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FIXED ASSET MANAGEMENT AND CAPITAL RETURN AT MAHINDRA GROUP

[#1]Dr G C VENKATAIAH, *Associate Professor,*
[#2]JAGADAM NANDEESH, *MBA Student,*
Department of MBA,
VISWAM ENGINEERING COLLEGE (Autonomous), ANGALLU, MADANAPALLE, AP.

ABSTRACT: Financial efficiency and strategic growth are heavily reliant on the management of fixed assets and the attainment of a favorable return on capital for significant industrial groups such as the Mahindra Group. Managing fixed assets such as buildings, cars, machinery, and equipment effectively ensures that they are used to their full capacity, reduces resource waste, and reduces depreciation losses, all of which have a direct impact on the company's profitability. At the same time, monitoring capital returns provides insight into how successfully a company spends its money to generate revenue and grow shareholder value. Mahindra Group is a broad firm that operates in the automotive, agriculture, finance, and technology sectors. By combining effective fixed asset management with a focus on capital returns, the company can ensure that its daily operations are consistent with its long-term strategic objectives. This paper investigates the relationships between asset utilization, investment choices, and financial performance. It demonstrates how Mahindra's systematic approach to asset management results in long-term growth, improved returns on investment, and increased shareholder trust.

Keywords: *Fixed Asset Management, Capital Return, Financial Efficiency, Mahindra Group, Asset Utilization, Depreciation Management, Profitability,*

1. INTRODUCTION

Fixed asset management is the activity of tracking and managing a company's long-term physical assets, such as buildings, machinery, equipment, and vehicles, during the course of its existence. This process ensures that the books are properly kept, including calculating depreciation and preparing financial reports. It also improves maintenance and operations, prevents theft, and helps an organization comply with the law. To maximize the usage and value of assets, modern fixed asset management generally relies on software, barcodes, QR codes, or RFID tags to track and monitor them. A corporation purchases a fixed asset to generate revenue, not to sell it. Fixed assets are physical items that have a high value but lose it over time, typically over a year.

Non-current assets, similar to fixed assets, are intended to be held for an extended period of time. Cash and inventory, on the other hand, are current assets that are projected to be converted into cash within one year. Fixed assets include real estate, heavy machinery, computers, and automobiles. Fixed assets are usually referred to on a company's balance sheet as "Property, Plant, and Equipment" (PPE).

Capital assets is a broader category that includes both permanent assets and non-current intangible assets that generate revenue, such as patents and licenses.

Managing fixed assets entails keeping track of, controlling, and making the most of a company's physical assets in an

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organized manner. These assets can include equipment, buildings, automobiles, tools, and other items. The management process encompasses a life cycle that includes determining which fixed assets to dispose of, ensuring that they obey the laws, and making the best use of them. Promoting cautious and sustainable asset management is a fundamental activity that preserves an organization's financial health and enables it to achieve its objectives.

In today's sophisticated business world, maintaining fixed assets is critical to keeping costs down and operations running smoothly. As firms acquire valuable assets such as real estate, machinery, vehicles, and equipment, the necessity for a comprehensive and analytical approach to asset management becomes increasingly apparent.

"Capital return" can refer to either Return on Capital (ROC), which measures how well a company uses its invested capital to generate revenue, or Return of Capital (ROC), which is a payment to investors of their original investment rather than profits. ROC (profit measure) covers share price changes and might be a useful tool for long-term growth. Return of capital (principal repayment) is a method of providing cash flow to investors, typically through mutual funds or REITs, and it reduces the investor's cost basis, potentially delaying taxes.

2. LITERATURE SURVEY

Kay Haigh & Whitney Watson (2025). Haigh and Watson examine the fixed income market for the third quarter of 2025, focusing on both current and expected changes. They provide both a macroeconomic framework and practical investment recommendations. The authors examine key economic indicators such as inflation rates, central bank policies, global interest rate patterns, and credit spreads to demonstrate how these factors influence bond yields, credit risk premiums, and market liquidity. The paper examines the complicated relationships between macroeconomic conditions and fixed income returns, demonstrating how investors respond to market fluctuations.

