HDFC securities
Click. Invest. Grow.
20 YEARS

DEEP DIVE

Maruti Suzuki

INSTITUTIONAL RESEARCH

Maruti Suzuki

Launches, exports to drive the structural story

The company has lost market share over the last 5-6 years as it was late to capitalize on the SUV trend, which was further exacerbated by the company exiting the diesel segment. However, a change in strategy for the company is leading to structural tailwinds. We expect the company to partially gain back market share on the back of its aggressive new model launch plan, benefit from a partial rebound of the small car market when it happens (we are optimistic of it partially rebounding from FY27), and benefit from any shift in powertrain trend to hybrids (like it is happening globally). Additionally, we expect exports to increase meaningfully as the company becomes the global EV production hub for the parent. We value the company at 24x FY27 EPS for a TP of Rs 14,839 and maintain a BUY rating.

- **Aims to regain market share:** Management remains committed to regaining market share. While it sticks to the 50% market share target in the domestic market (by FY31), we believe it to be a very challenging task considering a transitioning auto industry that is also facing an influx of new entrants. However, we value the intent more than the exact goal, which is supported by the company's aggressive launch plan of introducing 10 new models by FY31. We also expect the lead time to the market for the company's models to be lower vs the industry, considering the backing of a strong auto OEM like Suzuki, which is advantageous considering a rapidly evolving auto industry.
- **Exports at an inflection point:** The company's focus on exports is supported by the global parent's strategy to make the company a production hub for EVs. Additionally, these EVs will also be exported to Europe and Japan, which validates the company's manufacturing capabilities. We expect exports to continue growing at a 16% CAGR, to form 17% of overall volume mix by FY27. Besides the high volume growth, we are also witnessing a change in geography and product mix. The company has started accelerating exports to Japan and is in the process of exporting its EV to Europe. Additionally, from exports being hatchback-led earlier, it is now exporting more UVs, with the UV mix improving to 48% in 9MFY25 from 10% in FY19.
- **Small car market will continue to exist:** The reason for the small car market to have declined over the last five years has been higher cost inflation, led by emission norms, focus on safety, and rising raw material costs. The salary/wage of the target consumer has not kept up with rising costs. However, considering an extended period for consumers to come to terms with higher costs and for salaries to catch up, as well as building up replacement demand that has held back due to higher costs, we expect the consumers to come back to the car market sooner rather than later. The government's focus remains on driving consumption and we are optimistic that the tax cut benefits announced in the recent Union Budget along with the upcoming 8th Pay Commission will further aid the PV market from FY27. The PV market in India is under-penetrated and with improving road infrastructure, dealer infrastructure, financing availability, and rising aspiration of the consumer, we expect the first time buyer to come back to the market gradually, including those seeking to upgrade from two wheelers.

Financial summary

YE Mar (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	1,175,229	1,409,326	1,525,923	1,672,813	1,886,353
EBITDA	110,077	164,011	185,959	211,404	242,670
APAT	80,492	132,094	151,299	170,898	194,395
Diluted EPS (INR)	266.5	420.1	481.2	543.6	618.3
P/E (x)	43.8	27.8	24.2	21.5	18.9
EV / EBITDA (x)	32.1	22.1	19.5	17.1	14.9
RoE (%)	14.1	18.3	16.9	16.9	17.0

Source: Company, HSIE Research

BUY

CMP *(as on 7 Mar 2025)*	INR 11,668
Target Price	INR 14,839
NIFTY	22,553

KEY STOCK DATA	
Bloomberg code	MSIL IN
No. of Shares (mn)	314
MCap (INR bn) / ($ mn)	3,667/42,209
6m avg traded value (INR mn)	5,861
52 Week high / low	INR 13,680/10,725

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	3.1	(4.3)	1.3
Relative (%)	12.1	4.2	1.1

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	58.19	58.28
FIs & Local MFs	20.89	22.89
FPIs	17.68	15.47
Public & Others	3.24	3.36
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Hitesh Thakurani
hitesh.thakurani@hdfcsec.com
+91-22-6171-7350

