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India | Equity Research | Company Update

Maruti Suzuki

Automotives

New model launches and GST rate cut to boost demand

The recent reduction in GST rates from 28% to 18% across most segments in the auto sector may inject fresh demand momentum. This is in addition to the recent rationalisation of personal income tax slabs, interest rate cuts and the upcoming Pay Commission revisions. These factors are expected to increase affordability and stimulate demand, addressing the industry's challenges of muted sales, especially in the entry level segment. In the backdrop of this favourable environment, MSIL's new launches, starting with its new SUV- the Victoris- is anticipated to enhance its competitive position in the high-growth mid-size SUV market and drive export growth. With these favourable macro conditions and new launches, we project strong growth for MSIL, factoring in a volume/revenue/EPS CAGR of 8%/ 14%/15% during FY25–28E. Maintain **BUY** on MSIL, based on 27x PE (earlier 25x) on Sep'27 EPS to arrive at our TP of INR 17,000 (earlier INR 14,500).

Launch of MSIL's Victoris – looks promising

MSIL unveiled its mid-size SUV Victoris, boosting its presence further in the high growth mid-size SUV segment. The Victoris will be retailed via MSIL's Arena network (vs the Nexa channel for Grand Vitara) - expanding its reach in the mid-size SUV category across a broader market, including tier-2 and tier-3 cities, while minimizing the cannibalisation risk. We believe the launch of Victoris is a departure from MSIL's previous launches, especially in terms of safety and features. Key highlights include: i) Safety – Level-2 ADAS and 5-star NCAP rating, ii) Advanced features - through premium infotainment, comfort, and connected features and iii) Multiple powertrain options and export focus – Victoris has petrol/hybrid/CNG options and MSIL plans to export this model to 100+ markets.

GST rate rationalisation to boost sales

The government's substantial reduction in GST rates on auto segments—including small cars, motorcycles up to 350cc, three-wheelers, buses, and trucks, now taxed at 18% instead of 28%—is poised to be a major catalyst for the sector. The stimulus should drive a resurgence in sales, particularly for price-sensitive entry-level segments. Given that the GST rate rationalization has happened before the festive period, we expect to see demand revival from the festive period onwards.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	15,19,001	17,23,791	19,84,882	22,61,883
EBITDA	1,77,852	1,92,866	2,30,364	2,70,015
EBITDA %	11.7	11.2	11.6	11.9
Net Profit	1,39,552	1,57,336	1,83,154	2,11,388
EPS (INR)	443.9	500.4	582.5	672.4
EPS % Chg YoY	5.6	12.7	16.4	15.4
P/E (x)	33.0	29.3	25.2	21.8
EV/EBITDA (x)	21.8	19.9	16.3	13.5
RoCE (%)	15.8	16.0	16.6	17.0
RoE (%)	15.7	15.8	16.4	16.9

Vivek Kumar

vivek.k@icicisecurities.com
+ 91 22 6807 7260

Ronak Mehta

ronak.mehta@icicisecurities.com

Vishakha Maliwal

vishakha.maliwal@icicisecurities.com

Market Data

Market Cap (INR)	4,610bn
Market Cap (USD)	52,298mn
Bloomberg Code	MSIL IN
Reuters Code	MRTI.BO
52-week Range (INR)	15,350 / 10,725
Free Float (%)	42.0
ADTV-3M (mn) (USD)	57.9

Price Performance (%)	3m	6m	12m
Absolute	20.5	26.2	18.9
Relative to Sensex	20.9	15.6	20.8

ESG Score	2023	2024	Change
ESG score	68.5	74.0	5.5
Environment	56.2	67.9	11.7
Social	66.1	68.2	2.1
Governance	74.4	81.3	6.9

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	0.7	3.1
EBITDA	(0.1)	2.0
EPS	(2.3)	(1.0)

Previous Reports

31-07-2025: [Q1FY25 results review](#)

27-04-2025: [Q4FY25 results review](#)

MSIL’s Victoris launch - Winds of Change?

Exhibit 1: MSIL Victoris – Midsize SUV



Source: Company data

MSIL has a strong launch pipeline ahead

Model name	Expected launch
E-Vitara	Launched - 2025
Victoris	Launched - 2025
Fronx Hybrid	?
Baleno Hybrid	?
Sub-Brezza SUV (Punch rival)	Upcoming - 2026
MPV	Upcoming - 2026
Swift Hybrid	?
Landy - Toyota model	?
Across – Toyota model	?
Swace – Toyota model	?

Exhibit 2: Victoris becomes the first Arena model to offer Level-2 ADAS



Source: Company data

Exhibit 3: Victoris has a 5-star NCAP rating, making it one of the safest models in the mid-size SUV segment



Source: Media sources

Victoris – a departure from MSIL’s previous launches

Acknowledging Market Shifts - Safety Standards Elevated

There is a clear industry-wide trend towards safety-first vehicles. While MSIL was perceived to be lacking focus on safety standards, the Victoris is expected to change that narrative. Along with Dzire, Victoris has earned a 5-star Bharat NCAP rating. Across its variants, the Victoris comes with six airbags, electronic stability control, ISOFIX child anchors, ABS with EBD etc. Victoris is the first Arena model to offer Level-2 ADAS.

