


<p align="center">Research Report</p>	 <p align="center">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																		
<p align="center">Mahindra & Mahindra</p>	<table> <tr> <td>Recommendation</td><td align="right">Accumulate</td></tr> <tr> <td>Current Market Price</td><td align="right">1202</td></tr> <tr> <td>Target</td><td align="right">1476</td></tr> <tr> <td>Accumulation Price Band</td><td align="right">1200-1215</td></tr> <tr> <td>Time Frame</td><td align="right">6 months</td></tr> <tr> <td>Derivative Segment</td><td align="right">Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	1202	Target	1476	Accumulation Price Band	1200-1215	Time Frame	6 months	Derivative Segment	Yes						
Recommendation	Accumulate																		
Current Market Price	1202																		
Target	1476																		
Accumulation Price Band	1200-1215																		
Time Frame	6 months																		
Derivative Segment	Yes																		
<p align="center">Industry : Automobiles</p>	<table> <tr> <td align="center" colspan="2">Quick Glance</td></tr> <tr> <td>Share Capital (Rs Cr)</td><td align="right">295.16</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td align="right">74,633.57</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td align="right">93,959.81</td></tr> <tr> <td>Face Value (in Rs)</td><td align="right">5.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td align="right">1421/964.7</td></tr> </table>	Quick Glance		Share Capital (Rs Cr)	295.16	Market Cap (Rs Cr)	74,633.57	Enterprise Value (Rs Cr)	93,959.81	Face Value (in Rs)	5.00	52 Week High/ Low (in Rs)	1421/964.7						
Quick Glance																			
Share Capital (Rs Cr)	295.16																		
Market Cap (Rs Cr)	74,633.57																		
Enterprise Value (Rs Cr)	93,959.81																		
Face Value (in Rs)	5.00																		
52 Week High/ Low (in Rs)	1421/964.7																		
<p align="center">Company Overview</p> <p>» Incorporated in the year 1945, M&M operates in nine segments—automotive, which involves sales of automobiles, spare parts and related services; farm equipment, which involves tractors, spare parts and related services</p> <p>» M&M has ventured into the M&HCV space through a JV with Navistar International, US.</p> <p>» M&M also acquired majority i.e. about 70% stake in Korea-based SsangYong Motors Company in FY11 to become a global SUV company .</p> <p>» M&M has lined up a strong pipeline of nine launches (3 new models, 3 refreshes and 3 variants) over the next three quarters which would be crucial for M&M to regain its dominance in the UV segment</p>	<table> <tr> <td align="center" colspan="2">Financials</td></tr> <tr> <td>EPS (Rs)</td><td align="right">70.20</td></tr> <tr> <td>Book Value (Rs)</td><td align="right">270.60</td></tr> <tr> <td>P/E</td><td align="right">17.12</td></tr> <tr> <td>P/BV</td><td align="right">4.44</td></tr> <tr> <td>ROE</td><td align="right">20.02</td></tr> <tr> <td>ROCE (%)</td><td align="right">16.39</td></tr> <tr> <td>Dividend Yield (%)</td><td align="right">1.17</td></tr> <tr> <td>Debt - Equity</td><td align="right">1.21</td></tr> </table>	Financials		EPS (Rs)	70.20	Book Value (Rs)	270.60	P/E	17.12	P/BV	4.44	ROE	20.02	ROCE (%)	16.39	Dividend Yield (%)	1.17	Debt - Equity	1.21
Financials																			
EPS (Rs)	70.20																		
Book Value (Rs)	270.60																		
P/E	17.12																		
P/BV	4.44																		
ROE	20.02																		
ROCE (%)	16.39																		
Dividend Yield (%)	1.17																		
Debt - Equity	1.21																		
<p align="center">Industry Overview</p> <p>» The Indian Automobile Industry had a market size of about USD 57.7 Bn in FY10 and is expected to reach about USD 145 Bn in FY16.</p> <p>» The Indian Automobile Industry derives strong growth in demand due to rising income, middle class, and a young population which is likely to propel India among the world's top five auto manufacturers .</p> <p>» The Production of automobiles increased at a CAGR of 11.8 per cent over FY05-13 with passenger vehicles being the fastest growing segment, growing at a CAGR of 12.9 per cent.</p> <p>» The luxury SUV segment is growing at about 50 per cent, while luxury sedans are increasing at 25–30 per cent. The Indian luxury car market is estimated to expand at a CAGR of 25 per cent during 2012–20 and reach 150,000 units by 2020 (accounting for 4 per cent of the estimated 6.8-million-unit domestic car market)</p>	<table> <tr> <td align="center" colspan="2">Highlights</td></tr> <tr> <td>Debt (Rs Cr)</td><td align="right">28,272.40</td></tr> <tr> <td>Reserves (Rs Crs)</td><td align="right">23,011.70</td></tr> <tr> <td>FII Holdings (%)</td><td align="right">37.40</td></tr> <tr> <td>MF Holdings (%)</td><td align="right">2.23</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td align="right">55,440.36</td></tr> <tr> <td>Beta</td><td align="right">0.88</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td align="right">1,091,966</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td align="right">5,336,607</td></tr> </table>	Highlights		Debt (Rs Cr)	28,272.40	Reserves (Rs Crs)	23,011.70	FII Holdings (%)	37.40	MF Holdings (%)	2.23	Free Float Market Capitalization (Rs Cr)	55,440.36	Beta	0.88	Avg Volume Per day (no. of shares)	1,091,966	Avg Volume Per Month (no. of shares)	5,336,607
Highlights																			
Debt (Rs Cr)	28,272.40																		
Reserves (Rs Crs)	23,011.70																		
FII Holdings (%)	37.40																		
MF Holdings (%)	2.23																		
Free Float Market Capitalization (Rs Cr)	55,440.36																		
Beta	0.88																		
Avg Volume Per day (no. of shares)	1,091,966																		
Avg Volume Per Month (no. of shares)	5,336,607																		
<p align="center">Key Highlights</p> <p>» M&M has stopped selling pick-up trucks and sports utility vehicles in Brazil due to a sluggish economy, changes in local regulation and a depreciating currency</p> <p>» M&M's subsidiary SsangYong Motors Company is facing temporary problem with its exports to Russian markets due to geopolitical issues which will however have no impact in the long run</p>																			
<p align="center">Key Risks</p> <p>» M&M has ventured into two wheeler and commercial vehicle business which is incurring losses at operational level any failure to turn around the business, will result in infusing more capital thereby dragging performance of core business.</p> <p>» Any slowdown in the Indian economy would result in lower demand for Utility Vehicles.</p> <p>» Rising competition in the Indian market with global car manufacturers setting up their manufacturing base in India which might result in loss in market share for M&M</p>																			

