



A STUDY ON FINANCIAL STATEMENT OF MARUTI SUZUKI

M.ARIHARAN

II M.COM (C.A), PG DEPARTMENT OF COMMERCE WITH COMPUTER APPLICATIONS, MANNARTHIRUMALAINAICKER COLLEGE (AUTONOMOUS), MADURAI-625004, TAMILNADU, INDIA.

MS.U.BHARATHI

ASSITANT PROFESSOR, PG DEPARTMENT OF COMMERCE WITH COMPUTER APPLICATIONS, MANNARTHIRUMALAINAICKER COLLEGE (AUTONOMOUS), MADURAI-625004, TAMILNADU, INDIA.

ABSTRACT:

The Automobile industry is a key driver of economic growth, contributing significantly to employment, innovation, and national GDP. Maruti Suzuki India Limited (MSIL), a leading player in the Indian automotive sector, has demonstrated consistent growth and financial resilience. This study examines the financial statements of Maruti Suzuki over the past five years (2019-2024) to evaluate its profitability, liquidity, solvency, and financial stability. The study utilizes ratio analysis, including Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, Return on Capital Employed (ROCE), Return on Net worth (RONW), and Return on Assets (ROA), to assess financial performance. The findings reveal a fluctuating trend in profitability and efficiency, indicating external market influences, cost structures, and strategic investments. Despite an overall positive financial trajectory, challenges such as rising production costs, evolving consumer preferences, and the shift towards electric vehicles (EVs) highlight the need for strategic adaptations. The study suggests that Maruti Suzuki should focus on cost management, technological advancements, market expansion, and sustainability initiatives to maintain its market leadership. This research provides insights into the financial dynamics of the Indian automobile sector and offers recommendations for future growth and profitability.

KEYWORDS:

FINANCIAL STATEMENT ANALYSIS, PROFITABILITY RATIOS, LIQUIDITY RATIOS, SOLVENCY RATIOS, AUTOMOBILE INDUSTRY.

INTRODUCTION:

The Indian automobile industry is one of the largest in the world, with Maruti Suzuki holding a dominant position. Financial statement analysis is essential in evaluating the company's performance, profitability, and market position. This study aims to provide an in-depth financial analysis of Maruti Suzuki and understand its strengths and challenges over the past five years.

STATEMENT OF THE PROBLEM

In today's highly competitive market where trade barriers are reducing in the international market, survival of any industry depends on its cost advantage over others. The rising productivity levels, that are associated to lower costs and increased production play a crucial role in the economic growth of a nation and also ensure sustained competitiveness at global front. Scarcity of resources has been recognized as a limiting factor on the process of economic growth.

OBJECTIVES OF THE STUDY:

- To analyze the financial performance of Maruti Suzuki using ratio analysis.
- To analyse the financial history of Maruti Suzuki in India.

- To analyse the performance of **Maruti Suzuki India Limited** over past five years.
- To assess the financial position of the company.

RESEARCH METHODOLOGY:

SAMPLE DESIGN:

For the purpose of the study the Maruti Suzuki Company has been selected conveniently that have highest sales and production in commercial vehicle and passenger vehicle.

PERIOD OF THE STUDY:

The period of the study was taken for past five years i.e., from 2019-20 to 2023-24.

SOURCES OF DATA:

The study is based on the secondary data only. The secondary data have been collected from books, Journals, magazines, daily newspapers, Internet, Society of Indian Automobile Manufacturers (SIAM), published annual reports of the Maruti Suzuki in India and Automobile industry annual review etc.

TOOLS:

The simple mathematical and statistical tools are used as

measures for judging the degree of efficiency of financial analysis of the Maruti S in India. Further, various statistical tools are deployed Such as percentages, ratios, mean, Standard Deviation, Maximum, Minimum, Pie chart are applied at an appropriate context to analyse the data

PROFITABILITY:

A **profitability ratio** is a financial metric used to evaluate a company's ability to generate profit relative to its revenue, assets, equity, or other financial aspects. These ratios help investors, analysts, and management assess how efficiently a company is performing and making money. Profitability ratios are,

- Gross Profit Ratio
- Operating Profit Ratio
- Net Profit Ratio

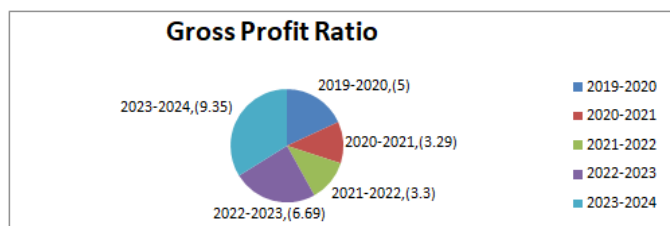
GROSS PROFIT RATIO:

Gross profit ratio is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is the ratio of gross profit to net sales expressed as a percentage. It is a popular tool to evaluate the operational performance of the business. The ratio is computed by dividing the gross profit figure by net sales. Gross profit would be difference between net sales and cost of goods sold.

