

# Maruti Suzuki | BUY

Below estimate; Near term pressures to continue

MSIL's 4QFY25 EBITDA margin came in at 10.5%, 150bps below JMFe. New plant-related costs, higher administrative / advertisement expenses and unfavourable product mix impacted profitability. MSIL's retail vol. during 4Q grew by 4% YoY. Challenges continue to prevail in the compact and entry-level segment. We are factoring in 3.8% / 6.3% volume growth in FY26E / FY27E. Double-digit growth in exports (starting of e-Vitara, and Jimny) is expected to provide a cushion against the slowdown in domestic demand. MSIL plans to launch two new models in FY26: e-Vitara and a new SUV. Commodity headwinds, new plant-related expenses and addition of EV in the portfolio will likely be a drag on margins. We have cut our revenue growth estimates from 16% / 11% to 8% / 10% in FY26E / FY27E. We have also reduced our EPS estimates by 11% / 12% for FY26E / FY27E from our previous estimates. We ascribe 24x PE to arrive at Mar'27 fair value of INR 13,300. Maintain BUY.

- **4QFY25 - Margin below estimate:** MSIL reported net revenue of INR 407bn (+6% YoY, +6% QoQ), c.5% below JMFe. 4Q wholesales stood at c.604.6k units (+4% YoY, +7% QoQ). Realisation increased by c.2% YoY (-1% QoQ). EBITDA margin came in at 10.5% (-180bps YoY, -110bps QoQ), 150bps below JMFe. Reported PAT stood at INR 37bn (-4%YoY, +5% QoQ).
- **Demand environment:** The company highlighted that retail sales during the quarter grew by c.4% YoY. MSIL's retail market share stands at c.41% and it aims to improve it gradually. Management also indicated that retails in rural region continued to grow faster than urban during 4Q. Dealer inventory stood at 28 days as on Mar'25 end. While the company remains cautious on domestic PV industry outlook due to subdued demand and affordability challenges in the entry-level segment, it expects to outperform the industry in FY26. With respect to exports, MSIL continued to maintain a healthy growth momentum. The management indicated that the company is unlikely to be impacted by global uncertainty, given it does not export to the U.S., and expects exports to grow by 20% YoY in FY26. Medium-term target is to grow export vols. by 3x by FY31.
- **New launches:** MSIL plans to launch two new models in FY26- the e-Vitara and a new SUV. Sales for the e-vitara are scheduled to commence in 1HFY26. The company targets to sell 70k units during the year, driven largely by exports. MSIL indicated that all its models will be equipped with 6 airbags from FY26 onwards. Additionally, it is also working towards an entry-level hybrid car.
- **Margin outlook:** MSIL's EBITDA margin declined by 110bps QoQ to 10.5%. This was due to new plant-related expenses (30bps), unfavourable product mix (40bps), elevated advertisement expenses (30bps), adverse commodity prices (20bps) and higher other expenses (90bps), partially offset by lower sales promotion expenses (40bps) and favourable operating leverage (40bps). MSIL sources majority of its steel requirements locally and does not expect any impact of safeguard duty. Further, it has announced price hike from Apr'25 onwards. However, commodity headwinds, new plant-related expenses and addition of EV in the portfolio will likely be a drag on margins.

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	11,25,008	13,49,378	14,51,152	15,67,794	17,31,695
Sales Growth (%)	34.3	19.9	7.5	8.0	10.5
EBITDA	1,10,077	1,64,011	1,77,852	1,94,958	2,19,867
EBITDA Margin (%)	9.4	11.6	11.7	11.9	12.2
Adjusted Net Profit	80,492	1,32,094	1,39,552	1,56,949	1,74,209
Diluted EPS (INR)	266.5	420.1	443.9	499.2	554.1
Diluted EPS Growth (%)	113.7	57.6	5.6	12.5	11.0
ROIC (%)	52.8	71.6	62.0	53.9	47.6
ROE (%)	14.1	18.3	15.7	15.8	15.7
P/E (x)	43.9	27.8	26.4	23.4	21.1
P/B (x)	5.9	4.4	3.9	3.5	3.1
EV/EBITDA (x)	28.0	17.4	15.7	14.1	12.2
Dividend Yield (%)	0.8	1.1	1.2	1.3	1.5

