INVasset Corporate Insights

MARUTI SUZUKI

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India's Best Performing and Most Customer Centric PMS

Navigating Growth and Innovation: The Strategic Journey of Maruti Suzuki India Limited

Establishment and Growth of Maruti Suzuki India Limited (MSIL): Maruti Suzuki India Limited was founded in 1981 and entered into a joint venture with Suzuki Motor Corporation (SMC) in 1982, marking the beginning of its transformative journey in the Indian automotive industry. By 2002, MSIL became a subsidiary of SMC. As of now, SMC holds a 56.28% equity stake in MSIL, making it SMC's largest subsidiary globally.

Market Leadership and Segment Dominance: MSIL commands a significant market share in India, holding 42% of the major car manufacturers' market. The company excels across various segments, with a 62.6% share in passenger cars, 24.9% in utility vehicles, and an impressive 89.6% in vans. This diversified portfolio solidifies MSIL's leadership position in the Indian automotive market.

Comprehensive Product Transition and Innovation: MSIL was the first in the industry to transition its entire portfolio to BS-VI compliant models, maintaining a competitive edge. In fiscal 2020, MSIL had 7 models among the top 10 sold, underlining the success of its strategy and the market's acceptance of its newer, compliant models.

Financial Strength and Operational Excellence: With a strong financial base, MSIL boasts a net worth of approximately Rs.61,000 crore and liquidity of Rs.47,000 crore as of March 31, 2023. The company's operational efficiencies are reflected in its minimal working capital debt and high cash generation capabilities, which are essential for sustaining growth and competitiveness.

NEXA: Revolutionizing Premium Automotive Retail: The launch of NEXA marks MSIL's strategic move to capture the mid-to-premium segment of the car market. NEXA offers a technologically advanced retail experience, enhancing customer engagement through digital platforms and sophisticated service touchpoints like iPads and smartphone applications.

Pioneering in Pre-Owned Car Market: MSIL has also made significant inroads into the pre-owned car market with its True Value brand, which has grown to become one of the largest in India with over 550 outlets in 268 cities. This expansion underscores MSIL's commitment to catering to various consumer needs and market segments.

Expansive Service Network: MSIL boasts the widest service network in India, with over 4,000 touchpoints covering 1989 towns and cities. This extensive network ensures unparalleled customer service and support, further enhancing MSIL's market presence and customer loyalty.

Future Growth and Expansion Plans: MSIL is poised for substantial growth with plans to increase its production capacity to 4 million units by 2030-31, involving a capital expenditure of ₹1.25 trillion. The strategic expansions include building new manufacturing sites and enhancing export capabilities, ensuring MSIL's continued dominance in the domestic market while expanding its global footprint.

Stock Data	
CMP (17-05-2024)	12,628
52 Week High/Low	13,074/8,961
Face Value	5.00
Market Cap (In Crs)	3,95,234
Enterprise Value (In Crs)	3,92,525
NSE	MARUTI
BSE	532500
Bloomberg	MSIL:IN
Sector	Automobiles - Passenger Cars

Shareholding Pattern (in %)		
	MAR 24	DEC 23
Promoter	58.19	58.19
FII	19.64	20.60
DII	18.86	17.64
Public	3.24	3.50

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	2.05	13.79	23.49
Maruti	1.73	19.87	38.33

Key Ratios	
P/E	29.3
P/S	2.79
P/B	4.65
Debt To Equity	0.00
ROE	18.3%
ROCE	23.7%
Dividend Yield	0.72%

Q4 FY 24 Result Update

Q4 FY24 Result Comparison (In Rs Cr)					
	Q4 FY24	Q3 FY24	Q4FY23	QOQ	YOY
Interest Income	38,471	33,513	32,214	14.79%	19.42%
Other Income	1,261	1,053	850	19.75%	48.35%
Expense	33,250	29,073	28,320	14.37%	17.41%
EBITDA	6,479	5,494	4,745	17.93%	36.54%
Net Profit	3,952	3,207	2,688	23.23%	47.02%

Result Highlights

Stellar Quarterly Progress at Maruti Suzuki India Ltd

Strategic Revenue Growth in Interest Income: Maruti Suzuki India displayed exceptional performance in its interest income for Q4 FY24, reaching ₹38,471 crore, a growth of 14.79% over the previous quarter and a 19.42% increase year-over-year. This robust growth indicates a strong demand for the company's financial products and an efficient asset utilization strategy. The consistent rise in interest income over the quarters not only enhances the company's revenue base but also demonstrates its ability to capitalize on market opportunities, thereby reinforcing its leadership in the automotive sector's financial services.

