

Maruti Suzuki India Limited

Fundamental analysis



Market cap- ₹3,830,000,000 or ₹383000 crores

Growth – 19.9% (2023-24)

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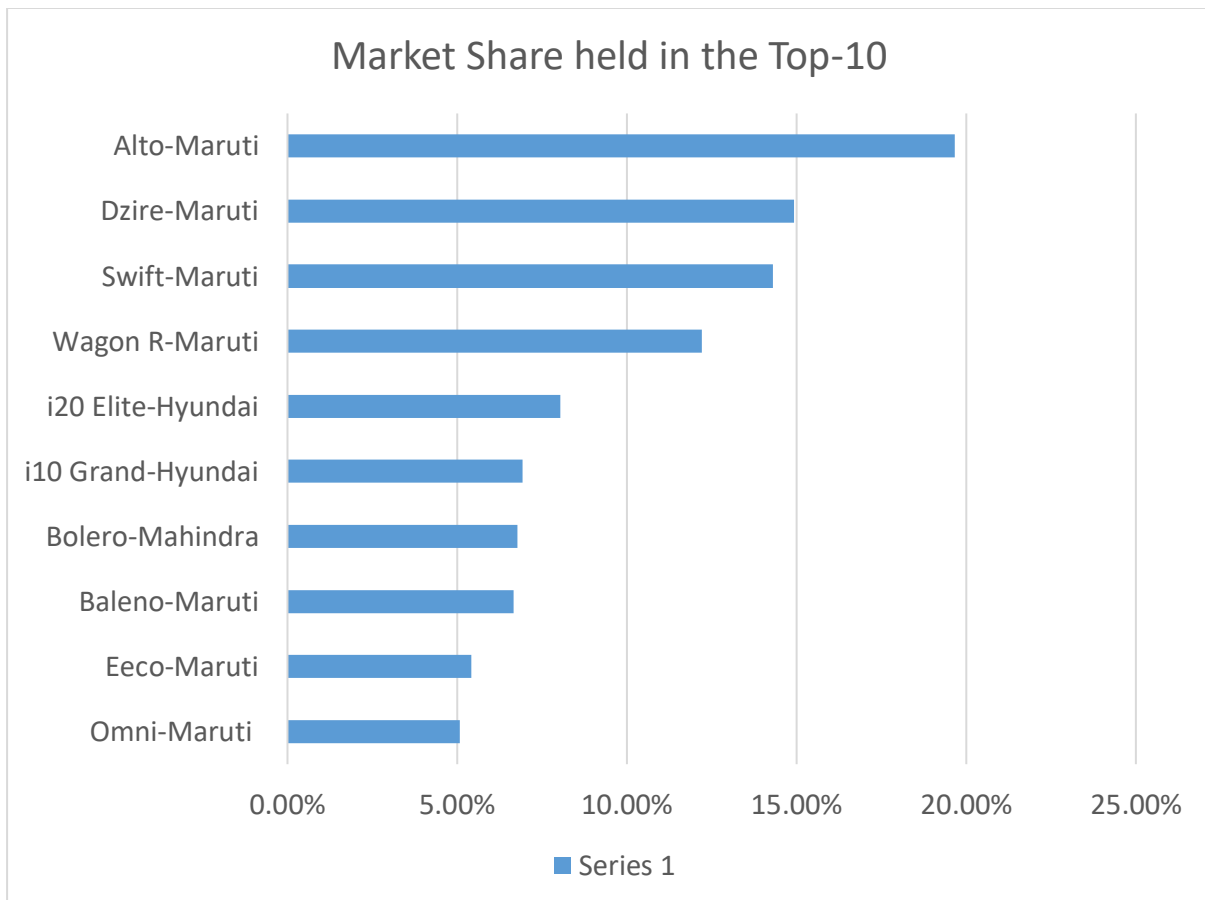
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About the Company

Maruti Suzuki India limited formerly Maruti Udyog Limited is an Indian company that is now a subsidiary of the Suzuki Motor Corporation. It is involved in the manufacturing and sale of passenger vehicles in India. In layman language it handles the entire business operations concerning 4 wheel automobile of Suzuki Motor Corporation in India.

