

PERFORMANCE EVALUATION OF MARUTI SUZUKI INDIA LIMITED: AN OVERVIEW

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ABSTRACT

Maruti Suzuki India Limited is India's leading & largest Passenger car manufacturer which accounting for nearly 50 percent of the total industry sales. With a view to cater the demand of all types of customer the company has variety of brands in its basket i.e ranging from the peoples car Maruti 800 to the stylish hatch-back Swift, SX4 Sedan and luxury sports utility vehicle (SUV) Grand Vitara. The company has received ample awards and achievements due to its continuous innovations and technological up gradations. The company today is very conscious about safeguarding the environment from vehicle pollution which resulted in launching of its advanced K-Series engines. Despite of stiff competition, Maruti Suzuki India Limited is presently considered as the leading automobile giant due to its remarkable Economic, Environmental & Social performances. The object of this paper is to evaluate the performance of Maruti Suzuki India Limited with respect to Export, Sales, Production and Sales Network.

KEYWORDS: Achievements, Domestic Sales, Export, Production, Sales Network.

INTRODUCTION

HISTORICAL BACKGROUND:

Before independence the Indian car market was considered as a market for imported vehicles. The earlier period was very tough for growth of Indian automobile sector due to strict licensing, restrictive tariffing structure. The Indian automobile industry started to grow after 1970, but that growth was mainly driven by tractors, scooters and commercial vehicles. After 1980, the Indian automobile sector saw drastic but historical change. With an objective to modernize the Indian automobile Industry Maruti Udyog Limited was incorporated in February 1981. In October 1982 the company signed license and Joint venture agreement with Suzuki Motor Corporation of Japan. After collaboration, in December 1983, the company launched its most awaited Maruti 800. The company launched its multi purpose vehicle; Omni in November 1984. The company

launched Gypsy in December 1985. In the year 1987, the company forayed into the foreign market by exporting first lot of 500 cars to Hungary.

In the year 1990 the company launched India's first sedan Maruti 1000 and Esteem in November 1994. In the year 1997 the company started Maruti Service Master as model workshop in India to look after sales service. In year 2000 the company launched a call centre. This was the first time a car company had ever launched a call centre in India. In September 2000 the company launched its highest selling model Alto. In the year 2002 the Maruti launched Maruti finance to offer financial services like extended warranty and finance for car insurance. In the year 2002, Suzuki Motor Corporation increased their stake in the company to 54.2 percent. The company launched its MPV Grand Vitara in April 2003. Maruti launched its most popular & successful hatch-back Swift in 2005. Maruti launched diesel version of Swift in January 2007 & in May 2007 the company launched its sedan SX4 in Indian automobile market. In July 2007 Maruti Udyog Limited renamed 'Maruti Suzuki India Limited'. In March 2008, the company launched Swift Dzire and in November 2008 the company launched A-Star; equipped with K-series engine. In May 2010, Maruti Suzuki launched its stylish vehicle Ritz. In the year 2011, the company launched its luxury sedan Kizashi and with an objective to fulfill the needs of larger family size consumers, on 12 April 2012 the company launched its MPV Ertiga.

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.

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 hyperteck engines.
- R.C.Bhargava, Seetha in their book, *The Maruti Story*, focuses on the journey & developments of Maruti Suzuki India Limited. Mr.Bhargava in his book pointed that Maruti Udyog established new standards of quality, productivity, industrial relations and customer care in the Indian automobile industry and the manufacturing sector at large. He also mentioned that Maruti Suzuki not only dominate the Indian car market within a short period of time but also showed that India could manufacture and export a sophisticated product to all demanding markets of western Europe. He also emphasized that Maruti Suzuki is rapidly building research & design capabilities so that in a few years small cars can be designed and engineered in India.

He also mentioned that Maruti have adopted the marketing and sales policies based on the Japanese experience but modified to suit Indian conditions.

- 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.

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.

