

# Maruti ready for tomorrow with a million more vehicles



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## Synopsis

The company - which fell short of attaining the 2 million annual sales milestone by around 34,000 units in the last financial year - said with a slew of new launches planned in the fast-growing SUV segment, it expects to outperform industry growth of 5-7% projected for the ongoing financial year.

By ET Bureau

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New Delhi: The country's largest **automaker**, **Maruti Suzuki**, said it will set up an additional **production** capacity of 1 million units to meet increasing demand for its cars and sport utility vehicles in the local market and abroad.

The company - which fell short of attaining the 2 million annual sales milestone by around 34,000 units in the last financial year - said with a slew of new launches planned in the fast-growing SUV segment, it expects to outperform industry growth of 5-7% projected for the ongoing financial

year.

The automaker, which on Wednesday exceeded market expectations by reporting a 43% increase in standalone net profit at ₹2,623.6 crore for the fourth quarter ended March 31, is also seeking to scale up exports to 750,000 units by 2030 from 259,000 units last fiscal year. The **Suzuki Motor** subsidiary was the largest passenger vehicle exporter from India for the second year in a row in fiscal 2023.

Chairman **RC Bhargava** said: "Looking at future demand, the likely market size in the next eight years, we would need to set up an additional production capacity of 1 million units. This would be in addition to the 1 million units production capacity planned at Kharkhoda (Haryana)." While the location, the amount of investment and the timeline for commissioning the project are yet to be determined, Bhargava said work on the new facility will happen simultaneously with the one at Kharkhoda.

Both these facilities will be financed from internal accruals of **Maruti Suzuki**, which had cash reserves of ₹45,000 crore at close of the last financial year. The investments on the new facility would be "slightly higher" than that required to commission the facility at Kharkhoda, said Bhargava. Maruti Suzuki is investing ₹11,000 crore to make the first phase operational at Kharkhoda by 2025.

Bhargava said despite several headwinds - the war in Ukraine which hit global supply chains, inflationary pressures and high commodity costs - the company managed to post strong growth in sales and cross the ₹1 lakh crore mark in annual turnover. "This is the first for any manufacturing company, apart from steel, in the country," Bhargava said.

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Bhargava was speaking after the company announced its results for the fourth quarter. Its quarterly net profit of ₹2,623.6 crore topped the average

estimate of ₹2,565 crore by analysts tracked by Bloomberg. Net sales rose 21% to ₹30,821.8 crore, while expenses increased 18% to ₹29,536 crore.

While Maruti Suzuki expects demand for its vehicles to remain strong in the ongoing financial year, the shortage of semiconductors continues to disrupt production operations. "The semiconductor shortage has worsened this quarter (Q1 of fiscal 2024) compared to Q4. Our sales in the first quarter this fiscal should be at similar levels as in the same period last fiscal. After which, the situation should improve," Bhargava said.