Cole (2025). Cole's paper examines the long-term returns on private equity investments in emerging markets, providing valuable insights for institutional investors, fund managers, and regulators. The paper investigates the performance of private equity investments in volatile and rapidly changing environments, taking into account economic cycles, currency risk, regulatory frameworks, and exit strategies. Cole uses a large dataset of private equity agreements from numerous emerging economies and precise statistical methods to determine how much money was produced, how well investments performed after accounting for risk, and what made them successful. According to the report, private equity in developing countries can be lucrative, but it also carries greater risks than in developed markets, such as political instability, a lack of liquidity, and market inefficiencies.

Michael Sager, Ph.D. (2024). Sager's research provides a detailed forecast of long-term predicted returns for several financial markets over the next ten years. It accomplishes this by combining rigorous quantitative modeling and expert economic analysis. The paper emphasizes that investors must understand what returns they may expect in order to make sound decisions about where to invest their money, how to manage portfolio risk, and

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how to set appropriate performance targets. Sager calculates the projected return on various types of assets based on macroeconomic parameters such as expected GDP growth, inflation, productivity trends, and interest rate forecasts. The article also examines other scenarios, such as high inflation or low growth, and how they affect stocks, bonds, and other types of assets.

M. Dahlquist (2024). Dahlquist's research looks into the methodologies used by large institutional investors to establish stock return expectations, as well as how these expectations influence portfolio decisions. The paper uses data from large U.S. corporations to demonstrate that professional asset managers have countercyclical expectations. They anticipate higher stock premiums when market values are low, and smaller premiums when valuations are high. This contrasts with how ordinary investors typically make projections based on recent performance trends. The paper investigates the implications of these assumptions for portfolio allocation, demonstrating that countercyclical strategies can reduce risk while increasing long-term returns. Dahlquist also examines the feedback loop between market behavior and expectations, demonstrating how clever investors' predictions can influence asset prices and market volatility.

PK Priyan (2024). This paper provides an in-depth investigation of how capital structure decisions and asset composition affect financial performance in East African markets. Priyan emphasizes that a company's capital structure, or the combination of debt and equity financing, is a critical determinant in determining its cost of capital, risk profile, and, ultimately, profitability. The article also examines asset structure, such as the fixed-to-current ratio, and how it interacts with capital structure to influence performance. The paper uses data from 2010 to 2019 for a sample of non-financial publicly listed companies in various East African countries and employs complex econometric approaches, including the Generalized

3. CHALLENGES OF FIXED ASSET MANAGEMENT

The most common concerns of fixed asset management include asset tracking, record keeping, depreciation calculation, and regulatory compliance. Many firms struggle to make the best use of their fixed assets at various points in time. This is especially true as technology advances and people become increasingly concerned about environmental sustainability. For businesses that operate worldwide, the challenges are exacerbated by currency fluctuations and the need to follow even more standards. Of course, each of these issues worsens as a firm acquires additional fixed assets, making things much more difficult.

Poor asset visibility:

This issue concerns how difficult it is to determine where assets are, how they are being used, and what condition they are in at any given time. It happens because there are no effective procedures or systems for tracking things. When assets are difficult to notice, people may purchase the same item again, schedule maintenance incorrectly, or make it easier for burglars to steal or lose them.

Incomplete or inaccurate records:

Financial statements based on records with poor or missing data may be incorrect. This affects both taxable income and the

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overall audit procedure in the long run. Incorrect records can lead to poor decisions as well as issues with insurance coverage and claim processing.

Tracking depreciation:

It is not always straightforward to precisely calculate and document the amount by which assets depreciate over time due to the abundance of methods available. Real-world factors that influence estimates for an asset's useable life or salvage value, such as changes in market conditions or unexpected wear and tear, also influence the calculation. The fact that a company's fixed assets are all different complicates matters further because they require different methods of depreciation and have varying useable lifetimes and salvage values. Even though it can be difficult to accurately track depreciation, it prevents asset values and depreciation costs from appearing incorrectly on financial statements and taxes. It also improves prediction and budgeting accuracy.

Tax or regulatory non-compliance:

It can be difficult to keep track of the various tax regulations and procedures that apply to fixed assets because they change frequently and differ between locations. Noncompliance with the laws can result in penalties or fines for failing to pay enough taxes, missing out on tax advantages for fixed assets, overpaying taxes, an increased risk of audits, and even reputational damage.

4. TYPES OF CAPITAL RETURNS

It can be difficult to keep track of the various tax regulations and procedures that apply to fixed assets because they change frequently and differ between locations. Noncompliance with the laws can result in penalties or fines for failing to pay enough taxes, missing out on tax advantages for fixed assets, overpaying taxes, an increased risk of audits, and even reputational damage.