Source: Company data, JM Financial. Note: Valuations as of 25/Apr/2025



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## Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	13,300
Upside/(Downside)	13.7%
Previous Price Target	15,100
Change	-11.9%

## Key Data – MSIL IN

Current Market Price	INR11,698
Market cap (bn)	INR3,677.9/US\$43.0
Free Float	37%
Shares in issue (mn)	302.0
Diluted share (mn)	314.4
3-mon avg daily val (mn)	INR5,220.2/US\$61.1
52-week range	13,680/10,725
Sensex/Nifty	79,213/24,039
INR/US\$	85.4

## Price Performance

%	1M	6M	12M
Absolute	-0.2	1.7	-7.9
Relative*	-2.5	2.7	-14.3

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

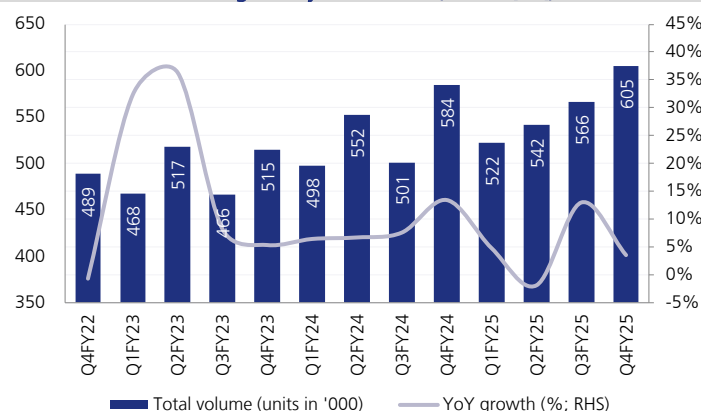
- **Other highlights:** 1) CNG penetration for MSIL declined to 33.7% in 4QFY25 from c.36% in 3QFY25. 2) Capex for FY25 stood at INR 84bn, and the company has guided for a capex of INR 80-90bn in FY26 (including SMG). 3) The first phase of capacity addition (250k units) at the Kharkhoda plant was operationalised in Mar'25.

### Exhibit 1. Quarterly financial results

Particulars	4QFY25	4QFY24	% YoY	3QFY25	% QoQ	4QFY25E	% A/E
<b>Total Volumes (Units)</b>	<b>604,635</b>	<b>584,031</b>	<b>3.5</b>	<b>566,213</b>	<b>6.8</b>	<b>604,635</b>	<b>0.0</b>
Average Realisation (Net)	642,517	628,348	2.3	649,967	-1.1	681,991	-5.8
<b>Financial Performance (INR mn)</b>							
Sales	388,488	366,975	5.9	368,020	5.6	412,355	-5.8
Other Operating Income	18,250	15,374	18.7	16,901	8.0	17,000	7.4
<b>Total Revenue</b>	<b>406,738</b>	<b>382,349</b>	<b>6.4</b>	<b>384,921</b>	<b>5.7</b>	<b>429,355</b>	<b>-5.3</b>
Cost of Goods Sold	292,353	272,884	7.1	275,567	6.1	308,442	-5.2
As a % of sales	71.9	71.4	50bps	71.6	30bps	71.8	0bps
Staff Cost	15,691	13,662	14.9	15,415	1.8	16,494	-4.9
As a % of sales	3.9	3.6	30bps	4.0	-10bps	3.8	0bps
Other expenses	56,047	48,953	14.5	49,236	13.8	52,781	6.2
As a % of sales	13.8	12.8	100bps	12.8	100bps	12.3	150bps
Expenditure	364,091	335,499	8.5	340,218	7.0	377,718	-3.6
<b>EBITDA</b>	<b>42,647</b>	<b>46,850</b>	<b>-9.0</b>	<b>44,703</b>	<b>-4.6</b>	<b>51,638</b>	<b>-17.4</b>
<b>EBITDA Margin</b>	<b>10.5</b>	<b>12.3</b>	<b>-180bps</b>	<b>11.6</b>	<b>-110bps</b>	<b>12.0</b>	<b>-150bps</b>
Other Income	14,466	11,180	29.4	9,850	46.9	10,000	44.7
Interest	472	762	-38.1	484	-2.5	500	-5.6
Depreciation	8,724	7,290	19.7	8,050	8.4	8,200	6.4
PBT	47,917	49,978	-4.1	46,019	4.1	52,938	-9.5
Tax	10,806	11,200	-3.5	10,769	0.3	13,234	-18.3
Tax rate (%)	22.6	22.4		23.4	-0.8	25.0	-2.4
<b>PAT (Adjusted)</b>	<b>37,111</b>	<b>38,778</b>	<b>-4.3</b>	<b>35,250</b>	<b>5.3</b>	<b>39,703</b>	<b>-6.5</b>
<b>PAT Margin</b>	<b>9.1</b>	<b>10.1</b>	<b>-100bps</b>	<b>9.2</b>	<b>0bps</b>	<b>9.2</b>	<b>-10bps</b>
EPS	118.0	123.3	-4.3	112.1	5.3	126.3	-6.5