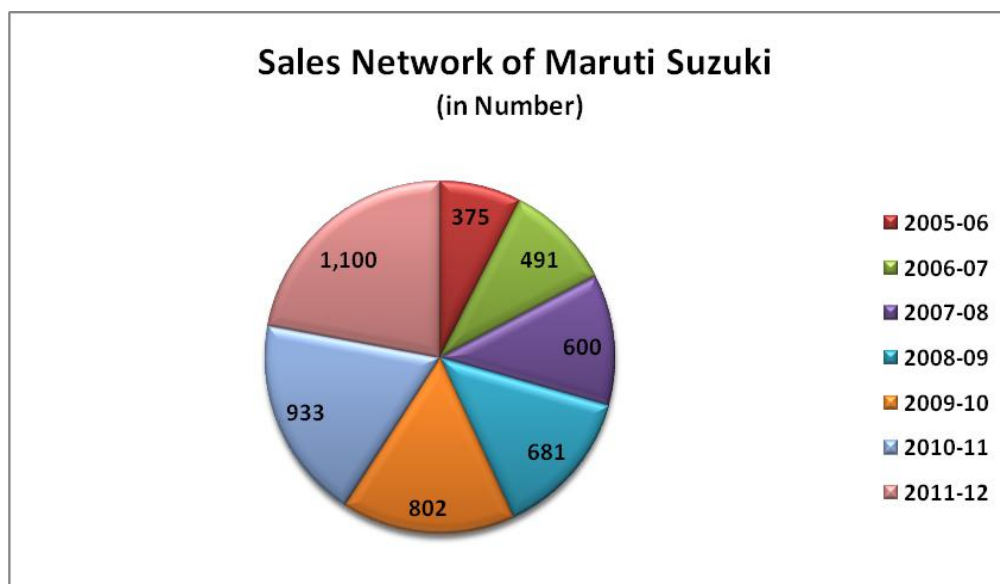
SALES NETWORK:

Maruti Suzuki has the largest sales and service network amongst car manufacturers in India. It had 802 sales outlets in 555 cities and 2740 service workshops in 1335 cities. The service network of the Maruti Suzuki includes Dealer workshops, Authorized service stations and Maruti service zones.

The following pie chart clearly describes the sales network of Maruti Suzuki.

Graph 1.1

Sales Network of Maruti Suzuki



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

It is amply clear from the above pie chart that, Maruti Suzuki gradually increased its sales and service network. In year 2005-06, the total sales network were 375 whereas in year 2006-07 the number of sales network reached to 491. In year 2009-10 the number of Sales network increased by 121 over 2008-09 and reached to 802. In year 2011-12 the total number of Sales network was 1100 i.e a growth of 17.89 percent over 2010-11.

PERFORMANCE OF MARUTI SUZUKI INDIA LIMITED:

➤ DOMESTIC SALES:

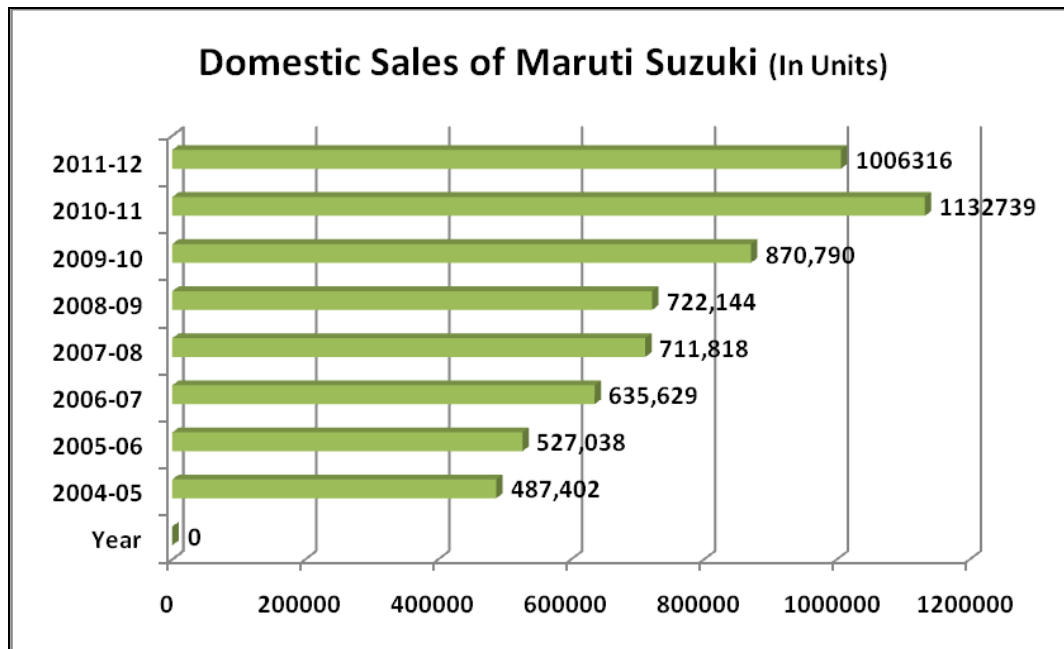
Maruti Suzuki is the only Indian company who has crossed the 10 million sales mark since its inception. The company has the largest sales and service network amongst car manufacturers in India. In the month of October 2012, Maruti Suzuki reported 85.46 percent increase in total sales at 1,03,108 vehicles, in same month the company had recorded domestic sales of 96,002

vehicles compared to 51,458 vehicles in 2011. In November 2012, the company sold total 1,03,200 vehicles and in the same month last year, the company sold 91,772 vehicles.

