Arihant Capital
Generating Wealth

Q4FY25 - Result Update
28th April 2025

Maruti Suzuki India Ltd.

Worries Persist over demand for Compact Cars

CMP: INR 11,650

Rating: Accumulate

Target Price: INR 13,223

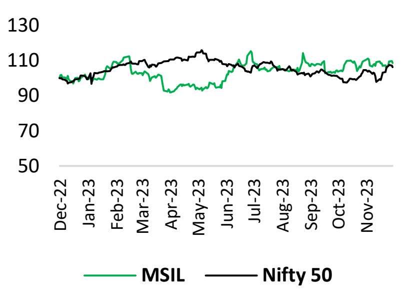
Stock Info	
BSE	532500
NSE	MARUTI
Bloomberg	MSIL IN
Reuters	MRTI.NS
Sector	Automobiles
Face Value (INR)	5
Equity Capital (INR mn)	1572
Mkt Cap (INR Bn)	3843
52w H/L (INR)	13,680/ 10,725
Avg Yearly Vol (in 000')	33

Shareholding Pattern %
(As on Mar, 2025)

Promoters	58.28
Public & Others	41.72

Stock Performance (%)	1m	3m	12m
Maruti Suzuki	-1.5	-2.2	-9.4
Nifty 50	1.5	4.1	6.5

Maruti Vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Jyoti Singh
jyoti.singh@arihantcapital.com
022 67114834

Maruti's (MSIL) reported Weak Numbers. Standalone revenue stood at INR 406, 738 Mn, largely in line our estimate of INR 410,365 Mn registering a growth of 6.4% YoY/ up 5.7% QoQ. EBITDA stood at INR 42,647 Mn, below our estimate of INR 48,316 Mn, registering a de-growth of 9.0% YoY/ -4.6% QoQ. On the margins front, EBITDA margin down by 113 bps QoQ/ down 177 bps YoY to 10.49%, below our estimate of 11.8%.The company incurred new plant-related expenses in Q4FY25, primarily due to the ongoing development of the Kharkhoda greenfield plant. These costs were further elevated by higher sales promotion and advertisement expenses aimed at strengthening market presence. Additionally, there was an increase in manufacturing overheads and administrative expenses, contributing to the overall rise in operational costs. Standalone PAT increased by 5.3% QoQ/ -4.3% YoY to INR 37,111 Mn above our estimate of INR 34,805 Mn led by lower tax rate 22.5% against ~23.4% in Q3FY25. Recommended a dividend of INR 135 per share. Exports sales growth of 17.5% and domestic sales growth of 2.7%

Margins Decline Amid Cost Pressures and Strategic Shifts: Company's EBIT declined to 8.7% of net sales in Q4 FY25, down from 10% in Q3 FY25. This sequential drop was primarily due to several margin pressures, including a ~30bps impact from the new Kirkoda plant (due to overheads and depreciation), ~20 bps from adverse steel costs, ~40 bps from an unfavorable product mix, ~30 bps from higher advertising expenses, and ~90 bps from other expenses. These negative factors were partly offset by ~40 bps savings from lower sales promotion expenses, ~40 bps gain from favorable operating leverage, and a ~20 bps benefit from favorable forex (accounted under non-operating income). Company acknowledged the unpredictability of margins given the number of influencing factors but emphasized that Maruti has more levers than its peers to manage such challenges. The company is focusing on boosting exports to cushion domestic market weakness and improve profitability. They expect the impact of the new plant to normalize in the coming quarters as production ramps up. Additionally, the company plans to offset cost increases through price hikes and noted that EVs are likely to remain less profitable than ICE vehicles across the industry.

Maruti Suzuki Targets SUV Growth with New Launches Despite Q4 Dip: In FY25, SUVs made up ~55% of total PV sales in India, highlighting strong segment growth. Maruti Suzuki's SUV share, however, dipped QoQ from 39.7% in Q3 to 36.8% in Q4. To regain momentum, MSIL plans to launch two new SUVs in FY26 the eVitara EV and another yet-to-be-revealed model. The eVitara, built on the new ehartech EV platform, is set to hit the market in H1FY26. The co. expects ~70K unit sales in its first year, with a large chunk coming from exports. SUVs remain a key focus for MSIL, supported by potential demand upsides from government pay commission effects. These efforts reflect MSIL's intent to strengthen its SUV play amid rising EV and export opportunities.