Premium Tech and Comfort Features

Key features include Dolby Atmos 8-speaker surround sound, a gesture-controlled powered tailgate, 64-colour ambient lighting, ventilated seats, wireless charging with active cooling, Alexa Auto, panoramic sunroof and a range of connected-car features.

Hybrid, CNG and Export Focus

By offering petrol, strong-hybrid, and CNG variants (complete with a clever underbody tank for boot space), and planning exports to over 100 markets, MSIL is signalling its intent to be both tech-forward and globally competitive.

Macro tailwinds - massive boost to consumption

Exhibit 4: Policy changes to drive auto sales



Source: I-Sec research

"Alto may become cheaper by INR 40k – 50k, and Wagon R by INR 60k – 67k. Both these models are in the sub-1200cc category, which will benefit from the reduction of GST. With the latest GST reduction, we project that small car market, which was degrowing, will now grow this year by over 10%"
 -RC Bhargava, chairman of Maruti Suzuki

GST rate cut

The rate rationalisation marks a structural positive for the auto sector. It is beneficial for most vehicle categories, including all PVs, CVs, 3Ws, and smaller 2Ws (with engines up to 350cc)

- Lower GST on entry-level cars, 2Ws, and 3Ws should lift demand in price-sensitive segments. CV segment should also benefit via lower rates on buses/trucks.
- The revised 40% GST for larger PVs/SUVs is still lower than the previous effective tax rate of 45-50% under the old GST and compensation cess system.
- The uniform 18% tax on auto parts, including tires, will also simplify compliance for component manufacturers and suppliers.
- The only vehicle category to witness a price increase due to GST 2.0 reforms is the motorcycle (>350cc segment) which will be subject to 40% tax vs. 31% in the past.

Income tax relief

The income tax relief announced in Budget 2025 (for individuals earning up to INR 1.2mn annually) is designed to increase the discretionary spending, with specific focus on entry-level segment of the auto sector. The relief is expected to particularly benefit middle-class households and government employees, especially benefitting entry-level cars and 2Ws.

RBI repo rate cut

The RBI has cut interest rates by 100bps so far this year. The reduction in interest rates is expected to boost PV/2W sales led by lower financing costs and improved affordability.

Upcoming 8th Pay Commission

PV/2W sales have seen strong growth of 10-30% in the year following the implementation of 5th/6th/7th Pay Commission. With the 8th Pay Commission rollout expected from Jan'26, PV/2W sales could see strong growth in demand in the near term.

Exhibit 5: MSIL - Change in estimates

	FY26E			FY27E			FY28E
	Old	Revised	% change	Old	Revised	% change	Introducing
Volume (units mn)	2.36	2.39	0.9%	2.54	2.62	3.0%	2.84
Revenue (INR bn)	1,712	1,724	0.7%	1,926	1,985	3.1%	2,262
EBITDA (INR bn)	193	193	-0.1%	225	230	2%	270
EBITDA margin (%)	11.3%	11.2%	(10)	11.7%	11.6%	(10)	11.9%
PAT (INR bn)	161	157	-2.3%	185	183	-1.0%	211

Source: I-Sec research, Company data

Downside risks

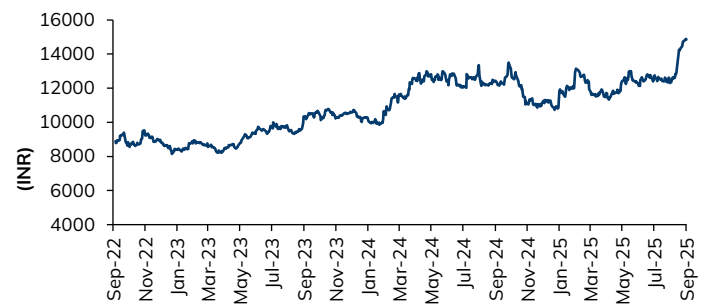
- Geopolitical uncertainties impacting its exports and overall volume growth.
- Weaker-than-expected response to new launches.
- Increased discounts impacting profitability.