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

TABLE NO.1 GROSS PROFIT RATIO

Year	Gross profit
2019-2020	5.00
2020-2021	3.29
2021-2022	3.30
2022-2023	6.69
2023-2024	9.35
MEAN	5.526
S.D	2.559
MINI	3.29
MAXI	9.35



INTERPRETATION:

- From the above table it can be seen that Maruti Suzuki has the Mean Value of 5.526, S.D of 2.559,

Minimum value of 3.29 and Maximum value of 9.35.

- During the study period, the gross profit ratio shown fluctuating trend.

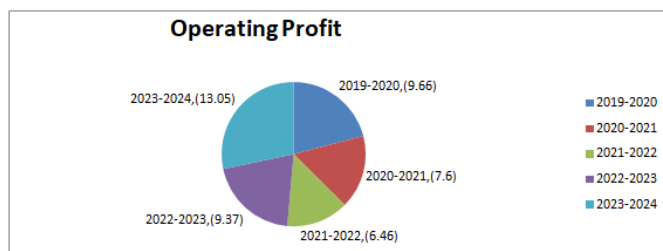
OPERATING PROFIT RATIO:

Operating profit ratio establishes a relationship between operating profit earned and net revenue generated from operations (net sales). Operating profit ratio is a type of profitability ratio which expressed as a percentage. Net sales include both cash and credit sales, on the other hand, Operating Profit is the net operating profit i.e the operating profit before interest and taxes. Operating profit ratio helps to find out Operating profit earned in comparison to revenue earned from operations.

$$\text{Operating Profit Ratio} = \frac{\text{Operating Profit}}{\text{Revenue from Operations}} \times 100$$

TABLE NO.2 OPERATING PROFIT RATIO

Year	Operating Profit
2019-2020	9.66
2020-2021	7.60
2021-2022	6.46
2022-2023	9.37
2023-2024	13.05
MEAN	9.228
S.D	2.506
MINI	6.46
MAXI	13.05



INTERPRETATION:

- From the above table it can be seen that Maruti Suzuki has the Mean value 9.228, S.D of 2.506, Minimum value of 6.46 and Maximum value of 13.05.
- During the study period, the operating profit ratio shown fluctuating.

NET PROFIT RATIO:

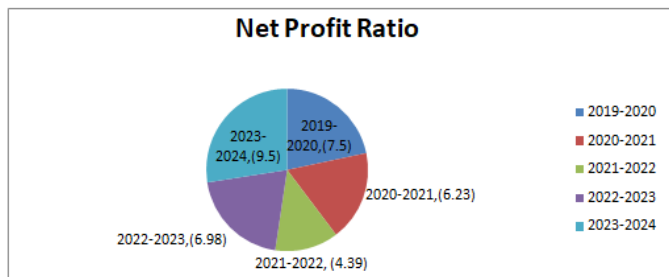
Net profit ratio is a popular profitability ratio that shows relationship between net profit after tax and net sales. It is computed by dividing the net profit (after tax) by net sales. For the purpose of this ratio, net profit is equal to gross profit minus operating expenses and income tax. All

non-operating revenues and expenses are not taken into account because the purpose of this ratio is to evaluate the profitability of the business from its primary operations.

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

TABLE NO.3 NET PROFIT RATIO

Year	Net Profit Ratio
2019-2020	7.50
2020-2021	6.23
2021-2022	4.39
2022-2023	6.98
2023-2024	9.50
MEAN	6.92
S.D	1.862
MINI	4.39
MAXI	9.50



INTERPRETATION:

- From the above table it can be seen that Maruti Suzuki has the Mean value of 6.92, S.D of 1.862, Minimum value of 4.39 and Maximum value 9.50.
- During the study period, the net profit ratio shows Fluctuating trend.

FINDINGS AND SUGGESTIONS OF THE STUDY

FINDINGS:

- Minimum of 3.29 and Maximum of 9.35 is attained and shown Fluctuating trend in Gross Profit Ratio.
- Minimum of 6.46 and Maximum of 13.05 is attained and shown Fluctuating trend in Operating Profit Ratio.

- Minimum of 4.36 and Maximum of 9.50 is attained and shown Fluctuating trend in Net Profit Ratio.

SUGGESTIONS:

- The Company may reduce manufacturing costs by enhancing operational efficiency and adopting automation.
- The Company can focus on high-margin products, such as SUVs and premium models, rather than only small cars.
- Expand the **electric vehicle (EV) portfolio** and invest in hybrid models to meet future demand.
- Expand the **service network** in rural areas to increase brand loyalty.

CONCLUSION

The profitability analysis of Maruti Suzuki reveals that the company's financial performance has shown fluctuations over the years. Key profitability ratios such as Gross Profit Ratio, Operating Profit Ratio, and Net Profit Ratio have exhibited varying trends, indicating changes in cost efficiency, pricing strategies, and market conditions. Overall, while Maruti Suzuki has maintained profitability, the fluctuating trends suggest the need for continuous efficiency improvements in operations, cost management, and strategic investments to sustain and enhance profitability in a competitive market.

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WEBSITE:

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