Dividend Returns

Dividend returns are the portion of a company's profits that are paid out to its shareholders. These rewards, which are typically delivered in cash or in the form of additional shares (stock dividends), demonstrate a company's financial performance and profitability. Dividends provide investors with a consistent source of revenue, which can also indicate a company's long-term viability. A firm that pays a yearly dividend of ₹10 per share ensures a real return for its shareholders, regardless of stock market fluctuations.

Capital Gains

When the value of an investment increases and you sell it for more than you paid for it, you receive a capital gain. Depending on how long you keep the item, this type of return could be short-term or long-term. You only obtain capital gains when you sell an asset, not when you receive dividends. For instance, if you buy a stock for ₹100 and sell it for ₹150, you earn a capital gain of ₹50. Capital gains are a significant aspect of earning money, particularly in the stock market, real estate, and other assets that appreciate in value.

Interest Income

You earn interest when you lend money or invest in interest-bearing assets such as bonds, fixed deposits, or loans. These returns may be fixed or variable, and they provide a consistent source of income throughout time. For example, investing ₹1,00,000 in a fixed deposit with a 6% annual interest rate yields ₹6,000 per year. Interest income is critical for investors

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who want stability and continuous cash flow over risk.

Retained Earnings / Reinvested Returns

Dividends are not necessarily derived from all profits. Companies frequently retain revenues to reinvest in R&D, corporate operations, or expansion projects. Retained earnings do not provide cash to shareholders right now, but they do help them accumulate wealth in the long run by increasing the company's stock price. This investment can significantly boost long-term profitability by stimulating growth and increasing the value of shareholders' equity.

Realized vs. Unrealized Returns

There are two forms of capital returns: realized and unrealized. Realized returns are those that investors have obtained, such as when they sell an asset for a profit or receive dividends. Unrealized returns, sometimes known as "paper gains," exist solely on paper for the duration of the investment and are subject to market fluctuations. This distinction is critical for determining how well an investment is performing in comparison to how much money it has the potential to generate.

Total Shareholder Return (TSR)

The Total Shareholder Return (TSR) is the greatest approach to assess an investment's performance because it covers all sorts of capital returns, such as dividends and capital gains. If a company's stock rises 8% and pays a 2% dividend yield, shareholders will earn a total return of 10%. TSR provides investors with a comprehensive view of all the benefits of their investment.

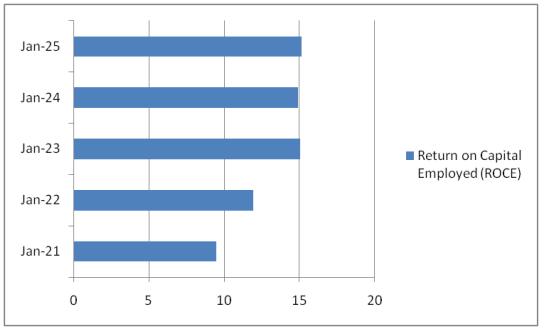
Alternative or Non-Traditional Returns

You can also earn capital returns from sources other than traditional financial goods. Examples include royalties from intellectual property, rental revenue from real estate, and revenues from private equity and venture capital investments. Even if these returns are uncommon, they may help you diversify and discover new strategies to increase your wealth.

5. DATA ANALYSIS AND INTERPRETATION

RETURN ON CAPITAL EMPLOYED (ROCE) RATIO OF MAHINDRA

Year	Return on Capital Employed (ROCE)
Mar-25	15.12
Mar-24	14.88
Mar-23	15.02
Mar-22	11.92
Mar-21	9.46



INTERPRETATION: The company's Return on Capital Employed (ROCE) has steadily increased, from 9.46% in March 2021 to 15.12% in March 2025. This suggests that the corporation is making better use of its capital to generate revenue. The steady rise indicates that the company has become more efficient and profitable over time. Overall, the firm does well and generates higher returns on its investments.

