|  |  |
| --- | --- |
|  | ISB_Logo_BW2 |

9B17N014

Maruti Suzuki: good company or good stock dilemma (a)[[1]](#endnote-1)

Pitabas Mohanty and Supriti Mishra wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

*This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e)* [*cases@ivey.ca*](mailto:cases@ivey.ca)*;* [*www.iveycases.com*](http://www.iveycases.com)*.*

Copyright © 2017, Richard Ivey School of Business Foundation Version: 2017-07-31

On January 28, 2014, when Maruti Suzuki India Limited (MSIL) announced its intention to start its proposed new plant in Gujarat as a 100 per cent subsidiary of Suzuki Motor Corporation (SMC), MSIL’s stock price fell by 8 per cent to ₹1,563.2.[[2]](#endnote-2) Since MSIL had ₹75 billion in surplus cash, many expected it to invest this cash in the new project, which required an initial capital expenditure (CAPEX) of only ₹30 billion. Many investors did not like MSIL allowing its parent company to set up this project and accused the company’s management of corporate misgovernance.[[3]](#endnote-3)

At the same time, MSIL announced its third-quarter results for fiscal year (FY) 2014. The company had managed to beat the estimates; it reported better-than-expected results mainly due to cost reductions and a favourable exchange rate between the Indian rupee and the Japanese yen.[[4]](#endnote-4) MSIL also showcased two cars at the India Auto Expo in February 2014: the compact Celerio, which was based on automated manual transmission (AMT) technology, and the mid-sized Ciaz. Since none of the competitors had a car to match Celerio, analysts expected MSIL to increase its market share in the coming year.[[5]](#endnote-5)

Though the price of MSIL’s stock had declined, institutional investors were clearly divided on whether to remain invested because of MSIL’s good financial performance or to sell their shares because of the company’s poor governance practices. Seven fund managers met the top management of MSIL to express their unhappiness over the company’s decision to allow SMC to start the new plant.[[6]](#endnote-6) Subsequently, 16 fund managers asked MSIL’s management to scrap what they called an “oppressive transaction.”[[7]](#endnote-7) At the same time, many other analysts were clearly impressed with the company’s recent financial performance and were recommending that investors buy its stock. For example, equity research reports from Morgan Stanley, IDFC Bank Ltd., Dion Global Solutions, Deutsche Bank AG, and Credit Suisse Group all gave MSIL’s stock overweight recommendations at this time.[[8]](#endnote-8) One of the fund managers summarized the view of these investors by saying, “If you get too fussy about corporate governance, there will hardly be any companies to invest in, unless you are willing to overlook returns.”[[9]](#endnote-9)

BACKGROUND: MSIL

MSIL, originally known as Maruti Udyog Limited and popularly known as Maruti in India, was incorporated in February 1981 by the government of India. A year later, the company signed a joint venture agreement with SMC of Japan. Initially, SMC had a 26 per cent stake in MSIL. The company started manufacturing cars from its Gurgaon plant in 1983,[[10]](#endnote-10) when Hindustan Motors and Premier Ltd. were the only players in the passenger car market in India. MSIL soon became known for its innovative products, and its sales grew from 40,000 cars per year in 1983 to 1.15 million cars per year in late 2013.[[11]](#endnote-11)

SMC increased its stake in MSIL to 50 per cent in 1982 and again in 1992 by issuing new shares. In May 2002, the government of India announced a two-stage divestment program, which allowed SMC to increase its stake to 54.2 per cent.[[12]](#endnote-12) MSIL made a rights issue of shares, and the government of India renounced its rights. In return, SMC paid a control premium of ₹10 billion to the government of India. The government of India divested another 25 per cent of its shares in 2003 through an initial public offering of the shares, where each share was priced at ₹125. The government of India completely divested its stake in the company in May 2007, and SMC held 56.2 per cent of the shares in MSIL by the end of December 2013 (see Exhibit 1).

With a product portfolio of 14 cars (with more than 150 variants),[[13]](#endnote-13) MSIL held more than 50 per cent of the market share in terms of the number of cars sold in India.[[14]](#endnote-14) Its products varied from entry-level cars like the Alto to stylish cars like the S4. Its service network spanned over 1,446 cities and towns, and serviced over 1.2 million cars every month. Its sales network similarly spanned over 1,020 cities in India.[[15]](#endnote-15) MSIL’s plants were located in Gurgaon (with a total capacity of 900,000 vehicles per year) and Manesar (with a total capacity of 550,000 vehicles per year).

In addition to manufacturing and selling cars, MSIL was involved in second-hand car sales, fleet management, and car financing.[[16]](#endnote-16) The company reported net income of ₹23,921 million on gross sales of ₹481,147 million for FY 2013 (see Exhibit 2).

INDIAN AUTOmobile INDUSTRY

The Indian automobile industry was normally divided into four broad categories: passenger vehicles, commercial vehicles, three wheelers, and two wheelers. Two-wheelers dominated the industry, with a 77 per cent market share during 2007–2013 (see Exhibit 3). With a total production of around 3.5 million vehicles per year, the passenger and commercial vehicle industry in India was the sixth-largest in the world.[[17]](#endnote-17)

Hyundai Motor Company, with a market share of around 22 per cent, was the second-largest player in the passenger car market in India. Some of the other major players in this market were Honda Cars India Ltd., Tata Motors Limited, and Toyota Kirloskar Motor, with market shares of 6.60 per cent, 6.18 per cent, and 3.50 per cent respectively.[[18]](#endnote-18) Utility vehicles (UV) and multipurpose vehicles (MPV) accounted for a 29 per cent market share in the passenger car market in India. Mahindra and Mahindra Ltd. was the lead manufacturer in the UV segment, with a market share of close to 50 per cent at the end of 2013 (see Exhibit 4).[[19]](#endnote-19)

One could find cars using both petrol and diesel engines in India. Diesel engines worked on compression ignition, whereas petrol engines used spark ignition and had smaller compression ratios. Since diesel was denser than petrol, it gave 15 per cent more energy per litre, so diesel engines gave higher mileage than petrol engines. The maintenance costs of diesel engines were also comparatively lower than those of petrol engines. However, manufacturing diesel engines was more complicated, so diesel engines cost more. Petrol engines ran at a higher speed and were much quieter.[[20]](#endnote-20)

Though diesel prices were controlled in India, oil marketing companies had been allowed to hike diesel prices by around half a rupee every month since January 2013.[[21]](#endnote-21) Consumers in India were highly price sensitive and considered overall costs when purchasing cars. This increase in diesel prices and the higher cost of diesel cars (which had cost around 20 per cent more than petrol cars) resulted in a 14 per cent reduction in the demand for diesel cars. According to research reports by ICRA, the market share of diesel cars was expected to fall from 55 per cent to 35 per cent by 2015–2016.[[22]](#endnote-22)

The falling demand for diesel cars forced MSIL to shelve plans to expand diesel engine production at its Gurgaon plant in October 2013.[[23]](#endnote-23) MSIL sold only 88,000 diesel cars in the third quarter of FY 2014, compared to 107,000 the previous year.[[24]](#endnote-24) Since the profit margin of diesel cars was higher, this shift in demand toward petrol cars was expected to affect the profit margin of the company.

