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A study on evaluation of financial performance of Maruti Udyog Ltd

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Abstract

Maruti Suzuki India Limited, formerly known as Maruti Udyog Limited, is an Indian automobile manufacturer company, founded by Government of India in 1981, headquartered in New Delhi, India. It is a subsidiary of the Japanese automotive manufacturer Suzuki Motor Corporation. As of July 2018, it had a market share of 53% in the Indian passenger car market. So as to cater the interest of a wide range of client the organization has assortment of brands in its container i.e. going from the people groups vehicle Maruti 800 to the upscale incubate back Swift, SX4 Sedan and extravagance sports utility vehicle (SUV) Grand Vitara. The organization has gotten abundant honors and accomplishments because of its persistent developments and mechanical up degrees. The organization today is cognizant about protecting the climate from vehicle contamination which brought about dispatching of its progressed K-Series motors. Regardless of solid rivalry, Maruti Suzuki India Limited is by and by considered as the main auto goliath because of its momentous Economic, Natural and Social exhibitions. The object of this paper is to assess the presentation of Maruti Suzuki India Limited as for Export, Sales, Production and Sales Network.

Keywords: Maruti Suzuki India Limited, Indian automobile, manufacturer company

Introduction

One of the India's major industrial sectors is the automobile sector. Following to the liberalization, this sector has been suitably described as the shining sector of the Indian sub-continent. On the canvas of the Indian economy, automobile industry occupies a prominent place. The study focuses on the financial performance of Maruti Udyog Limited. Financial evaluation is the process to decide the operating and financial features of a firm from financial statements and accounting. Financial performance of Maruti Udyog Limited has been focused by Liquidity analysis and leverage analysis (long term solvency analysis). Liquidity analysis effort the companies to meets its short term obligations. Leverage ratios measure the long-term solvency of a firm i.e. capacity to repay the principal amount when due; and the capability to pay the interest and dividend at the appointed time and periodically. If you have travelled in India, taken a route to anywhere around this great nation, chances are you've driven with us. For over three decades now, Maruti Udyog cars have been going places.

Review of literature

P.Krishnaveni in her article focuses on historical developments, financial analysis and various brands of Maruti Suzuki. The article highlighted the performance of Maruti Suzuki with respect to Production, Manufacturing and Exports of company. The article also describes the various innovations of the company for e.g introduction of Electronic power steering, introduction of superior quality of 16*4 hypertech engines. Maruti Suzuki India Limited in their Sustainability Report 2009-10, focuses on its Give, Get & Grow mantra. This report speaks about Economic, Environmental & Social performance of Maruti Suzuki India limited. Mr. R.C.Bhargava-Chairman, Maruti Suzuki India Limited, in this report stated that, the sustained growth achieved by Maruti Suzuki over its 26 year journey is the result of stakeholder centric policies adopted from their formative years, which have also kept in view the interests of society and the company's ability to respond to the changing market requirements. Mr. Bhargava also opined that recognizing the importance & necessity of clean and cost effective fuel options, Maruti Suzuki embarked on a journey to develop alternate fuel vehicles and out of the alternative fuel options, CNG seems to be the most suitable option for India.

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Profile of Maruti Suzuki India Limited

Maruti Suzuki India Limited is a subsidiary of Suzuki Motor Corporation, Japan & India's leading passenger car manufacturer, accounting for nearly 45 percent of the total industry sales. Maruti Suzuki offers 16 brands with near about 150 variants. Maruti offers various brands which include Maruti 800, Alto 800, Alto K10, Estilo, Wagon-R, Omni, Eeco, A-Star, Ritz, Gypsy, Swift, Swift Dzire, SX4, Ertiga, Kizashi and Grand Vitara. The company is engaged in the business of Purchase, Manufacturing, and Sales of vehicles & spare parts. Maruti Suzuki is also engaged in other activities like Pre owned car sales, Car financing & Fleet management.

Maruti Suzuki got various awards and accolades in its profile. It has ranked no.1 in JD Power Asia Pacific Customer Satisfaction Index (CSI) survey 2009 for ten times in a row. Maruti Suzuki got CNBC TV18 award 2011 for manufacturer of the year.