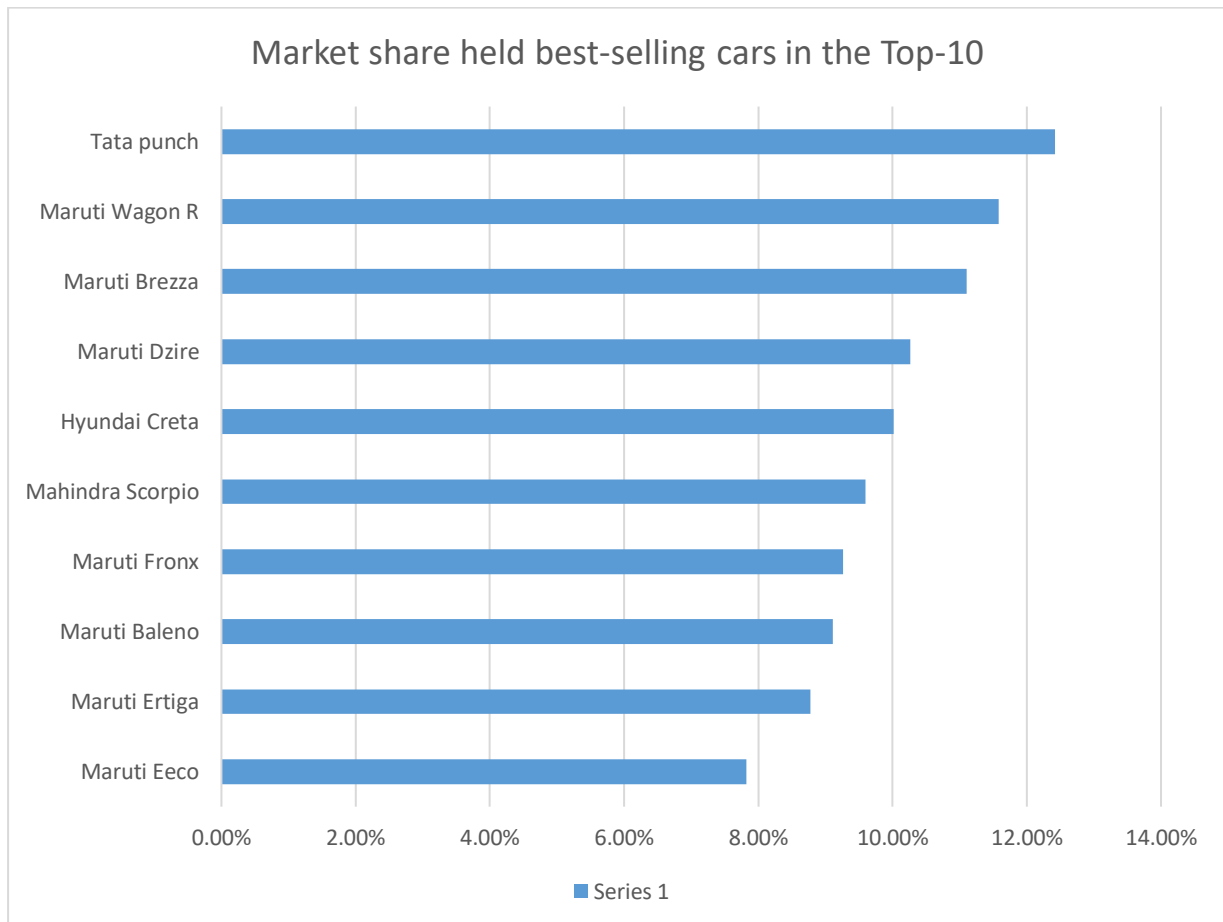
Maruti Suzuki India limited is concerned with the production of vehicles at an unprecedented scale, there are lakhs of vehicles sold every year just by the Indian branch of Suzuki i.e. Maruti Suzuki India Limited which deals with an unprecedented amount of money, their net sales of ₹1 trillion 349 billion 378 million which is approximately 16 billion 167 million 800 thousand US Dollars.