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

Graph 1.2

Domestic Sales of Maruti Suzuki



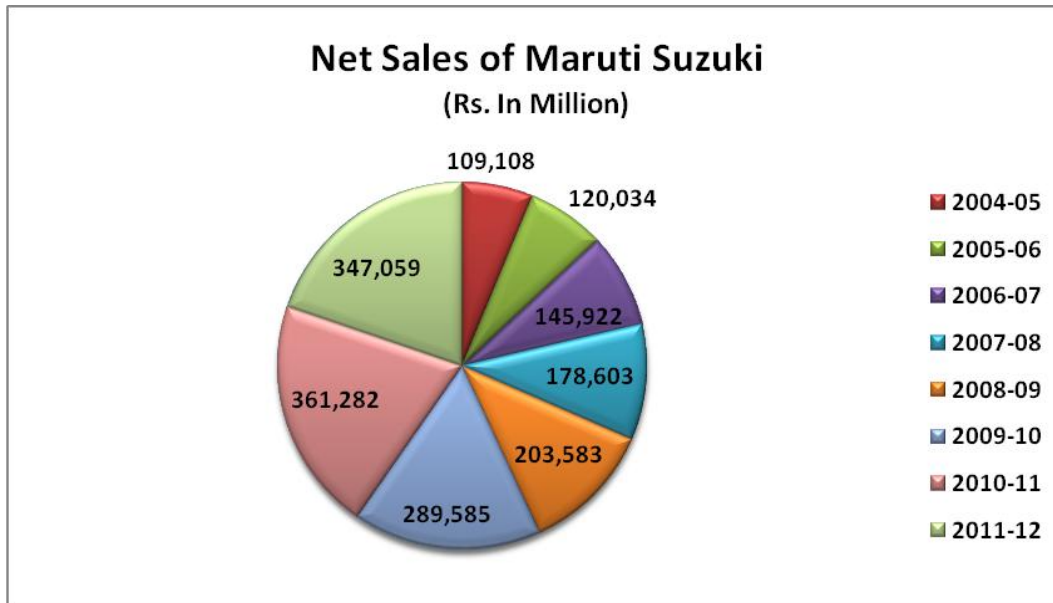
Source: <http://www.marutisuzuki.com>

From the above chart it is revealed that the domestic sales of Maruti Suzuki India Limited in year 2009-10 was 8,70,790 vehicles i.e a growth of 20.58 percent than domestic sales of 2008-09. In year 2011-12 Maruti Suzuki sold 1006316 vehicles i.e a negative growth of (-) 11.16 percent over 2010-11. In year 2010-11, the company sold 1132739 vehicles.

The following pie chart describes the net sales of Maruti Suzuki during 2004-05 to 2011-12.

Graph 1.3

Net Sales of Maruti Suzuki



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

From the above pie chart it is revealed that Maruti Suzuki's total Net Sales in year 2004-05 was 109108 million whereas the net sales in year 2005-06 was 120,034 million. In year 2010-11, Maruti's total net sale was 361,282 million whereas the total net sale in year 2011-12 was 347,059 million. In year 2011-12 Maruti Suzuki's net sale was decreased by (-) 3.93 percent over 2010-11.

➤ **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.

Top Ten Export Destinations of Maruti Suzuki

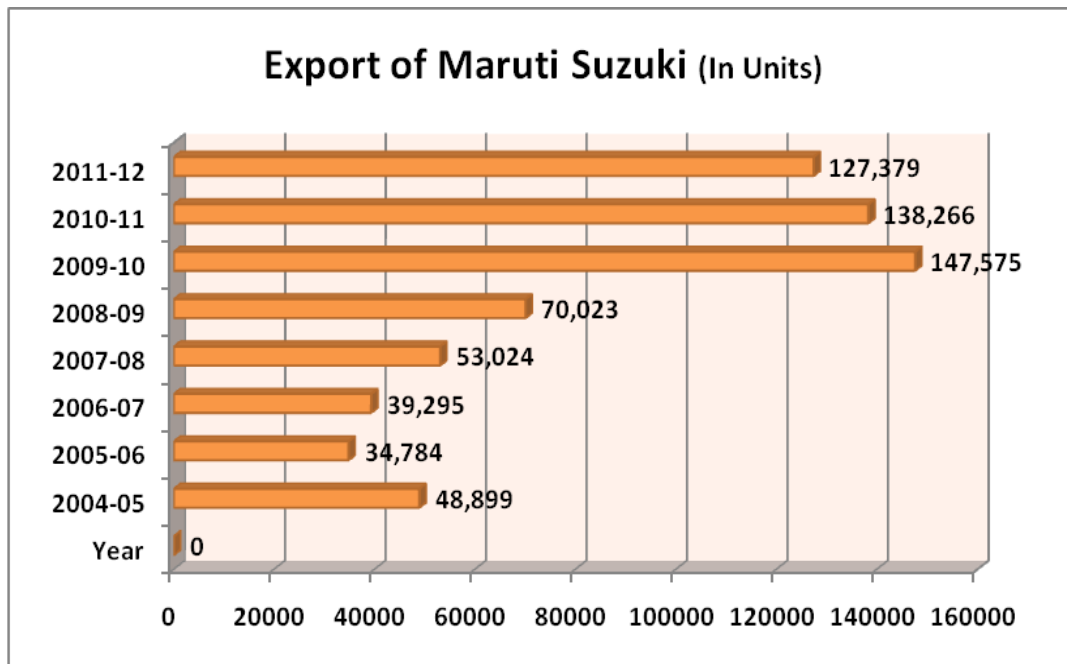
Sr.No	Country	Vehicles Exported (In No) (As on 31 March 2010)
1	Netherlands	78,514
2	Algeria	68,506
3	Italy	52,250
4	United Kingdom	48,641
5	Chile	45,029
6	Germany	38,423
7	Srilanka	30,078
8	Hungary	22,924
9	Nepal	22,368
10	Egypt	18,523