Maitreyee Vaishampayan
maitreyee.vaishampayan@hdfcsec.com
+91-22-6171-7308

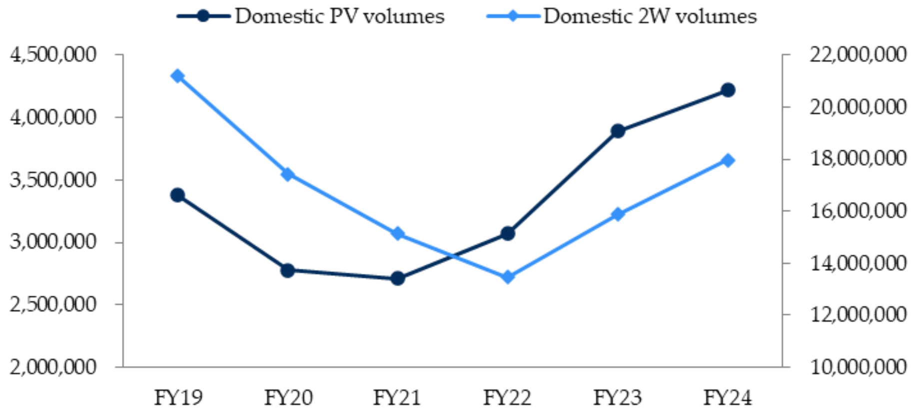
Launches, exports to drive the structural story

Domestic PV growth

We believe it has become important to address the domestic PV growth rate upfront, which the major automakers pegging it at 1-4% for FY26, at the recent SIAM conclave.

Firstly, the domestic PV sales in FY24 was 25% higher than its FY19 peak, while the domestic 2W sales in FY24 was 17% lower than its FY19 peak. Even if we were to consider the electric two wheeler sales in FY24, the total domestic 2W sales in FY24 was still 13% lower than its FY19 peak. Hence, PVs are already on a higher base.

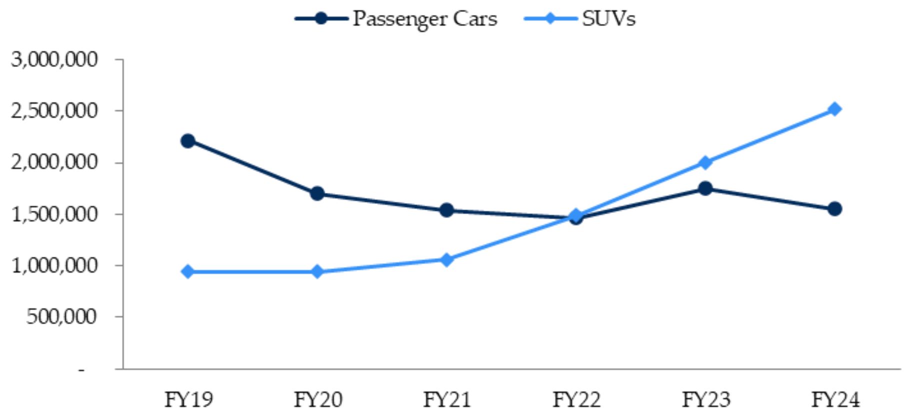
Exhibit 1: PVs on a High Base



Source: SIAM, HSIE Research
Note: For domestic 2W volumes the Y-Axis is on RHS

Additionally, SUVs formed 59.7% of the FY24 mix, while it formed 27.9% of the FY19 mix. This trend has further aided in revenue growth being more than volume growth for the industry.