Exceptional Rise in Supplementary Earnings: Q4 FY24 saw Maruti Suzuki India's other income skyrocket to ₹1,261 crore, marking an increase of 19.75% from Q3 FY24 and an impressive 48.35% from Q4 FY23. This significant growth in other income highlights the company's effective diversification strategy and its ability to generate revenue from non-core business activities. These activities likely include gains from investments, sale of assets, or royalties, which have supplemented the traditional income streams, thereby strengthening the company's financial stability and providing a buffer against operational risks.

Prudent Expense Management: Maruti Suzuki India demonstrated prudent financial management by keeping its expenses in check, totaling ₹33,250 crore in Q4 FY24. This represents a 14.37% increase from Q3 FY24 and a 17.41% rise year-over-year. The controlled increase in expenses, despite the expansion in operations and revenue, reflects the company's strong cost control measures and operational efficiencies. Managing expenses effectively is crucial for maintaining profitability, especially in a competitive industry like automotive, where cost fluctuations can significantly impact the bottom line.

Enhanced Operational Efficiency Reflected in EBITDA: The company's EBITDA for Q4 FY24 stood at ₹6,479 crore, an increase of 17.93% from Q3 FY24 and a substantial 36.54% from Q4 FY23. The notable increase in EBITDA margin signifies improved operational efficiency and effective cost management. EBITDA, a measure of a company's operating profitability, is particularly important for Maruti Suzuki as it reflects the core profitability of its operations before the effects of financial and tax structuring.

Record-Breaking Profitability: Maruti Suzuki India reported a net profit of ₹3,952 crore in Q4 FY24, up 23.23% from Q3 FY24 and a significant 47.02% increase from the previous year. This remarkable growth in net profit underscores the company's ability to not only increase revenue but also enhance profitability through efficient operations and cost management. The record-breaking net profit highlights Maruti Suzuki's capability to adapt to market dynamics, leverage its brand strength, and optimize its product mix.

Strong Yearly Financial Overview: Overall, Maruti Suzuki India's financial results for Q4 FY24 illustrate a company on an upward trajectory, with substantial growth in both revenue and profit margins. The consistent increase across key financial metrics such as interest income, other income, and net profit, along with effective control over expenses and a significant improvement in EBITDA, showcase a company that is not only growing but also strengthening its financial foundations. These results position Maruti Suzuki well for future growth, making it an attractive proposition for investors and stakeholders in the automotive industry.

Concall Highlights

Significant Financial Improvements in Q4 FY'24: In Q4 FY'24, the company showcased robust financial performance with substantial improvements in key metrics compared to Q4 FY'23. Operating EBIT rose significantly by 230 basis points to 10.8%, primarily driven by a 190 basis points decrease in material costs. Profit Before Tax (PBT) and Profit After Tax (PAT) also increased notably by 300 and 210 basis points, respectively, reflecting efficient operational management and strategic cost reductions. This financial uptrend highlights the company's strong market adaptation and profitability enhancement strategies.

Quarterly Financial Gains: Q4 FY'24 Over Q3 FY'24: In the transition from Q3 FY'24 to Q4 FY'24, the company demonstrated notable financial progress. Operational EBIT improved by 90 basis points to 10.8%, driven by effective cost management, including a reduction in employee and other expenses. The Profit After Tax (PAT) also saw an increase of 80 basis points, reflecting a healthier bottom line. These improvements are underpinned by decreased operational costs and an increase in efficiency, marking a successful quarter of strategic financial enhancements.

Balancing Act: Q4 FY'24 Financial Margin Dynamics: Q4 FY'24 saw enhanced financial margins due to improved capacity utilization and reduced sales promotion expenses. However, these gains were partially offset by increased manufacturing overheads and administrative expenses.

