.20	159.59	186.05	214.30	259.22
EBT	**5668.76**	**4174.15**	**4215.72**	**3833.17**	**4316.64**
Taxes	1746.36	1079.22	1079.89	847.78	611.08
Profit and Loss for the Year	**3922.40**	**3094.93**	**3135.83**	**2985.39**	**3705.56**
Non Recurring Items	441.68	545.20	75.67	335.72	52.79
Other Non Cash Adjustments	.00	.00	.00	.00	.00
Other Adjustments	-8.07	3.26	-6.93	.00	.00

REPORTED PAT	4356.01	3643.39	3204.57	3321.11	3758.35
KEY ITEMS					
Preference Dividend	.00	.00	.00	.00	.00
Equity Dividend	925.25	841.12	846.95	643.73	758.21
Equity Dividend (%)	155.51	283.38	285.82	217.69	256.88
Shares in Issue (Lakhs)	12431.93	6210.92	6210.92	6210.92	6158.92
EPS - Annualized (Rs)	**35.04**	**58.66**	**51.60**	**53.47**	**61.02**

Table no. 5

Sources: Economics Times.com

Estimted data analysis of Mahimdra & Mahindra

Balancesheet - Mahindra & Mahindra Ltd.						
Rs (in Crores)						
Particulars	**Mar'21E**	**Mar'20E**	**Mar'19E**	**Mar'18**	**Mar'17**	**Mar'16**
Liabilities	12Months	12Months	12Months	12 Months	12 Months	12 Months
Share Capital	473.4	429.3	396.0	595.0	296.8	296.3
Reserves & Surplus	27745.0	27430.9	26104.9	29699.1	26488.8	22126.9
Net Worth	28218.4	27860.2	26500.9	30294.0	26785.6	22423.2
Secured Loan	0.0	0.0	0.0	0.0	0.0	0.0
Unsecured Loan	2689.4	2710.3	2493.6	2864.4	2772.9	1843.6
TOTAL LIABILITIES	30907.8	30570.5	28994.5	33158.4	29558.5	24266.7
Assets						
Gross Block	14912.7	14810.0	14417.8	15510.3	14501.9	13241.2
(-) Acc. Depreciation	7115.2	7019.1	6675.7	7650.9	6730.8	5645.2
Net Block	7797.5	7790.9	7742.1	7859.4	7771.0	7596.0
Capital Work in Progress	2614.5	2471.0	2243.8	3128.7	2040.4	1562.2

Investments	18847.3	18612.5	17346.3	20583.0	17908.4	13547.4
Inventories	2714.3	2725.2	2715.9	2701.7	2758.0	2687.9
Sundry Debtors	3014.3	2995.4	2874.5	3173.0	2938.8	2511.6
Cash and Bank	2491.1	2290.2	2289.4	2893.7	1687.5	2287.0
Loans and Advances	6241.3	5897.0	5749.6	7077.3	4864.2	5307.4
Total Current Assets	14461.0	13907.8	13629.4	15845.7	12248.5	12794.0
Current Liabilities	11388.1	10796.0	10639.0	12729.1	9019.9	10168.1
Provisions	1424.3	1415.7	1328.0	1529.2	1389.9	1064.8
Total Current Liabilities	12812.4	12211.7	11967.0	14258.3	10409.8	11232.9
NET CURRENT ASSETS	1648.6	1696.1	1662.4	1587.3	1838.7	1561.2
TOTAL ASSETS (A+B+C+D+E)	30907.8	30570.5	28994.5	33158.4	29558.5	24266.7

Table no. 6 Estimated Data of next three years

(Balance sheet)