While many foreign auto manufacturers were attracted by the high growth rate in India’s passenger vehicle market to increase their investments in India,[[25]](#endnote-25) the lower sales growth rate from April to December 2013 forced many analysts to revise the projected growth rate for the sector to around 5 per cent for 2014–2015.[[26]](#endnote-26) Demand for cars in India depended on various factors, including personal disposable income, bank financing rates, the growth rate of the urban population, and the cost of fuel (see Exhibit 5).

The growth rate of India’s gross domestic product (GDP) had decreased from 7.5 per cent in 2011 to 4.4 per cent in 2013, and the demand for passenger cars had also come down after 2011 (see Exhibit 3). The benchmark repo rate, or the rate that the Reserve Bank of India used to moderate the interest rate in India, increased from 5 per cent in 2010 to 7.5 per cent in 2013. Since about 75–90 per cent of passenger car sales were financed through loans, a higher rate of interest adversely affected such car purchases.[[27]](#endnote-27) However, India’s urban population was increasing rapidly and expected to reach 500 million by the end of 2020 (up from 300 million in 2011).[[28]](#endnote-28) The revival of the economy and the decrease in the rate of interest was expected to help the Indian auto industry grow quickly.

Gujarat plant expansion

On October 29, 2011, MSIL’s board approved a decision to acquire land in Gujarat to expand the company’s manufacturing facilities, and the company subsequently acquired about 485 hectares of land in Becharaji and Vithalapur, Gujarat, at a cost of around ₹2,500 million.[[29]](#endnote-29) The expansion was supposedly put on hold due to market conditions.[[30]](#endnote-30) However, on January 28, 2014, MSIL announced that the proposed Gujarat plant would be operated by its parent company, SMC. The plant would be set up as Suzuki Motor Gujarat (SMG), would be owned completely by SMC, and would manufacture vehicles only for MSIL. The total cost of the plant was estimated to be ₹30 billion.[[31]](#endnote-31)

MSIL’s press release announced that the vehicles manufactured by SMG would be sold to MSIL at cost plus adequate cash to cover the incremental CAPEX.[[32]](#endnote-32) The initial investment would be for 250,000 units, and production would begin in 2018. Subsequent expansions of the plant would be financed by internal accruals from the Gujarat plant. Given that the total land size of the Gujarat plant was 485 hectares, the maximum capacity of the new plant would be 1.5 million units.[[33]](#endnote-33) The plant would have a capacity of 1.5 million cars per year and was expected to have a total CAPEX between ₹170 billion and ₹300 billion.[[34]](#endnote-34) The potential combined capacity at MSIL and the Gujarat plant was expected to supply all of MSIL’s sales until 2023. The press release also indicated that the land would be leased by MSIL to SMG on an arm’s-length basis. Though the amount of the rent was not disclosed, people normally used 5–7 per cent as the capitalization rate when valuing real estate in India.[[35]](#endnote-35) SMG would initially sign a 15-year agreement with MSIL, and this agreement might be extended after 15 years (see Exhibit 6).

R. C. Bhargava, the chairman of MSIL, justified the move by saying it would be in the interests of the minority shareholders. “In layman terms, if someone else is putting up a plant for me and the money for that comes without cost, it is surely better rather than putting my own money and losing the earnings I could have made on it.” [[36]](#endnote-36)

Bhargava further justified the decision by arguing that SMC had a lower cost of capital than MSIL, and this led to what he called “arbitrage of interest earnings.” SMC had a cash reserve of ¥420 billion,[[37]](#endnote-37) on which it earned only 0.3 per cent interest, whereas MSIL could earn 8–9 per cent interest on its cash reserve of ₹75 billion. SMC could invest its cash in the Gujarat plant and receive 56 per cent of the interest that MSIL earned on its cash. Bhargava summarized his arguments: “What we are doing is arbitrage of interest earnings, which in India are higher than in Japan” (see Exhibit 5).[[38]](#endnote-38) Two analysts echoed this view when they stated in their equity research report that MSIL’s cost of capital was “13 per cent vs. 5 per cent for Suzuki. So it indirectly makes more money and higher [return on capital employed] if Suzuki does the investment.”

REACTION FROM THE STREET

This decision surprised the market for a number of reasons. First, the Gujarat plant was originally supposed to be operated by MSIL. Second, MSIL had a cash balance of ₹75 billion, so there was no reason for the Gujarat plant to be financed and operated by SMC. The market found the decision to be against the interests of the minority shareholders, and the stock price fell from ₹1,701.35 to ₹1,563.2 on the day of the announcement, when the broad-based indices largely remained flat.

Analysts raised concerns about three points of ambiguity:[[39]](#endnote-39) (1) since SMG would be a 100 per cent subsidiary, its financials would not be publicly available, making it difficult to monitor the terms of the transfer-pricing agreement; (2) it was unclear how production would be split between MSIL and SMG if the demand for cars fell; and (3) it was also unclear how the future CAPEX of SMG would be funded. According to the press release, SMG would sell cars to MSIL at cost plus adequate cash to cover incremental CAPEX. However, it was possible that the surplus in SMG in a particular year would not be adequate to fund the CAPEX. In a year of high CAPEX, SMG might charge more to MSIL, making MSIL’s earnings more volatile.

Many analysts also found the agreement to be “too good to be true.”[[40]](#endnote-40) Since SMG would charge MSIL for the cost of production and depreciation, SMG’s expected earnings before interest, tax, depreciation, and amortization would equal its depreciation. This depreciation (i.e., cash flow) would be used to fund its future CAPEX, and this implied zero return for SMC on its investment in SMG.

The large amount of cash in MSIL’s balance sheet needed to be properly utilized if Suzuki was going to incur the CAPEX in the near future. Large Indian companies typically maintained huge cash and marketable securities (CMS) balances. For the 50 largest non-finance companies, the median CMS was ₹42 billion at the end of FY 2013: the median CMS-to-sales ratio was 19 per cent and the median CMS-to-assets ratio was 15 per cent.[[41]](#endnote-41)

Those who questioned MSIL’s corporate governance accused the multinational company (MNC) of taking advantage of the minority shareholders. Amit Tandon, head of Institutional Investors Advisory Services argued that “the move increases the level of complexity and reduces the level of transparency. . . . This is an egregious behavior by an MNC looking to repatriate money from India in a dubious manner.”[[42]](#endnote-42) J. N. Gupta, founder of Stakeholders Empowerment Services (another proxy advisory firm from India), also criticized the deal for lack of transparency. Gupta argued that MSIL’s cost of cars might increase during periods of lower capacity utilization because of fixed overheads.[[43]](#endnote-43) InGovern, another proxy advisor, argued that the deal was against the interests of minority shareholders: “It looks like the SMC subsidiary will enjoy the benefits of no business risk with assured vehicle offtake by MSIL . . . while MSIL will bear the business risk.”[[44]](#endnote-44)

