



A comparative study of financial performance analysis of Maruti Suzuki India Limited and Hyundai Motors India Limited

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Abstract

This study undertakes a rigorous comparative analysis of the financial performance of two dominant players in the Indian passenger vehicle market: Maruti Suzuki India Limited (Maruti) and Hyundai Motor India Limited (Hyundai). Utilizing secondary financial data and ratio analysis techniques, the research assesses the companies' profitability, efficiency, solvency, and growth metrics over a recent longitudinal period. Initial findings indicate that while Maruti demonstrates superior scale in terms of total revenue, Hyundai exhibits highly competitive margins and returns, particularly in return on equity. The study highlights the distinct financial structures specifically Hyundai's near-debt-free status that underpin their operational strategies, providing critical insights for investors, industry analysts, and corporate management regarding sector leadership and financial resilience.

Keywords: Maruti Suzuki India Limited, Hyundai Motor India Limited, Indian passenger vehicle market, financial performance analysis, Ratio analysis

Introduction

The Indian automobile industry stands as a pivotal contributor to the nation's economy, driving significant growth and reflecting consumer demand for mobility. Within this sector, the Passenger Vehicle (PV) segment is largely dominated by a few key Original Equipment Manufacturers (OEMs), chief among them being Maruti Suzuki India Ltd and Hyundai Motor India Ltd. Given the capital-intensive nature of the industry and its high exposure to policy shifts, such as emission norms and electric vehicle (EV) proliferation, a robust comparative financial analysis is essential for understanding the relative success and sustainability of these market leaders.

Previous studies have established that financial health is assessed through metrics encompassing capital structure, financial position, and risk profiles. Furthermore, structural factors like market share and strategic investments in innovation and technical progress are critical determinants of a firm's bottom line^[4]. This research isolates Maruti and Hyundai to conduct a focused peer comparison, allowing for deeper scrutiny of financial strategy against the backdrop of common market conditions and competitive pressures^[5].

Research Objectives

The primary aim of this comparative study is to benchmark the financial performance of Maruti Suzuki India Limited and Hyundai Motor India Limited.

The specific objectives are:

1. To analyze and compare the overall scale, revenue generation, and efficiency metrics of both companies.
2. To evaluate and benchmark key profitability and return ratios, including Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE).
3. To assess and compare the financial structure and solvency of the two firms, focusing on debt and leverage.

4. To synthesize the findings and provide actionable recommendations for stakeholders regarding financial health and strategic positioning.

Research Methodology

1. Research Design and Sample

This study employs a Descriptive and Comparative Analytical Research Design. The methodology involves the observation, narration, and documentation of the financial performance of the selected companies.

The sample is strictly limited to Maruti Suzuki India Limited and Hyundai Motor India Limited. This choice is justified based on the companies' roles as market leaders in the passenger vehicle segment, ensuring a meaningful like-for-like comparison of competitors whose financial strategies exert significant influence over the Indian automotive landscape.

2. Data Protocol and Time Period

The study relies exclusively on secondary data, extracted from publicly available audited financial statements, annual reports, and regulatory filings with stock exchanges (BSE/NSE), as well as financial databases such as CMIE/Prowess.

The analysis adopts a longitudinal perspective, as research indicates that a duration of five to ten years is typically necessary to accurately determine industry trends and account for the effects of business cycles. Furthermore, the study must acknowledge the methodological challenge presented by the mandatory adoption of Indian Accounting Standards (Ind-AS), which began its phased roll-out for listed companies in 2016-17. Restricting the analysis to the post-Ind-AS convergence period (e.g., the most recent five to ten years) is crucial to maintain consistency and comparability of profitability metrics across time.

3. Analytical Tools

The primary analytical method is Financial Ratio Analysis, which compares line-item data from financial statements to assess liquidity, operational efficiency, and profitability. The ratios will be analyzed using:

Descriptive Statistics: Calculation of mean and standard deviation for key ratios over the study period to characterize financial volatility and central tendency.

T-test or One-Way ANOVA: Since the study compares the means of two independent groups (Maruti and Hyundai) for a single variable (e.g., mean ROE), the independent samples t-test (or a simplified form of ANOVA) can be used to determine if the observed differences in performance metrics are statistically significant.