Exhibit 2: Passenger Cars vs SUVs



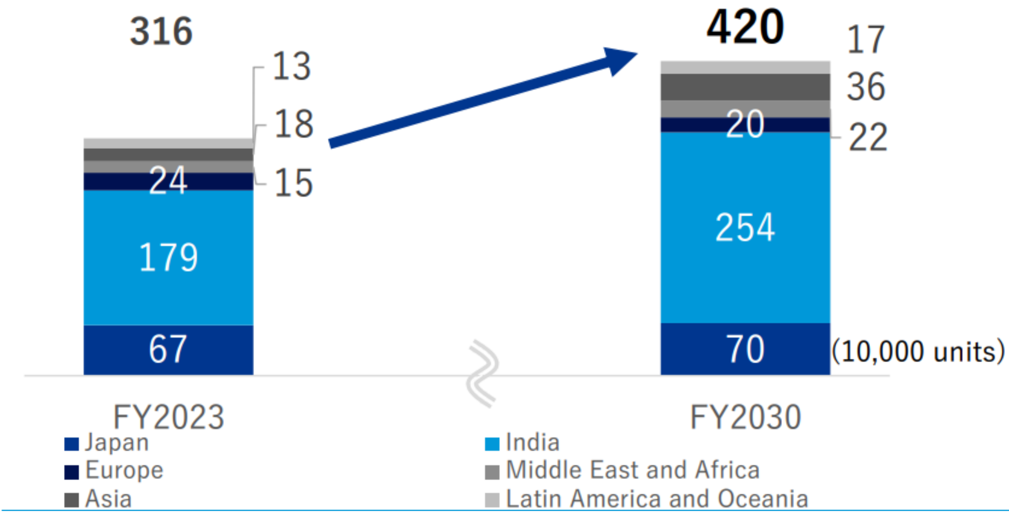
Source: SIAM, HSIE Research

Higher retail inflation and interest rates, coupled with car cost inflation beating salary/wage inflation, has led to a slowdown in overall demand for PVs, the effect of which we are now also seeing in the urban markets.

Key PV manufacturers have guided for 1-4% industry growth in FY26. We expect a 2% growth for the industry in FY25 and 3% in FY26. Additionally, we do not see costs and thus prices of PVs going up meaningfully in the near term. We believe that this extra time would add to the long enough pause for the industry: for the consumers to have digested higher prices, for retail inflation to normalise, and for the affordability gap to narrow. Post this, we expect those consumers who have been holding off purchasing cars, to return to the market.

If we were to look at Suzuki Motor Corporation's mid-term plan, it has given a sales volume target of 2.54mn units in FY31 for India, as compared to 1.79mn units sold in FY24. This represents a CAGR of 5.1% over the same period. We expect Maruti's domestic volumes (PV + LCV) YoY to be flattish in FY25 and to grow 4% in FY26. So adjusting for these two years, and keeping in mind Suzuki's target, we would get a domestic sales CAGR of 6.4% for the five-year period from FY26 to FY31.

Exhibit 3: Suzuki's Mid-Term Plan



Source: Suzuki Motor Corporation, HSIE Research
Note: In the chart above, please consider the label of FY2023 as FY24 and FY2030 as FY31

Over and above that, we expect exports to grow much faster, in mid-high teens, which would further aid overall growth. We also expect additional SUV launches to improve the mix further and aid realizations, which would further contribute to the overall revenues.

Aspiration to recover to 50% market share

Firstly, how achievable is this?

More so, how achievable is this in a transitioning automotive industry and with major OEMs entering the Indian PV market?

We have tried to analyze the same below:

If the PV market were to grow 2% in FY25, 3% in FY26 and at a 6% CAGR thereon till FY31, then the domestic PV volumes would stand at 5.93mn units in FY31.

We expect Maruti's domestic PV volumes to be flattish in FY25 and to grow 4% in FY26.

Thereon, how much faster it grows vs the industry is what will decide its market share in FY31. We have done a sensitivity analysis for the same below:

Market Share (in FY31)	5 year CAGR FY27E-FY31E
50.0%	10.1%
49.0%	9.7%
48.0%	9.2%
47.0%	8.8%
46.0%	8.3%
45.0%	7.8%
44.0%	7.4%
43.0%	6.9%
42.0%	6.4%

Source: HSIE Research

While we do believe that the 50% market share is a tall task, a more reasonable 43-44% market share is still achievable by FY31, from 40.6% in FY24.

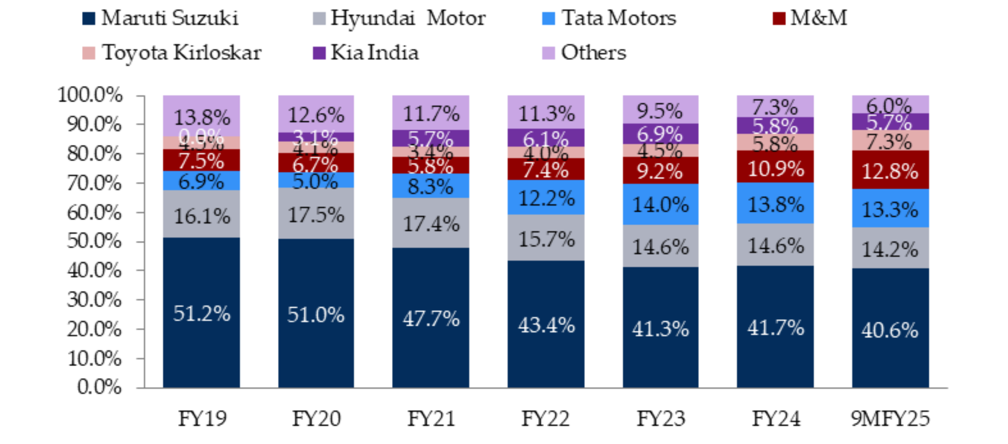
Considering an aggressive launch plan of 10 new models by FY31, expectation of a partial recovery in the small car market over the medium term, and expectation of an increase in hybrid penetration would all help it growth faster than the market.

