

**REPORT**  
**FINANCIAL ANALYSIS OF**  
**MAHINDRA & MAHINDRA**  
**LIMITED**

# INTRODUCTION

Mahindra & Mahindra Ltd. is a flagship company of the Mahindra Group, a multinational conglomerate based in Mumbai, India. The company was set up in 1945 in Ludhiana as Mahindra by brothers K.C. Mahindra and J.C. Mahindra. Mahindra & Mahindra is a major automobile manufacturer of tractors, utility vehicles, passenger cars, pickups, commercial vehicles; its tractors are sold on six continents. It has acquired plants in China and the United Kingdom, and has three assembly plants in the USA. M&M has a global presence and its products are exported to several countries. Its global subsidiaries include Mahindra Europe Srl. Based in Italy, Mahindra USA Inc., Mahindra South Africa and Mahindra (China) Tractor Co. Ltd. M&M is one of the leading tractor brands in the world by volume. It is also the largest manufacturer of tractors in India with sustained market leadership of over 25 years. It designs, develops, manufactures and markets tractors as well as farm implements.

Mahindra is best known for utility vehicles and tractors in India, its automotive division, the Company's oldest unit founded in 1945 makes jeeps and three wheelers. M&M's farm equipment sector, formed in 1963 during the India's green revolution, manufactures tractors and industrial engines. M&M also produces military vehicles. The company has facilities located throughout India.

## Mahindra Current Models –

- KUV100 NXT
- Bolero
- Scorpio
- Thar
- XUV500
- Alturas
- XUV300
- XUV700

# Mahindra & Mahindra Balance Sheet

Standalone Balance Sheet	----- in Rs. Cr. -----				
	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>EQUITIES AND LIABILITIES</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Equity Share Capital	597.39	596.52	595.80	594.97	296.81
<b>Total Share Capital</b>	<b>597.39</b>	<b>596.52</b>	<b>595.80</b>	<b>594.97</b>	<b>296.81</b>
Reserves and Surplus	33,649.65	33,606.36	33,613.43	29,699.07	26,488.81
<b>Total Reserves and Surplus</b>	<b>33,649.65</b>	<b>33,606.36</b>	<b>33,613.43</b>	<b>29,699.07</b>	<b>26,488.81</b>
Employees Stock Options	254.88	264.96	0.00	0.00	0.00
<b>Total Shareholders Funds</b>	<b>34,501.92</b>	<b>34,467.84</b>	<b>34,209.23</b>	<b>30,294.04</b>	<b>26,785.62</b>
<b>NON-CURRENT LIABILITIES</b>					
Long Term Borrowings	7,070.03	2,032.03	2,031.78	2,195.90	2,233.99
Deferred Tax Liabilities [Net]	1,343.15	1,408.17	634.13	277.24	0.00
Other Long Term Liabilities	585.11	698.22	604.92	464.55	490.21
Long Term Provisions	955.42	922.98	882.93	861.81	824.45
<b>Total Non-Current Liabilities</b>	<b>9,953.71</b>	<b>5,061.40</b>	<b>4,153.76</b>	<b>3,799.50</b>	<b>3,548.65</b>
<b>CURRENT LIABILITIES</b>					
Short Term Borrowings	24.74	900.00	448.54	668.47	538.88
Trade Payables	9,988.16	6,785.83	9,678.15	8,603.40	6,881.08
Other Current Liabilities	4,633.79	2,691.43	3,518.71	3,383.95	1,648.61
Short Term Provisions	486.48	595.56	688.67	667.39	565.48
<b>Total Current Liabilities</b>	<b>15,133.17</b>	<b>10,972.82</b>	<b>14,334.07</b>	<b>13,323.21</b>	<b>9,634.05</b>
<b>Total Capital And Liabilities</b>	<b>59,588.80</b>	<b>50,502.06</b>	<b>52,697.06</b>	<b>47,416.75</b>	<b>39,968.32</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Tangible Assets	7,872.59	7,980.76	7,614.71	6,507.95	6,536.72
Intangible Assets	2,306.76	2,413.83	2,467.04	1,351.46	1,234.32
Capital Work-In-Progress	1,708.88	1,196.68	706.77	1,079.72	409.78
Intangible Assets Under Development	3,123.28	2,812.78	1,713.02	2,048.99	1,630.62
<b>Fixed Assets</b>	<b>15,011.51</b>	<b>14,404.05</b>	<b>12,501.54</b>	<b>10,988.12</b>	<b>9,811.44</b>
Non-Current Investments	19,576.60	17,748.48	19,032.07	16,645.48	14,301.70
Deferred Tax Assets [Net]	0.00	0.00	0.00	0.00	254.84
Long Term Loans And Advances	1,652.72	138.86	37.55	43.01	34.12
Other Non-Current Assets	3,035.67	3,069.18	3,054.84	3,265.67	2,958.22
<b>Total Non-Current Assets</b>	<b>39,276.50</b>	<b>35,360.57</b>	<b>34,626.00</b>	<b>30,942.28</b>	<b>27,360.32</b>
<b>CURRENT ASSETS</b>					
Current Investments	4,488.47	2,189.65	2,983.96	3,937.49	3,606.70
Inventories	3,955.47	3,400.91	3,839.27	2,701.69	2,758.01