Maruti Suzuki is the only Indian company who has crossed the 10 million sales mark since its inception. The company has two manufacturing facilities in Manesar and Gurgaon, Haryana, India. The Gurgaon manufacturing plant has a manufacturing capacity of nine lakh units annually. According to Mr. R.C.Bhargava-Chairman, Maruti Suzuki India Limited, Maruti Suzuki India Limited finalized Rs.1700 crore investment for doubling the diesel engine capacity at Gurgaon Manufacturing Facility to 6,00,000 units by 2014. The Gurgaon plant also having K Series engine plant. Since inception of this plant, till date over 10 lakh K Series engine have been rolled out. Maruti Suzuki's Manesar manufacturing facilities have two fully integrated plants having capacity of 5.5 lakh units annually.

Maruti Suzuki is also ahead in Social activities. As a responsible corporate citizen Maruti Suzuki introduced world class driving training facilities to India by launching Institute of Driving & Traffic Research. These include a specially formulated multilingual theory curriculum, scientifically laid-out driving tracks and advanced driving simulators that replicate Indian driving conditions.

In 2008, Maruti Suzuki introduced National Road Safety Mission. Under this initiatives, the company took a commitment of training over 5,00,000 people in safe driving practice in a span of three years. Also with an objective to

improve road safety and inculcate safe and systematic driving habits among people, Maruti Suzuki has opened Maruti Driving Training School (MDS). These driving schools are equipped with Practical Training and Attitude Training.

Objectives of the study

To focus on historical growth of Maruti Suzuki India Limited.

To evaluate the performance of Maruti Suzuki India Limited with respect to Export, Sales, Production and Sales Network.

Research methodology

The study is based on primary and secondary data. The data has been compiled from Annual Reports of the respective companies, Text Books, Reference Books, Journals, Articles, Magazines and from the Internet. The necessary data has been collected from money control.com, equity master and Society of Indian Automobile Manufacturers (SIAM). In order to measure the impact of sales on other variables i.e. Profit after Tax, Net Worth and Earning per Share, the researchers have adopted statistical tools like descriptive statistics, correlation and regression analysis. Graphical presentation is also given to understand the overall scenario of MUL. All tools have been applied with the help of Statistical Package of Social Sciences (SPSS).

Performance of Maruti Suzuki India Limited

Domestic Sales

Maruti Suzuki is the only Indian company who has crossed the 10 million sales mark since its inception. The company has the largest sales and service network amongst car manufacturers in India. In the month of October 2012, Maruti Suzuki reported 85.46 percent increase in total sales at 1,03,108 vehicles, in same month the company had recorded domestic sales of 96,002 vehicles compared to 51,458 vehicles in 2011. Automobile major Maruti Suzuki reported a growth of 1.7 per cent in its overall sales during November 2020 on a year-on-year basis.

We can see the performance of Maruti Suzuki with respect to Domestic Sales through following graph.