Maruti Suzuki India Limited is undeniably the leading car manufacturer in India and its influence over the years since its establishment in 1981 is astronomical. In the previous decade, Maruti Suzuki India Limited held the top 4 spots for best selling cars in India and held 7 spots in the top 10.



Though Maruti Suzuki India Limited still dominates the market, it has started to lose its grip in the consumer market in this decade due to the image of some of cars being ruined on social media which has started to influence the way people think and there is also an increase in competition. Though, Maruti Suzuki India Limited still has a strong foothold in cars that are used as taxis.

These are the sales numbers for the 10 most sold cars in April 2024-



From this Bar graph it is apparent that some of the cars of Maruti Suzuki have lost market share.

Though most of the cars have grown exponentially except the Wagon R and Baleno cars which have both lost sales, Maruti has lost the top spot to Tata Motors Cars. Specifically the Tata Punch.

History of Maruti Suzuki India Limited

The Government of India established Maruti Udyog Limited in February 1981 as a joint venture with Suzuki Motor Corporation as a small partner. In 1982, Maruti opened its first production facility in Gurugram, Haryana, India.

The Maruti name can be traced back to a previous company that was established by the famous politician and son of ex-prime minister Indira Gandhi Sanjay Gandhi. In the early 1970s, the Indian government initiated the search for a small car manufacturer. At that time, India had already been manufacturing cars for several years.

Maruti Motors Limited was established with Sanjay Gandhi becoming its managing director. He acquired 297 acres of land in Gurugram for the Maruti factory. Initially, plans were laid out to manufacture an indigenous car priced at around ₹ 8,000. However, the cost of the vehicle escalated to approximately ₹16,500 (ex-showroom) and about ₹ 21,000 on the road in Haryana. Despite the increase in price, the Maruti car remained competitively priced, being ₹ 5,000-10,000 cheaper than its counterparts.

After multiple failed prototypes and multiple failed starts, Suzuki intervened with an agreement which gave them 26% stake in Maruti Udyog Ltd.

Maruti was granted permission to import two Suzuki vehicles that were completely assembled in the first two years of India's closed market, with an initial target of using just 33% domestic components.

Local production commenced in December 1983 with the introduction of the Suzuki Alto based Maruti 800. In 1984, the Maruti Van named Omni with the same three-cylinder engine as the 800 was released.

Maruti Suzuki India limited was not able to meet the demand as these cars turned out to be very popular and had to overhaul the production strategy just to meet public demand.

The popularity surged every year with new models being introduced almost every couple of years or so.

The Government of India partially departed the business in 2003 and then sold all of its remaining shares to Suzuki Motor Corporation in 2007 of which Suzuki Motor Corporation owns 56.2% of them.

There have also been two new manufacturing plants opened in places like Manesar and Gujarat.

Board of directors



MR. R. C. BHARGAVA
Chairman



MR. HISASHI TAKEUCHI
Managing Director & CEO



MR. KENICHI AYUKAWA
Director



MR. KAZUNARI YAMAGUCHI
Director (Production)



MR. TOSHIHIRO SUZUKI
Director



MR. KENICHIRO TOYOFUKU
Director (Corporate Planning)