Trade Receivables	2,342.85	2,998.98	3,946.30	3,172.98	2,938.84
Cash And Cash Equivalents	6,255.42	4,236.51	3,731.66	2,893.73	1,687.48
Short Term Loans And Advances	756.94	512.02	673.40	975.16	506.51
OtherCurrentAssets	2,513.15	1,803.42	2,896.47	2,793.42	1,110.46
<b>Total Current Assets</b>	<b>20,312.30</b>	<b>15,141.49</b>	<b>18,071.06</b>	<b>16,474.47</b>	<b>12,608.00</b>
<b>Total Assets</b>	<b>59,588.80</b>	<b>50,502.00</b>	<b>52,697.00</b>	<b>47,416.70</b>	<b>39,968.32</b>
<b>OTHER ADDITIONAL INFORMATION</b>					
<b>CONTINGENT LIABILITIES, COMMITMENTS</b>					
Contingent Liabilities	5,540.40	5,233.50	5,622.10	4,132.20	5,276.23
<b>CIF VALUE OF IMPORTS</b>					
<b>EXPENDITURE IN FOREIGN EXCHANGE</b>					
	1,096.50	1,096.90	1,005.00	782.62	789.40
<b>REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS</b>					
Dividend Remittance In Foreign Currency					-
<b>EARNINGS IN FOREIGN EXCHANGE</b>					
	-	-	-	-	-
<b>FOB Value Of Goods</b>					
Other Earnings	-	-	-	2,504.98	2,376.47
<b>BONUS DETAILS</b>	2,000.03	2,237.45	3,063.06	-	-
Bonus Equity Share Capital	481.41	481.41	481.41	481.41	170.61
<b>NON-CURRENT INVESTMENTS</b>					
Non-Current Investments Quoted Market Value	44,346.71	23,044.04	42,340.50	3,033.52	4,609.37
Non-Current Investments Unquoted Book Value	20,071.85	16,635.21	14,591.94	12,034.50	10,977.76
<b>CURRENT INVESTMENTS</b>					
Current Investments Quoted Market Value	4,488.47	1,718.34	2,194.69	2,802.26	2,297.92

Source : **Dion Global Solutions Limited**

## Equity

Equity shows the assets that the company owns outright. If you were to sell all your assets and pay off your liabilities, the owner's equity would be what's left. It shows retained earnings and, if the company is publicly traded, common stock information. It's the exact opposite of liabilities because it shows you what is yours to keep as a company.