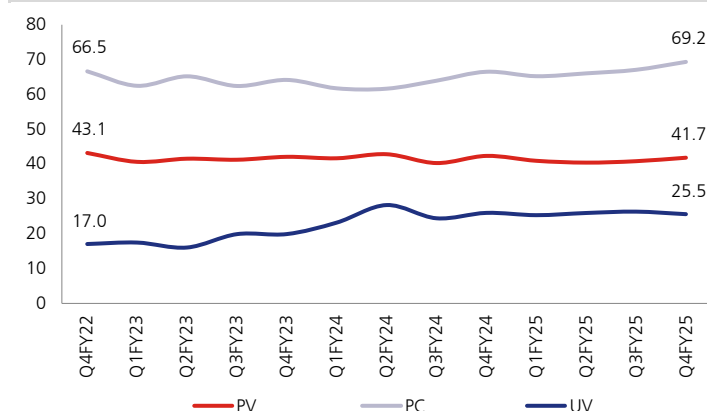
Source: Company, JM Financial

### Exhibit 2. Total volume grew by c.4% YoY (+7% QoQ)



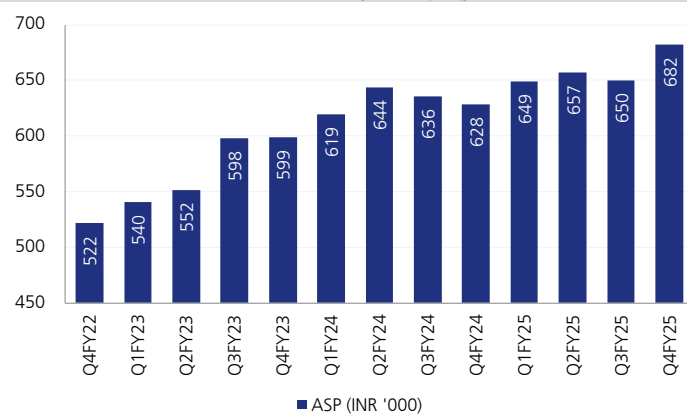
Source: Company, JM Financial

### Exhibit 3. Domestic market share trend



Source: Company, SIAM, JM Financial

Exhibit 4. ASP increased c.2% YoY (-1% QoQ)