Even though Maruti may not hit the 50% market share target in a sustainable manner, going forward, we believe that this intent from management will drive it to grow faster than the industry and keep them zoned in into new market trends, which is valuable, considering that new model launches usually have an 18-24 months lead time.

Current status:

Maruti had a 51.2% market share in the domestic passenger vehicle segment in FY19 (as per wholesale volumes). The journey from there to 9MFY25 has been tough for the company, as market share has dropped to 40.6%.

Exhibit 4: Domestic Passenger Vehicle Market Share

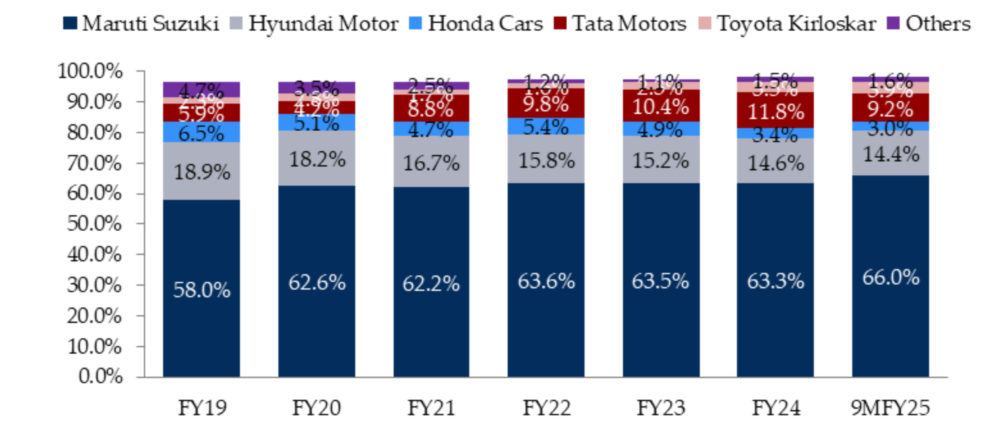


Source: SIAM, HSIE Research

However, the story has been diverse for the passenger car and the utility vehicle segment.

The company has improved market share in the passenger car segment from 58.0% in FY19 to 66.0% in 9MFY25, aided not just by refreshes in the segment, but exit of some competition like Hyundai Santro, Hyundai Xcent, Volkswagen Polo and Honda Jazz. However, we do not believe this to be a meaningful achievement as the passenger car market and Maruti's volumes in the segment itself have been declining.

Exhibit 5: Domestic Passenger Car Market Share

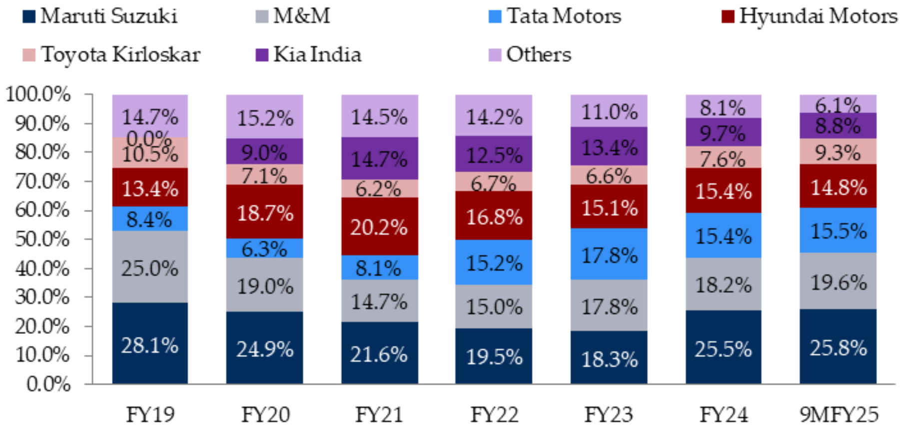


Source: SIAM, HSIE Research

In the UV segment, the story is different, as the company's share dipped from 28.1% in FY19 to 18.3% in FY23, only to bounce back to 25.8% in 9MFY25.