Equity = Assets – Liabilities

**Share Capital** - Increases in the total capital stock may negatively impact existing shareholders since it usually results in share dilution. That means each existing share represents a smaller percentage of ownership, making the shares less valuable. Despite possible dilution of shares, increases in capital stock can ultimately be beneficial for investors. The increase in capital for the company raised by selling additional shares of stock can finance additional company growth. If the company invests the additional capital successfully, then the ultimate gains in stock price and dividend payouts realized by investors may be more than sufficient to compensate for the dilution of their shares.

**Reserves and surplus** - are the accumulated profits that a company has earned and retained overtime. Retained profits are the profits that are left after paying the dividends to the shareholders. When a company reinvests money back into itself, the reserves and surplus account will expand. Its complementary effect will be seen in the assets side.

**Total Shareholder Equity** - When an increase occurs in a company's earnings or capital, the overall result is an increase to the company's stockholder's equity balance. Shareholder's equity may increase from selling shares of stock, raising the company's revenues and decreasing its operating expenses.

## **Liabilities**

A liability is something a person or company owes, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services. Recorded on the right side of the balance sheet, liabilities include loans, accounts payable, mortgages, deferred revenues, bonds, warranties, and accrued expenses.

### **Non-Current Liability**

Noncurrent liabilities, also called long-term liabilities or long-term debts, are long-term financial obligations listed on a company's balance sheet. These liabilities have obligations that become due beyond twelve months in the future, as opposed to current liabilities which are short-term debts with maturity dates within the following twelve month period.

**Total Noncurrent liabilities** - are compared to cash flow, to see if a company will be able to meet its financial obligations in the long-term. The more stable a company's cash flows, the more debt it can support without increasing its default risk. It shows company's increasing cash flow for future operational expenses.

### **Current Liabilities**

Current liabilities are financial obligations of a business entity that are due and payable within a year. A liability occurs when a company has undergone a transaction that has generated an expectation for a future outflow of cash or other economic resources.

**Total Non-Current Liabilities** - If AP increases over a prior period, that means the company is buying more goods or services on credit, rather than paying cash. An increase in current liabilities means that the amount of short-term money that the company owns has increased. Company is conserving cash and investing money in buying inventories, making new purchase.

**Total Capital and Liabilities** – Capital and liabilities of a company is increasing which indicates company is take huge debt for their operational purpose and increasing in equity values indicates that company raising revenues.

# Assets

## Non-Current Assets

Noncurrent assets are a company's long-term investments for which the full value will not be realized within the accounting year. They are typically highly illiquid, meaning these assets cannot easily be converted into cash.

**Fixed Assets** - Fixed asset turnover ratio compares the sales revenue a company to its fixed assets. This ratio tells us how effectively and efficiently a company is using its fixed assets to generate revenues. This ratio indicates the productivity of fixed assets in generating revenues. If a company has a high fixed asset turnover ratio, it shows that the company is efficient at managing its fixed assets. Fixed assets are important because they usually represent the largest component of total assets. An increasing trend in fixed assets turnover ratio is desirable because it means that the company has less money tied up in fixed assets for each unit of sales.

**Total Non-Current Asset** - A noncurrent asset is an asset that is not supposed to be utilized within one year. If a company has a high number of noncurrent assets, it indicates poor liquidity for the company. This means a large amount of cash is needed to support ongoing investments in non-cash assets.

## Current Asset

Current assets represent all the assets of a company that are expected to be conveniently sold, consumed, used, or exhausted through standard business operations within one year. Current assets would include cash, cash equivalents, accounts receivable, stock inventory, marketable securities, pre-paid liabilities, and other liquid assets. Current assets may also be called current accounts.

**Total Current Assets** - In essence, having substantially more current assets than liabilities indicates that a business should be able to meet its short-term obligations. It provides an indication of the company's ability to meet its current debt. The higher the result, the better it is.

**Total Assets** - increasing assets are a sign that the company is growing. Growing cash reserves often signal strong company performance; dwindling cash can indicate potential difficulties in paying its debt (liabilities). Assets are



reported on a company's balance sheet and are bought or created to increase a firm's value or benefit the firm's operations.