



A Study On Fundamental Analysis Of Automobile Company With Reference To Maruti Suzuki India Limited

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Abstract

Fundamental analysis is an essential technique used by investors to evaluate a company's financial strength, operational efficiency, and future growth prospects. This study focuses on the fundamental analysis of Maruti Suzuki India Limited, one of India's largest automobile companies. The research examines the company's financial performance through key indicators such as revenue growth, profitability, earnings per share, return on equity, debt-equity ratio, liquidity position, and market valuation. The study also analyzes industry trends, competitive position, management effectiveness, and economic factors influencing the company's performance. By evaluating financial statements and fundamental ratios over a specific period, the research aims to determine the intrinsic value and investment potential of Maruti Suzuki India Limited. The findings provide insights into the company's financial stability, growth opportunities, and overall market performance, helping investors make informed investment decisions.

Keywords: Fundamental Analysis, Maruti Suzuki India Limited, Automobile Industry, Financial Performance, Profitability Analysis, Liquidity Analysis, Earnings Per Share, Return on Equity, Investment Decision, Financial Ratios, Market Valuation, Growth Prospects.

I. INTRODUCTION

The automobile industry is one of the most significant sectors contributing to the economic growth and industrial development of a country. It plays a crucial role in generating employment opportunities, promoting technological advancements, supporting infrastructure development, and contributing substantially to the Gross Domestic Product (GDP). In India, the automobile sector has experienced remarkable growth over the past few decades due to rising income levels,



urbanization, increasing consumer demand, favorable government policies, and the availability of financing options. The industry comprises various segments such as passenger vehicles, commercial vehicles, two-wheelers, and three-wheelers, with passenger cars occupying a dominant position in the market.

Fundamental analysis is a widely used technique for evaluating the financial health, operational efficiency, and future growth potential of a company. It involves analyzing financial statements, profitability ratios, liquidity position, solvency indicators, earnings performance, market trends, management effectiveness, and economic conditions affecting the business. Investors and financial analysts rely on fundamental analysis to determine the intrinsic value of a company's shares and to make informed investment decisions. By examining both quantitative and qualitative factors, fundamental analysis helps identify whether a stock is undervalued, overvalued, or fairly valued in the market.

Maruti Suzuki India Limited is the largest passenger car manufacturer in India and a leading player in the automobile industry. Established in 1981, the company has consistently maintained a strong market presence through its wide range of vehicles, extensive dealership network, customer-centric approach, and continuous innovation. The company has played a significant role in transforming the Indian automobile market by introducing affordable, fuel-efficient, and

technologically advanced vehicles that cater to different customer segments. Its strong brand image, robust distribution system, and focus on quality have enabled it to achieve sustained growth and profitability over the years.

This study focuses on the fundamental analysis of Maruti Suzuki India Limited with the objective of evaluating its financial performance and investment potential. The analysis includes the examination of key financial indicators such as revenue, net profit, earnings per share, return on equity, debt-equity ratio, current ratio, and other relevant financial metrics. Additionally, the study considers industry dynamics, market competition, economic factors, and company-specific strategies that influence its performance. Through a detailed assessment of financial statements and ratio analysis, the study aims to provide valuable insights into the company's financial strength, operational efficiency, and long-term growth prospects. The findings of the study will be beneficial to investors, researchers, financial analysts, and stakeholders seeking to understand the overall performance and investment attractiveness of Maruti Suzuki India Limited.

Research Objective:

- To study the concept and significance of fundamental analysis in evaluating the financial performance of companies.
- To analyze the financial position of Maruti Suzuki India Limited using



various financial statements and fundamental analysis techniques.