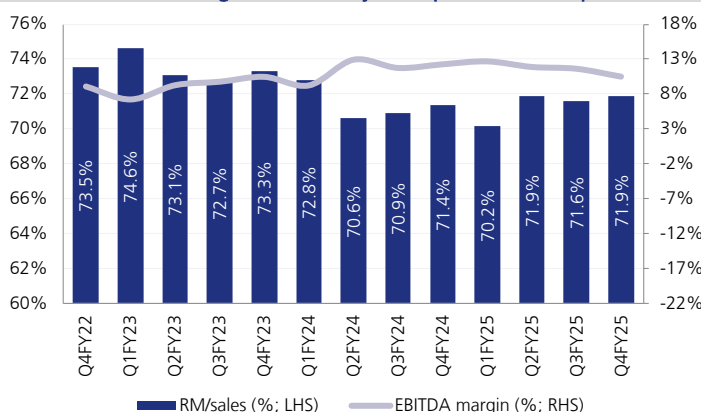
Source: Company, JM Financial

Exhibit 5. Sales grew by c.6% YoY led by increase in volumes



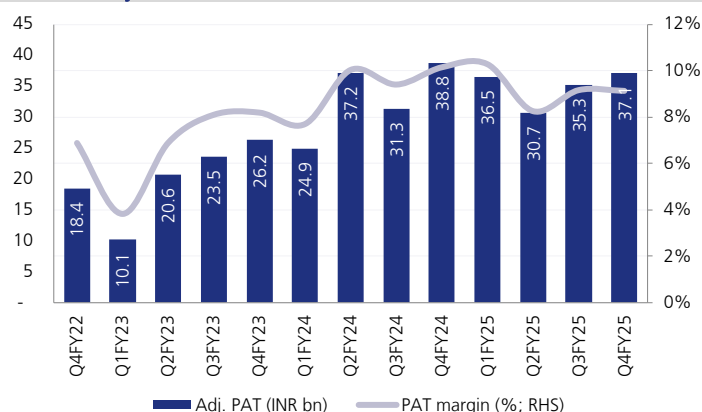
Source: Company, JM Financial

Exhibit 6. EBITDA margin declined by 180bps YoY (-110bps QoQ)



Source: Company, JM Financial

Exhibit 7. Adj. PAT decline c.4% YoY (+5% QoQ)



Source: Company, JM Financial

Exhibit 8. 1-year forward PE Chart



Source: Company, Bloomberg, JM Financial

Exhibit 9. MSIL – change in assumptions

Particulars	New assumption			Old assumption			% Change		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Volume (units)	2,234,266	2,319,234	2,465,000	2,229,335	2,422,450	2,595,000	0.2%	-4.3%	-5.0%
Revenue (INR mn)	1,519,001	1,637,404	1,808,582	1,530,573	1,771,609	1,973,490	-0.8%	-7.6%	-8.4%
EBITDA (INR mn)	177,852	194,958	219,867	186,873	224,784	256,522	-4.8%	-13.3%	-14.3%
EBITDAM (%)	11.7%	11.9%	12.2%	12.2%	12.7%	13.0%	-50 bps	-80 bps	-80 bps
PAT (INR mn)	139,552	156,949	174,209	142,134	175,457	197,650	-1.8%	-10.5%	-11.9%
EPS (INR)	444	499	554	452	558	629	-1.8%	-10.5%	-11.9%