Outlook and valuation

In FY26, the company expects 20% export growth and aims to outpace the domestic market growth of 1–2%. It plans to launch two new SUVs, including the electric eVitara, with sales starting in the first half and a target of 70k units, mainly from exports. Capex is projected at INR 80-90 Bn. The company sees strong potential in hybrids but faces headwinds like rising steel costs, lower EV margins, and Kharkhoda plant ramp-up expenses. It also aims to further grow its retail market share after a marginal gain in FY25. However, concerns persist in the near term due to difficulties in improving market share and weaker growth in the entry-level segment. **We value Maruti at 21x FY28E EPS of INR 630 for the revised target price of INR 13,223 per share. We maintain our Accumulate rating on the stock.**

Exhibit 1: Financial Performance

Y/E March (INR Mn)	FY24	FY25E	FY26E	FY27E	FY28E
Net Sales	1,409,326	1,519,001	1,681,450	1,866,400	2,194,281
EBITDA	163,601	176,539	183,176	212,080	259,150
EBITDA Margin	11.61%	11.62%	10.89%	11.36%	11.81%
Net Profit	132,094	137,051	144,078	166,082	189,460
Diluted EPS (INR.)	439.0	455.5	478.8	552.0	629.7
ROE (%)	17.8	15.0	14.4	15.2	15.5
ROCE (%)	17.4	14.5	14.3	15.1	15.5
P/E Ratio	26.5	25.6	24.3	21.1	18.5
EV/ EBITDA	22.6	21.0	20.2	17.1	13.7

Source: Arihant Research, Company Filings

Maruti Suzuki – Q4FY25 Concall KTAs

Expects domestic market growth of 1–2%, but expects to outperform industry growth. Export volumes are expected to grow by 20%. Emphasized exports and hybrid offerings as key margin levers, particularly with the upcoming launch of the eVitara EV SUV, the brand targets a 28-model portfolio by 2030.

Market share: In FY25, SUVs accounted for 55% of total sales, MPVs increased to over 10%, and hatchbacks shrank to 23.5% from 46% in FY19. CNG and diesel powertrains made up 18-19% each, with hybrid vehicles at 2.4% and EVs at 2.7%.

Steel: Safeguard duty on steel had no impact due to high import thresholds, but steel inflation added 20 bps to costs. 85–90% of steel is locally sourced; EV material risks and tariffs are closely monitored, with localization helping reduce exposure.

Café 3:Fuel efficiency norms are expected soon. Maruti is engaged in ongoing regulatory discussions and well-prepared to comply.

FTA: Company is tracking India's FTA talks with the UK, EU, and US, which could affect sourcing and exports.

Royalty expenses were ~3.5% of net sales.

Capex: FY25 capex was INR 8,400 cr (incl. SMG); FY26 guidance is INR 8,000–9,000 crore for EVs, capacity, and product development.

Inventory: FY25 ended with 28 days of stock slight retail share gain and shift toward retail-based reporting planned.

PLI scheme benefits to be visible post-production start and data validation and impact too early to quantify.

FY26 pipeline: Two new models will be launched, including the electric SUV, Evitara, built on the eHartech platform for superior performance, range, comfort, and safety. The company also achieved a milestone by accelerating its solar power capacity to 78.2 MW, one year ahead of schedule, and recorded over 500k vehicle dispatches via rail, increasing its share of rail dispatches to 24.3% from 21.5%.

Annual sales of 2.23 mn vehicles in FY25, including 332,000 exports.

Export: The company plans to launch two new SUV models in FY26, including the electric eVitara, and aims for 20% export growth. In Q4FY25, 48.4% share of India's total PV exports. Q4 net profit declined to 37.1 bn rupees from 38.7 bn rupees YoY, impacted by new plant costs, higher commodity prices, and adverse product mix. The company expects modest 1-2% domestic market growth in FY26 but aims to outperform with new SUV launches.

Expenses: Margin decline due to 30 bps impact from the new Kharkhoda plant's depreciation and overheads, 40 bps from adverse mix, 20 bps due to higher steel costs, and 30 bps from elevated marketing expenses (Auto Expo, eVitara unveil, IPL). Another 90 bps was attributed to lumpy and seasonal costs (CSR, R&D, repairs at Manesar). These were partly offset by a 40 bps benefit from reduced sales promotions and another 40 bps from operating leverage. Forex gains added 20 bps, though recognized as non-operating income.

Advertisement and marketing costs surged in Q4 due to key events like IPL sponsorship and major expos.
Employee costs remained stable as a percentage of sales, with the plant ramp-up expected to be volume-aligned going forward.