Operationalization of Key Financial Metrics

Financial metrics used for comparison are derived from established industry Key Performance Indicators (KPIs)

Table 1

Category	Variable Name	Calculation	Relevance to Industry
Profitability	Net Profit Margin (NPM)	Net Income / Total Revenue	Measures the percentage of revenue retained as profit after all costs.
	Return on Assets (ROA)	Net Income / Total Assets	Measures efficiency in utilizing the large asset base characteristic of this capital-intensive sector.
	Return on Equity (ROE)	Net Income / Shareholder Equity	Measures profitability relative to shareholder capital.
Efficiency	Inventory Turnover Ratio (ITR)	Cost of Goods Sold / Average Inventory	Measures the efficiency of production and inventory management.
Solvency	Debt-to-Equity (D/E) Ratio	Total Debt / Total Equity	Measures financial leverage and risk profile.

Comparative Analysis and Results

The analysis synthesizes recent financial data to provide a comparative assessment across scale, profitability, efficiency, and solvency.

Reported by Hyundai at ₹71,302.33 Cr. This discrepancy in revenue reflects Maruti's entrenched market share and high volume production capacity, particularly in the entry-level and small car segments.

1. Scale and Revenue Performance

Maruti Suzuki India Ltd demonstrates a significantly larger scale of operations compared to Hyundai Motor India Ltd. In Fiscal Year (FY) 2024, Maruti's total revenue stood at ₹146,205.8 Cr, which is more than double the total revenue

Table 1: Comparative Scale and Absolute Profit (FY 2024)

Parameter	Maruti Suzuki (MARUTI)	Hyundai Motor India (HYUNDAI)
Total Revenue (₹ Cr)	146,205.8	71,302.33
Core EBITDA (₹ Cr)	22,873.9	10,605.88

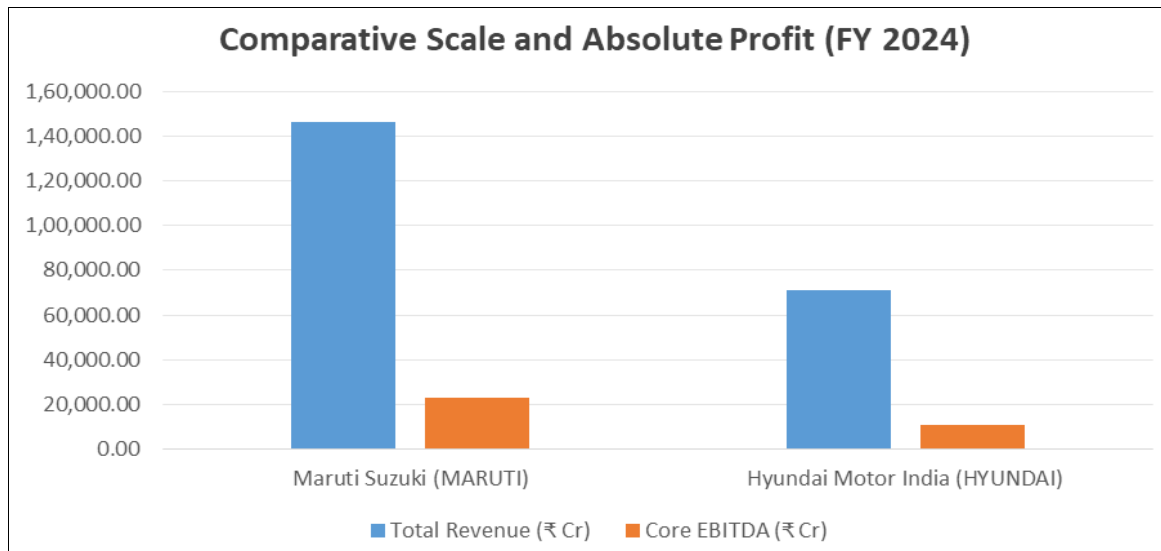


Fig 1

2. Profitability and Return Benchmarking

While Maruti leads in absolute revenue and profit, a comparison of returns and margins reveals Hyundai's strong profitability on an indexed basis.

