

April 28, 2025

Company Report

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	14,007		14,194	
Sales (Rs. m)	16,80,675	18,51,430	16,58,525	18,28,343
% Chng.	1.3	1.3		
EBITDA (Rs. m)	1,93,893	2,20,187	2,00,406	2,27,506
% Chng.	(3.3)	(3.2)		
EPS (Rs.)	513.9	583.6	522.6	591.4
% Chng.	(1.7)	(1.3)		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	1,409	1,519	1,681	1,851
EBITDA (Rs. bn)	164	178	194	220
Margin (%)	11.6	11.7	11.5	11.9
PAT (Rs. bn)	132	140	162	183
EPS (Rs.)	420.1	443.9	513.9	583.6
Gr. (%)	57.6	5.6	15.8	13.6
DPS (Rs.)	125.0	135.0	160.0	180.0
Yield (%)	1.1	1.2	1.4	1.5
RoE (%)	18.3	15.7	16.2	16.5
RoCE (%)	18.4	16.4	15.7	15.8
EV/Sales (x)	2.1	1.9	1.7	1.5
EV/EBITDA (x)	18.3	16.6	14.9	12.8
PE (x)	27.8	26.4	22.8	20.0
P/BV (x)	4.4	3.9	3.5	3.1

Key Data

MRTI.BO | MSIL IN

52-W High / Low	Rs.13,680 / Rs.10,725
Sensex / Nifty	79,213 / 24,039
Market Cap	Rs.3,678bn / \$ 43,042m
Shares Outstanding	314m
3M Avg. Daily Value	Rs.5102.39m

Shareholding Pattern (%)

Promoter's	58.28
Foreign	14.96
Domestic Institution	23.64
Public & Others	3.11
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.4)	1.7	(9.5)
Relative	(2.9)	1.9	(15.0)

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Muted performance amid margin pressure

Quick Pointers:

- Domestic sluggishness to be offset by strong exports volume in FY26
- Targeting e-Vitara volume of ~70k units in FY26

MSIL reported muted Q4FY25 performance with lower than anticipated realizations and high other expenses weighed in on overall profitability. Its standalone revenue grew by 6.4% YoY, marginally lower than PLe while it was in-line with consensus estimates. Realization increased by 2.8% YoY, however, UV mix declined sequentially leading realization to decline by 1% QoQ. Gross profit increased by 4.5% YoY while margin contracted by 50bps YoY to 28.1%. Higher other expenses due to the new SMG plant dragged EBITDA lower by 9% YoY and margin contracted by 177bps YoY to 10.5%. Consequently, PAT declined by 4.3% YoY.

The small car segment continues to face weak demand, while overall market demand seems to be in a sluggish trend likely resulting in low single-digit industry growth over the next two years. However, its diverse powertrain portfolio—including CNG, BEV, HEV, and ICE as well as new launches in UVs positions it well to capitalize on supportive state policies promoting hybrids and flex-fuel technologies. Moreover, strong export momentum, driven by increased UV penetration, is expected to support overall growth, particularly through high-margin products. Factoring this, we assume its volume grow at a CAGR of 5.3% over FY25-27E translating to a revenue expansion of 10.4% while EBITDA/EPS is assumed to grow at a CAGR of 11.3%/14.6% over the same period. We retain "BUY" rating with a TP of Rs 14,001 (previous Rs 14,194) valuing it at 24x on its Mar'27 earnings.

Expenses of SMG plant impact profitability: MSIL's Q4FY25 revenue came in at Rs 406.7bn, against PLe: Rs 415bn; BBGe; Rs 409.3bn. Gross profit came in at Rs 114.4bn, against PLe: Rs 119.1bn, while margin came in at 28.1%. Gross margin was impacted by 51bps YoY due to ad spends and discounts. EBITDA was Rs 42.6bn (PLe: Rs 49.3bn; BBGe: Rs 49bn) while margin contracted to 10.5% (PLe: 11.9%; BBGe: 12%). PAT was Rs 37.1bn (PLe: Rs 38.9bn; BBGe Rs 38.6bn).

Mix impact led to decline in export realization: Domestic volume increased by 2.8% YoY while revenue increased by 6.8% YoY to Rs 351.7bn. Domestic realization increased by 3.9% YoY to Rs 677,010k/unit, aided by higher penetration of UVs (37.5%). Exports volume increased by 8.1% YoY and revenue increased by 3.8% YoY to Rs 55bn. Export realization declined by 3.9% YoY to Rs 646,382/unit, impacted by inferior mix. Blended realization increased by 2.8% YoY to Rs 672,698/unit (PLe: Rs 686,339/unit).