- To evaluate the profitability, liquidity, solvency, and operational efficiency of Maruti Suzuki India Limited through ratio analysis.
- To examine the trend in sales, revenue, net profit, earnings per share, and other key financial indicators of the company.
- To assess the company's financial stability and growth potential in the Indian automobile industry.
- To study the impact of market conditions, economic factors, and industry trends on the performance of Maruti Suzuki India Limited.
- To determine the intrinsic strength and investment attractiveness of the company's shares based on fundamental analysis.
- To compare the company's financial performance over a selected period and identify significant changes in its financial position.
- To identify the strengths, weaknesses, opportunities, and challenges affecting the company's future growth prospects.
- To provide suitable findings and suggestions based on the analysis for investors and other stakeholders to make informed investment decisions.

Research Methodology:

- The present study is based on the fundamental analysis of Maruti Suzuki India Limited with the objective of

evaluating the company's financial performance, operational efficiency, and investment potential. The research adopts a descriptive and analytical research design to examine the financial health of the company through various financial indicators and ratio analysis techniques.

- The study primarily relies on secondary data sources collected from the annual reports of Maruti Suzuki India Limited, company publications, stock exchange reports, financial statements, company websites, business magazines, journals, research articles, and other relevant online databases. The financial data collected for the study covers a selected period of years to analyze trends and performance patterns.
- Various tools of fundamental analysis such as profitability ratios, liquidity ratios, solvency ratios, efficiency ratios, earnings per share (EPS), return on equity (ROE), debt-equity ratio, current ratio, net profit ratio, and trend analysis are used to evaluate the company's financial performance. Comparative analysis and percentage analysis are also employed to assess changes in financial indicators over different years.

- The collected data is systematically organized, classified, and analyzed using tables, charts, and graphical representations to facilitate meaningful



interpretation. The findings derived from the analysis are used to assess the financial strength, growth prospects, and overall investment attractiveness of Maruti Suzuki India Limited. The study provides valuable insights for investors, financial analysts, researchers, and other stakeholders interested in understanding the company's fundamental position in the Indian automobile industry.

II. Review of Literature

[1] Graham and Dodd (1934) in their pioneering work on security analysis emphasized the importance of fundamental analysis in determining the intrinsic value of a company's securities. They stated that investment decisions should be based on a thorough examination of financial statements, earnings capacity, assets, liabilities, and future growth prospects rather than market speculation. Their work laid the foundation for modern fundamental analysis techniques used by investors worldwide.

[2] Fischer and Jordan (2008) highlighted that fundamental analysis is a systematic approach to evaluating a company's financial health through the examination of economic, industry, and company-specific factors. The study emphasized that profitability, liquidity, solvency, and management efficiency are essential indicators for assessing a firm's long-term investment potential and financial stability.

[3] Pandey (2015) examined the significance of financial ratio analysis in measuring corporate performance. The study concluded that ratio analysis helps investors understand a company's operational efficiency, profitability, liquidity position, and risk profile. The research further suggested that financial ratios serve as effective tools for comparing company performance over different periods.

[4] Gupta and Sharma (2018) conducted a study on the financial performance of leading automobile companies in India. The study analyzed various financial ratios and found that companies with strong profitability and efficient asset utilization demonstrated better market performance and investor confidence. The research highlighted the growing importance of financial analysis in the competitive automobile industry.

[5] Kumar and Singh (2019) investigated the impact of fundamental factors on stock valuation in the Indian automobile sector. The study revealed that earnings per share, return on equity, net profit margin, and debt-equity ratio significantly influence investment decisions. The researchers concluded that companies with strong fundamentals tend to generate higher shareholder value over the long term.

[6] Reddy and Rao (2020) analyzed the financial performance of major automobile manufacturers in India using ratio analysis



and trend analysis. The findings indicated that consistent revenue growth, efficient cost management, and strong liquidity positions contribute positively to a company's financial sustainability and competitive advantage.

[7] Mehta and Patel (2021) studied the relationship between financial performance and market valuation in the automobile industry. The research found that investors prefer companies with stable earnings growth, strong balance sheets, and effective management practices. The study emphasized that fundamental analysis remains one of the most reliable methods for evaluating investment opportunities.