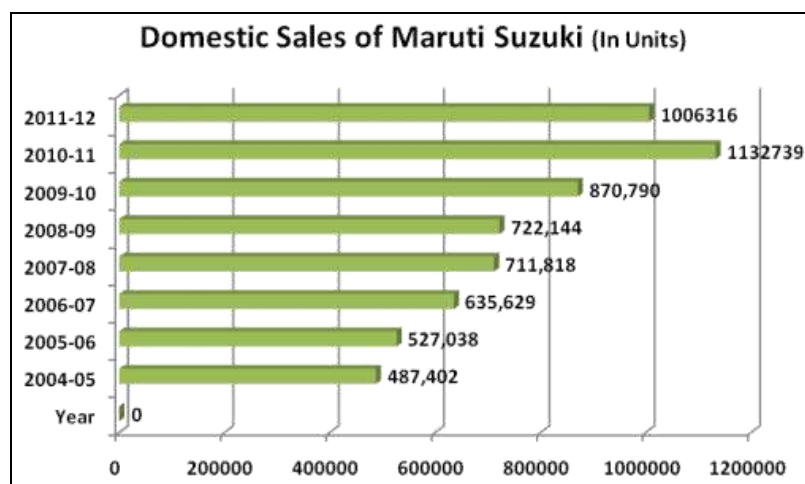


Fig 1: Domestic sales of Maruti Suzuki

Table 1: Source: <https://www.automotiveworld.com>

Category : Sub-segment	Models	March			April to March		
		2019	2018	% Change	2018-19	2017-18	% Change
A: Mini	Alto, Old WagonR*	16,826	37,511	-55.1%	368,990	427,183	-13.6%
A: Compact	New WagonR*, Ignis, Celerio, Swift, Baleno, Dzire	82,532	68,885	19.8%	871,864	748,475	16.5%
Total: Mini + Compact Sub-segment*		99,358	106,396	-6.6%	1,240,854	1,175,658	5.5%
A: Mid-Size	Ciaz	3,672	4,321	-15.0%	46,169	58,913	-21.6%
Total A: Passenger Cars		103,030	110,717	-6.9%	1,287,023	1,234,571	4.2%
B: Utility vehicles	Gypsy, Ertiga, Vitara Brezza, S- Cross	25,563	22,764	12.3%	264,197	253,759	4.1%
C: Vans	Omni, Eeco	16,438	13,689	20.1%	178,606	155,137	15.1%
Total Domestic Passenger Vehicle Sales		145,031	147,170	-1.5%	1,729,826	1,643,467	5.3%
Light Commercial Vehicles	Super Carry	2,582	1,412	82.9%	23,874	10,033	138.0%
Total Domestic Sales		147,613	148,582	-0.7%	1,753,700	1,653,500	6.1%
Total Export Sales		10,463	12,016	-12.9%	108,749	126,074	-13.7%
Total Sales (Domestic + Export)		158,076	160,598	-1.6%	1,862,449	1,779,574	4.7%

Export

Maruti Suzuki India Limited exporting to 98 countries in Europe, Asia, Latin America, Africa and Oceania. Some leading overseas markets of Maruti include Germany, Netherland, France & UK. Presently the company exports various models like A-Star, Ritz, Estilo and Maruti 800. In

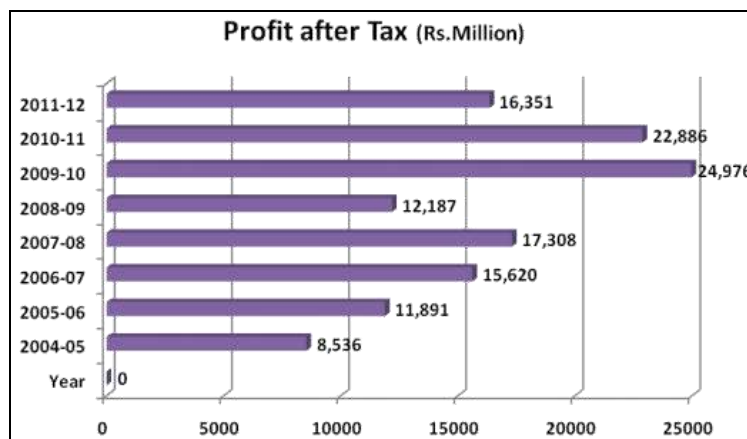
year 2009-10, Maruti Suzuki clocked export sales of 147,575 units its highest ever and in 2011- 12, the company exported 1,27,300 units. The following are the top ten export destinations of Maruti Suzuki India Limited.

Table 2: Top ten export destinations of Maruti Suzuki

Sr. No	Country	Vehicles Exported (In No) (As on 31 March 2010)
1	Netherlands	78,514
2	Algeria	68,506
3	Italy	52,250
4	United kingdom	48,641
5	Chile	45,029
6	Germany	38,423
7	Srilanka	30,078
8	Hungary	22,924
9	Nepal	22,368
10	Egypt	18,523

Source: <http://www.marutisuzuki.com>

The following chart clearly focuses on Export of Maruti Suzuki during 2004-05 to 2011-12.



Source: <http://www.marutisuzuki.com>

Fig 2: Profit after tax

It is amply clear from the above chart that Maruti's profit after tax in year 2004-05 was 8536 million whereas after 2004-05, the profit of Maruti Suzuki gradually increased till 2007-08 as the year 2008-09 recorded less profit over 2007-08. Also from 2009-10, Maruti Suzuki recorded less profit. In year 2009-10, Maruti's profit after tax was 24,976 million whereas in year 2010-11 the company's profit reached to 22,886 million. In year 2011-12, Maruti's profit after tax was not remarkable. In this year the company recorded 16,351 million profit.

Conclusion

The automobile industry is viewed as a motor for financial development of the country. Maruti Suzuki has demonstrated that it is consistently ahead than its rivals as a result of continuous developments what's more, mechanical upgradations. The organization has set a benchmark of greatness due to Exploration and Development movement as Maruti Suzuki accepts that this action will empower the organization to offer better and climate cordial items than client with complete fulfillment. Maruti Suzuki's ecological execution is truly uncountable. Thinking about the developing vehicle contamination, the organization presented progressed K-Series motor in its vehicles which brought about decrease of CO, THC and NOx discharges by right around 50%. To the extent financial execution is concerned, Maruti Suzuki's last not many year's measurements of Domestic deals, Fare, portrays that still Maruti Suzuki is the head of Indian Automobile sector.

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