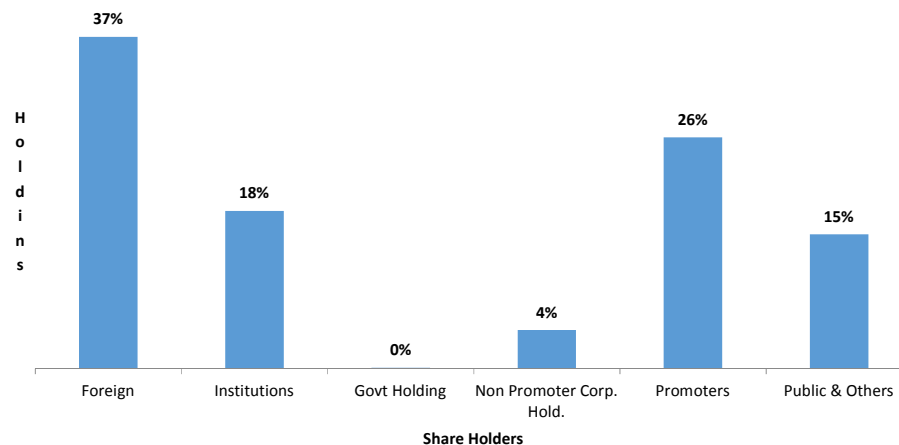
Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Net Sales	73,915.52	67,456.17	56,730.34	34,415.86	31,082.76
Operating Profit	10,034.75	7,836.30	4,709.39	3,653.91	5,055.86
Operating Profit Margin	13.58	11.62	8.30	10.62	16.27
Depreciation	2,169.57	2,079.86	1,801.67	972.40	873.52
Interest	2,953.93	2,297.00	1,799.57	1,135.43	1,120.50
Other Income	908.35	2,120.93	3,075.37	2,968.79	969.80
PBT	5,819.60	5,580.37	4,183.52	4,499.16	4,025.69
APAT	4,323.38	3,645.74	2,775.96	3,182.08	2,871.49
PAT Margin (%)	5.85	5.40	4.89	9.25	9.24
Earnings Per Share	70.20	61.76	47.13	54.19	50.74