[8] Verma and Agarwal (2022) examined the financial performance of automobile companies with a focus on profitability and solvency indicators. The study concluded that maintaining an optimal capital structure and efficient utilization of resources are crucial for sustaining profitability and enhancing shareholder wealth.

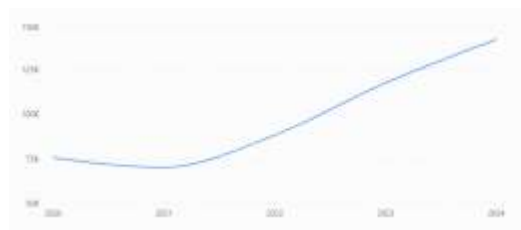
[9] Nair and Joseph (2023) conducted research on investment decision-making in the Indian stock market. The study highlighted that fundamental analysis plays a vital role in reducing investment risk by providing insights into a company's financial strength, growth potential, and future earnings capability. The researchers recommended the use of comprehensive

financial analysis before making investment decisions.

[10] Sharma and Gupta (2024) analyzed the recent financial trends in the Indian automobile sector and observed that technological innovation, changing consumer preferences, and economic conditions significantly affect company performance. The study emphasized that companies with strong fundamentals and strategic adaptability are better positioned for long-term growth and sustainability.

III. Data Analysis & Interpretation

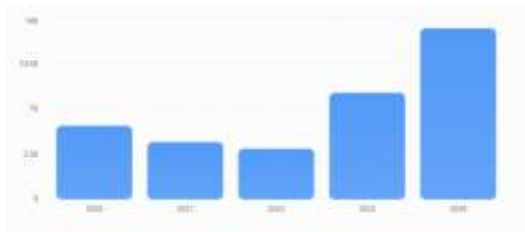
1. Revenue Trend



Interpretation

The revenue of Maruti Suzuki India Limited showed a declining trend during 2021 due to the impact of the COVID-19 pandemic and supply chain disruptions. However, from 2022 onwards, the company recorded significant growth in revenue, reaching ₹1,41,858 crore in 2024. This indicates strong recovery, increased demand for passenger vehicles, and improved operational performance.

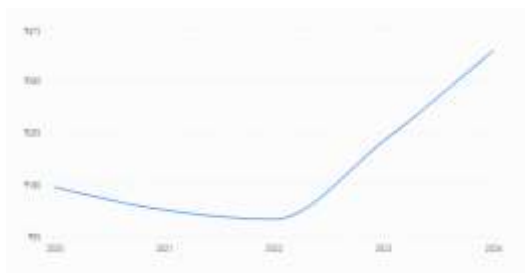
2. Net Profit Analysis



Interpretation

The net profit of the company declined during 2021 and 2022 due to increased raw material costs and market uncertainties. However, a substantial increase in profit was observed in 2023 and 2024 because of higher sales volumes, improved pricing strategies, and better cost management. The increasing profitability reflects the company's strong financial performance.

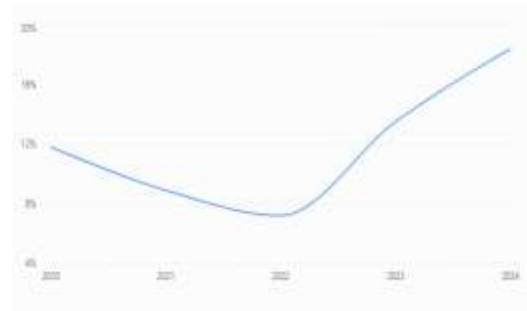
3. EPS Trend



Interpretation

EPS declined during 2021 and 2022, indicating reduced earnings available to shareholders. However, the company achieved remarkable EPS growth in 2023 and 2024, demonstrating improved profitability and enhanced shareholder value.

4. Return on Equity



Interpretation

ROE measures the efficiency with which the company utilizes shareholders' funds. The declining ROE during 2021 and 2022 indicates lower returns generated from equity investments. The subsequent improvement in 2023 and 2024 reflects enhanced profitability and efficient utilization of shareholders' capital.