As per Section 188 of the Indian *Companies Act, 2013*, any related-party transaction that was not in the ordinary course of business or not performed at arm’s length had to be approved by the board of directors and be approved by a majority of the minority shareholders. However, Section 188 had not yet been enforced on the companies; the market expected it to be effective from April 2014. Similarly, the Securities and Exchange Board of India (SEBI) had amended its equity listing agreement, whereby all material related-party transactions would need to be approved by a majority of the minority shareholders. This listing agreement would be effective from October 1, 2014. A material related-party transaction was defined as one that exceeded 20 per cent of the net worth or 5 per cent of the annual turnover of a company, whichever was higher.[[45]](#endnote-45) Though MSIL’s proposed action was a material related-party transaction, this definition was not binding on the company as these two rules were not yet applicable.[[46]](#endnote-46) Tandon, of Institutional Investors Advisory Services, summarized the sentiment of the market by saying that “it appears that if Maruti closes the deal before October, there will be little minority shareholders can do about it, except continuing to engage with the company to try and change its mind or, worse, sell the stock and exit.”[[47]](#endnote-47)

Bhargava, however, argued that the proposed move would not hurt the interests of the minority shareholders. Since SMG would manufacture and sell cars to MSIL on a cost basis, SMG would not make any profit from this transaction. “So instead of Suzuki making any profit in Gujarat, it will get 56 percent of the profit while 44 percent goes to Maruti’s minority shareholders.”[[48]](#endnote-48)

In February 2014, seven domestic fund managers wrote to the management of MSIL saying that the proposed move was against the interests of the minority shareholders. They did not like MSIL becoming a distribution company as that would change the risk and return profile of the company. These fund managers also alluded to possible legal action if MSIL went ahead with the plan.[[49]](#endnote-49)

MSIL’S SECOND PRESS RELEASE

On February 26, 2014, MSIL issued a press release that attempted to clarify the controversial transfer-pricing issues.[[50]](#endnote-50) The press release gave the following explanation of how the incremental CAPEX of SMG would be financed:

The cost of production of vehicles, produced by the Sub[sidiary], would be calculated in an identical manner to that followed by Maruti Suzuki India Limited (MSIL) in Haryana, and as would have been done if the Gujarat project had been executed by a 100% subsidiary of MSIL. This cost may be called ‘C’, and would not include return on investment and profits.

In Haryana, MSIL marks up ‘C’, to generate profits, which includes the return on capital employed, to arrive at the ex-factory sale price to its dealers. The amount of the mark up is determined, at all times, by market conditions. The amount of this mark up may be called ‘P.’ The sale price to dealers is thus C + P.

The Capex needs of the Gujarat Sub would be met by i) the depreciation amount available with the Sub ii) by an amount generated as net surplus from the car pricing and iii) by SMC infusing fresh equity, to the extent necessary. The amount of surplus added to ‘C’ would be such as would ensure that the total ex-factory price of cars made available to MSIL remains less than C + P. MSIL would sell the cars to dealers at C + P.[[51]](#endnote-51)

The press release also clarified that the initial agreement was for 15 years only and that if the agreement were not extended, the assets of SMG would be transferred to MSIL at fair market value.

REACTION FROM THE STREET

The stock market did not appear to be satisfied with these clarifications, and the stock price fell by 1 per cent on a day when the broad-based index Sensex increased by around 0.5 per cent (see Exhibit 7). Analysts again raised similar objections, saying that SMC had no advantage over MSIL in running the new subsidiary. If SMC’s lower cost of capital was the reason why SMC was making the investment, then SMC should also have funded the entire incremental CAPEX.[[52]](#endnote-52)

Samir Arora, fund manager of Helios Capital, summarized the frustration of the fund managers:

These days, the bigger frustration is with many MNCs who try every trick in the book to cheat minority shareholders. A good example is Suzuki whose behavior has been completely anti-minority shareholder. Even after seven big mutual funds of the country objected, the [chief executive officer] says the steps they have taken are for the benefit of the minority shareholders as if these MF managers are dumb and do not understand what is in their benefit. Ridiculous. [[53]](#endnote-53)

A total of 16 fund managers from the mutual funds and insurance industry wrote a second letter to MSIL asking it to scrap the proposal. The letter expressed these fund managers’ concerns over MSIL becoming a shell company, which would ultimately work as a distribution company for the cars manufactured by Suzuki. The letter also questioned the wisdom of the independent directors on the MSIL board.[[54]](#endnote-54) Though it was not legally necessary for MSIL to seek permission from the minority shareholders, there were reports that SEBI was exploring legal options to protect the interests of the minority shareholders.[[55]](#endnote-55)

BULLISH ON MARUTI

Not everyone was unhappy, however. Even as the domestic fund managers were exploring legal options, foreign institutional investors (FIIs) were bullish on MSIL and were increasing their equity stake in MSIL. On March 3, 2014, the FII stake in MSIL reached 22 per cent, the maximum allowed without obtaining special permission from Reserve Bank of India.[[56]](#endnote-56) There were reasons behind this optimism. MSIL’s third-quarter results for FY 2014 had beat the street estimates. MSIL had reported a 36 per cent increase in quarter-on-quarter net income, increased its market share in the passenger vehicle market, and reduced its cost of production.

MSIL had also launched the new compact AMT car, Celerio, in the Indian market in February 2014. Passenger vehicles based on AMT technology had never worked in India in the past because of their high fuel consumption. The price difference between automatic and manual transmissions worked out to at least ₹100,000, and AMT vehicles used to consume 40 per cent more fuel. These vehicles had never accounted for more than 5 per cent of the total sales of any automobile company in India. However, according to S. N. Burman, vice-president of MSIL, the Celerio cost 60 per cent less to produce compared to similar products in India, and its fuel efficiency was comparable to that of cars with manual transmission systems.[[57]](#endnote-57) Indian consumers liked the car very much. Demand for the car increased so much that consumers were willing to wait for seven months to get a car.[[58]](#endnote-58) None of MSIL’s competitors had a matching product, and MSIL was expected to capture market share from its peers in the near future.

Many analysts were also bullish on MSIL because they expected India’s economy to recover from its slow growth rate after the 2014 general elections. India’s GDP growth rate had fallen from 11.4 per cent in 2010 to 4.4 per cent in 2013, and many analysts expected the GDP growth rate to increase. Though projecting GDP was a hazardous game, the market was expecting the GDP growth rate to increase to 5 per cent in 2015 and then fall to 4.8 per cent by 2019 and to a long-term average of around 3.5 per cent by 2025.[[59]](#endnote-59) Since automobile stocks did well during periods of recovery, many fund managers increased the proportion of MSIL in their portfolios.[[60]](#endnote-60)

Some analysts did not object to MSIL’s announcement because similar past decisions by MSIL had not hurt the interests of minority shareholders. In September 2004, the market had reacted negatively when Suzuki decided to open an assembly and diesel plant in Manesar as a joint venture between MSIL and SMC. MSIL stock similarly fell in February 2007, when Suzuki increased its stake in Suzuki Powertrain India Ltd. (earlier known as Suzuki Metals) from 51 per cent to 70 per cent.[[61]](#endnote-61) However, in both cases, the stock prices of MSIL bounced back after the company reported robust earnings, and these plants merged with MSIL in 2006 and 2012 respectively, at a fair valuation.[[62]](#endnote-62) A few other analysts were of the opinion that the new subsidiary would start producing cars only after 2018 and hence this arrangement would have no short-term effect on Maruti’s results.[[63]](#endnote-63) Analysts expected MSIL to increase its net income by 14.65 per cent in the next five years (see Exhibit 8).[[64]](#endnote-64)

WHAT MATTERS TO INVESTORS: GOVERNANCE OR PERFORMANCE?