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2014				2013			2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net Sales	9,465.94	9,418.10	10,096.05	10,837.89	10,404.91	8,814.33	9,906.23	10,353.38
Operating Profit	759.89	760.92	1,021.52	615.68	1,187.45	947.93	1,106.81	1,071.08
Operating Profit Margin	8.03	8.08	10.12	5.68	11.41	10.75	11.17	10.35
Depreciation	234.35	248.29	247.95	290.89	194.81	197.01	180.63	198.60
Interest	43.45	49.42	58.57	84.30	63.33	62.26	49.33	51.11
Other Income	84.30	485.46	189.51	98.49	94.64	360.63	164.23	92.19
PBT	1,100.08	1,196.96	1,152.46	682.66	1,218.76	1,246.30	1,221.71	1,202.78
APAT	942.14	946.63	881.78	896.88	934.06	989.50	937.91	889.19
PAT Margin (%)	9.95	10.05	8.73	8.28	8.98	11.23	9.47	8.59
Earnings Per Share	15.17	15.33	14.32	14.56	15.17	16.07	15.27	14.48

Balance Sheet					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Equity Share Capital	295.16	295.16	294.52	293.62	282.95
Reserves and Surplus	23,011.70	19,665.54	16,409.29	13,990.44	8,912.18
Net Worth	23,306.86	19,960.70	16,703.81	14,284.08	9,203.14
Deferred Tax Liability :	-	-	-	-	-
Long Term Debt	19,326.24	16,848.99	13,687.30	10,406.43	9,446.27
Short Term Debt	8,946.16	6,379.75	5,247.42	3,707.88	4,241.88
Total Debt	28,272.40	23,228.74	18,934.72	14,114.31	13,688.15
Current Liabilities	25,869.24	23,700.05	19,446.59	14,635.28	6,933.63
Total Provisions	5,088.66	4,283.33	4,175.49	3,297.57	1,835.26
Total Liabilities	57,312.36	48,486.41	40,163.69	32,735.03	27,542.50
Gross Block	38,010.48	36,663.93	33,765.58	16,871.11	13,692.14
Net Fixed Assets	18,380.96	18,307.34	17,198.27	16,871.11	8,029.11
Investments	8,082.35	6,440.41	5,347.21	4,713.97	3,475.37
Current Assets	20,601.75	18,354.07	15,987.45	11,879.86	7,429.08
Deferred Tax Asset :	-	-	-	-	-
Receivables	5,725.42	5,176.97	5,345.06	4,210.14	2,877.36
Inventories	8,353.54	8,416.90	7,157.67	5,449.15	3,541.72
Cash	6,522.79	4,760.20	3,484.72	2,220.57	1,010.00
Total Assets	57,312.36	48,486.41	40,163.69	32,735.03	27,542.50