Key Concall highlights: 1) The management expects exports volume to grow by ~20% in FY26 mainly driven by the launch of new e-Vitara. 2) MSIL aims to launch e-Vitara towards the end of H1FY25 with targeted volume of ~70k units with large part of it coming in from the exports market. 3) The company aims to launch 2 new

models in FY26, both in SUV category. 4) Discounts as compared to Q3FY25 declined by ~40bps to ~Rs 26k/unit. 5) The commercialization of SMG plant in Gujarat led to high expenses and depreciation, impacting its overall profitability. 6) The management expects the industry to grow by 1-2% in FY26 with an aim to outpace the industry growth backed by new models. 7) It entered FY26 with an inventory of ~28 days in the domestic market. 8)

Exhibit 1: Q4FY25 Result Overview (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	Var (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Revenues	4,06,738	3,82,349	6.4	4,14,986	(2.0)	3,84,921	5.7	15,19,001	14,09,326	7.8
Raw Materials	2,92,353	2,72,884	7.1	2,95,847	(1.2)	2,75,567	6.1	10,84,708	10,06,067	7.8
% of Net Sales	71.9%	71.4%	51 bps	71.3%	59 bps	71.6%	29 bps	71.4%	71.4%	2 bps
Personnel	15,691	13,662	14.9	14,705	6.7	15,415	1.8	61,370	54,784	12.0
% of Net Sales	3.9%	3.6%	28 bps	3.5%	31 bps	4.0%	-15 bps	4.0%	3.9%	15 bps
Manufacturing & Other Exp	56,047	48,953	14.5	55,151	1.6	49,236	13.8	1,96,384	1,84,874	6.2
% of Net Sales	13.8%	12.8%	98 bps	13.3%	49 bps	12.8%	99 bps	12.9%	13.1%	-19 bps
Total Expenditure	3,64,091	3,35,499	8.5	3,65,703	(0.4)	3,40,218	7.0	13,42,462	12,45,725	7.8
EBITDA	42,647	46,850	(9.0)	49,283	(13.5)	44,703	(4.6)	1,76,539	1,63,601	7.9
EBITDA Margin (%)	10.5%	12.3%	-177 bps	11.9%	-139 bps	11.6%	-113 bps	11.6%	11.6%	1 bps
Depreciation	8,724	7,290	19.7	7,412	17.7	8,050	8.4	31,593	30,223	4.5
EBIT	33,923	39,560	(14.2)	41,871	(19.0)	36,653	(7.4)	1,44,946	1,33,378	8.7
Interest Expenses	472	762	(38.1)	696	(32.2)	484	(2.5)	1,931	1,932	(0.1)
Non-operating income	14,466	11,180	29.4	9,902	46.1	9,850	46.9	48,817	38,958	25.3
PBT	47,917	49,978	(4.1)	51,077	(6.2)	46,019	4.1	1,91,832	1,70,404	12.6
Tax-Total	10,806	11,200	(3.5)	12,149	(11.1)	10,769	0.3	52,280	38,310	36.5
Tax Rate (%) - Total	22.6%	22.4%	14 bps	23.8%	-123 bps	23.4%	-85 bps	27.3%	22.5%	477 bps
Reported PAT	37,111	38,778	(4.3)	38,928	(4.7)	35,250	5.3	1,39,552	1,32,094	5.6
PAT Margin	9.1%	10.1%	-102 bps	9.4%	-26 bps	9.2%	-3 bps	9.2%	9.4%	-19 bps

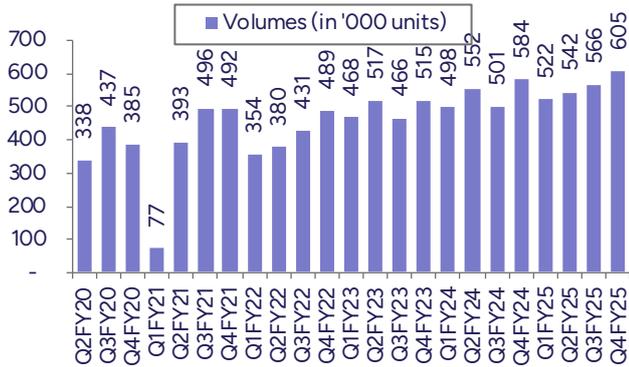
Source: Company, PL

Exhibit 2: Operating Metrics – Sequential decline in UVs mix led to moderate expansion in realization