Profit Loss A/C of Mahindra & Mahindra

Particulars	Mar'21E	Mar'20E	Mar'19E	Mar'18	Mar'17	Mar'16
	12Months	12Months	12Months	12Months	12Months	12Months
			INCOME:			
Sales Turnover	48050.43	47883.76	46822.54	49444.99	47383.74	43638.90
Excise Duty	1722.89	2124.73	2284.50	759.44	3330.24	2763.83
NET SALES	46327.54	45759.03	44538.04	48685.55	44053.50	40875.07
Other Income	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME	47416.42	46912.05	45615.29	49721.91	45398.96	41725.00
			EXPENDITURE:			
Manufacturing Expenses	240.36	237.85	236.09	247.13	230.33	230.82
Material Consumed	33083.24	32873.04	32062.03	34314.64	32242.44	29629.02
Personal Expenses	2735.19	2730.00	2634.68	2840.89	2714.43	2348.72
Selling Expenses	600.69	583.11	556.83	662.13	530.38	477.98
Administrative Expenses	4124.85	4048.95	3928.86	4396.74	3821.26	3568.59
Expenses Capitalized	0.00	0.00	0.00	0.00	0.00	0.00
Provisions Made	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE	40784.33	40472.96	39418.50	42461.53	39538.84	36255.13
Operating Profit	5543.21	5286.07	5119.54	6224.02	4514.66	4619.94
EBITDA	6632.09	6439.10	6196.79	7260.38	5860.12	5469.87
Depreciation	1430.66	1454.59	1357.97	1479.42	1526.38	1068.10
Other Write-offs	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	5201.43	4984.51	4838.82	5780.96	4333.74	4401.77
Interest	135.43	141.47	152.61	112.20	159.59	186.05
EBT	5066.00	4843.04	4686.21	5668.76	4174.15	4215.72

Taxes	1474.66	1375.80	1301.82	1746.36	1079.22	1079.89
Profit and Loss for the Year	3591.34	3467.24	3384.39	3922.40	3094.93	3135.83
Non Recurring Items	414.29	447.02	354.18	441.68	545.20	75.67
Other Non Cash Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Other Adjustments	-4.96	-2.91	-3.91	-8.07	3.26	-6.93
REPORTED PAT	4000.67	3911.35	3734.66	4356.01	3643.39	3204.57
KEY ITEMS						
Preference Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Equity Dividend	891.84	879.16	871.11	925.25	841.12	846.95
Equity Dividend (%)	207.97	226.82	241.57	155.51	283.38	285.82
Shares in Issue (Lakhs)	9897.44	8975.81	8284.59	12431.93	6210.92	6210.92
EPS - Annualized (Rs)	43.62	47.38	48.43	35.04	58.66	51.60

Table no. 7 Estimated Data of next three years

(Profit & Loss)

Overall Operating and Financial performance

Sales

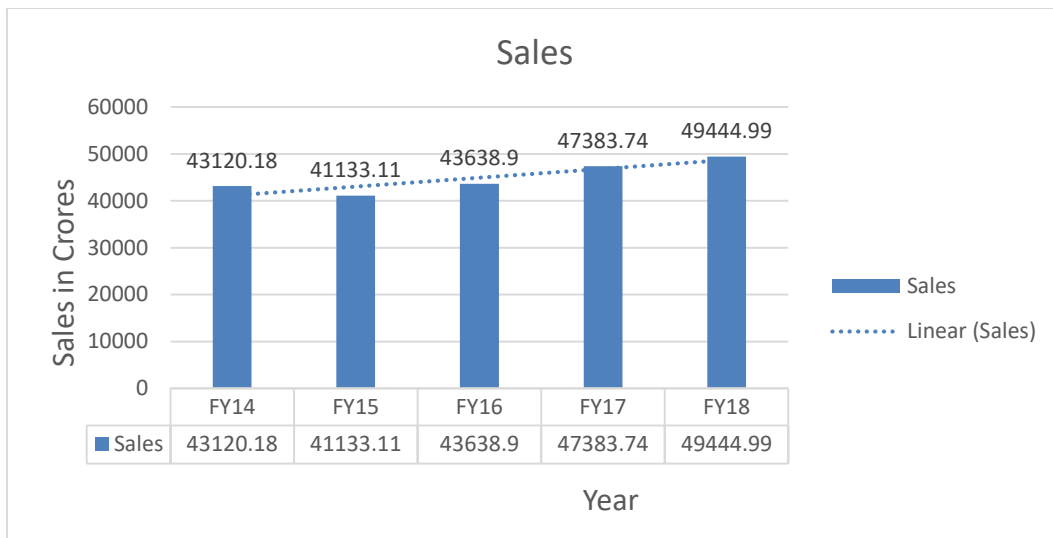| Year	FY14	FY15	FY16	FY17	FY18
Sales	43120.18	41133.11	43638.90	47383.74	49444.99

Table no. 8

Chart no. 7

Sources: EconomicTimes.com, Company Balance sheet

Interpretation:

From the above table it can be observed that the sales of the company has increased from 43120.18rs to 49444.99rs from year 2014-2018.