Share Holding Pattern

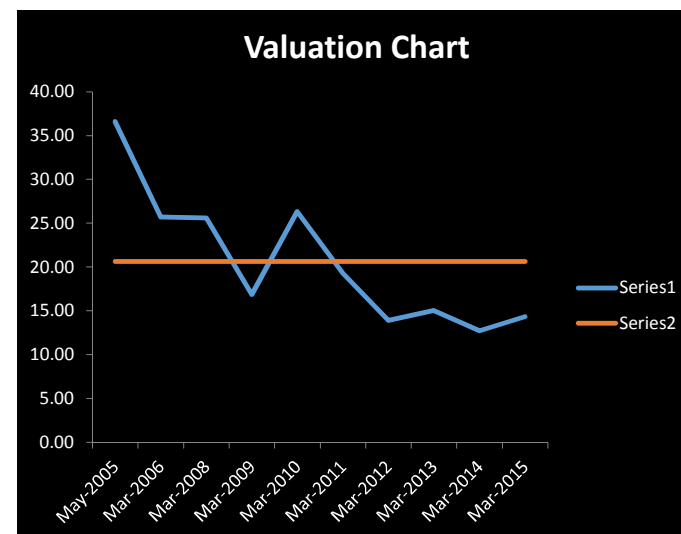
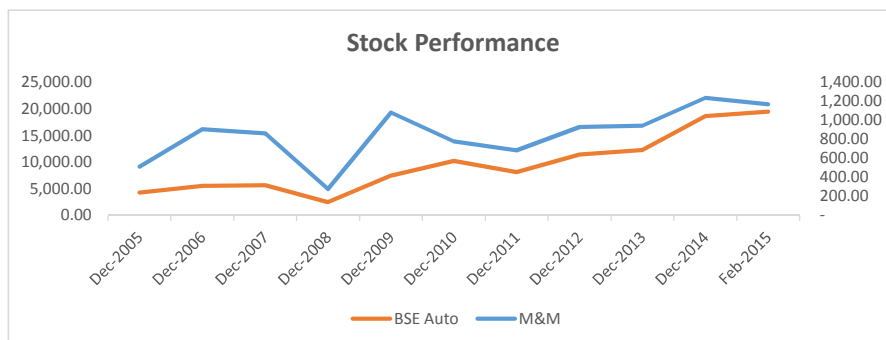


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	73,915.52	67,456.17	56,730.34	34,415.86	31,082.76
EBITDA Margins	%	13.58	11.62	8.30	10.62	16.27
PAT	Crs	4,323.38	3,645.74	2,775.96	3,182.08	2,871.49
PAT Margins	%	5.85	5.40	4.89	9.25	9.24
Revenue Growth	%	9.58	18.91	64.84	10.72	14.63
EBITDA Growth	%	28.05	66.40	28.89	(27.73)	157.71
PAT Growth	%	18.59	31.33	(12.76)	10.82	68.36
Gearing	times	1.21	1.16	1.13	0.99	1.49
ROCE	%	16.39	17.19	16.61	19.17	21.46
ROE	%	20.02	20.53	18.71	21.56	26.96

Peer Comparison				
Particulars	Units	M&M	Tata Motors	Maruti Suzuki
Revenue	Rs Cr	73,915.52	44,765.72	44,450.60
EBITDA Margins	%	13.58	7.63	11.71
PAT	Rs Cr	4,323.38	301.81	2,831.60
PAT Margins	%	5.85	1.39	6.37
Gearing	%	1.21	0.85	0.09
EPS	Rs / Share	70.20	2.61	40.84
PE	times	16.93	155.83	38.52
P/BV	times	4.38	6.84	5.20
ROCE	%	16.39	5.14	16.77
ROE	%	20.02	47.30	13.27
EV/EBITDA	times	9.27	30.25	20.97

