

# Demand for SUVs drives Maruti earnings up 47%

## MSIL: IN THE FAST LANE

(₹ crore)

|                | Q4FY23   | Q3FY24   | Q4FY24   | Q-o-Q chg(%) | Y-o-Y chg(%) |
|----------------|----------|----------|----------|--------------|--------------|
| Total income   | 33,015.8 | 34,509.2 | 39,654.8 | 14.9         | 20.1         |
| Total expenses | 29,723.2 | 30,410.1 | 34,624.6 | 13.9         | 16.5         |
| Net profit     | 2,687.7  | 3,206.8  | 3,952.3  | 23.2         | 47.1         |

Source: Company



DEEPAK PATEL

New Delhi, 26 April

The consolidated net profits of Maruti Suzuki India (MSIL) increased by 47.1 per cent year-on-year (Y-o-Y) to ₹3,952.3 crore in the fourth quarter of 2023-24 due to a jump in production, no constraints in supply chains, cost savings, and rising demand for sport utility vehicles (SUVs).

The firm's consolidated annual net profits for 2023-24 surged to ₹13,488.2 crore, marking a 63.2 per cent Y-o-Y increase.

Consequently, MSIL announced its decision to issue a dividend of ₹125 per share for 2023-24, an increase from the ₹90 per share dividend issued for 2022-23.

MSIL Chairman R C Bhargava told reporters the construction of Kharkhoda plant was progressing smoothly, with its first line slated to commence production before March 2025.

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cery TAM (total addressable market) for quick commerce platforms as of CY23," the note read. Blinkit's growth outpaced that of Zomato's core food delivery business in the third quarter (Q3) of financial year 2023-24 (FY24). Its GOV grew 103 per cent year-on-year in Q3, compared to 27 per cent GOV growth in food delivery.

The company has admittedly been witnessing strong growth in both ad revenue and profitable expansion of its dark stores. Higher average selling price (ASP) categories, like iPhones and PS5s, have also allowed Blinkit to steadily improve its average order value (AOV) per transaction, which, in turn, improves the margin of each order.

## Maruti...

"We will add a production line at the Kharkhoda plant every 12 months," he added.

Bhargava further stated the company was yet to finalise the location of its new plant in Gujarat due to the model code of conduct (MCC) being in force following the announcement of the Lok Sabha elections in the country.

Currently, MSIL boasts an annual production capacity of 2.35 million units, with plans to ramp it up to 4 million units by 2030-31.

Bhargava said a rebound in the small-car market was not going to happen this or next calendar year.

"I think a rebound this financial year is a little optimistic. I don't think it will happen so quickly. It will take more time. Therefore, SUVs will remain the dominant segment in the car market," he noted. In 2023-24, the number of vehicles sold in the domestic small car segment, comprising sedans and hatchbacks, experienced a decrease of approximately 11.4 per cent Y-o-Y, totalling 1.548 million units.

Conversely, volume sales in the utility vehicles segment saw a notable increase of approximately 25.8 per cent Y-o-Y to 2.52 million units in India.

MSIL maintains its leadership position in both the small car and SUV segments.

In 2023-24, approximately 99,000 electric cars and 89,500 hybrid cars were sold in India. However, in the last six months of 2023-24, sales of

## MARUTI'S ANNUAL RESULTS

MSIL: Strong showing

| (₹ crore)      | FY23      | FY24      | Y-o-Y change (%) |
|----------------|-----------|-----------|------------------|
| Total income   | 120,674.6 | 145,951.7 | 20.9             |
| Total expenses | 110,413.8 | 128,781.3 | 16.6             |
| Net profit     | 8,263.7   | 13,488.2  | 63.2             |

hybrid cars were higher than those of electric cars.

When asked about this outlook on hybrid cars, Bhargava said: "We will have to wait for a few months before we get to know for sure what the government is planning to do about goods and services tax (GST) on hybrids." Last month, Union Roads and Highways Minister Nitin Gadkari suggested the taxes on hybrid cars be reduced to 12 per cent from the existing 43 per cent.

Bhargava noted: "It makes a huge difference whether GST on hybrids remains at 43 per cent or whether, as Mr Gadkari has mentioned, it comes down to 12 per cent. I think that will make a big difference to the demand for hybrids. So, it is very difficult for me to predict today what will happen to hybrids in the second half of this year."

Indian carmakers hit a new peak in 2023-24 with sales of 4.23 million passenger vehicles (PVs) domestically, marking an 8.74 per cent Y-o-Y increase, driven by strong demand for SUVs, robust rural sales, and high growth in gross domestic product.

"I think the car industry today is not looking at double-digit growth in 2024-25. Society for Indian Automobile Manufacturers is looking at a much lower rate of growth, partly because last year saw high growth so the base has risen. But, I think, if the conditions become what I think they could become after elections, then I think MSIL at least will be in a position to record over double-digit growth and, if not, then closer to it," Bhargava stated.

"I think inflation is going to be under control in 2024-25 and that will possibly lead to reduction in interest rates in the second half of the financial year. If that happens, that will give a further boost to car demand," he noted.

However, he highlighted potential challenges such as the ongoing Red Sea crisis, which could impact the supply

chain or the import and export of finished cars.

## SC...

"While maintaining a balanced perspective is crucial in evaluating systems or institutions, blindly distrusting any aspect of the system can breed unwarranted scepticism," it said, adding that democracy is all about striving to build harmony and trust between all institutions.

The Bench said: "We must reject as foible and unsound the submission to return to the ballot paper system. The weakness of the ballot paper system is well known and documented."

Under the current provisions, VVPAT slips of five randomly selected Assembly constituencies or segments would be counted to verify with the count of the EVMs.

The Association for Democratic Reforms, which was one of the petitioners in this case, had sought a 100 per cent counting of VVPAT slips.

However, the court stated that "to only further strengthen the integrity of the election process", it has directed that on completion of the symbol loading process in the VVPATs undertaken on or after May 1, 2024, the symbol loading units (SLUs) shall be sealed and secured in a container. Candidates or their representatives shall sign the seal. The sealed containers shall be kept in the strong room along with EVMs for at least 45 days after the declaration of results. They shall be opened, examined and dealt with as in the case of EVMs.

SLUs are memory units that are first connected to a computer to load election symbols onto it, and then used to enter symbols of the candidates on VVPAT machines. Now, they will be stored for 45 days in case someone files a petition questioning it.

The court also directed that the burnt memory/microcontroller in 5 per cent of EVMs,