EBITDA

Year	FY14	FY15	FY16	FY17	FY18
EBITDA	5439.20	5022.37	5469.87	5860.12	7260.38

Table no. 9

Sources: EconomicTimes.com, Company Balance sheet
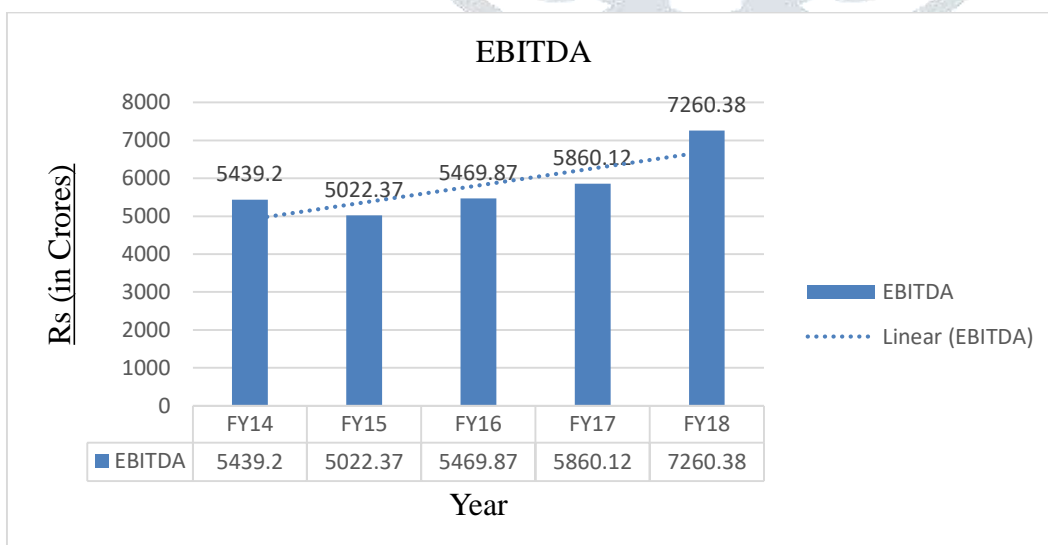
Chart no. 10

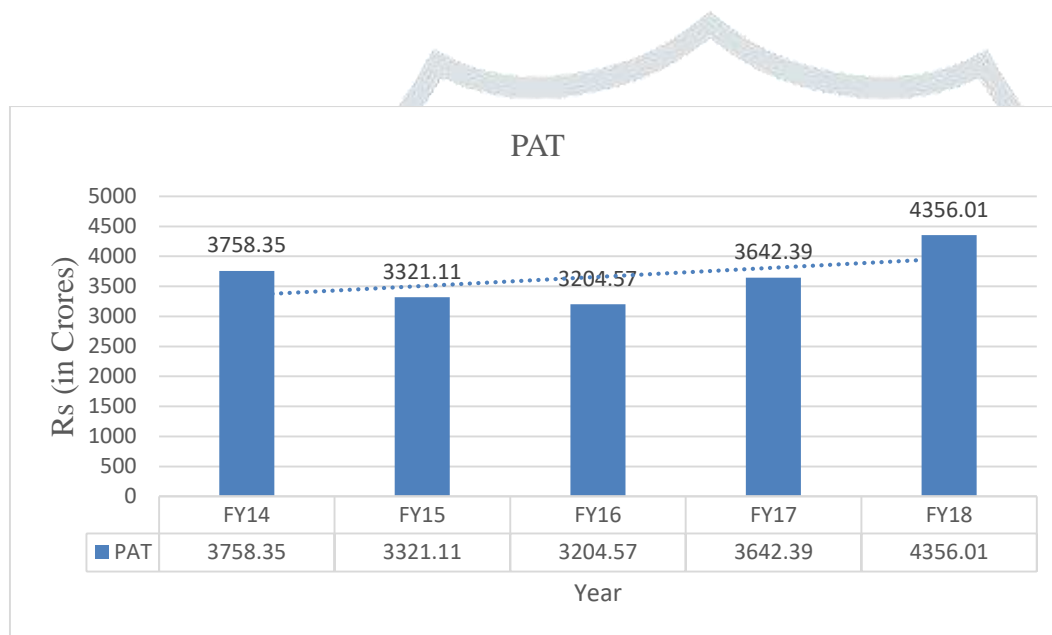**Sources: EconomicTimes.com, Company Balance sheet**