Subsidiary: SMG reported a PAT of INR 1500 Mn which includes an interest income on their cash of about Rupees 650 Mn at PAT level and some gains due to tax reversals (not in standalone results)., driven by interest income and tax reversals, but this is not reflected in the standalone PAT.

Plant: New Kharkhoda greenfield plant (Phase 1) began commercial operations in March 2025 with a capacity of 250K units annually. Although the plant added costs in Q4, it will gradually contribute to production volumes and margin normalization. Including Manesar and Gujarat, are being upgraded for flexibility and future EV production. Repairs at Manesar also contributed to Q4 expenses.

Manesar Plant: Upgrades and digitization initiatives are ongoing.

Industry: The Indian PV industry grew 2.5% in FY25 (vs. 8.4% in FY24) amid affordability pressures, while Maruti saw 2.7% domestic and 17.5% export growth, aided by strong rural demand and lean inventory.

Retail sales In Q4 grew 4.2% YoY, outpacing wholesales, as Maruti ended FY25 with 28 days of stock, led PV exports for the 4th year with 3.32 lakh units (INR 55 Mn), accounting for 48.4% of India's Q4 exports.

CSR: Expanded CSR by introducing EV/hybrid servicing courses in ITIs to ensure future readiness, while digitization and repair upgrades added to Q4 expenses.

EV: Built on a new EV platform, the eVitara launches in H1FY26 with a 70K-unit sales target (mainly exports), as Maruti looks to offset lower EV profitability via export scale, localization, and hybrid growth.

The company is shifting focus to premium hatchbacks and compact SUVs, aligning with expected demand from Pay Commission boosts, while entry-segment PV growth stays weak and a policy concern.

Exhibit 2: Q4FY25 result Snapshot

Standalone (INRm)	Q4FY25	Q3FY25	Q4FY24	QoQ(%)	YoY (%)
Net Sales	4,06,738	3,84,921	3,82,349	5.7	6.4
- Raw Material	292353	275567	272884	6.1	7.1
(% of Net Sales)	71.88%	71.59%	71.37%	0.4	0.7
- Staff Expenditure	15,691	15,415	13,662	1.8	14.9
(% of Net Sales)	3.86%	4.00%	3.57%	-3.7	8.0
- Other Expenditure	56,047	49,236	48,953	13.8	14.5
(% of Net Sales)	13.78%	12.79%	12.80%	7.7	7.6
Total Expenditure	3,64,091	3,40,218	3,35,499	7.0	8.5
EBITDA	42,647	44,703	46,850	-4.6	-9.0
EBITDA Margin (%)	10.49%	11.61%	12.25%	-113bps	-177bps
Depreciation	8724	8050	7290	8.4	19.7
EBIT	33,923	36,653	39,560	-7.4	-14.2
EBIT Margin (%)	8.34%	9.52%	10.35%	-118bps	-201bps
Interest	472	484	762	-2.5	-38.1
Other Income	14466	9850	11180	46.9	29.4
PBT	47,917	46,019	49,978	4.1	-4.1
Tax	10806	10769	11200	0.3	-3.5
Tax Rate (%)	22.55%	23.40%	22.41%	-85bps	14bps
Adjusted PAT	37,111	35,250	38,778	5.3	-4.3
Exceptional Items	-	-	0		
Reported PAT	37,111	35,250	38,778	5.3	-4.3
Reported EPS (INR)	118.04	116.09	123.34	1.7	-4.3
Volumes (In Nos)	6,04,635	5,66,913	5,84,031	6.7	3.5
Net Realisation (INR)	6,72,700	6,78,977	6,54,672	-0.9	2.8
EBITDA / Vehicle (INR)	70,533	78,853	80,218	-10.6	-12.1

Source: Arihant Research, Company Filings,

Exhibit 2: Profit & Loss-Standalone					
Y/E March (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net revenues	1,409,326	1,519,001	1,681,450	1,866,400	2,194,281
Operating expenses	1,245,725	1,342,462	1,498,274	1,654,321	1,935,131
EBITDA	163,601	176,539	183,176	212,080	259,150
EBITDA margin (%)	11.61%	11.62%	10.89%	11.36%	11.81%
Other income	38,958	48,817	49,047	51,440	39,776
Interest	1,932	1,931	6,710	7,549	7,549
Depreciation	30,223	34,094	40,799	41,671	46,913
Profit Before Tax	170,404	189,331	184,715	214,299	244,465
Tax	38,310	52,280	40,637	48,217	55,005
Reported Net Profit	132,094	137,051	144,078	166,082	189,460
Net Margin (%)	9.37%	9.02%	8.57%	8.90%	8.63%
Adjusted Net Profit	132,094	137,051	144,078	166,082	189,460