Analysts were clearly divided on what to do with MSIL stock. As fund managers, their primary responsibility was to generate higher returns for their investors; however, since they controlled a large fraction of shares, they were expected to be active while monitoring the performance of companies in which they invested.

There were numerous instances of MNCs in India taking advantage of minority shareholders in the past, and institutional investors had not interfered but merely stated their unhappiness. For example, when ACC Limited and Ambuja Cements (both controlled by Holcim Cements) increased the royalties to be paid to the parent company, few institutional investors raised objections. Both companies managed to increase the royalties, and institutional investors’ stakes in these two companies increased from 39.8 per cent to 40.5 per cent within a quarter. In similar instances involving Hero Motocorp Ltd., Procter & Gamble Hygiene and Health Care Limited, and Pfizer Inc., institutional investors raised objections to the anti-minority-shareholder decisions taken by the companies and at the same time increased their equity stakes in these companies.[[65]](#endnote-65)

INVESTORS’ DILEMMA

After reaching a low of ₹1,581, MSIL stock had bounced back to ₹1,737 on March 14, 2014. It was unclear what MSIL would do, so it was unclear what the investors should do. MSIL could simply ignore the minority shareholders and go ahead with its proposal, as it had done in the past. MSIL could also put the proposal to a vote of the minority shareholders and abide by their decision. According to Gupta, “though it is not legally binding on Maruti to get shareholders’ approval, as a good corporate governance measure, it should do this.”[[66]](#endnote-66)

If MSIL asked the shareholders to vote on the proposal, shareholders could express their disapproval by voting against it. Otherwise, the shareholders could vote with their feet by selling their shares. Alternatively, if they perceived MSIL to be a good long-term investment, investors might ignore the governance issues and stay invested in the company.

Exhibit 1: shareholding pattern in MSIL on december 31, 2013

|  |  |  |
| --- | --- | --- |
| **Type of Shareholders** | **No. of Shares** | **% Stake** |
| Promoters | 169,788,440 | 56.21 |
| Mutual Funds | 16,682,142 | 5.52 |
| Financial Institutions & Banks | 25,551,589 | 8.46 |
| Foreign Institutional Investors | 64,860,264 | 21.47 |
| Corporate Bodies | 18,358,794 | 6.08 |
| Individuals & Others | 6,838,831 | 2.26 |
| Total | 302,080,060 | 100.00 |

Source: Created by the authors based on “Shareholding Pattern,” Maruti Suzuki India Limited, accessed July 11, 2014, www.marutisuzuki.com/shareholding-pattern.aspx.

Exhibit 2: Relevant Financial Statements for MSIL (in ₹ Millions, except Cars Sold)

|  |  |  |
| --- | --- | --- |
| **Year Ending March 31** | **2013** | **2012** |
| **Cars Sold (no.)** | 1,171,434 | 1,133,695 |
| **Net Sales (₹ Millions)** | **426,126** | **347,059** |
| Other Operating Income | 9,753 | 8,812 |
| Other Income | 8,124 | 8,268 |
| **Total Revenue** | **444,003** | **364,139** |
| Raw Material Expenses | 325,150 | 280,656 |
| Employee Benefits | 10,696 | 8,013 |
| Interest Expenses | 1,898 | 552 |
| Depreciation & Amortization | 18,612 | 11,384 |
| Other Expenses | 57,737 | 42,072 |
| **Total Expenses** | 414,093 | 342,677 |
| **Profit Before Tax** | **29,910** | **21,462** |
| Current Tax | 6,324 | 4,138 |
| Deferred tax | −335 | 972 |
| **Net Income** | **23,921** | **16,352** |
|  |  | |
| **As of March 31** | **2013** | **2012** |
| **Shareholders’ Equity (₹ Millions)** | 185,789 | 151,874 |
| Long-Term Borrowings | 5,429 | - |
| Other Liabilities & Provisions | 7,382 | 5,682 |
| Total | 12,811 | 5,682 |
| **Current Liabilities** |  |  |
| Short-Term Borrowings | 8,463 | 10,783 |
| Payables | 41,674 | 7,382 |
| Other Current Liabilities & Provisions | 18,143 | 21,184 |
| Total | 68,280 | 65,466 |
| **Total Equity and Liabilities** | **266,880** | **223,022** |
| **Assets** |  |  |
| Tangible Assets | 115,187 | 82,527 |
| Intangible Assets | 2,227 | 2,099 |
| Total | 117,414 | 84,626 |
| Non-Current investments | 18,485 | 13,933 |
| Other Long-Term Assets | 21,733 | 13,673 |
| Total | 157,632 | 112,232 |
| **Current Assets** |  |  |
| Current Investments | 52,298 | 47,541 |
| Inventories | 18,407 | 17,965 |
| Receivables | 14,237 | 9,376 |
| Cash and Bank Balances | 7,750 | 24,361 |
| Other Current Assets | 16,556 | 11,547 |
| Total | 109,248 | 110,790 |
| **Total Assets** | **266,880** | **223,022** |

Exhibit 2 (continued)

Quarter Results

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  | | --- | | **http://img1.moneycontrol.com/images/blank.gifQuarter Ending** | | **Dec 2013** | **Sep 2013** | **Jun 2013** | **Mar 2013** |
| Cars Sold (no.) | 288,151 | 275,586 | 266,434 | 343,709 |
| http://img1.moneycontrol.com/images/blank.gif   |  | | --- | | Net Sales | | 106,197 | 102,118 | 99,951 | 130,563 |
| Other Income | 3,911 | 3,573 | 4,465 | 6,467 |
| Total Operating Income | 110,108 | 105,691 | 104,416 | 137,030 |
|  |  |  |  |  |
| Raw Materials | 78,014 | 72,644 | 73,656 | 87,295 |
| Wages and Salaries | 2,997 | 3,723 | 2,951 | 3,875 |
| Depreciation | 5,414 | 4,992 | 4,802 | 8,159 |
| Other Expenses | 14,380 | 15,099 | 14,105 | 21,874 |
| EBIT | 9,304 | 9,233 | 8,903 | 15,827 |
| Interest | 448 | 434 | 442 | 726 |
| PBT | 8,856 | 8,799 | 8,461 | 15,101 |
| Tax | 2,044 | 2,097 | 2,145 | 2,705 |
| Net Income | 6,812 | 6,702 | 6,316 | 12,396 |