IV.Findings

- The following findings have been derived from the fundamental analysis of Maruti Suzuki India Limited based on the evaluation of its financial performance, profitability, liquidity, and operational efficiency:
- The company has maintained a dominant position in the Indian passenger vehicle market due to its strong brand image, extensive dealer network, and diversified product portfolio.
- Revenue from operations showed significant growth during the study period, especially after 2022, indicating increased customer demand and improved market performance.



- The company successfully recovered from the adverse effects of the COVID-19 pandemic and supply chain disruptions, demonstrating strong business resilience and adaptability.
- Net profit increased substantially in the later years of the study, reflecting effective cost control measures, higher sales volumes, and improved operational efficiency.
- Earnings Per Share (EPS) exhibited a positive growth trend, indicating enhanced profitability and increased returns to shareholders.
- Return on Equity (ROE) improved considerably after 2022, showing that the company efficiently utilized shareholders' funds to generate profits.
- The current ratio remained above the acceptable standard throughout the study period, indicating a strong liquidity position and the ability to meet short-term financial obligations.
- The company maintained a healthy balance sheet with relatively low dependence on external debt, which reduced financial risk and strengthened long-term financial stability.
- Maruti Suzuki demonstrated effective management of working capital, contributing to smooth business operations and improved cash flow management.
- The company's continuous focus on innovation, fuel-efficient vehicles, safety features, and customer satisfaction has strengthened its competitive advantage in the automobile industry.
- Increasing urbanization, rising disposable income, and growing demand for personal transportation have positively influenced the company's sales and revenue growth.
- The company has shown strong adaptability to changing market conditions through the introduction of new vehicle models and technological advancements.
- Maruti Suzuki's extensive service network and after-sales support have contributed significantly to customer loyalty and market leadership.
- The company possesses strong growth potential due to increasing demand for automobiles, expansion into new market segments, and investments in advanced technologies.
- Fundamental analysis indicates that the company has a strong financial foundation, stable earnings capacity, and favorable long-term investment prospects.
- The overall financial performance of the company reflects sound management practices, efficient resource utilization, and sustainable business growth.
- The study reveals that Maruti Suzuki India Limited remains one of the financially strongest and most fundamentally sound companies in the Indian automobile sector.



- Based on the financial indicators analyzed, the company's shares appear attractive for long-term investors seeking stable returns and growth opportunities.
- The company's profitability, liquidity, and solvency positions indicate low financial risk and high operational effectiveness.
- Overall, the findings suggest that Maruti Suzuki India Limited has maintained strong financial health, consistent growth, and a competitive market position, making it a reliable investment option in the Indian automobile industry.

V. Conclusion

The study on the fundamental analysis of Maruti Suzuki India Limited reveals that the company has maintained a strong financial position and a leading market presence in the Indian automobile industry. Through the analysis of key financial indicators such as revenue, net profit, earnings per share, return on equity, and liquidity ratios, it is evident that the company has demonstrated consistent growth and operational efficiency over the years. Despite facing challenges such as economic fluctuations, rising input costs, and the impact of the COVID-19 pandemic, Maruti Suzuki successfully recovered and achieved significant improvements in sales, profitability, and shareholder returns. The company's strong brand reputation, extensive distribution network, customer-centric approach, and

continuous focus on innovation have contributed to its sustained success and competitive advantage.

Furthermore, the study indicates that Maruti Suzuki possesses a sound liquidity position, efficient utilization of resources, and a healthy financial structure, which reduce financial risk and support long-term business sustainability. The increasing trends in revenue, profits, and return on equity reflect the company's ability to generate value for its shareholders while maintaining financial stability. Fundamental analysis also highlights the company's strong growth potential driven by rising consumer demand, technological advancements, and expansion opportunities within the automobile sector. Based on the findings of the study, it can be concluded that Maruti Suzuki India Limited is fundamentally strong, financially stable, and well-positioned for future growth. Therefore, the company remains an attractive investment option for long-term investors seeking stable returns and sustainable wealth creation in the Indian stock market.

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