Interpretation:

It is been observed that the EBITDA of company has increased from 5439.2 to 7260.38 from year 2014-2018. It shows the company earning is good before paying interest, tax, dividend and amortization.

<div align="center">

PAT

</div>

Year	FY14	FY15	FY16	FY17	FY18
PAT	3758.35	3321.11	3204.57	3642.39	4356.01

<div align="right">

Table no. 11

</div>

Sources: EconomicTimes.com, Company Balance sheet

Chart no. 10

Sources: EconomicTimes.com, Company Balance sheet

Interpretation:

From the above it can be analyzed that the profit of the company is increasing according to the increase in the sales of their product. The profit of the company has been increased from 3758.35 to 4356.01 from the year 2014- 2018.

Analysis of Key Ratios:

1. **Debt-Equity Ratio:**

    This ratio is used to find out the long term solvency position of the firm.

$$\textbf{Debt Equity Ratio} = \frac{\textbf{Long Term Debts}}{\textbf{Equity Funds}}$$

This ratio serves of primary use to the creditors of the company. The investors to know their claim in the company also use this ratio.

Year	Mar14	Mar15	Mar16	Mar17	Mar18
Debt to Equity	0.09	0.10	0.08	0.14	0.22

Table no. 12

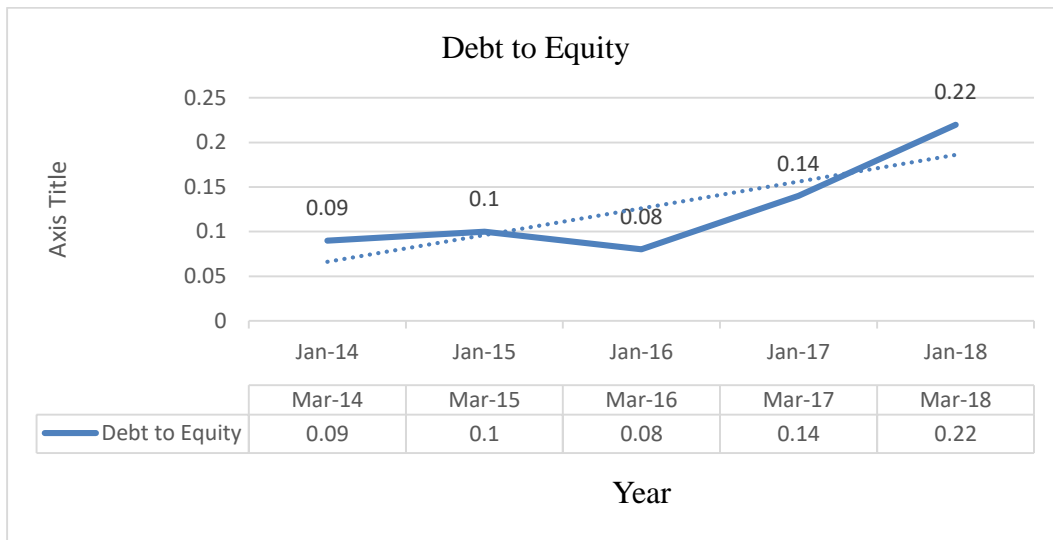**Sources: Dynamiclevel.com, Mahindra ratio analysis**

Chart no. 13

Sources: Dynamiclevel.co, Mahindra ratio analysis

Interpretation:

The debt to equity has been increased from 0.09 to 0.22 which means the company has borrowed capital from the market. On which the company has to pay the interest.