What made the company lose share was the lack of launches in this rapidly growing UV segment and exiting the diesel segment, while the competition continued launching successful models. However, the company course corrected its strategy and launched successful models in the Grand Vitara and Fronx. It launched the Jimny too, which though has not taken off in the domestic market but is doing well in the export market.

Exhibit 6: Domestic Utility Vehicle Market Share



Source: SIAM, HSIE Research

Reasons for Maruti losing market share:

Decline of the passenger car segment

The passenger car segment has been the company's core segment since its inception. In recent times, this price sensitive segment has suffered from the lower purchasing power of the consumer as salary/wage inflation has not moved in line with the higher cost inflation of a car. Car costs have been driven by frequently changing emission norms, higher raw material cost inflation, and safety improvement costs.

Exit from Diesel

Maruti took a strategic decision to exit from the diesel segment in 2020, in the transition to BSVI norms. The diesel market still has ~18% share in PVs, as other key OEMs still continued with the diesel engine and the diesel segment was also aided by a simultaneous increase in preference for SUVs. If we were to adjust the PV market ex of the diesel segment, then Maruti would still be having close to 50% market share.

Kia's entry into the Indian market

Historically, it has not been easy for global OEMs to make and sustain their place in the Indian car market. The key issues for global OEMs have been to get the costing right and to make sure that there are minimal issues around service availability. With Kia being a sister company of Hyundai, who has seen sustainable success in the Indian market, it is likely that Kia would have benefitted from Hyundai's know how of the Indian market. Additionally, we feel that with Kia having similar platforms and products as Hyundai, though with a more premium positioning has aided Kia's case in the Indian market. The company entered the Indian market in 2019, and held a 5.7% share in 9MFY25.

Turnaround for Tata Motors

The key launches during this phase were the Punch, Altroz, Harrier, and Nexon EV. All these products helped fill white spaces: Altroz provided for a premium hatchback option, Harrier filled the gap between the Nexon and Safari, Nexon EV kicked off a more serious EV penetration trend in India, and most importantly the Punch provided the price sensitive consumers with the perfect vehicle to start their SUV journey. Additionally, higher safety ratings for its vehicles helped improve the brand image of Tata Motors PVs. The Nexon EV was followed by electrifying most of the portfolio, which gave Tata Motors an undisputed EV leadership for a long period. Additionally, incorporating CNG variants with a twin cylinder concept provided for much better boot space, which attracted a lot of non-fleet buyers towards the CNG segment. All this led to the company's market share improving from 6.9% in FY19 to 13.3% in 9MFY25.

Turnaround for M&M

Key products launched by M&M during this period were the Scorpio N (as well as the next generation Scorpio Classic), XUV700, 3XO and the next generation Thar. The products have been well received by the market as the new feature rich products coincided with a period where the Indian consumer started getting more aspirational, as well as the accumulated disposable income for the 'work from home' salaried employee during COVID-19 started coming into play in the car market, making some higher priced cars also fall in their temporarily higher affordability range. Additionally, M&M continues to have a strong diesel portfolio, a segment that Maruti had exited with the BSVI transition in 2020. Similar to Tata Motors, even M&M has received good safety ratings for its vehicles. The company's market share has improved from 7.5% in FY19 to 12.8% in 9MFY25.

Toyota's rise also aided by the success of Maruti's Grand Vitara and Fronx

The badge-engineering partnership between Maruti and Toyota has helped expand Toyota's portfolio in India:

Exhibit 7: Badge Engineering benefits to Toyota

9MFY25	Maruti Suzuki			Toyota Kirloskar Motor			
	Domestic	Exports	Total	Domestic	Exports	Total	Toyota Mix %
Maruti Baleno/Toyota Glanza	119,359	30,929	150,288	37,287	-	37,287	20%
Maruti Grand Vitara/Toyota Hyryder	87,075	16,747	103,822	45,847	20,777	66,624	39%
Maruti Ertiga/Toyota Rumion	145,054	13,405	158,459	16,042	-	16,042	9%
Maruti Fronx/Toyota Taisor	115,894	48,491	164,385	22,836	-	22,836	12%

Source: SIAM, HSIE Research

This has also helped Toyota increase its market share in the domestic market, which has risen from 4.5% in FY19 to 7.3% in 9MFY25.