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	Var (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Volume (nos)	6,04,637	5,84,031	3.5	6,04,637	-	5,66,213	6.8	22,34,268	21,35,323	4.6
Net Realisation/Vehicle	6,72,698	6,54,672	2.8	6,86,339	(2.0)	6,79,817	(1.0)	6,79,865	6,60,006	3.0
Material cost/vehicle	4,83,518	4,67,242	3.5	4,89,297	(1.2)	4,86,684	(0.7)	4,85,487	4,71,154	3.0
Gross Profit / vehicle	1,89,180	1,87,430	0.9	1,97,042	(4.0)	1,93,132	(2.0)	1,94,378	1,88,852	2.9
Employee cost /vehicle	25,951	23,393	10.9	24,321	6.7	27,225	(4.7)	27,468	25,656	7.1
Other expenses / vehicle	92,695	83,819	10.6	91,213	1.6	86,957	6.6	87,896	86,579	1.5
EBITDA/vehicle	70,533	80,218	(12.1)	81,508	(13.5)	78,951	(10.7)	79,014	76,617	3.1
Net Profit/vehicle	61,377	66,397	(7.6)	64,383	(4.7)	62,256	(1.4)	62,460	61,861	1.0

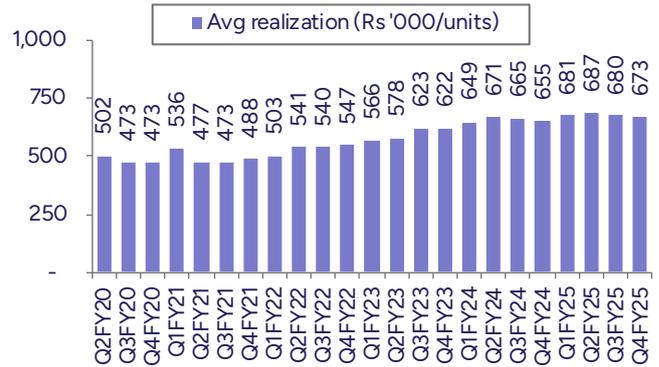
Source: Company, PL

Exhibit 3: UV mix at 37.5% in domestic volume



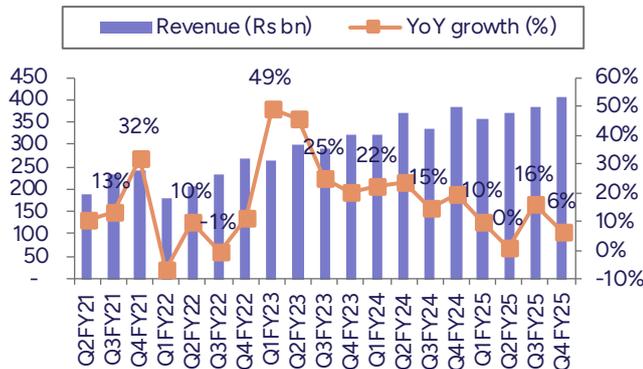
Source: Company, PL

Exhibit 4: Realization up 2.8% YoY despite elevated discounts



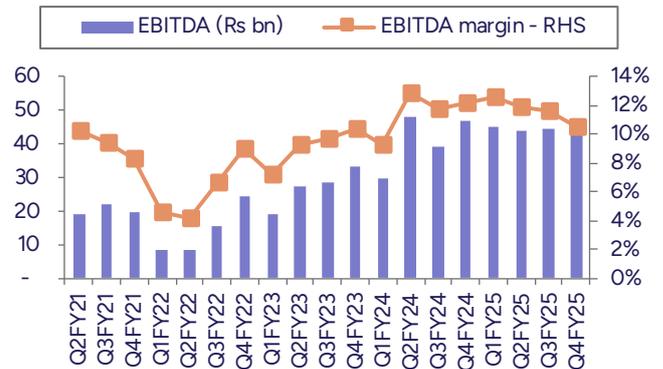
Source: Company, PL

Exhibit 5: Highest ever revenue aided by decent volume growth



Source: Company, PL

Exhibit 6: Rise in expenses led to ~177bps YoY impact on margins



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	14,09,326	15,19,001	16,80,675	18,51,430
YoY gr. (%)	19.9	7.8	10.6	10.2
Cost of Goods Sold	10,04,179	10,81,539	12,03,404	13,25,669
Gross Profit	4,05,147	4,37,462	4,77,271	5,25,761
Margin (%)	28.7	28.8	28.4	28.4
Employee Cost	54,784	61,370	66,907	72,664
Other Expenses	1,86,352	1,98,240	2,16,471	2,32,910
EBITDA	1,64,011	1,77,852	1,93,893	2,20,187
YoY gr. (%)	49.0	8.4	9.0	13.6
Margin (%)	11.6	11.7	11.5	11.9
Depreciation and Amortization	30,223	31,593	37,938	44,333
EBIT	1,33,788	1,46,259	1,55,955	1,75,854
Margin (%)	9.5	9.6	9.3	9.5
Net Interest	1,932	1,931	1,738	1,773
Other Income	38,548	47,504	55,617	64,212
Profit Before Tax	1,70,404	1,91,832	2,09,834	2,38,293
Margin (%)	12.1	12.6	12.5	12.9
Total Tax	38,310	52,280	48,262	54,807
Effective tax rate (%)	22.5	27.3	23.0	23.0
Profit after tax	1,32,094	1,39,552	1,61,572	1,83,486
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,32,094	1,39,552	1,61,572	1,83,486
YoY gr. (%)	-	-	-	-
Margin (%)	9.4	9.2	9.6	9.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,32,094	1,39,552	1,61,572	1,83,486
YoY gr. (%)	64.1	5.6	15.8	13.6