2. **Earnings per Share (EPS):**

This ratio measures the profit available to the equity shareholders on a per share basis that is the amount they can get on every share held. It is the most widely used ratio by investors.

$$\text{Earnings Per Share} = \frac{\text{Net Profit available to equity share holders}}{\text{Total No. of Shares outstanding}}$$

Year	Mar14	Mar15	Mar16	Mar17	Mar18
EPS	63.67	56.23	53.05	30.69	36.64

Table no. 14

Sources: Dynamiclevel.com, Mahindra ratio analysis

EPS

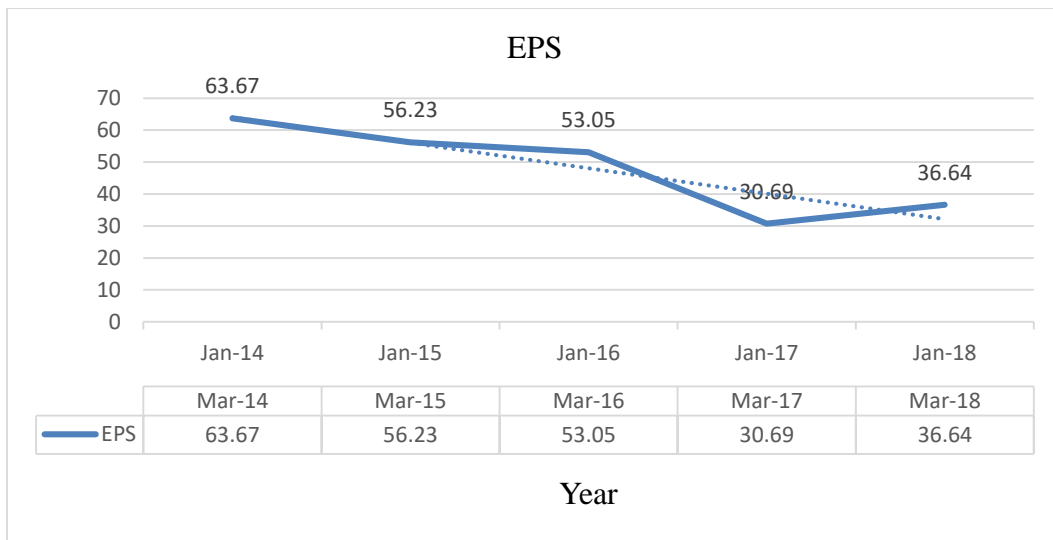|	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
EPS	63.67	56.23	53.05	30.69	36.64

Year

Chart no. 12

Sources: Dynamiclevel.com, Mahindra ratio analysis

Interpretation:

From the above table it is observed that the company EPS ratio was fallen from 63.67 to 30.69 in the year 2014-2017 but in current year i.e. in 2018 the EPS of the company is growing.

3. **Price to Book Value:** The **price-to-book ratio** measures a company's market price in relation to its book value. The ratio denotes how much equity investors are paying for each dollar in net assets. Book value, usually located on a company's balance sheet as "stockholder equity," represents the total amount that would be left over if the company liquidated all of its assets and repaid all of its liabilities.

$$\text{Price to Book Value} = \frac{\text{Stock Price}}{\text{Total Assets} - \text{Liabilities}}$$

Year	Mar14	Mar15	Mar16	Mar17	Mar18
Price to book value	284.26	325.40	378.36	451.23	254.58