Stock Performance vis-a-vis Index

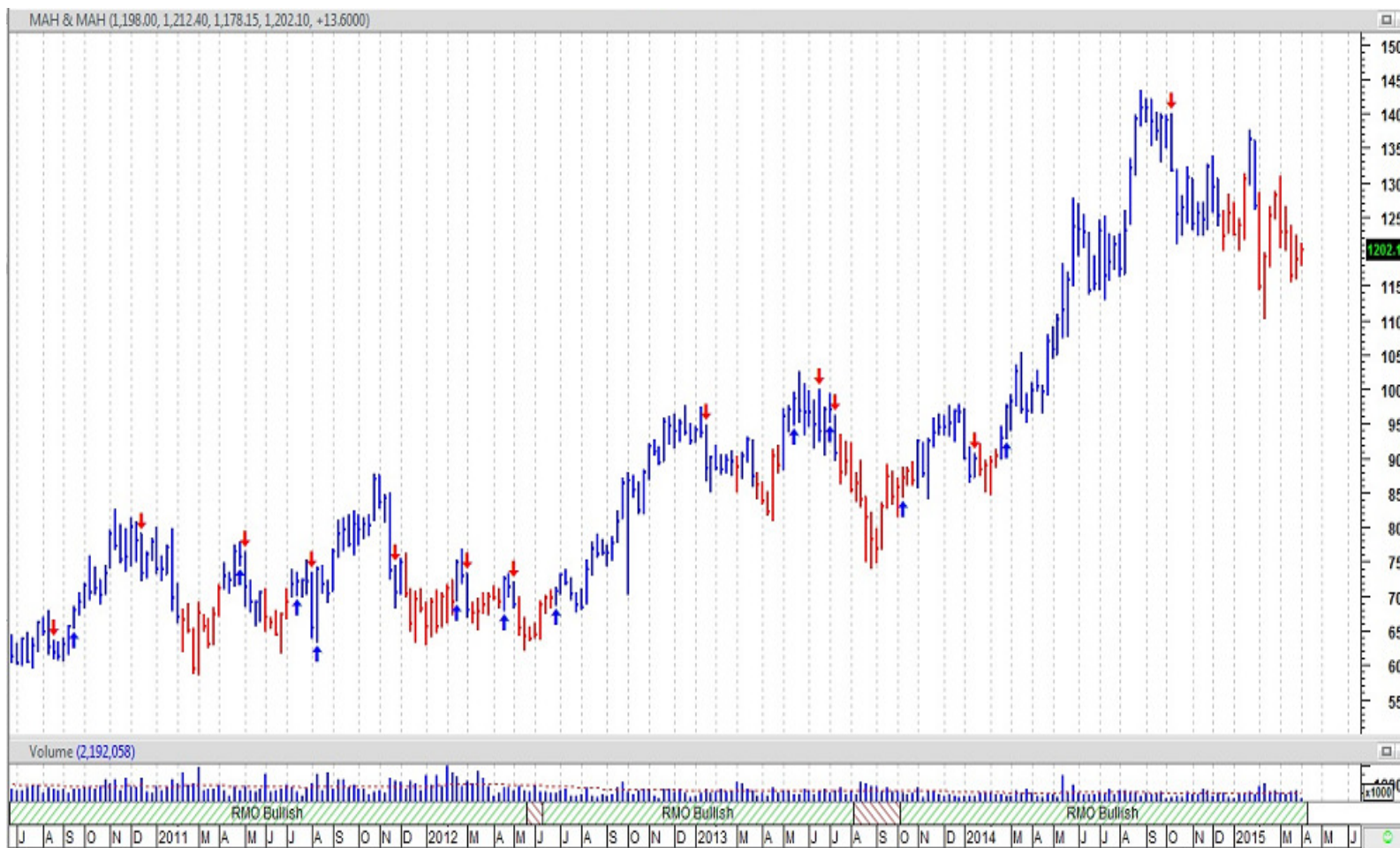
Particulars	Return(%)	
	YTD	QTD
M&M	-3%	-3%
BSE Auto	4%	4%



Disclaimer

This report is for the personal information of the authorised recipient and does not constitute to be any investment, legal or taxation advice to you. Spearhead FinServe Pvt Ltd is not soliciting any action based upon it. This report is not for public distribution and has been furnished solely for your information and should not be reproduced or redistributed to any other person in any form. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. Spearhead FinServe Pvt Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any inadvertent error in the information contained in this report. Spearhead FinServe Pvt Ltd or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This information is subject to change without any prior notice. Spearhead FinServe Pvt Ltd reserves the right to make modifications and alterations to this statement as may be required from time to time. Nevertheless, Spearhead FinServe Pvt Ltd is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Technical Outlook



Disclaimer

This report is for the personal information of the authorised recipient and does not constitute to be any investment, legal or taxation advice to you. Spearhead FinServe Pvt Ltd is not soliciting any action based upon it. This report is not for public distribution and has been furnished solely for your information and should not be reproduced or redistributed to any other person in any form. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. Spearhead FinServe Pvt Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any inadvertent error in the information contained in this report. Spearhead FinServe Pvt Ltd or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This information is subject to change without any prior notice. Spearhead FinServe Pvt Ltd reserves the right to make modifications and alterations to this statement as may be required from time to time. Nevertheless, Spearhead FinServe Pvt Ltd is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.