Source: Created by the authors based on “Annual Report 2012,” Maruti Suzuki India Limited, accessed July 13, 2014, https://marutistorage.blob.core.windows.net/marutisuzukipdf/MARUTI\_AR\_2012\_Deluxe\_27-07-12.pdf; “Annual Report 2013,” Maruti Suzuki India Limited, accessed July 13, 2014, https://marutistorage.blob.core.windows.net/marutisuzukipdf

/MarutiSuzukiAnnualReport2012\_13.pdf

Exhibit 3: Total Vehicles Sold in India (2007–2013)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2007–2008** | **2008–2009** | **2009–2010** | **2010–2011** | **2011–2012** | **2012–2013** |
| Passenger Vehicles | 1,549,882 | 1,552,703 | 1,951,333 | 2,501,542 | 2,618,072 | 2,686,429 |
| Commercial Vehicles | 490,494 | 384,194 | 532,721 | 684,905 | 809,532 | 793,150 |
| Three Wheelers | 364,781 | 349,727 | 440,392 | 526,024 | 513,251 | 538,291 |
| Two Wheelers | 7,249,278 | 7,437,619 | 9,370,951 | 11,768,910 | 13,435,769 | 13,797,748 |
| Total | 9,654,435 | 9,724,243 | 12,295,397 | 15,481,381 | 17,376,624 | 17,815,618 |

Source: Created by the authors based on “Society of Indian Automobile Manufacturers,” accessed July 13, 2014, [www.siamindia.com](http://www.siamindia.com).

Exhibit 4: Key Ratios for Passenger Car Manufacturing Companies in India, 2013

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **P/E Ratio** | **P/BV Ratio** | **EV/EBITDA Ratio** | **ROE** |
| Maruti Suzuki | 16.44 | 2.08 | 7.45 | 12.48% |
| Tata Motors | 384.71 | 4.50 | 30.25 | 2.81% |
| Mahindra & Mahindra | 15.59 | 3.47 | 10.20 | 25.08% |
| Hyundai Motor\* | N/A | N/A | N/A | 20.53% |
| Toyota Kirloskar\* | N/A | N/A | N/A | −1.83% |
| Hindustan Motors | < 0 | < 0 | < 0 | < 0 |

Note: P/E ratio = price-earnings ratio; P/BV ratio = price-to-book value ratio; EV/EBITDA ratio = enterprise value-to-earnings before interest, taxes, depreciation, and amortization; ROE = return on equity; \*Shares of Hyundai Motor and Toyota Kirloskar are not listed on the stock exchanges; \*Shares of Hyundai Motor and Toyota Kirloskar are not listed on the stock exchanges.

Source: “Passenger Car Manufacturing Companies in India,” Capitaline Database, accessed July 13, 2014,

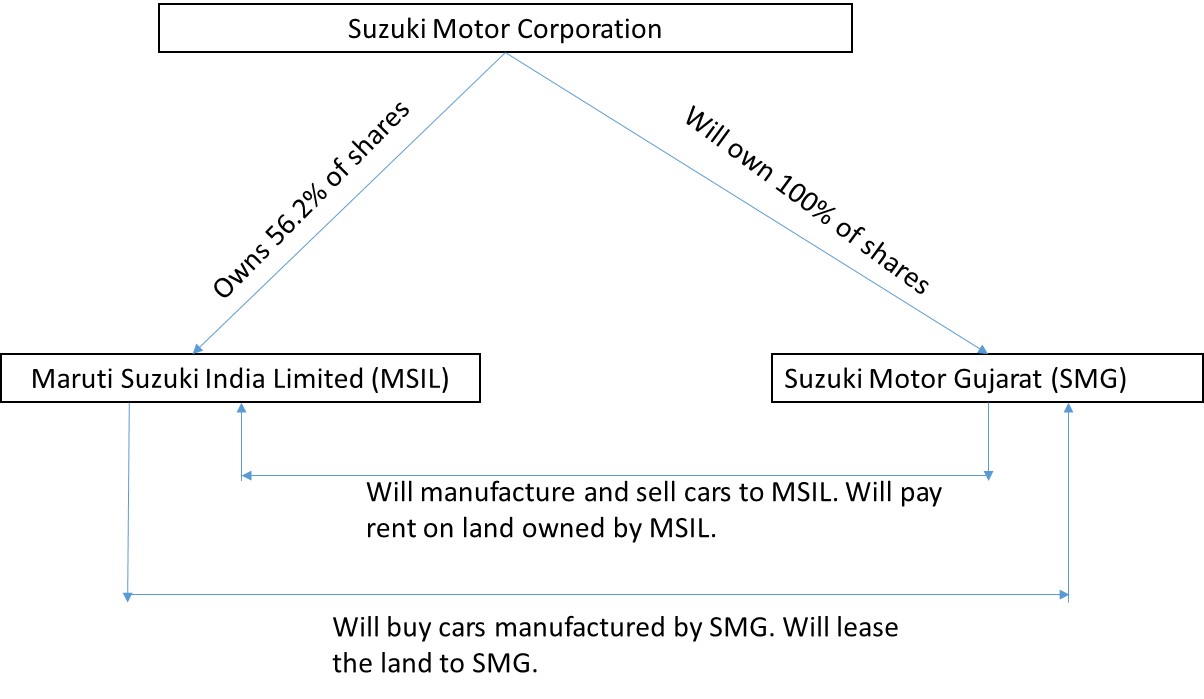
Exhibit 5: Relevant MacroEconomic Data for India and Japan

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Exchange Rate (₹ per ¥100.00)** | **Indian Interest Rate** | **Japanese Interest Rate** | **Inflation Rate in India (Change in CPI)** | **GDP Growth Rate in India** | **Petrol Price (₹ per litre)** | **Diesel Price (₹ per litre)** | **Cars Manufactured in India** |
| 2000 | 41.7258 | 8.74% | 0.25% | 4.44% | 8.00% | 25.94 | 14.04 | 517,957 |
| 2001 | 38.8674 | 9.88% | 0.15% | −0.33% | 4.15% | 28.44 | 17.09 | 654,557 |
| 2002 | 38.8722 | 7.24% | 0.00% | 1.31% | 5.39% | 27.54 | 16.55 | 703,948 |
| 2003 | 40.2047 | 5.97% | 0.00% | 3.24% | 3.88% | 29.93 | 19.07 | 907,968 |
| 2004 | 41.8941 | 4.71% | 0.00% | 3.76% | 7.97% | 33.70 | 21.73 | 1,178,354 |
| 2005 | 40.1020 | 5.29% | 0.00% | 2.72% | 7.05% | 40.49 | 28.45 | 1,264,000 |
| 2006 | 38.9752 | 6.07% | 0.25% | 3.82% | 9.48% | 43.51 | 30.47 | 1,473,000 |
| 2007 | 35.1348 | 7.06% | 0.50% | 7.65% | 9.57% | 42.85 | 30.25 | 1,713,479 |
| 2008 | 42.3079 | 7.60% | 0.30% | 7.63% | 9.32% | 45.52 | 31.76 | 1,846,051 |
| 2009 | 51.8119 | 7.15% | 0.10% | 10.02% | 6.72% | 40.62 | 30.86 | 2,175,220 |
| 2010 | 52.1669 | 4.68% | 0.10% | 14.00% | 8.59% | 47.43 | 35.47 | 2,831,542 |
| 2011 | 58.6244 | 6.58% | 0.10% | 9.94% | 9.32% | 58.37 | 37.75 | 3,040,144 |
| 2012 | 67.0289 | 8.25% | 0.10% | 8.33% | 6.21% | 60.70 | 41.28 | 3,285,496 |
| 2013 | 65.5738 | 7.95% | 0.10% | 9.98% | 4.99% | 66.35 | 47.65 | 3,138,988 |

