



**Research by: Amit Kumar**

## Contents

1. General Overview
2. Shareholding pattern of the company
3. Management of the company
4. Strengths, Weaknesses, Opportunities & Threats (SWOT) analysis of the company
5. Competitive Analysis
6. Conclusion
7. Way forward for the company

## General Overview

Maruti Suzuki India Limited was established in 1981. A joint venture agreement was signed between the Government of India and Suzuki Motor Corporation (SMC), Japan in 1982. Maruti Udyog Limited was established by the Government of India in 1981, just to converge with the Japanese car organization Suzuki in October 1982. In 1982, a permit and joint endeavour understanding was marked between Maruti Udyog Ltd, and Suzuki of Japan<sup>1</sup>. The Company became a subsidiary of SMC in 2002. In terms of production volume and sales, the Company is now SMC's largest subsidiary. Making a little start with the notable Maruti 800 vehicle, Maruti Suzuki today has a tremendous arrangement of 16 vehicle models with more than 150 variations. Maruti Suzuki's product range extends from entry level small cars like Alto 800, Alto K10 to the extravagance car Ciaz. . Other activities include facilitation of pre-owned car sales fleet management, car financing. SMC currently holds 56.37% of its equity stake. It is a public limited company and its shares are traded at the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE)<sup>2</sup>.

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<sup>1</sup> <https://www.business-standard.com/company/maruti-suzuki-5496/information/company-history>

<sup>2</sup> MSIL\_Annual\_Integrated\_Report\_2020-21\_HR

## Shareholding pattern of Company<sup>3</sup>

| Category of Shareholder   | Name of Shareholder         |       |
|---------------------------|-----------------------------|-------|
| Promoter & Promoter Group | SUZUKI MOTOR CORPORATION    | 56.37 |
| Public                    | Mutual Funds                | 10.62 |
|                           | FPI                         | 22.90 |
|                           | Financial Institutions      | 13.68 |
|                           | Non- Institutions Investors | 4.97  |

## Management of Company<sup>4</sup>

As of till date, Maruti Suzuki top level management consist of 12 people, consisiting of 1 Chairman, 1 MD & CEO, 6 Directors and 4 Independent Directors ( including 1 Women Independent Director).

*Chairman:* **MR. R. C. BHARGAVA**

*Managing Director & CEO:* **MR. KENICHI AYUKAWA**

*Director:* **MR. TOSHIHIRO SUZUKI**

*Independent Director:* **MR. D. S. BRAR**

*Independent Director:* **MR. R.P. SINGH**

*Independent Director:* **MR. MAHESWAR SAHU**

*Independent Director:* **MS. LIRA GOSWAMI**

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<sup>3</sup> [https://marutistoragenew.blob.core.windows.net/msilintiwebpdf/SHP\\_Website\\_30.06.2021.pdf](https://marutistoragenew.blob.core.windows.net/msilintiwebpdf/SHP_Website_30.06.2021.pdf)

<sup>4</sup> <https://www.marutisuzuki.com/corporate/about-us/leadership>

# SWOT ANALYSIS

## **Strength**

**Large Market share:** Maruti is the largest passenger car company in India, accounting for around 45% market share. A strong market position gives the company a significant bargaining power and provides it with benefits of economies of scale. Largest distribution network of dealers and after sales service centers is also one of the key factor for the company<sup>5</sup>.

**Premium Positioning** – NEXA helped Maruti elevate itself as a premium brand and successfully launch Baleno which later emerged as one of the best sellers in the premium hatch category<sup>6</sup>.

**Clever Technology** – SHVS (Smart Hybrid Vehicle by Suzuki) / Mild Hybrid is no revolutionary technology. Rather something similar was incorporated by M&M years back in Scorpio (as Micro-Hybrid). But, the use of SHVS allowed Maruti to gain customer's eyeballs and claim higher mileage as well<sup>7</sup>.

**Model-wise Focus** – Maruti would be the only manufacturer which will have a segment-leading model in almost all segments! Maruti ensures that it studies the Consumer Sentiment very well and launches an offering that'll be a runaway success!<sup>8</sup>

**The economy of Scale** – Maruti Suzuki's three manufacturing facilities (Gurgaon, Gujrat & Manesar) have a huge joint production capacity. Such scale has allowed Maruti to negotiate prices with vendors and as a result, price its models extremely competitively<sup>9</sup>.

## **Weakness**

It's the dramatically transformed nature of the competition and a fundamental shift in car buyers' preference that now threatens to deliver a knockout challenge to Maruti. Indians are looking beyond small cars and are willing to upgrade in line with their rising incomes and aspirations. This helps the car biggies, whose portfolio is skewed towards higher-end cars, compete more effectively with Maruti in India<sup>10</sup>.

Inability to penetrate into the international market due to low interior quality inside the cars when compared to quality players like Hyundai and other new foreign players like Volkswagen or Nissan etc. Moreover the safety features scores of the Maruti Suzuki product portfolio are lowest as compared to its major competitors. As with other players, Maruti hasn't proved himself in the SUV segment<sup>11</sup>.

Employee management, strikes, worker wage problems has always been the issue<sup>12</sup>.