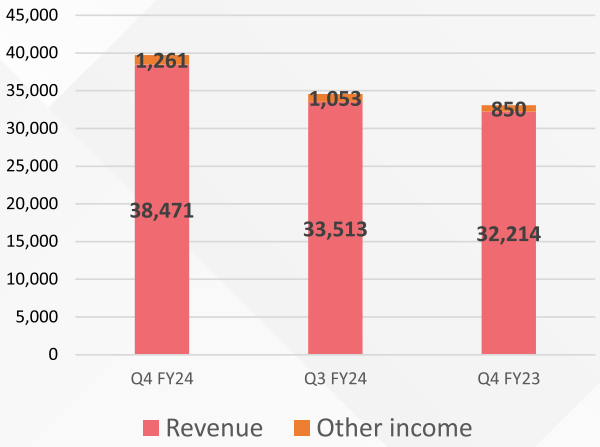
Dynamic Shifts in Sales Volumes: Q4 FY'24 Performance: In Q4 FY'24, total sales volumes increased by 13.4% with domestic markets growing by 12.2% and exports surging by 21.7%. Notably, the UV segment showed a remarkable growth of 71.5%, contrasting sharply with declines in mini (-27.9%) and mid-size (-31.5%) segments. Overall, this quarter marked a significant pivot towards UVs, which now constitute 36% of domestic sales, indicating shifting consumer preferences towards larger vehicles.

Driving Global Dominance in Vehicle Exports: Maruti Suzuki India Ltd. has established itself as a colossal force in the international automotive market, becoming the largest exporter of passenger vehicles from India with a formidable market share of nearly 40%. The company's extensive export operations span nearly 100 countries, underscoring its vast global reach and international appeal. The top five export destinations for Maruti Suzuki are South Africa, Chile, Ivory Coast, Saudi Arabia, and Ethiopia, with South Africa leading at a remarkable 89,483 units. This impressive distribution highlights Maruti Suzuki's commitment to quality and its strategic penetration in diverse markets, enhancing its reputation and influence across the globe.

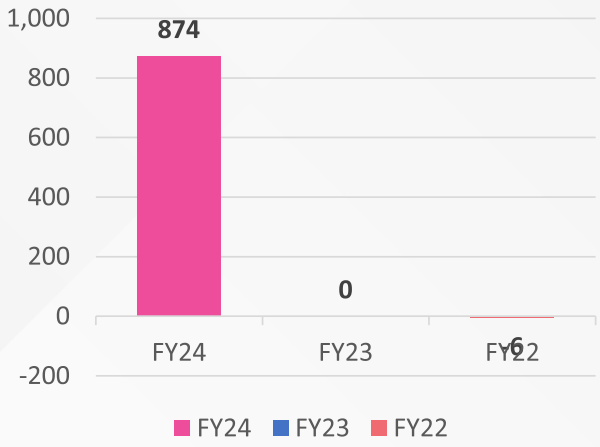
Pioneering Comprehensive Sales and Service Networks in India: Maruti Suzuki India Ltd. has comprehensively developed its sales and service networks across India, catering to diverse consumer needs through its distinct channels. The Maruti Suzuki Arena, embodying a youthful and modern car-buying experience, boasts 2,801 outlets in 2,349 cities. NEXA, the premium sales channel, has established 460 outlets in 286 cities, focusing on innovative customer experiences and technology. The Commercial channel provides specialized services for commercial vehicles through 379 outlets in 270 cities. Additionally, True Value serves as a reliable platform for pre-owned cars with 556 outlets in 278 cities. Maruti Suzuki also excels in customer service, deploying 781 vehicles for quick responses and operating 348 mobile workshops, ensuring widespread and efficient service with 4,564 touchpoints across 2,304 cities. This extensive network underscores Maruti Suzuki's leadership in providing accessible and high-quality automotive sales and service nationwide.