Margin (%)	9.4	9.2	9.6	9.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	314	314	314	314
EPS (Rs)	420.1	443.9	513.9	583.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	4,22,977	5,16,690	6,11,690	7,11,690
Tangibles	4,22,977	5,16,690	6,11,690	7,11,690
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,38,029	2,69,622	3,07,560	3,51,893
Tangibles	2,38,029	2,69,622	3,07,560	3,51,893
Intangibles	-	-	-	-
Net fixed assets	1,84,948	2,47,068	3,04,130	3,59,797
Tangibles	1,84,948	2,47,068	3,04,130	3,59,797
Intangibles	-	-	-	-
Capital Work In Progress	65,339	57,593	60,473	63,496
Goodwill	-	-	-	-
Non-Current Investments	12,162	18,162	23,162	33,162
Net Deferred tax assets	1,124	(12,911)	(13,169)	(13,433)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	6,72,975	7,26,901	7,76,901	8,41,901
Inventories	41,196	51,230	56,683	62,442
Trade receivables	46,013	65,377	72,335	79,685
Cash & Bank Balance	4,605	4,464	10,597	12,865
Other Current Assets	53,535	66,791	68,127	69,489
Total Assets	11,01,724	12,56,202	13,91,210	15,41,827
Equity				
Equity Share Capital	1,572	1,572	1,572	1,572
Other Equity	8,38,248	9,38,895	10,50,163	11,77,057
Total Networkth	8,39,820	9,40,467	10,51,735	11,78,629
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	331	-	500	1,000
Trade payables	1,45,824	1,74,211	1,92,753	2,12,337
Other current liabilities	1,16,873	1,28,613	1,33,052	1,36,429
Total Equity & Liabilities	11,01,724	12,56,202	13,91,210	15,41,827

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	1,70,404	1,91,832	2,09,834	2,38,293
Add. Depreciation	30,223	31,593	37,938	44,333
Add. Interest	1,932	1,931	1,738	1,773
Less Financial Other Income	38,548	47,504	55,617	64,212
Add. Other	(38,548)	(47,504)	(55,617)	(64,212)
Op. profit before WC changes	1,64,011	1,77,852	1,93,893	2,20,187
Net Changes-WC	28,609	(192)	9,049	8,301
Direct tax	(36,023)	(38,245)	(48,004)	(54,544)
Net cash from Op. activities	1,56,597	1,39,415	1,54,937	1,73,944
Capital expenditures	(73,491)	(85,967)	(97,880)	(1,03,024)
Interest / Dividend Income	-	-	-	-
Others	38,548	41,504	50,617	54,212
Net Cash from Invt. activities	(34,943)	(44,463)	(47,262)	(48,812)
Issue of share cap. / premium	1,43,206	3,539	-	-
Debt changes	(11,827)	(331)	500	500
Dividend paid	(39,300)	(42,444)	(50,304)	(56,592)
Interest paid	(1,932)	(1,931)	(1,738)	(1,773)
Others	-	-	-	-
Net cash from Fin. activities	90,147	(41,167)	(51,542)	(57,865)
Net change in cash	2,11,801	53,785	56,133	67,268
Free Cash Flow	83,106	53,448	57,058	70,921