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<sup>5</sup> <https://www.projects4mba.com/swot-analysis-of-maruti-suzuki/2018/>

<sup>6</sup> <https://www.autopundit.com/post/how-why-maruti-dominates-the-indian-car-market-top-10-strategies-revealed>

<sup>7</sup> Ibid

<sup>8</sup> Ibid

<sup>9</sup> Ibid

<sup>10</sup> [https://economictimes.indiatimes.com/how-maruti-is-struggling-to-woo-its-customers-back/articleshow/8629883.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/how-maruti-is-struggling-to-woo-its-customers-back/articleshow/8629883.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

<sup>11</sup> <https://www.projects4mba.com/swot-analysis-of-maruti-suzuki/2018/>

<sup>12</sup> <https://www.mbaskool.com/brandguide/automobiles/1299-maruti-suzuki.html>

## **Opportunities**

Maruti Suzuki, gradually making the transition to having more electrified vehicles in its lineup. According to the mid-term plan, Maruti Suzuki will focus on promoting hybrid vehicles in its range, and also introduce a full electric vehicle.

On the product front, Maruti Suzuki will be strengthening its presence in India's booming SUV market. At present, it only has the SUV-styled S-Presso and the Vitara Brezza compact SUV in its range, but is co-developing a midsize SUV with Toyota, and is also set to bring in the next-generation Vitara Brezza. Additionally, Suzuki has highlighted the importance of CNG models in Maruti Suzuki's portfolio, and foresees demand for CNG cars growing in the time to come<sup>13</sup>.

As for its global partnership with Toyota Motor Corporation, Suzuki aims to expand the mutual supply of hybrid vehicles, co-develop a small EV platform and promote the use of batteries for hybrid vehicles produced in India<sup>14</sup>.

Tapping emerging markets across the world and building a global brand is also the need of the hour. Improved safety features and design can help a lot for Maruti to penetrate in the foreign market.

## **Threats**

Government policies for the automobile sector across the world is also one of the most important issue for any organization. Just like introduction of BS-VI models in India has led to conundrum, similarly any change in the policies of foreign market can hamper the sales. Ever increasing fuel prices could be a threat for the automobile industry. Oil price and car are complimentary goods where price of one lead to fall in demand of other. Automobile industry is not monopoly or even perfect competition. There will be intense competition from global automobile brands and cheaper brands. It all depends how Maruti position itself to tackle them

Substitute modes of public transport like buses, metro trains etc. can also be a threat and this can be seen recently due to the slowdown in the sales of the automobiles<sup>15</sup>.

The Indian automobile industry is going through a deep structural slowdown and the COVID-19 pandemic has further impacted the sector pushing it back by many years. all auto segments like passenger vehicles and two-wheelers have witnessed a drastic drop in growth rates over the last 5-10 years<sup>16</sup>.

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<sup>13</sup> <https://www.firstpost.com/tech/auto-tech/suzukis-india-plans-for-the-next-five-years-revealed-to-focus-on-electrification-and-suvs-9369421.html>

<sup>14</sup> Ibid

<sup>15</sup> <https://www.mbaskool.com/brandguide/automobiles/1299-maruti-suzuki.html>

<sup>16</sup> <https://auto.economictimes.indiatimes.com/news/industry/indian-auto-industry-facing-many-immediate-medium-term-challenges-maruti-suzuki-md/85617939>

## Competitive Analysis

| Particulars                    | Maruti Suzuki <sup>17</sup> | TATA Motors <sup>18</sup> | M&M <sup>19</sup> |
|--------------------------------|-----------------------------|---------------------------|-------------------|
| Operating Margin (%)           | 7.87                        | 4.81                      | 17.16             |
| Net profit Margin (%)          | 2.98                        | -8.21                     | 1.85              |
| Return on Capital Employed (%) | 4.78                        | 0.00                      | 13.27             |
| Debt turnover Ratio            | 43.26                       | 23.14                     | 16.86             |
| Current Ratio                  | 0.62                        | 0.59                      | 1.00              |

## Conclusion

Maruti Suzuki is still holding onto its market dominance despite the entry of various automotive companies into India. But, they cannot be complacent as Indian customers' preferences are changing and companies like MG, Hyundai, and Tata are constantly trying to lure customers and challenge the dominance of Maruti in different four-wheeler segments. Competitors are betting on electric vehicles as it speaks to the new generation who are environmentally conscious and also economical, and therefore, Maruti cannot lag behind competitors on this front. The foreign market is still untouched by Maruti and any government automobile policy change in India could severely affect its revenue.

## The "Road" Ahead

I chose Maruti Suzuki India Ltd since it is performing pretty decently. The automobile sector no doubt is down but the only auto company which is reviving is Maruti Suzuki. With a decline in sales from June to October and laying off most of its workers and even shutting its production Maruti Suzuki has done pretty well in the month of November. Maruti Suzuki stock gained up to 3.26% to Rs 7,106 compared to the previous close of Rs 6881.35 on BSE. As per The Economic Times, Maruti has launched an attractively priced mini-SUV, S-Presso that aims to bring SUV styling to the compact car segment. The Indian market still lacks SUV-like products in a lower price range; better availability of such vehicles should drive a further shift in Indian demand from conventional small cars to SUVs.

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<sup>17</sup> <https://www.business-standard.com/company/maruti-suzuki-5496/financials-ratios>

<sup>18</sup> <https://www.business-standard.com/company/tata-motors-560/financials-ratios>

<sup>19</sup> <https://www.business-standard.com/company/m-m-365/financials-ratios>