Source: Created by the case authors based on tables 2, 40, 74, 146, and 183 of“Handbook of Statistics on Indian Economy,” Reserve Bank of India, accessed July 13, 2014, https://rbi.org.in/Scripts/AnnualPublications.aspx?head=Handbook%20of%20Statistics%20on%20Indian

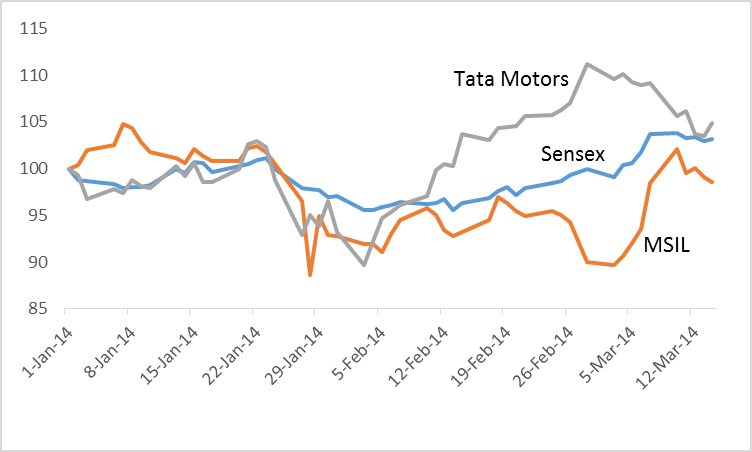
%20Economy; “Charts: Historic BoJ Rates,” Global-rates.com, accessed July 13, 2014, [www.global-rates.com/interest-rates/central-banks/central-bank-japan/boj-interest-rate.aspx](http://www.global-rates.com/interest-rates/central-banks/central-bank-japan/boj-interest-rate.aspx); “Indian Rupee (INR) to Japanese Yen (JPY) History,” inr.fx-exchange, accessed July 13, 2014, <http://inr.fx-exchange.com/jpy/exchange-rates-history.html>; “Petrol Price Calculator,” Mypetroprice.com, accessed July 13, 2014, [www.mypetrolprice.com/ChartImg.axd?i=charts\_2/chart\_2\_8.png&g=26f5a991d0924518becb692dc0dad1d2](http://www.mypetrolprice.com/ChartImg.axd?i=charts_2/chart_2_8.png&g=26f5a991d0924518becb692dc0dad1d2); “Production Statistics,” OICA, accessed July 13, 2014, [www.oica.net/category/production-statistics/](http://www.oica.net/category/production-statistics/).

Exhibit 6: Arrangements under the new proposal



Source: Created by the case authors.

Exhibit 7: movement of Stock prices for MSIL, Tata Motors, and Sensex  
(January 1, 2014 to March 15, 2014)



Note: The first-day price has been initialized to 100.

Source: “Tata Motors Limited (TTM): Historical Data,” Yahoo! Finance, accessed July 18, 2017, https://finance.yahoo.com/quote/TTM/history?p=TTM; “BSE SENSEX (^BSESN),” Yahoo! Finance, accessed July 18, 2017, https://in.finance.yahoo.com/quote/%5EBSESN/history?p=%5EBSESN; “Maruti Suzuki India Limited (MARUTI.NS),” Yahoo! Finance, accessed July 18, 2017, https://in.finance.yahoo.com/quote/MARUTI.NS/history?p=MARUTI.NS.

Exhibit 8: Some Valuation Parameters

|  |  |
| --- | --- |
| **Variables** | **Value** |
| Yield on 91-Day T-Bill | 8.66% |
| Yield on 1-Year Government Securities | 8.71% |
| Yield on 10-Year Government Securities | 8.76% |
| Yield on 20-Year Government Securities | 9.18% |
| Market Risk Premium in India | 7.13% |
| Beta of MSIL | 1.05 |
| Long-Term Growth Rate for MSIL | 24.65% |
| Credit Rating | AAA |
| Credit Spread for AAA Bond | 0.43% |
| **Volume Growth Rates for MSIL** |  |
| 2015 | 1.00% |
| 2016 | 6.00% |
| Afterward | 12.00% |

Source: Case authors; “Archives of Daily/Monthly Reports (Debt),” National Stock Exchange of India, accessed July 14, 2014, <https://nseindia.com/products/content/debt/wdm/archieve_debt.htm>; “Maruti Suzuki Limited,” Capitaline Database, accessed July 14, 2014, [www.capitaline.com](http://www.capitaline.com); “Maruti Suzuki India Limited: Consensus Estimates Analysis,” Reuters India, accessed July 14, 1014, <http://in.reuters.com/finance/stocks/analyst?symbol=MRTI.NS>.