Exhibit 6: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	58.3	58.3	58.3
Institutional investors	38.5	38.6	38.6
MFs and other	15.6	15.5	15.2
FIs/ Banks	0.9	0.9	1.0
Insurance Cos.	6.3	6.9	7.0
FII's	15.7	15.3	15.4
Others	3.2	3.1	3.1

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	15,19,001	17,23,791	19,84,882	22,61,883
Operating Expenses	1,95,071	2,19,095	2,47,901	2,80,621
EBITDA	1,77,852	1,92,866	2,30,364	2,70,015
EBITDA Margin (%)	11.7	11.2	11.6	11.9
Depreciation & Amortization	31,593	39,662	46,532	53,364
EBIT	1,46,259	1,53,204	1,83,832	2,16,651
Interest expenditure	1,931	2,250	2,500	2,500
Other Non-operating Income	47,504	53,379	56,529	60,379
Recurring PBT	1,91,832	2,04,333	2,37,862	2,74,530
Profit / Loss from Associates	-	-	-	-
Less: Taxes	52,280	46,997	54,708	63,142
PAT	1,39,552	1,57,336	1,83,154	2,11,388
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,39,552	1,57,336	1,83,154	2,11,388
Net Income (Adjusted)	1,39,552	1,57,336	1,83,154	2,11,388

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	2,01,735	1,91,791	2,41,558	3,20,852
of which cash & cash eqv.	4,464	(2,269)	22,449	75,075
Total Current Liabilities & Provisions	2,88,901	3,01,711	3,39,407	3,79,421
Net Current Assets	(87,166)	(1,09,920)	(97,848)	(58,569)
Investments	7,45,063	7,80,063	8,35,063	8,90,063
Net Fixed Assets	2,47,068	3,44,999	4,06,060	4,60,289
ROU Assets	-	-	-	-
Capital Work-in-Progress	57,593	57,593	57,593	57,593
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	(20,905)	(20,905)	(20,905)	(20,905)
Total Assets	9,41,653	10,51,829	11,79,963	13,28,472
Liabilities				
Borrowings	1,186	1,186	1,186	1,186
Deferred Tax Liability	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	1,572	1,572	1,572	1,572
Reserves & Surplus	9,38,895	10,49,071	11,77,205	13,25,714
Total Net Worth	9,40,467	10,50,643	11,78,777	13,27,286
Minority Interest	-	-	-	-
Total Liabilities	9,41,653	10,51,829	11,79,963	13,28,472

Source Company data, I-Sec research

Exhibit 10: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	372,028	3,84,921	4,06,738	3,84,136
% growth (YOY)	0.4	15.6	6.4	8.1
EBITDA	44,166	44,703	42,647	39,953
Margin %	11.9	11.6	10.5	10.4
Other Income	14,750	9,850	14,466	18,230
Adjusted Net Profit	30,692	35,250	37,112	37,117

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,71,150	2,15,270	2,44,832	2,80,599
Working Capital Changes	(1,926)	16,021	12,646	13,346
Capital Commitments	(85,962)	(1,37,593)	(1,07,593)	(1,07,593)
Free Cashflow	85,188	77,677	1,37,239	1,73,006
Other investing cashflow	(61,857)	(37,250)	(57,500)	(57,500)
Cashflow from Investing Activities	(1,47,819)	(1,74,843)	(1,65,093)	(1,65,093)
Issue of Share Capital	-	-	-	-
Interest Cost	18,977	0	0	0
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(42,444)	(47,160)	(55,020)	(62,880)
Others	-	-	-	-
Cash flow from Financing Activities	(23,467)	(47,160)	(55,020)	(62,880)
Chg. in Cash & Bank balance	(136)	(6,733)	24,719	52,626
Closing cash & balance	4,464	(2,269)	22,449	75,075

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	443.9	500.4	582.5	672.4
Adjusted EPS (Diluted)	443.9	500.4	582.5	672.4
Cash EPS	544.4	626.6	730.6	842.1
Dividend per share (DPS)	135.0	150.0	175.0	200.0
Book Value per share (BV)	2,991.3	3,341.7	3,749.3	4,221.6
Dividend Payout (%)	30.4	30.0	30.0	29.7
Growth (%)				
Net Sales	7.8	13.5	15.1	14.0
EBITDA	8.4	8.4	19.4	17.2
EPS (INR)	5.6	12.7	16.4	15.4
Valuation Ratios (x)				
P/E	33.0	29.3	25.2	21.8
P/CEPS	26.9	23.4	20.1	17.4
P/BV	4.9	4.4	3.9	3.5
EV / EBITDA	21.8	19.9	16.3	13.5
EV / Sales	2.5	2.2	1.9	1.6
Profitability Ratios				
Gross Profit Margins (%)	24.6	23.9	24.1	24.3
EBITDA Margins (%)	11.7	11.2	11.6	11.9
EBIT Margins (%)	9.6	8.9	9.3	9.6
Net Profit Margins (%)	9.2	9.1	9.2	9.3
RoCE (%)	15.8	16.0	16.6	17.0
RoE (%)	15.7	15.8	16.4	16.9
Dividend Yield (%)	0.9	1.0	1.2	1.4
Operating Ratios				
Fixed Asset Turnover (x)	5.0	4.3	4.3	4.4
Inventory Turnover Days	12	11	11	11
Receivables Days	16	11	11	11
Payables Days	47	42	42	42
Effective Tax Rate (%)	27.3	23.0	23.0	23.0
Net Debt / Equity (x)	(0.8)	(0.7)	(0.7)	(0.7)
Net Debt / EBITDA (x)	(4.1)	(4.0)	(3.7)	(3.5)

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