MR. OSAMU SUZUKI
Director



MR. KINJI SAITO
Director



MR. D. S. BRAR
Independent Director



MR. R.P. SINGH
Independent Director



MR. MAHESWAR SAHU
Independent Director

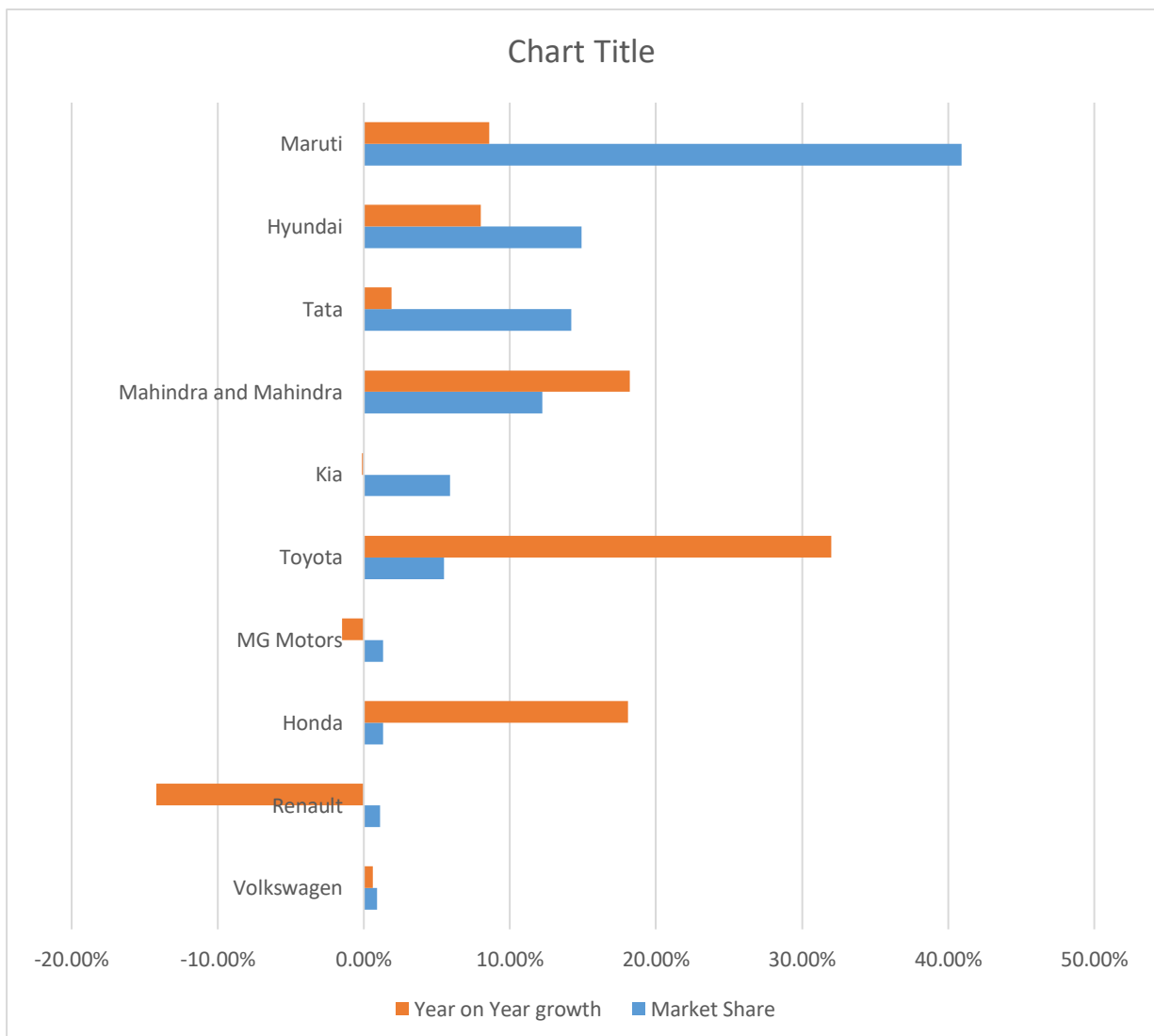


MS. LIRA GOSWAMI
Independent Director

Industry and Sector Overview

Maruti Suzuki India Limited is involved in the manufacturing and selling of cars and vans primarily but they are also involved in providing insurance. So they have stepped foot in all the 3 sectors, primary, secondary and the service sector.