Balance Sheet-Standalone					
Y/E March (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	1,572	1,572	1,572	1,572	1,572
Reserves & surplus	823,219	916,254	1,011,599	1,125,805	1,263,389
Shareholders funds	824,791	917,826	1,013,171	1,127,377	1,264,961
Total Loans	40,618	41,940	41,940	41,940	41,940
Deferred tax liability	15,029	35,753	-	-	-
Total Liabilities and Equity	**880,438**	**995,519**	**1,055,111**	**1,169,317**	**1,306,901**
Gross block	418,016	529,050	636,625	729,625	834,125
Depreciation	230,758	264,852	305,651	347,322	394,234
Net block	187,258	264,198	330,974	382,303	439,891
Capital WIP	63,034	53,575	36,000	38,000	28,500
Investments	685,137	745,063	745,563	746,063	746,563
Inventory	41,196	51,230	61,573	67,986	79,526
Debtors	46,013	65,377	46,067	51,134	60,117
Cash & Bank Bal	4,600	4,428	6,138	69,140	150,673
Loans & Advances	75,610	85,407	113,632	122,879	139,273
Current Assets	**167,419**	**206,442**	**227,409**	**311,139**	**429,589**
Sundry Creditors	145,824	174,211	149,430	169,640	199,093
Other Current Liability	76,586	99,548	135,405	138,549	138,549
Current Liability& Provisions	222,410	273,759	284,835	308,189	337,642
Net current assets	(54,991)	(67,317)	(57,426)	2,951	91,947
Total Assets	**880,438**	**995,519**	**1,055,111**	**1,169,317**	**1,306,901**

Source: Arihant Research, Company Filings

Cash Flow-Standalone					
Y/E March (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
EBIT	133,378	142,445	142,378	170,409	212,238
Other Income	38,958	48,817	49,047	51,440	39,776
Depreciation & Amortisation	30,223	34,094	40,799	41,671	46,913
Interest paid(-)	(1,932)	(1,931)	(6,710)	(7,549)	(7,549)
Tax paid(-)	(38,310)	(52,280)	(40,637)	(48,217)	(55,005)
Extra Ord Income	-	-	-	-	-
Operating Cash Flow	**162,317**	**171,145**	**184,876**	**207,752**	**236,373**
Change in Working Capital	(9,076)	12,154	(8,181)	2,626	(7,464)
Cash flow from Operations	**153,241**	**183,299**	**176,695**	**210,378**	**228,909**
Capex	(73,496)	(101,575)	(90,000)	(95,000)	(95,000)
Strategic Investment	(168,451)	(43,444)	-	-	-
Non Strategic Investment	(39,122)	(16,482)	(500)	(500)	(500)
Cash flow from Investing	**(281,069)**	**(161,501)**	**(90,500)**	**(95,500)**	**(95,500)**
Change in borrowing	28,145	1,322	-	-	-
Others	128,177	0.00	-	-	-
Dividens Paid (-)	(39,300)	(44,016)	(48,732)	(51,876)	(51,876)
Cashflow from Financial Activities	**117,022**	**(42,694)**	**(48,732)**	**(51,876)**	**(51,876)**
Change in Cash	(10,806)	(20,896)	37,463	63,002	81,533
Opening cash	377	4,600	4,428	6,138	69,140
Closing cash	**4,600**	**4,428**	**6,138**	**69,140**	**150,673**

Key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue Growth	19.9	7.8	10.7	11.0	17.6
EBITDA Margin	11.6	11.6	10.9	11.4	11.8
Net Profit Margin	9.4	9.0	8.6	8.9	8.6
ROCE (%)	17.4	14.5	14.3	15.1	15.5
ROE (%)	17.8	15.0	14.4	15.2	15.5
Diluted EPS (INR)	439.0	455.5	478.8	552.0	629.7
PER (x)	26.5	25.6	24.3	21.1	18.5
P/BV (x)	4.2	3.7	3.5	3.1	2.8
EV/ EBITDA (x)	22.6	21.0	20.2	17.1	13.7
Fixed Assets Turnover Ratio (x)	5.6	5.0	4.6	4.4	4.7
Debt / Equity (x)	0.0	0.0	0.0	0.0	0.0
EV/ Sales (x)	2.6	2.4	2.2	1.9	1.6

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	**Registered Office**
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	**Contact**	**Website**	**Email Id**
INH000002764	**SMS: 'Arihant' to 56677**	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800