

● SALES GAP BETWEEN THE TWO AUTOMAKERS IS SUBSTANTIAL

At \$9.8 billion, Mahindra EV tops Tata rival in valuation

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Mumbai, February 20

THE ELECTRIC VEHICLE (EV) arm of Mahindra & Mahindra (M&M) has left Tata Motors' rival behind as far as valuation is concerned. While Mahindra's EV arm's valuation in August 2023 stood at ₹80,580 crore (\$9.8 billion), Tata Passenger Electric Mobility's (TPEML) was last valued at around ₹68,250 crore in October 2021.

In mid-July 2022, Mahindra EV arm stumped the market for the first time when a foreign investor valued it on par with TPEML, which is India's largest player in the segment.

The ₹70,070-crore (\$9.1-billion) valuation by British International Investment surprised market watchers because the EV company did not have any products on sale at the time. M&M's first electric product — the XUV 400 — debuted six months after that transaction in January 2023. The subsidiary, which subsequently got named Mahindra Electric Automotive (MEAL), saw its valuation go up 15% in August 2023 when Temasek picked up a small stake.

After the October 2021 maiden funding round, which saw TPG Rise Climate and ADQ commit ₹7,500 crore towards TPEML, Tata Motors hasn't done any further fundraising.

The gap in valuation of both the companies is determined by their individual business road maps. While Tata Motors has gone for entry-level electric cars (four products below ₹15 lakh), M&M wants to focus on the premium SUV segment.

Anish Shah, MD, M&M, said, "Valuations are never based on the pre-

CHARGED UP



₹70,070-cr or
\$9.1-bn

valuation for Mahindra EV by British International Investment in mid-July 2022



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■ MEAL saw its valuation go up 15% in August 2023 to

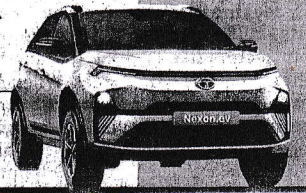
₹80,580 cr or
\$9.8 bn
when Temasek picked up a small stake

₹68,250-cr

valuation of TPEML in October 2021 maiden funding round; no fundraising thereafter

■ Automakers are not looking at fundraising through stake sales in their EV arms

■ Experts say if Tata Motors goes for a fundraising now, it will get a much better valuation for its EV company



sent; they are based on expectations of the future. It is a function of the products we have in the pipeline. Once these products are out in the market and people experience them, then the question might well be 'why just \$9.8 billion?'"

While the senior management of both the companies clarified recently to FE that they are not looking at fundraising through stake sales in their EV arms, experts say that Tata Motors will get a much better valuation for its EV company than it did in the first round.

Munish Aggarwal, managing director and head Equity Capital Equirus, said, "Despite intensifying competition, Tata Motors has been able to protect its position as the largest player in the electric passen-

ger vehicle segment. It will be the biggest beneficiary and thus depending on how rapidly consumers adopt EV passenger vehicles, the valuation can improve substantially."

The sales gap between Tata Motors and M&M is substantial. At around 5,600 units, Tata Motors had a market share of nearly 69% as of January 2024 while sales of M&M during the same month stood at around 750 units, giving it a market share of 10%, as per data shared by the Federation of Automobile Dealers Association.

Puneet Gupta, director, S&P Global, said, "The similar valuations which M&M electric enjoyed earlier are doubtful. Mahindra has not been able to introduce any successful EV. The XUV 400 didn't have a good

word-of-mouth. But Tata Motors, in comparison, was able to execute its EV plans faster."

Mahindra will be looking to showcase its first-born electric car — XUV.e8 — in 2024 followed by the model's commercial launch in early 2025. This will be followed by three more launches in two years thereafter. Each of these new models will be in the premium category — priced ₹25 lakh and above.

"Looking at the future products, M&M's electric SUV range may also be expensive and unable to compete with the likes of Tesla or Kia. But Tata Motors has EV products at the entry level which is where the mass market is," Gupta added.

Tata Motors declined to comment on the story.