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

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

Graph 1.4

Export of Maruti Suzuki

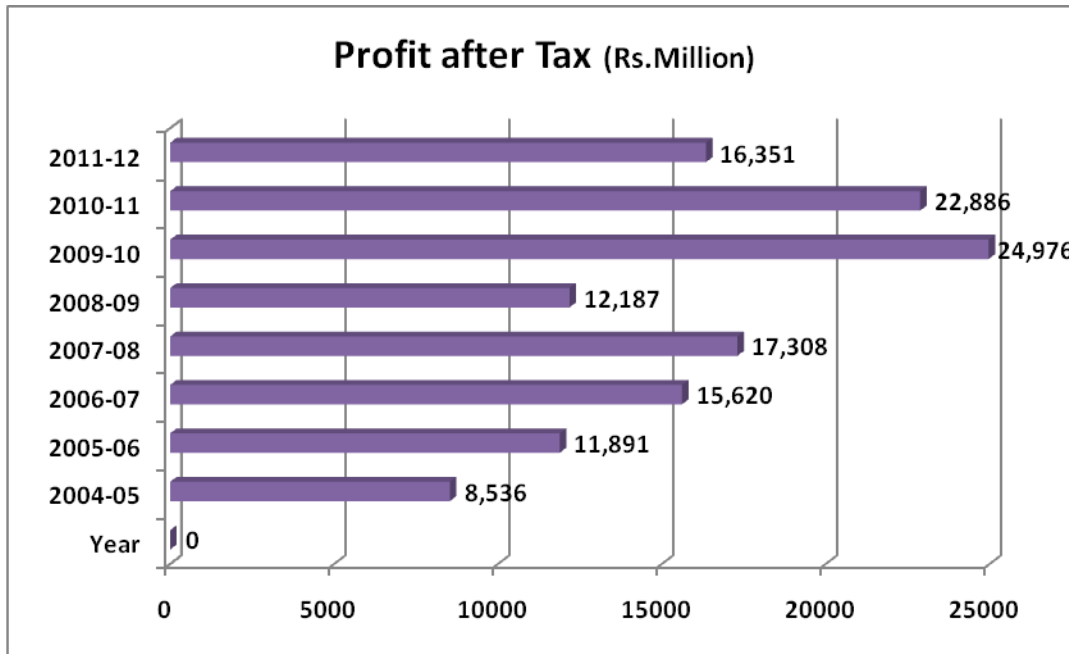


Source: <http://www.marutisuzuki.com>

It is revealed from the above chart that the export of Maruti Suzuki in year 2009-10 was 147,575 vehicles whereas the company exported 138,266 vehicles in year 2010-11 i.e the year 2010-11 saw negative growth by (-) 6.30 percent over 2009-10. The year 2011-12 had also seen a negative growth by (-) 7.87 percent over 2010-11. The year 2009-10, recorded marvellous growth of 110.75 percent over 2008-09.

The following graph stated the economic performance of Maruti Suzuki India Limited during 2004-05 to 2011-12. The graph depicts the profit of company after tax.

Graph 1.5
Profit after Tax



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

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 considered an engine for economic growth of the country. Maruti Suzuki has proven that it is always ahead than its competitors because of continuous innovations and technological upgradations. The company has set a benchmark of excellence because of Research & Development activity as Maruti Suzuki believes that this activity will enable the company to offer superior and environment friendly products to customer with complete satisfaction. Maruti Suzuki's environmental performance is really uncountable. Considering the growing vehicle pollution, the company introduced advanced K-Series engine in its vehicles which resulted in reduction of CO, THC and NOx emissions by almost 50 percent. As far as economic performance is concerned, Maruti Suzuki's last few year's statistics of Domestic sales, Export, narrates that still Maruti Suzuki is the leader of Indian Automobile sector.

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