endnotes

1. This case is the first prize winner in the overall category of the ISB-Ivey Global Case Competition 2016. The prize has been sponsored by Indian School of Business. [↑](#endnote-ref-1)
2. ₹ = INR = Indian rupee; ₹1 = US$0.02 on January 28, 2014; all currency amounts are in ₹ unless otherwise specified. [↑](#endnote-ref-2)
3. “Maruti Plant Stand-off: Will Minority Shareholders Matter?” Money Control, March 5, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/business/maruti-plant-stand-off-will-minority-shareholders-matter\_1050741.html?utm\_source=MC\_Mail\_Stock\_watch](http://www.moneycontrol.com/news/business/maruti-plant-stand-off-will-minority-shareholders-matter_1050741.html?utm_source=MC_Mail_Stock_watch). [↑](#endnote-ref-3)
4. ₹1 = CN¥0.10 on September 30, 2014. [↑](#endnote-ref-4)
5. Dion Global Solutions Limited, *Equity Research Report,* Bloomberg, accessed July 11, 2014. [↑](#endnote-ref-5)
6. ET Bureau, “Maruti Top Execs Meet Fund Houses,” *Economic Times,* March 3, 2014, accessed July 13, 2014, http://economictimes.indiatimes.com/automobiles/maruti-suzuki-executives-meet-fund-houses-miffed-over-gujarat-plant/articleshow/31305168.cms. [↑](#endnote-ref-6)
7. “Maruti-Investors Fight Reaches New Round but Co Unfazed,” Money Control, March 12, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/business/maruti-investors-fight-reaches-new-roundco-unwary\_1052901.html](http://www.moneycontrol.com/news/business/maruti-investors-fight-reaches-new-roundco-unwary_1052901.html). [↑](#endnote-ref-7)
8. EMIS and Bloomberg, *Equity Research Reports*, accessed July 11, 2014. [↑](#endnote-ref-8)
9. “Fund Managers Keen on Big Returns, Not Corporate Governance,” Money Control, March 11, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/market-edge/fund-managers-keenbig-returns-not-corporate-governance\_1052156.html](http://www.moneycontrol.com/news/market-edge/fund-managers-keenbig-returns-not-corporate-governance_1052156.html). [↑](#endnote-ref-9)
10. “Maruti Suzuki India Limited: History,” NDTV Profit, accessed June 6, 2017, <http://profit.ndtv.com/stock/maruti-suzuki-india-ltd_maruti/reports>. [↑](#endnote-ref-10)
11. “Maruti Suzuki Sales in December 2013,” Maruti Suzuki India Limited, accessed July 11, 2014, [www.marutisuzuki.com/press-releases-jan2014.aspx](http://www.marutisuzuki.com/press-releases-jan2014.aspx). [↑](#endnote-ref-11)
12. “Maruti Udyog Limited,” Department of Investment and Public Asset Management, May 14, 2002, accessed July 11, 2014, <http://dipam.gov.in/maruti-udyog-ltd>. [↑](#endnote-ref-12)
13. “Company at a Glance,” Maruti Suzuki India Limited, accessed July 11, 2014, [www.marutisuzuki.com/company-profile.aspx](http://www.marutisuzuki.com/company-profile.aspx). [↑](#endnote-ref-13)
14. Nandini Sen Gupta, “Maruti Regains 50 Per Cent Market Share,” *Times of India*, March 24, 2014, accessed July 11, 2014, http://timesofindia.indiatimes.com/business/india-business/Maruti-regains-50-market-share/articleshow/32577532.cms. [↑](#endnote-ref-14)
15. “Company at a Glance,” Maruti Suzuki, op. cit. [↑](#endnote-ref-15)
16. Ibid. [↑](#endnote-ref-16)
17. “2014: Production Statistics,” International Organization of Motor Vehicle Manufacturers, accessed July 11, 2014, [www.oica.net/2014-q2-production-statistics/](http://www.oica.net/2014-q2-production-statistics/). [↑](#endnote-ref-17)
18. “Maruti Suzuki’s Market Rises to Highest in Three Years,” Livemint.com, January 13, 2014, accessed July 11, 2014, www.livemint.com/Companies/z2zcAjzlyOe1IlqMiRfkwJ/Maruti-Suzukis-market-share-rises-to-highest-in-three-years.html. [↑](#endnote-ref-18)
19. Rachit Vats, “Mahindra and Mahindra to Lose Steam in Revved-Up Utility Vehicle Market,” *Financial Express*, April 27, 2014, accessed July 11, 2014, www.financialexpress.com/archive/mahindra-mahindra-to-lose-steam-in-revved-up-utility-vehicle-market/1244478/. [↑](#endnote-ref-19)
20. “Diesel or Petrol: Which Car to Buy?” Rediff.com, December 6, 2013, accessed July 11, 2014, [www.rediff.com/business/slide-show/slide-show-1-auto-do-petrol-cars-beat-diesel-in-the-long-term-find-out/20131206.htm#1](http://www.rediff.com/business/slide-show/slide-show-1-auto-do-petrol-cars-beat-diesel-in-the-long-term-find-out/20131206.htm#1). [↑](#endnote-ref-20)
21. Shiney Jacob, “Complete Diesel Price Decontrol Unlikely,” *Business Standard*, June 5, 2014, accessed July 11, 2014, www.business-standard.com/article/economy-policy/complete-diesel-price-decontrol-unlikely-114060500255\_1.html. [↑](#endnote-ref-21)
22. “Indian Passenger Vehicle Industry,” ICRA Research Services, accessed July 11, 2014, [www.icra.in](http://www.icra.in). [↑](#endnote-ref-22)
23. Amrit Raj, “Maruti Shelves Diesel Engine Plant Unit,” [Livemint.com](http://www.livemint.com), October 25, 2013, accessed July 11, 2014, www.livemint.com/Industry/X0TlivIubqtSPglHOncRlI/Maruti-shelves-diesel-engine-plant-expansion.html. [↑](#endnote-ref-23)
24. Murali Gopalan, “Diesel Car Sales Lose Momentum as Steady Rise in Fuel Price Hits Demand,” *Business Line*, March 10, 2014, accessed July 11, 2014, www.thehindubusinessline.com/economy/diesel-car-sales-lose-momentum-as-steady-rise-in-fuel-price-hits-demand/article5770974.ece. [↑](#endnote-ref-24)
25. “India’s November Car Sales Slump,” Reuters, December 10, 2012, accessed July 11, 2014, [www.cnbc.com/id/100294010](http://www.cnbc.com/id/100294010). [↑](#endnote-ref-25)
26. PTI, “Auto Sector Outlook Remains Stable to Negative: India Rating,” *Economic Times,* January 16, 2014, accessed July 11, 2014, http://economictimes.indiatimes.com/industry/auto/news/industry/auto-sector-outlook-remains-stable-to-negative-india-ratings/articleshow/28896492.cms. [↑](#endnote-ref-26)
27. HDFC Securities, *Equity Research Report on MSIL*, January 31, 2014; Dion Global Solutions India, *Equity Research Report*, February 21, 2014. [↑](#endnote-ref-27)
28. Ernst & Young, *Mega Trends Shaping Indian Passenger Vehicle Industry*, Ernst & Young Industry Research Report. [↑](#endnote-ref-28)
29. “Suzuki Motors to Own Gujarat Plant, Make Vehicles Exclusively for Maruti,” *Indian Express*, January 29, 2014, accessed July 11, 2014, http://indianexpress.com/article/business/business-others/suzuki-motor-to-own-gujarat-plant-make-vehicles-exclusively-for-maruti/. [↑](#endnote-ref-29)
30. “Maruti Suzuki Board Decision on Gujarat Project,” October 29, 2014, accessed January 13, 2015, www.marutisuzuki.com/press-release-gujrat.aspx. [↑](#endnote-ref-30)