Lack of UV launches

While competition got aggressive with UV launches, Maruti was much slower to respond and launched key models like the Grand Vitara only in FY23 and the Fronx only in FY24. Meanwhile competition grabbed market share on successful launches.

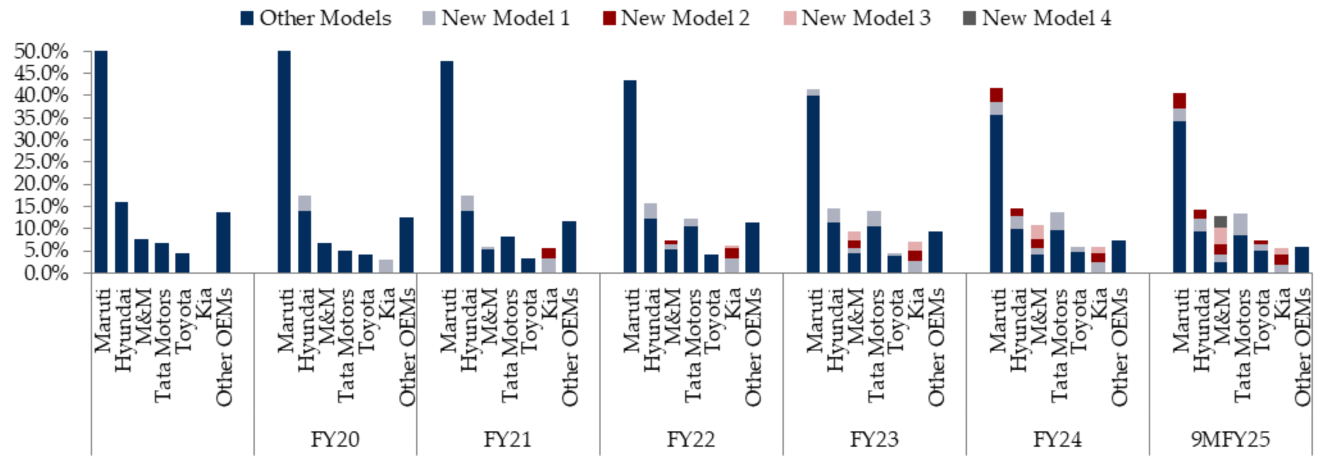
Exhibit 8: Key UV Launches by key competitors

Market Share (MS) Key UV Launches By Competition	FY19	FY20	FY21	FY22	MS increase (FY19 to FY23)	FY23	FY24	9MFY25	MS increase (FY19 to 9MFY25)
Tata Punch	0.0%	0.0%	0.0%	1.7%	1.7%	3.4%	4.0%	4.7%	4.7%
Hyundai Venue	0.0%	3.4%	3.4%	3.4%	3.4%	3.1%	3.1%	2.8%	2.8%
Mahindra 3XO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%
Mahindra Scorpio	1.4%	1.4%	1.3%	1.3%	-0.2%	2.0%	3.4%	3.9%	2.5%
Kia Sonet	0.0%	0.0%	2.3%	2.4%	2.4%	2.4%	1.9%	2.5%	2.5%
Mahindra XUV700	0.0%	0.0%	0.0%	0.9%	0.9%	1.7%	1.9%	2.2%	2.2%
Hyundai Exter	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.9%	1.9%
Thar (including Roxx)	0.2%	0.1%	0.5%	1.2%	1.1%	1.2%	1.5%	1.9%	1.7%
Kia Seltos	0.0%	2.9%	3.3%	3.1%	3.1%	2.6%	2.4%	1.7%	1.7%
Kia Carens	0.0%	0.0%	0.0%	0.4%	0.4%	1.8%	1.5%	1.5%	1.5%
Toyota Urban Cruiser Taisor	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%
Toyota Urban Cruiser HyRyder	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	1.2%	1.5%	1.5%
Total	**1.6%**	**7.8%**	**10.9%**	**14.4%**	**12.8%**	**18.8%**	**22.5%**	**27.8%**	**26.2%**

Source: SIAM, HSIE Research

Note: Toyota's Taisor and HyRyder are badge-engineered products from Maruti's portfolio