Table no. 15

Sources: Dynamiclevel.com, Mahindra ratio analysis

Price to book value

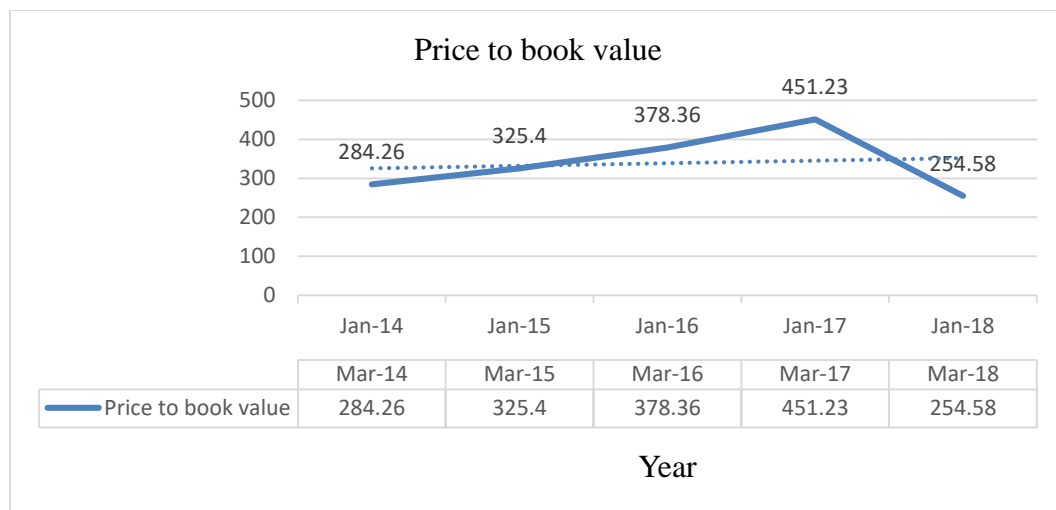|	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Price to book value	284.26	325.4	378.36	451.23	254.58

Year

Chart no. 13

Sources: Dynamiclevel.com Mahindra ratio analysis

Current Book Value = Rs 243.89 on Sept 2018

Current Stock Price = Rs 973.70 on Sept 2018

Price to Book Value = 3.99

Interpretation:

 The company current book value is 243.89 and the company is trading at 973.70 with the 3.99 price book value.

4.Return on Equity: This ratio expresses the profitability of a firm in relation to the equity shareholders' funds.

$$\text{Return on Equity} = \frac{\text{Net Profit after taxes} - \text{Preference Dividend}}{\text{Networth}} \text{ x } 100$$

This is the single most important ratio to judge whether the firm has earned satisfactory return to the equity shareholders or not.

Year	Mar14	Mar15	Mar16	Mar17	Mar18
ROE	22.39	17.25	14.29	13.6	14.37

Table no. 16

Sources: Dynamiclevel.com, Mahindra ratio analysis

ROE

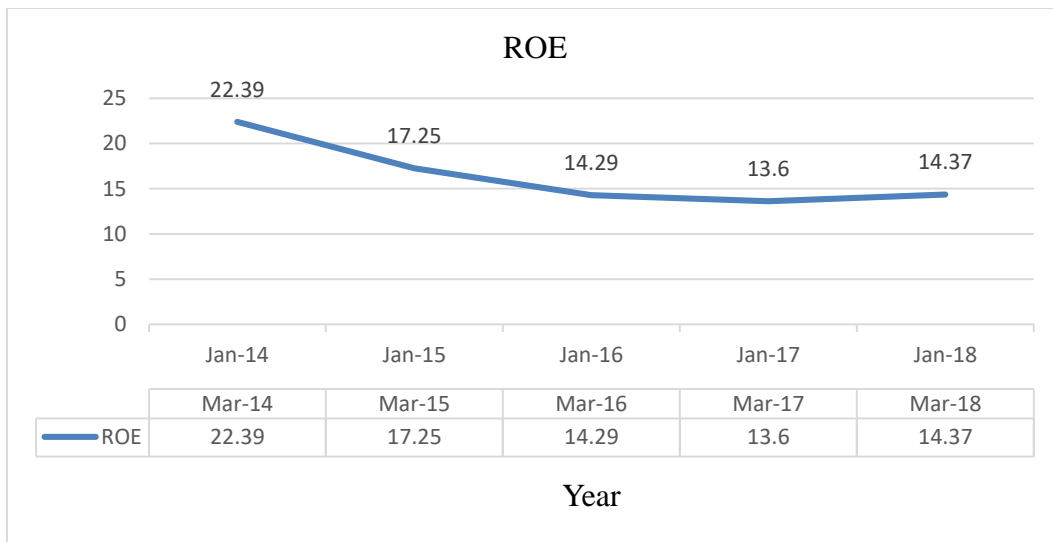|	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
ROE	22.39	17.25	14.29	13.6	14.37