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	3,55,314	3,72,028	3,84,921	4,06,738
YoY gr. (%)	9.9	0.4	15.6	6.4
Raw Material Expenses	2,49,329	2,67,459	2,75,567	2,92,353
Gross Profit	1,05,985	1,04,569	1,09,354	1,14,385
Margin (%)	29.8	28.1	28.4	28.1
EBITDA	45,023	44,166	44,703	42,647
YoY gr. (%)	50.9	(7.7)	14.4	(9.0)
Margin (%)	12.7	11.9	11.6	10.5
Depreciation / Depletion	7,310	7,509	8,050	8,724
EBIT	37,713	36,657	36,653	33,923
Margin (%)	10.6	9.9	9.5	8.3
Net Interest	573	402	484	472
Other Income	9,751	14,750	9,850	14,466
Profit before Tax	46,891	51,005	46,019	47,917
Margin (%)	13.2	13.7	12.0	11.8
Total Tax	10,392	20,313	10,769	10,806
Effective tax rate (%)	22.2	39.8	23.4	22.6
Profit after Tax	36,499	30,692	35,250	37,111
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	36,499	30,692	35,250	37,111
YoY gr. (%)	46.9	(17.4)	12.6	(4.3)
Margin (%)	10.3	8.2	9.2	9.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	36,499	30,692	35,250	37,111
YoY gr. (%)	46.9	(17.4)	12.6	(4.3)
Margin (%)	10.3	8.2	9.2	9.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	36,499	30,692	35,250	37,111
Avg. Shares O/s (m)	314	314	314	314
EPS (Rs)	116.1	97.6	112.1	118.0

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	420.1	443.9	513.9	583.6
CEPS	516.3	544.4	634.6	724.6
BVPS	2,671.2	2,991.3	3,345.2	3,748.8
FCF	264.3	170.0	181.5	225.6
DPS	125.0	135.0	160.0	180.0
Return Ratio(%)				
RoCE	18.4	16.4	15.7	15.8
ROIC	205.4	66.9	57.5	51.8
RoE	18.3	15.7	16.2	16.5
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.8)	(0.7)	(0.7)
Net Working Capital (Days)	(31)	(30)	(29)	(27)
Valuation(x)				
PER	27.8	26.4	22.8	20.0
P/B	4.4	3.9	3.5	3.1
P/CEPS	22.7	21.5	18.4	16.1
EV/EBITDA	18.3	16.6	14.9	12.8
EV/Sales	2.1	1.9	1.7	1.5
Dividend Yield (%)	1.1	1.2	1.4	1.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Volume (units)	21,35,323	22,34,268	23,58,353	24,77,079
Net realisation (Rs/unit)	6,60,006	6,83,557	7,12,648	7,47,425

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	14,194	11,459
2	30-Jan-25	BUY	14,154	11,978
3	09-Jan-25	BUY	14,129	11,822
4	30-Oct-24	BUY	14,586	11,046
5	07-Oct-24	BUY	15,045	12,528
6	01-Aug-24	BUY	15,145	13,116
7	08-Jul-24	BUY	14,432	12,104

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	Accumulate	226	202
2	Bajaj Auto	BUY	8,845	7,520
3	Bharat Forge	Hold	910	970
4	CEAT	Hold	2,700	2,692
5	Divgi Torqtransfer Systems	Reduce	400	438
6	Eicher Motors	BUY	5,835	5,231
7	Endurance Technologies	BUY	2,193	1,828
8	Exide Industries	Hold	350	358
9	Hero Motocorp	Accumulate	4,036	3,574
10	Mahindra & Mahindra	BUY	3,218	2,524
11	Maruti Suzuki	BUY	14,194	11,459
12	Tata Motors	Hold	578	589
13	TVS Motor Company	Hold	2,431	2,438

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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