31. Ibid. [↑](#endnote-ref-31)
32. Ibid. [↑](#endnote-ref-32)
33. Dion Global Solutions, *Equity Research Report.* [↑](#endnote-ref-33)
34. Kotak Institutional Equity Research, *Equity Research Report*, March 3, 2014; Deutsche Bank Market Research, *Equity Research Report*, February 27, 2014. [↑](#endnote-ref-34)
35. Capitalization rate is the ratio of the annual rental income and the market value of the property. [↑](#endnote-ref-35)
36. “Maruti Tanks: Did Street Misread Suzuki Gujarat Move?” Money Control, January 28, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/stocks-views/maruti-tanks-did-street-misread-suzuki-gujarat-move\_1032954.html](http://www.moneycontrol.com/news/stocks-views/maruti-tanks-did-street-misread-suzuki-gujarat-move_1032954.html). [↑](#endnote-ref-36)
37. ¥1.00 = ₹0.60 on January 28, 2014. [↑](#endnote-ref-37)
38. “Suzuki’s Move to Run Gujarat Plant Faces a Storm,” *Business Standard,* January 29, 2014, accessed July 11, 2014, www.business-standard.com/article/companies/suzuki-s-move-to-run-gujarat-plant-faces-a-storm-114012800966\_1.html. [↑](#endnote-ref-38)
39. EMIS and Bloomberg, *Equity Research Reports,* op. cit. [↑](#endnote-ref-39)
40. HDFC Securities, *Equity Research Report*, January 31, 2014. [↑](#endnote-ref-40)
41. Authors’ own estimates. [↑](#endnote-ref-41)
42. “Maruti Shares Rebound; Proxy Advisor Firms Wary,” Money Control, January 29, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/result-analysis/maruti-shares-rebound-proxy-advisory-firms-wary\_1033359.html](http://www.moneycontrol.com/news/result-analysis/maruti-shares-rebound-proxy-advisory-firms-wary_1033359.html). [↑](#endnote-ref-42)
43. Ibid. [↑](#endnote-ref-43)
44. Ingovern, *Corporate Governance Alert: Maruti Suzuki Limited,* accessed July 11, 2014, [www.ingovern.com/wp-content/uploads/2014/01/CG-Alert-Maruti-Suzuki.pdf](http://www.ingovern.com/wp-content/uploads/2014/01/CG-Alert-Maruti-Suzuki.pdf). [↑](#endnote-ref-44)
45. “The Companies Act 2013,”Ministry of Corporate Affairs, accessed July 11, 2014, www.mca.gov.in/MinistryV2/companiesact2013.html. [↑](#endnote-ref-45)
46. Samie Modak, “Timing of Gujarat Manoeuvre May Help Suzuki Steer Clear of Shareholder Scrutiny,” *Business Standard*, February 1, 2014, accessed July 11, 2014, www.business-standard.com/article/companies/timing-of-gujarat-manoeuvre-may-help-suzuki-steer-clear-of-shareholder-scrutiny-114013101233\_1.html. [↑](#endnote-ref-46)
47. “Maruti Plant Stand-Off: Will Minority Shareholders Matter,” op. cit. [↑](#endnote-ref-47)
48. “Maruti Tanks: Did Street Misread Suzuki Gujarat Move?” op. cit. [↑](#endnote-ref-48)
49. ET Bureau, “Maruti Suzuki Executives Meet Fund Houses Miffed over Gujarat Plant,” *Economic Times*, March 3, 2014, accessed July 11, 2014, economictimes.indiatimes.com/automobiles/maruti-suzuki-executives-meet-fund-houses-miffed-over-gujarat-plant/articleshow/31305168.cms. [↑](#endnote-ref-49)
50. “Information on Gujarat Project,” Maruti Suzuki India Limited, accessed July 11, 2014, [www.marutisuzuki.com/press-release-gujrat2014.aspx](http://www.marutisuzuki.com/press-release-gujrat2014.aspx). [↑](#endnote-ref-50)
51. Ibid. [↑](#endnote-ref-51)
52. IDFC, *Equity Research Report,* February 28, 2014. [↑](#endnote-ref-52)
53. “Suzuki’s Behavior Is Completely Anti-Minority Shareholder,” *Economic Times*, February 3, 2014. [↑](#endnote-ref-53)
54. “Scrap Gujarat Unit Deal with Suzuki: Domestic MFs to Maruti,” Money Control, March 11, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/business/scrap-gujarat-plant-dealsuzuki-domestic-mfs-to-maruti\_1052721.html](http://www.moneycontrol.com/news/business/scrap-gujarat-plant-dealsuzuki-domestic-mfs-to-maruti_1052721.html). [↑](#endnote-ref-54)
55. “Maruti Suzuki Skids over 4 Per Cent as SEBI Explores Legal Options over Gujarat Plant,” *Economic Times*, March 12, 2014, accessed July 11, 2014, http://economictimes.indiatimes.com/markets/stocks/news/maruti-suzuki-skids-over-4-as-sebi-explores-legal-options-over-gujarat-plant/articleshow/31880563.cms. [↑](#endnote-ref-55)
56. “Maruti Suzuki India Slips as FII Investments Reach Trigger Limit,” *Business Standard*, March 4, 2014, accessed July 18, 2017, www.indiainfoline.com/article/capital-market-hot-pursuit/maruti-suzuki-india-slips-as-fii-investments-reach-trigger-limit-114030400015\_1.html. [↑](#endnote-ref-56)
57. Subhro Niyogii, “Maruti Working on Diesel Engines for Entire Range,” *Times of India*, February 10, 2014, accessed July 11, 2014, http://timesofindia.indiatimes.com/business/india-business/Maruti-working-on-diesel-engines-for-entire-range/articleshow/30160536.cms. [↑](#endnote-ref-57)
58. “Waiting Period for Maruti Celerio AMT Goes Up,” April 28, 2014, accessed July 11, 2014, [www.autocarindia.com/auto-news/waiting-period-for-maruti-celerio-amt-goes-up-383948.aspx](http://www.autocarindia.com/auto-news/waiting-period-for-maruti-celerio-amt-goes-up-383948.aspx). [↑](#endnote-ref-58)
59. “GDP Annual Growth Rate—Forecast,” Trading Economics, accessed July 11, 2014, [www.tradingeconomics.com/forecast/gdp-annual-growth-rate](http://www.tradingeconomics.com/forecast/gdp-annual-growth-rate); “Global Economic Outlook 2017,” The Conference Board, accessed July 11, 2014, <https://www.conference-board.org/data/globaloutlook.cfm>. [↑](#endnote-ref-59)
60. Deutsche, *Equity Research Report,* January 29, 2014. [↑](#endnote-ref-60)
61. R. C. Bhargava, “Chapter 6: Back on Track,” in *The Maruti Story: How a Public Sector Company Put India on Wheels* (Noida: HarperCollins Publishers India, 2010). [↑](#endnote-ref-61)
62. Credit Suisse, *Equity Research Report,* January 28, 2014. [↑](#endnote-ref-62)
63. HDFC Securities, *Equity Research Report,* accessed July 11, 2014, Bloomberg; ICICI Securities, *Equity Research Report,* accessed July 11, 2014, Bloomberg. [↑](#endnote-ref-63)
64. “Maruti Suzuki India Limited: Consensus Estimates Analysis,” Reuters, accessed July 11, 2014, <http://in.reuters.com/finance/stocks/analyst?symbol=MRTI.NS>. [↑](#endnote-ref-64)
65. “Fund Managers Keen on Big Returns, not Corporate Governance,” Money Control, March 11, 2014, accessed July 11, 2014, [www.moneycontrol.com/news/market-edge/fund-managers-keenbig-returns-not-corporate-governance\_1052156.html](http://www.moneycontrol.com/news/market-edge/fund-managers-keenbig-returns-not-corporate-governance_1052156.html). [↑](#endnote-ref-65)
66. Ibid. [↑](#endnote-ref-66)