Enhancing Customer Experience with Diverse Services: Maruti Suzuki India Ltd., renowned for its commitment to customer satisfaction, offers a comprehensive suite of services aimed at enhancing the ownership experience. The company provides high-quality aftermarket parts through Maruti Suzuki Genuine Parts, ensuring vehicle longevity and passenger safety. Maruti Suzuki Genuine Accessories offers a range of certified accessories that are tailor-made for compatibility with various models, maintaining aesthetic and functional standards. Financial solutions are made accessible through Maruti Suzuki Finance in partnership with several banking and non-banking financial institutions. Additionally, Maruti Suzuki Insurance Broking offers hassle-free, cashless accident repairs and easy claim settlements. The Maruti Suzuki Rewards program fosters customer loyalty by providing exclusive benefits, while Maruti Suzuki Subscribe introduces an innovative, flexible approach to car ownership. Lastly, the Maruti Suzuki Driving School offers advanced driving training, enhancing road safety and driving skills. Together, these services not only satisfy but also anticipate the needs of customers, fostering a long-lasting relationship and loyalty towards the brand.

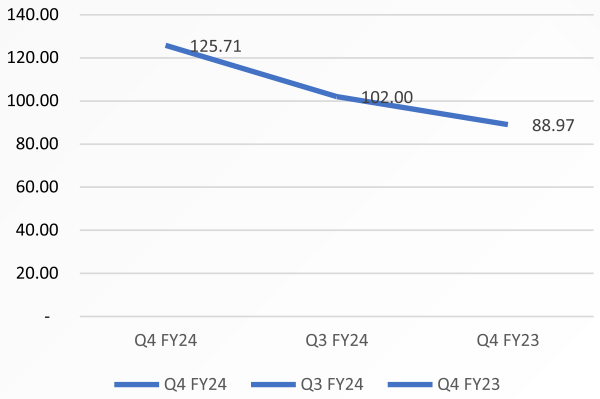
Revenue & Expenses (In Cr)



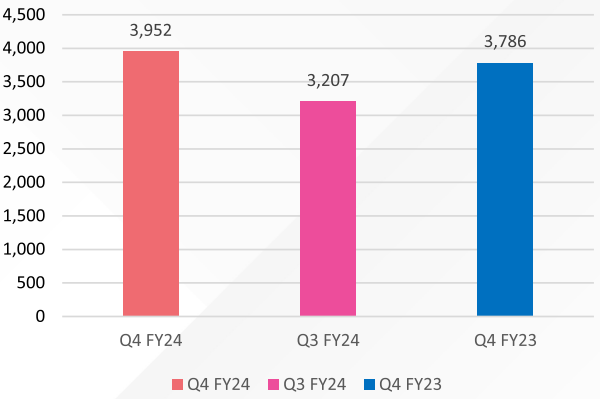
Cashflow (In Cr)



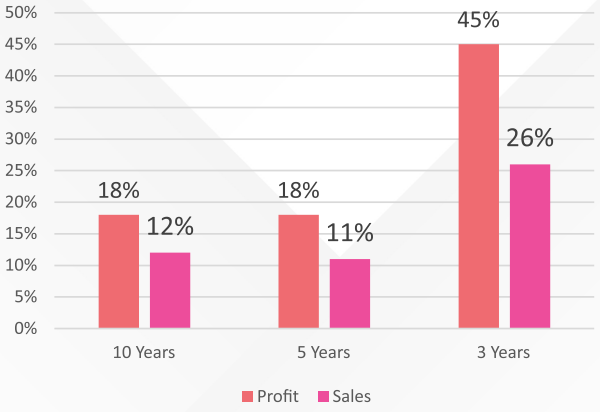
EPS



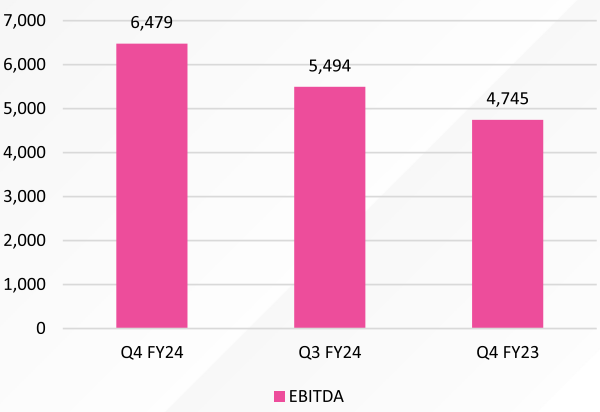
Net Profit (In Cr)