In India, Maruti hold the most market share in the entire automobile industry. In fact, if we look around we can probably see some cars from Maruti Suzuki India Limited. Though, some other companies are growing at a slightly faster rate but due to the Market share possessed by Maruti Suzuki India Limited the other companies are no match for their industrial might.



As we can see, Maruti Suzuki India Limited is the biggest company in India with the most market share which is more than 50%. But other companies are posing significant growth in the Indian subcontinent.

But these figures may not resemble figures for the coming years. As we know, the Road Minister Nitin Gadkari plans to ban petrol and diesel cars in the next 10 years, so if Maruti Suzuki India Limited is not able to make a good electric vehicle, the company will not make it by in India.

Thankfully, they noticed this and have started working on an E.V. that is set to start production in 2025 which is being launched through Maruti Suzuki India Limited's premium line of vehicles, NEXA.

In a nutshell, we do know the direction the automotive industry as a whole is going in but every company should tread carefully as this is a very sensitive time due to the emergence of new technologies.

SWOT ANALYSIS

Strengths-

- 1) The Company has been around since 1981 and is already well established in the automotive sector in India in the budget car category.
- 2) It has differentiated itself from its previous brand identity by launching a new series of cars under the name NEXA which is supposed to be the premium version of the cars in their current lineup.
- 3) The company has a lot of budget for innovation and they do try to give customers good features for the price of the cars offered by them.
- 4) The company has a good grip in the market that it isn't willing to let go anytime soon

Weaknesses-

- 1) Maruti Suzuki India Limited and the entire automotive industry is moving to a platform of electric cars from petrol and diesel powered cars and other manufacturers have already jumped at this trend and have started production of some electric models of their petrol and diesel variants that may shake Maruti Suzuki India Limited and if they do not respond well enough they may start to collapse and lose hold in the market.
- 2) Also funds have been sunk into a new project that may take a while for it to become profitable as the existing infrastructure for electric vehicles isn't good.

Opportunities-

There are many new opportunities in the automotive sector for Maruti Suzuki India Limited but it may be too early to tell how they will use these opportunities. Electric car manufacturing and selling is an exciting new venture and it may be required for their production due to the rumors about banning petrol and diesel powered cars. But this venture also brings with it many threats.

Threats-

There are many threats along this path which Maruti Suzuki India Limited has chosen to tread upon.

- 1) There are other automakers that have already started pushing this idea of electric cars into our head while Maruti Suzuki India Limited has remained unreactive so far except for announcing an electric car that is

supposed to start production in 2025. The eVX as it is called is supposedly coming with a hefty price tag of ₹25 lakh and may not sell.

- 2) Secondly Maruti Suzuki India Limited are starting production on this project for the first time and they may not get their money back as electric vehicles have a tendency of not selling as well as petrol and diesel powered cars because of their limited infrastructure. As we have seen with The Ford Motor Company previously, Maruti Suzuki India Limited may have the same fate (Ford Motor Company was forced to shut down their electric vehicle production due to lack of sales).
- 3) Maruti Suzuki India Limited themselves have a tendency to produce some unsafe and unreliable cars. Electric cars are especially dangerous due to their lithium ion batteries which catch fire easily and do not stop burning until a few days later and are almost impossible to put out. These batteries thrown into the mix with previous safety concerns may just be enough to put the company on its deathbed.

Here is some data concerning just how unsafe these cars are

Model	Adult Occupation Protection Test	Child Occupant Protection Test
• Maruti Ignis	• 1 star	• 0 stars
• Maruti S-Presso	• 1 star	• 0 stars
• Maruti Wagon R	• 1 star	• 0 stars
• Maruti Swift	• 1 star	• 1 star
• Maruti Alto K10	• 2 stars	• 0 stars

This test was carried out by the NCAP New Car Assistant Program which conducts tests on cars all around the world.

The only reason this is being included is because it may trigger a controversy in the future related to their cars which may lead to their electric cars not selling well.