Chart no. 14

Sources: Dynamiclevel.com Mahindra, ratio analysis

Interpretation:

Company has shown average 14.37% returns on equity as there is compounded profit growth in Equity fund. Investors can make investment in the pure equity fund and can gain the average return of 14.37%.

5.Dividend per Share (DPS):

This ratio shows the profits that are paid to equity shareholders on a per share basis

$$\textbf{Dividend Per Share} = \frac{\textbf{Dividend Paid to Equity shareholders}}{\textbf{No. of Equity Shares Outstanding}}$$

The DPS is a better indicator than EPS as the former shows exactly what amount the shareholders receive.

Year	Mar14	Mar15	Mar16	Mar17	Mar18
Dividend per share	14.00	12.00	12.00	13.00	7.50

Table no. 17

Sources: Dynamiclevel.com, Mahindra ratio analysis

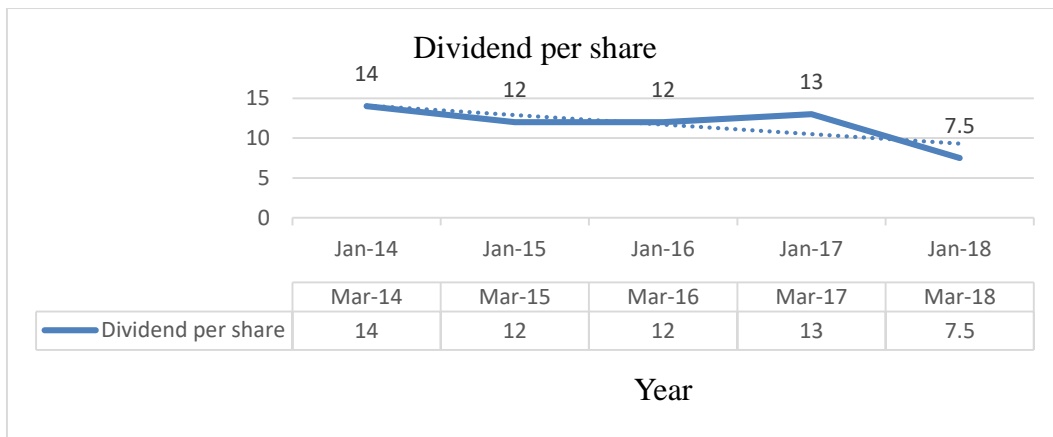|	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Dividend per share	14	12	12	13	7.5

Chart no. 15

Sources: Dynamiclevel.com Mahindra ratio analysis

Interpretation:

From the above table it can be seen that the company has reduced the amount of payment of dividend per share.

6.Return on Capital Employed: -

Return on capital employed (ROCE) is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated as:

ROCE = Earnings Before Interest and Tax (EBIT)