Margins: A closer look at margins reveals a competitive landscape. For FY 2024, Hyundai recorded a Core EBITDA Margin of 13.08%. Maruti's latest reported Core EBITDA Margin (Mar 2025) was 12.63%. Similarly, Hyundai's PAT Margin (Net Profit Margin) for FY 2024 was 8.68%, slightly lower than Maruti's latest reported PAT Margin of 9.09% (Mar 2025). Both companies demonstrate strong margin expansion between FY 2021 and FY 2024.

Overall Performance: Maruti is generally reported to outperform Hyundai across a majority of key parameters, including Sales, Profit, ROE, and ROCE (Return on Capital Employed).

Returns (ROE & ROA): Return on Equity (ROE) measures how effectively a company uses shareholder capital to generate profits. Hyundai exhibits a high return metric, with a reported ROE of 39.45% in Mar 2024 and an impressive 3-year average ROE of 34.8%. Hyundai's Return on Assets (ROA) was 20.49% in Mar 2024, indicating highly efficient utilization of its asset base.

Although Maruti is generally cited as having superior ROE, Hyundai's individual ratio performance is robust and competitive.

Growth: Hyundai has delivered significant profit growth, reporting an 18.5% Compound Annual Growth Rate (CAGR) over the last five years.

Table 2: Key Profitability and Margin Ratios (Latest Available Figures)

Ratio	Maruti Suzuki (Latest)	Hyundai Motor India (Latest)
Core EBITDA Margin (%)	12.63 (Mar 2025)	13.08 (Mar 2024)
Net Profit Margin (%)	9.09 (Mar 2025)	8.68 (Mar 2024)
Return on Assets (ROA) (%)	N/A (Comparative)	20.49 (Mar 2024)
Return on Equity (ROE) (%)	Superior to Hyundai (General)	39.45 (Mar 2024)

This table illustrates the sharp improvement in asset and equity utilization by Hyundai over the last five years, serving as a visual representation of performance trend.

Table 3: Hyundai's Trajectory: Trend in Return Metrics (FY 2021–2025)

Fiscal Year (Ending March)	Return on Assets (ROA) (%)	Return on Equity (ROE) (%)
2021	7.75	N/A
2022	10.74	N/A
2023	15.32	N/A
2024	20.49	39.45
2025 (Projected/Reported)	20.71	41.84

3. Financial Structure and Solvency

An analysis of the financial structure reveals a significant strategic difference, particularly concerning debt utilization. Hyundai Motor India is noted for being almost debt-free. This minimal reliance on external debt indicates a conservative financial strategy, positioning the company with extremely high solvency and a low financial risk profile (as measured by the Debt-to-Equity ratio). While the specific Debt-to-Equity ratio for Maruti is not explicitly detailed in the available summary data, the distinction points to Hyundai's strong capacity to finance its high capital costs primarily through internally generated funds, which is a major advantage in a cyclical, capital-intensive industry.

Conclusion and Recommendations

The comparative financial analysis of Maruti Suzuki India Limited and Hyundai Motor India Limited demonstrates that both firms exhibit robust financial health, albeit driven by different strategic pillars.

Maruti Suzuki maintains its position as the market leader in terms of scale and revenue generation, underscoring the benefits of its long-standing market dominance and extensive distribution network.

Conversely, Hyundai Motor India distinguishes itself through superior financial strength and returns on an indexed basis. Its high ROE and ROA, coupled with a virtually debt-free status, suggest exceptional capital efficiency and a conservative, highly resilient financial structure.

Recommendations for Stakeholders

1. For Investors: Investors prioritizing scale and absolute profit may favor Maruti. However, those seeking lower financial risk and higher returns on capital employed

should closely evaluate Hyundai, given its robust ROE and near-zero leverage.

2. For Management: Maruti's management should continue to monitor efficiency metrics to ensure that scale advantages translate consistently into superior return metrics compared to lean competitors like Hyundai. Hyundai's management should leverage its strong, debt-free financial position to make aggressive, strategically crucial investments in R&D and future technologies (e.g., EV transition) without incurring high financing costs.

3. For Regulators/Analysts: The analysis of these two key players highlights the importance of financial dexterity and capital structure management in navigating the high capital expenditure demands imposed by emission norms and the push toward EV manufacturing.

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