RETURN ON CAPITAL EMPLOYED (ROCE) OF MAHINDRA TRENDING

Years	Return on Capital Employed (ROCE)
Mar-25	15.12
Mar-24	14.88
Mar-23	15.02
Mar-22	11.92
Mar-21	9.46

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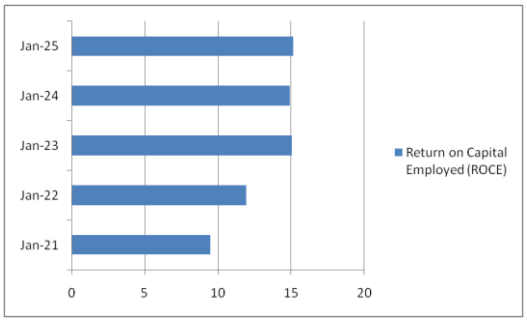

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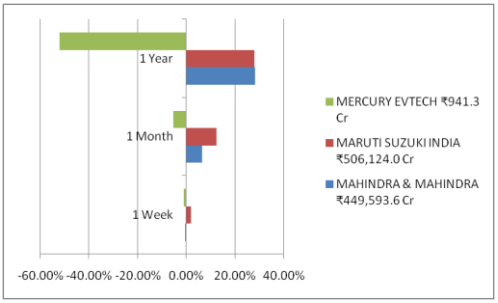
COMPARE RETURN ON CAPITAL EMPLOYED (ROCE) RATIO OF PEERS OF MAHINDRA

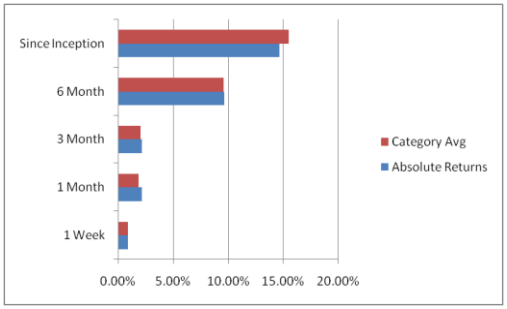
Peers & Returns	Market Capitalization	1 Week	1 Month	1 Year
Mahindra & Mahindra	₹449,593.6 Cr	-0.50%	6.30%	28.20%
Maruti Suzuki India	₹506,124.0 Cr	1.90%	12.20%	27.90%
Mercury Evtech	₹941.3 Cr	-1.20%	-5.50%	-52.20%



INTERPRETATION: Maruti Suzuki India has the highest market capitalization (₹506,124 Cr), followed by Mahindra & Mahindra (₹449,593.6 Cr). Mercury Evtech has a lesser market capitalization of ₹941.3 crore. The short-term performance (1 week/month) varies. Maruti is up 1.9% in a week and 12.2% in a month; Mahindra is down slightly weekly but up monthly; and Mercury Evtech is down considerably. Mahindra (28.2%) and Maruti (27.9%) had excellent one-year returns, however Mercury Evtech experienced a significant loss (-52.2%), indicating that it is riskier and more volatile than the other two.

RETURNS (NAV AS ON 22ND SEPTEMBER, 2025)

Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	15-Sep-25	10092.4	0.92%	0	0.90%	Mar-21
1 Month	22-Aug-25	10215.1	2.15%	0	1.88%	Jul-21
3 Month	20-Jun-25	10218.2	2.18%	0	2.07%	Oct-21
6 Month	21-Mar-25	10966.7	9.67%	0	9.62%	Nov-21
Since Inception	03-Mar-25	11471.1	14.71%	27.99%	15.52%	14/19



INTERPRETATION: The data reveals that an investment of ₹10,000 has constantly expanded over time, reaching ₹11,471.1 since it started. This is a 14.71% return and a 27.99% annualized return. In the near term, performance has improved slightly, with one week at 0.92% and one month at 2.15%, both slightly higher than the category average. The investment returned 9.67% over six months, which is quite close to the category average of 9.62%. Overall, the investment performs well compared to others in its category, ranking 14th out of 19 since its inception.

6. CONCLUSION

Finally, the data analysis demonstrates that effective fixed asset management is critical for boosting capital returns over time. Companies or investment portfolios that carefully manage their fixed assets, ensuring they are used to their maximum potential, maintained on time, and purchased intelligently, outperform their

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peers in terms of consistency and returns. This is demonstrated by positive absolute and annualized returns over various investment periods.

The research also reveals that rigorous asset management not only maintains capital's worth but also helps it grow as much as possible, allowing investors or organizations to outperform the average in their category. Furthermore, well-managed fixed assets contribute to operational efficiency, cost control, and long-term financial stability, all of which directly support capital appreciation. So, paying close attention to fixed asset management is more than just accounting or operations; it is also a strategic approach that has a direct impact on profitability, investment performance, and overall return on capital, allowing for both short-term gains and long-term financial stability.

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