Financials

The company had a good financial year in regard to the year 2023-24. Maruti Suzuki India Limited registered a net sales of over 1 trillion 349 billion 378 million Rupees. This is a net growth of 19.9% from the previous financial year of 2022-23 where they had a net sales result of 1 trillion 125 billion 378 million rupees.

This is the statistic of only one year but when we take the data over 14 years it doesn't suggest very steady growth or foothold in the market.

Maruti Suzuki's Market Share 2010-2024

Year	Market Share	Total sales
2010	38.13%	12, 71, 005 units
2011	43.95%	11, 33, 695 units
2012	35.35%	11, 71, 434 units
2013	39.25%	11, 55, 041 units
2014	39.41%	12, 92, 415 units
2015	41.46%	14, 19, 786 units
2016	42.72%	15, 68, 603 units
2017	42.74%	17, 79, 574 units
2018	44.67%	18, 62, 449 units
2019	52.79%	15, 63, 297 units
2020	58.06%	14, 57, 861 units
2021	42.13%	16, 52, 653 units
2022	40.86%	19, 66, 164 units
2023	41.7%	21, 35, 323 units
2024		

So though there has been an increase of sales by a huge margin but the market share of Maruti Suzuki India Limited has declined by an absurd margin over the pandemic years.

This indicates that the industry is growing at a good rate but Maruti Suzuki's market share is declining and people are preferring to buy cars from other car manufacturers

<input type="button" value="Standalone"/> <input type="button" value="Consolidated"/>		Print/Copy to Excel: <input type="button" value="Balance Sheet (New)"/> <input type="button" value="Go"/>					
BALANCE SHEET OF MARUTI SUZUKI INDIA (in Rs. Cr.)	4	MAR 24	MAR 23	MAR 22	MAR 21	MAR 20	▶
		12 mths	12 mths	12 mths	12 mths	12 mths	
EQUITIES AND LIABILITIES							
SHAREHOLDER'S FUNDS							
Equity Share Capital		157.20	151.00	151.00	151.00	151.00	
TOTAL SHARE CAPITAL		157.20	151.00	151.00	151.00	151.00	
Reserves and Surplus		83,824.80	60,231.00	53,935.00	51,215.80	48,286.00	
TOTAL RESERVES AND SURPLUS		83,824.80	60,231.00	53,935.00	51,215.80	48,286.00	
TOTAL SHAREHOLDERS FUNDS		83,982.00	60,382.00	54,086.00	51,366.80	48,437.00	
NON-CURRENT LIABILITIES							
Long Term Borrowings		0.00	0.00	0.00	0.00	0.00	
Deferred Tax Liabilities [Net]		0.00	0.00	0.00	384.70	598.40	
Other Long Term Liabilities		3,229.30	2,609.80	2,211.30	2,164.50	2,170.30	
Long Term Provisions		144.80	87.60	83.30	44.70	51.60	
TOTAL NON-CURRENT LIABILITIES		3,374.10	2,697.40	2,294.60	2,593.90	2,820.30	
CURRENT LIABILITIES							
Short Term Borrowings		33.10	1,215.80	381.90	488.80	106.30	
Trade Payables		14,582.40	11,780.40	9,761.00	10,161.70	7,494.10	
Other Current Liabilities		7,106.60	6,140.70	6,009.50	4,714.60	3,014.80	
Short Term Provisions		1,206.60	962.40	861.30	741.60	679.60	
TOTAL CURRENT LIABILITIES		22,928.70	20,099.30	17,013.70	16,106.70	11,294.80	
TOTAL CAPITAL AND LIABILITIES		110,284.80	83,178.70	73,394.30	70,067.40	62,552.10	

ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	25,029.20	17,257.00	13,367.40	14,732.80	15,374.50
Intangible Assets	0.00	547.90	349.90	224.20	335.80
Capital Work-In-Progress	0.00	2,808.10	2,639.10	1,192.30	1,337.40
Other Assets	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	25,029.20	20,701.90	16,646.70	16,446.80	17,118.60
Non-Current Investments	64,601.50	47,756.40	36,663.20	33,371.00	35,248.80
Deferred Tax Assets [Net]	112.40	341.10	202.70	0.00	0.00
Long Term Loans And Advances	0.10	0.20	0.20	0.20	0.20
Other Non-Current Assets	2,779.20	2,779.20	3,100.30	1,722.70	1,757.10
TOTAL NON-CURRENT ASSETS	92,522.40	71,578.80	56,613.10	51,540.70	54,124.70
CURRENT ASSETS					
Current Investments	3,912.20	0.00	4,100.10	8,415.70	1,218.80
Inventories	4,119.60	4,283.80	3,533.10	3,050.00	3,214.90
Trade Receivables	4,601.30	3,295.80	2,030.10	1,276.60	1,974.90
Cash And Cash Equivalents	460.00	37.70	3,036.20	3,036.40	21.10
Short Term Loans And Advances	32.70	29.70	30.50	23.00	16.90
OtherCurrentAssets	4,636.60	3,952.90	4,051.20	2,725.00	1,980.80
TOTAL CURRENT ASSETS	17,762.40	11,599.90	16,781.20	18,526.70	8,427.40
TOTAL ASSETS	110,284.80	83,178.70	73,394.30	70,067.40	62,552.10

CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	0.00	9,626.50	20,420.30	15,502.20	12,955.50
CIF VALUE OF IMPORTS					
Raw Materials	0.00	3,844.30	4,001.10	2,875.00	2,487.60
Stores, Spares And Loose Tools	0.00	76.20	44.40	475.30	64.00
Trade/Other Goods	0.00	76.20	44.40	475.30	64.00
Capital Goods	0.00	1,101.20	803.00	672.10	917.30
EXPENDITURE IN FOREIGN EXCHANGE					
Expenditure In Foreign Currency	0.00	6,717.00	7,467.20	7,855.00	9,099.00
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS					
Dividend Remittance In Foreign Currency	--	--	--	--	--
EARNINGS IN FOREIGN EXCHANGE					
FOB Value Of Goods	--	--	--	--	--
Other Earnings	--	15,830.60	11,064.20	4,585.70	5,424.60
BONUS DETAILS					
Bonus Equity Share Capital	--	--	--	--	--
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	--	1,580.00	1,484.10	1,132.30	84.30
Non-Current Investments Unquoted Book Value	--	46,395.20	39,502.10	32,422.40	34,775.70
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	--	--	--	--	--
Current Investments Unquoted Book Value	--	--	4,100.10	8,415.70	1,218.80

Analyzing the Balance sheet, it can be seen that there are much more assets than liabilities, which means that the business owns most of the assets that it uses to operate and manufacture and sell cars. Which means that this business is stable and it is not going to be dissolved very easily. It also indicates that Maruti Suzuki India limited is doing very well.

Conclusion

This brings us to the conclusion of this report. I personally believe that since the competitors of Maruti Suzuki India Limited are doing well, we should buy their stock and should hold off on Maruti Suzuki India Limited until their electric car segment has had its maiden voyage to see how the public and the investors will react.

But, on the contrary, Maruti Suzuki sales are at an all-time hi so it could be an indication that the stock price will go up.

So what shall be done?

I believe that the shares of Maruti Suzuki India Limited should not be bought in favor of its competitors like Tata and more prominently Mahindra as they have given more prominent returns over the past month and the last 6 months or so. Mahindra and Mahindra has given a return of 68.88% over the last 6 months and Tata Motor Company has given a 36.96% return over the past 6 months compared to the return of 24.02% by Maruti Suzuki.

In a nutshell, the automotive sector is doing well as of now but shares of Tata Motor Company and Mahindra and Mahindra seem to be doing much better as they have given better returns and they should be given precedence over shares of Maruti Suzuki.