Source: Company, JM Financial

## Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	11,25,008	13,49,378	14,51,152	15,67,794	17,31,695
Sales Growth	34.3%	19.9%	7.5%	8.0%	10.5%
Other Operating Income	50,221	59,948	67,849	69,610	76,887
<b>Total Revenue</b>	<b>11,75,229</b>	<b>14,09,326</b>	<b>15,19,001</b>	<b>16,37,404</b>	<b>18,08,582</b>
Cost of Goods Sold/Op. Exp	8,62,435	10,06,067	10,84,708	11,52,328	12,67,601
Personnel Cost	46,051	54,784	61,370	71,803	77,547
Other Expenses	1,56,666	1,84,464	1,95,071	2,18,315	2,43,567
<b>EBITDA</b>	<b>1,10,077</b>	<b>1,64,011</b>	<b>1,77,852</b>	<b>1,94,958</b>	<b>2,19,867</b>
EBITDA Margin	9.4%	11.6%	11.7%	11.9%	12.2%
EBITDA Growth	93.1%	49.0%	8.4%	9.6%	12.8%
Depn. & Amort.	28,233	30,223	31,593	39,746	46,523
EBIT	81,844	1,33,788	1,46,259	1,55,211	1,73,344
Other Income	21,613	38,548	47,504	50,054	54,442
Finance Cost	1,866	1,932	1,931	2,750	3,000
PBT before Excep. & Forex	1,01,591	1,70,404	1,91,832	2,02,515	2,24,785
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,01,591	1,70,404	1,91,832	2,02,515	2,24,785
Taxes	21,099	38,310	52,280	45,566	50,577
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	80,492	1,32,094	1,39,552	1,56,949	1,74,209
<b>Adjusted Net Profit</b>	<b>80,492</b>	<b>1,32,094</b>	<b>1,39,552</b>	<b>1,56,949</b>	<b>1,74,209</b>
Net Margin	6.8%	9.4%	9.2%	9.6%	9.6%
Diluted Share Cap. (mn)	302.0	314.4	314.4	314.4	314.4
<b>Diluted EPS (INR)</b>	<b>266.5</b>	<b>420.1</b>	<b>443.9</b>	<b>499.2</b>	<b>554.1</b>
Diluted EPS Growth	113.7%	57.6%	5.6%	12.5%	11.0%
Total Dividend + Tax	27,180	39,300	42,444	47,160	55,020
Dividend Per Share (INR)	90.0	125.0	135.0	150.0	175.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profit before Tax	1,01,591	1,70,404	1,91,832	2,02,515	2,24,785
Depn. & Amort.	28,233	30,223	31,593	39,746	46,523
Net Interest Exp. / Inc. (-)	1,866	1,932	1,931	2,750	3,000
Inc (-) / Dec in WCap.	10,476	27,315	-1,504	10,323	9,862
Others	0	0	0	0	0
Taxes Paid	-21,099	-38,310	-52,280	-45,566	-50,577
<b>Operating Cash Flow</b>	<b>1,21,067</b>	<b>1,91,564</b>	<b>1,71,572</b>	<b>2,09,769</b>	<b>2,33,594</b>
Capex	-68,785	-73,496	-85,962	-1,12,593	-1,12,593
Free Cash Flow	52,282	1,18,068	85,610	97,176	1,21,001
Inc (-) / Dec in Investments	-69,931	-2,07,573	-59,926	-50,000	-85,000
Others	-1,866	-1,932	-1,931	-2,750	-3,000
<b>Investing Cash Flow</b>	<b>-1,40,582</b>	<b>-2,83,001</b>	<b>-1,47,819</b>	<b>-1,65,343</b>	<b>-2,00,593</b>
Inc / Dec (-) in Capital	0	62	0	0	0
Dividend + Tax thereon	-27,180	-39,300	-42,444	-47,160	-55,020
Inc / Dec (-) in Loans	8,284	-11,287	-422	0	0
Others	8,426	1,46,185	18,977	0	0
<b>Financing Cash Flow</b>	<b>-10,470</b>	<b>95,660</b>	<b>-23,889</b>	<b>-47,160</b>	<b>-55,020</b>
<b>Inc / Dec (-) in Cash</b>	<b>-29,985</b>	<b>4,223</b>	<b>-136</b>	<b>-2,734</b>	<b>-22,019</b>
Opening Cash Balance	30,362	377	4,600	4,464	1,730
Closing Cash Balance	377	4,600	4,464	1,730	-20,289