$$\overline{\hspace{4cm}}$$

Capital Employed

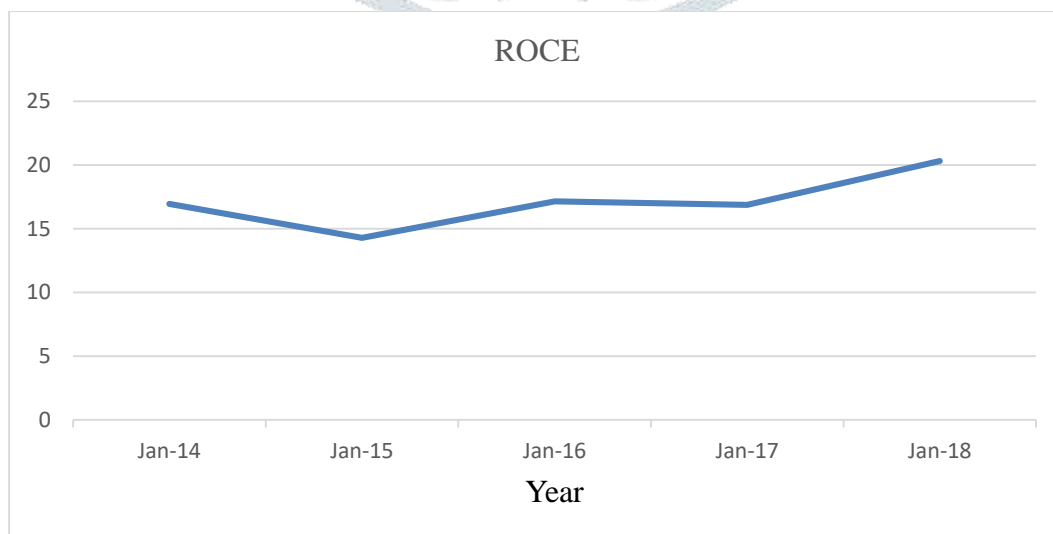| Year	Mar14	Mar15	Mar16	Mar17	Mar18
ROCE	16.95	14.28	17.15	16.88	20.31

Table no. 18

Chart no. 16

Sources: Dynamiclevel.com Mahindra ratio analysis

Interpretation

The return on capital employed means the company is earning interest on the capital, which was invested in the company. From the above table it can be seen that the return on capital has been increased from 16.95-20.31.

Findings

- From the Economy analysis it can be seen that India is the fastest growing nation in the world. India's Q1 GDP grows at 8.2%, which is 2 year high.

- Indian Automobile sector is increasing rapidly. As India is a growing economy and it will give good returns to the share holders of the automobile sector.

- The prediction can be done through the Sector analysis.

- Accordingn to the data collected form the various sources it can be predicted that the Mahindra & Mahindra company will grow in future and would give the profitbale returns to the stake holders of the organisation.

- The prediction has been made by taking the last three years data from the balance sheet and Profit & Loss A/c.

- According the announcement made by the Mr. Anand Mahindra to create the iconic brand for the mahindra & mahindra company they had made an investment in Pininfarina.

- Accordingt to the analysis done the main reseaon to suceed mahindra and do well in future is they are always ready accept the change and ready to take the risk.

Recommendations/Suggestions

Mahindra & Mahindra Ltd

Mode of Investment	Recommendation
Long term	STRONG BUY
Short term	BUY

Table no. 19

By doing the fundamental analysis of the company it is recommended to the investors to make an investment in Mahindra & Mahindra as according to the analysis the company will grow in future. And will give the good returns to the stakeholder's of the company.

Conclusion

From the above data it can be seen that it is the right time to make an investment in India as it is fastest growing large economy in the world, and also it showed 8.2% growth in GDP in Q1 2018-19.

As automobile Industry is growing rapidly in Indian economy. The investors can make investment in the automobile sector to earn the good amount of profit. As the automobile sector is moving towards the electric motor as well which will give a whole new trend to the Indian automobile market.

By doing the fundamental analysis of the company Mahindra & Mahindra it is been assumed that company can do better in coming future according to the collected data. The company Mahindra & Mahindra is good option for long-term investment.

Looking at the company's growth, we can say in the coming future, the company may grow big. And would give good return's to stakeholder's.

References

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Sneh Lata Dr. Robin Anand Research Scholar, Department of Commerce, JJT University, Jhunjhunu, (Rajasthan) India. Assistant Professor, Department of Commerce, Manohar Memorial (P.G.) College Fatehabad, Haryana. FINANCIAL PERFORMANCE ANALYSIS OF MAHINDRA AND MAHINDRA COMPANY – A PRE & POST MERGER PERSPECTIVE

Jinesh Gandhi – Research Analyst Deep A Shah – Research Analyst Suneeta Kamath – Research Analyst

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