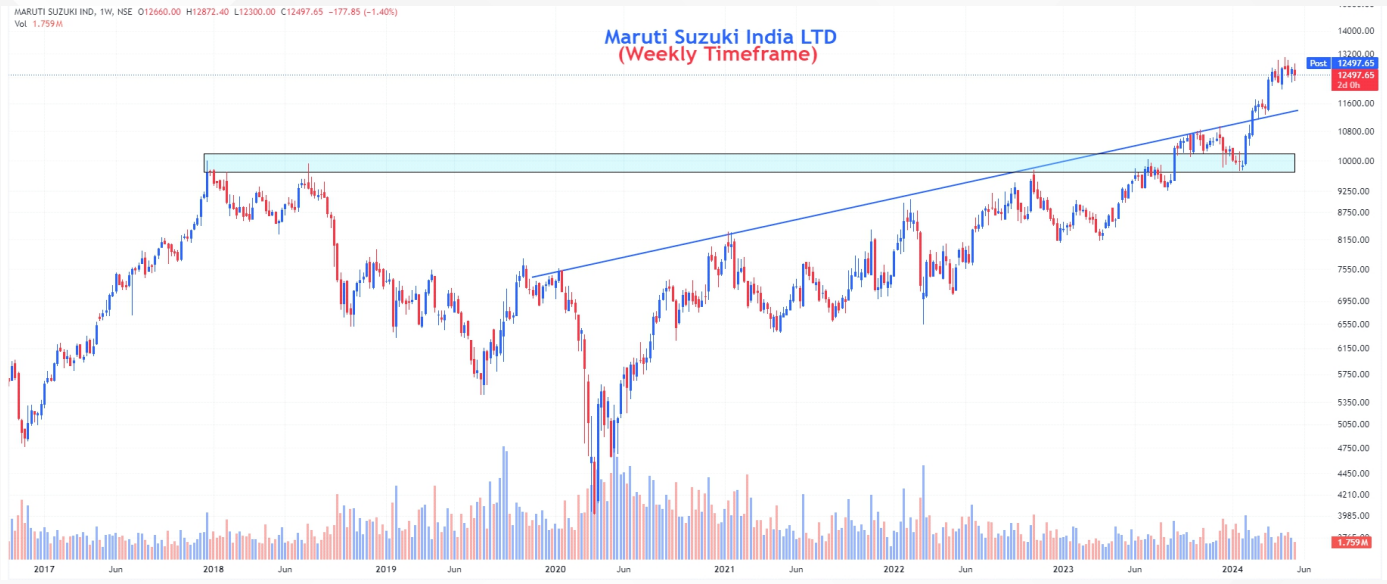
Compounded Growth (In %)



EBITDA (In Cr)



Technical Outlook



The technical chart for Maruti Suzuki India Ltd shows a clear upward trend over a multi-year period, which indicates strong bullish momentum. The stock appears to have consistently maintained support along a rising trendline since the significant lows of 2020. Throughout the period, the stock encountered resistance at higher levels, leading to some price corrections. However, the overarching pattern remains decisively upward. Most notably, recent price movements have remained above this ascending trendline, suggesting that the bullish sentiment continues to dominate market actions. Volume data does not show significant spikes, which typically indicates that the upward move is gradual and not driven by speculative interest. This kind of volume activity supports a sustainable long-term uptrend.

The moving averages for Maruti Suzuki India Ltd indicate a bullish trend, as both the simple moving averages (SMA) and exponential moving averages (EMA) increase in the shorter durations and decrease towards the longer durations. This suggests that the stock is currently performing well, showing stronger recent price movements relative to its longer-term trend.

The Relative Strength Index (RSI) for Maruti Suzuki India Ltd shows mixed signals. The daily RSI at 48.60 suggests a neutral stance, indicating no clear momentum, while the weekly RSI at 67.47 leans towards overbought territory, hinting at potential upcoming selling pressure or a slight pullback after recent gains.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	12,687.1	12,706.5
10	12,608	12,668.5
20	12,677.9	12,616.3
50	12,280.0	12,248.5
100	11,380.3	11,687.9
200	10,803.9	10,982.4

Pivot Levels : FIBONACCI		
R1 12,859.8	Pivot 12,779.90	S1 12,687.4
R2 12,952.3		S2 12,607.5
R3 13,032.2		S3 12,515

	Daily	Weekly
Relative Strength Index (RSI)	48.60	67.47

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