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Shareholders' Fund	6,03,820	8,39,820	9,40,467	10,50,256	11,69,445
Share Capital	1,510	1,572	1,572	1,572	1,572
Reserves & Surplus	6,02,310	8,38,248	9,38,895	10,48,684	11,67,873
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	12,473	1,186	764	764	764
Def. Tax Liab. / Assets (-)	2,426	5,467	20,905	20,905	20,905
<b>Total - Equity &amp; Liab.</b>	<b>6,18,719</b>	<b>8,46,473</b>	<b>9,62,136</b>	<b>10,71,925</b>	<b>11,91,114</b>
Net Fixed Assets	2,07,019	2,50,292	3,04,661	3,77,508	4,43,577
Gross Fixed Assets	4,10,557	4,47,684	5,41,392	6,53,985	7,66,578
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	2,32,508	2,62,731	2,94,324	3,34,070	3,80,594
Capital WIP	28,970	65,339	57,593	57,593	57,593
Investments	4,77,564	6,85,137	7,45,063	7,95,063	8,80,063
Current Assets	1,38,064	1,60,856	2,01,735	1,89,124	1,85,204
Inventories	42,838	41,196	51,230	51,544	56,932
Sundry Debtors	32,958	46,013	65,377	51,544	56,932
Cash & Bank Balances	377	4,600	4,464	1,730	-20,289
Loans & Advances	21,782	21,859	24,378	23,517	25,975
Other Current Assets	40,109	47,188	56,286	60,789	65,652
Current Liab. & Prov.	2,03,928	2,49,812	2,89,323	2,89,769	3,17,730
Current Liabilities	1,17,804	1,45,824	1,74,211	1,64,167	1,80,590
Provisions & Others	86,124	1,03,988	1,15,112	1,25,602	1,37,140
Net Current Assets	-65,864	-88,956	-87,588	-1,00,645	-1,32,526
<b>Total - Assets</b>	<b>6,18,719</b>	<b>8,46,473</b>	<b>9,62,136</b>	<b>10,71,925</b>	<b>11,91,114</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Margin	6.8%	9.4%	9.2%	9.6%	9.6%
Asset Turnover (x)	2.0	1.9	1.7	1.6	1.6
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	14.1%	18.3%	15.7%	15.8%	15.7%

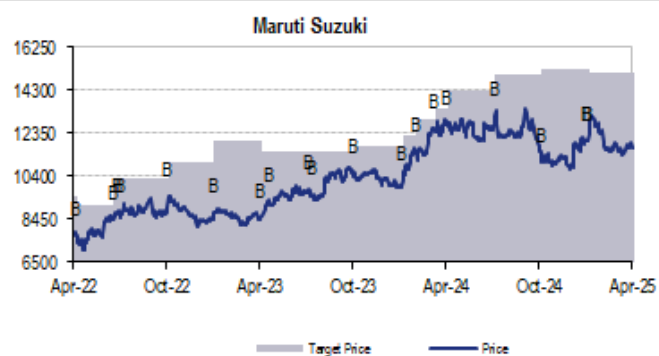
Key Ratios					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
BV/Share (INR)	1,999.4	2,671.2	2,991.3	3,340.5	3,719.6
ROIC	52.8%	71.6%	62.0%	53.9%	47.6%
ROE	14.1%	18.3%	15.7%	15.8%	15.7%
Net Debt/Equity (x)	-0.8	-0.8	-0.8	-0.7	-0.7
P/E (x)	43.9	27.8	26.4	23.4	21.1
P/B (x)	5.9	4.4	3.9	3.5	3.1
EV/EBITDA (x)	28.0	17.4	15.7	14.1	12.2
EV/Sales (x)	2.6	2.0	1.8	1.7	1.5
Debtor days	10	12	16	11	11
Inventory days	13	11	12	11	11
Creditor days	40	43	47	42	41

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Mar-22	Buy	9,500	
29-Apr-22	Buy	9,050	-4.7
12-Jul-22	Buy	10,300	13.8
20-Jul-22	Buy	10,300	0.0
28-Jul-22	Buy	10,300	0.0
28-Oct-22	Buy	11,000	6.8
25-Jan-23	Buy	12,000	9.1
26-Apr-23	Buy	11,500	-4.2
15-May-23	Buy	11,500	0.0
31-Jul-23	Buy	11,500	0.0
8-Aug-23	Buy	11,500	0.0
27-Oct-23	Buy	11,750	2.2
31-Jan-24	Buy	12,250	4.3
26-Feb-24	Buy	13,000	6.1
4-Apr-24	Buy	13,500	3.8
28-Apr-24	Buy	14,250	5.6
31-Jul-24	Buy	15,000	5.3
29-Oct-24	Buy	15,250	1.7
27-Jan-25	Buy	15,250	0.0
29-Jan-25	Buy	15,100	-1.0

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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