Exhibit 9: New Launches driving market share gains



Source: SIAM, HSIE Research

	New Model 1	New Model 2	New Model 3	New Model 4
Maruti	Grand Vitara	Fronx		
Hyundai	Venue	Exter		
M&M	Thar (Next-Gen)	XUV700	Scorpio (Next Gen)	3XO
Tata Motors	Punch			
Toyota	Urban Cruiser Hyryder	Urban Cruiser Taisor		
Kia	Seltos	Sonet	Carens	

Source: SIAM, HSIE Research

Note: We have considered only OEMs with meaningful market share in India and only new UV model launches. An exception is made for M&M's next gen launches of Thar and Scorpio, as they grabbed meaningful market shares. Additionally, we have not included EV and CNG models launched during this period, as we do not have the data for such bifurcation. However, it is worth mentioning that EV launches by Tata Motors as well as the twin-cylinder CNG launches has aided competition in garnering share.

Competition upped its CNG game:

Tata Motors successfully implemented the twin cylinder CNG technology, launching it with the Altroz in May 2023, which provided for relatively more bootspace. Witnessing the success of the twin cylinder technology, Hyundai Motor India too forayed into a similar CNG technology, launching it with the Exter in July 2024. While Maruti, that has been the undisputed leader in the CNG space, and has ~33% of its domestic PV mix coming from CNGs, Tata Motors has already improved its CNG mix to ~20% despite of being a relatively newer entrant in the CNG space. While we do not believe that most of Tata Motors' CNG sales would have grabbed share from Maruti's CNG models, we believe that the number would still be meaningful. While bootspace may not be as important in the fleet segment, it does become one of the key factors in the private car market. Having said that, while the twin cylinder technology does enable additional bootspace, Maruti's superior S-CNG technology does provide for better mileage.

How can Maruti can market share going forward:

Aggressive launch plans

In the FY23 annual report, the company had announced plans to launch 10 new models by FY31, taking the total portfolio size to 28 models. However, while Maruti's management had been talking about 5-6 EV launches during the same period (included in the 28 models target), as per Suzuki's recent mid-term plan, Suzuki has reduced the number of EVs to be introduced in India over the same period to 4 (including the e-Vitara).

Though the 28 models target may be under threat now, we believe that even a slightly lower target would convey a similar commitment towards revival of market share. The earlier loss in market share for the company can majorly be attributed to the lack of launches vs competition. Since then, the company has become active in the product development space and we have seen the success of the Fronx and Grand Vitara recapture meaningful SUV share for the company.

Additionally, management has been keen to recover the lost market share by increasing its presence in those segments which are doing well. Hence we believe that most of the new launches would be from the SUV segment.

Competition has not conveyed aggressive launch plans, except for Mahindra & Mahindra that has indicated 6 new ICE models and 5 additional BEVs (excluding the recently launched BE 6 and XEV 9e by CY30.

Considering fast changing technologies in the automotive space, we expect Maruti and Hyundai to benefit from having large global OEM parents for support and transfer of technology. This would help them reduce the lead time to the market compared to domestic OEMs like Mahindra & Mahindra and Tata Motors.

Recovery in the small car segment

The price of a small car has increased significantly over the last few years due to changes in emission norms, enhanced safety features, and rising raw material costs. We can take the example of the Maruti Alto, to see how the price has progressed over the last few years. The price of the LXi has increased from Rs. 350,000 in April 2019 to Rs. 482,000 in August 2022. That was a price increase of 37.7% or a CAGR of 10.1% over the 3 year and 4-month period. The average salary inflation in the target consumer segment has not been in line with the price inflation of the car. However, the price of the Alto LXi stands at Rs. 499,500 as of March 2025. This is an increase of 42.7% over the April 2019 price, but a lower CAGR of 6.2% over the 5 year and 11-month period. We believe that this extra time is giving consumers the additional required time to digest the higher prices, as well as to narrow the affordability gap.

We are optimistic of the pent-up replacement demand for the segment to start coming back to the market from FY27, as the delayed replacement would be from those consumers who have held on to their purchases for 8-12 years (due to higher car price inflation), which would mean that they would have purchased the cars during FY15-FY19. Around 10.4mn passenger cars were sold during that 5-year period, which amounts to around 6.7x the segment's sales of FY24.

Additionally, the tax cut announced in the recent Union Budget and the upcoming 8th Pay Commission, should further help boost the segment for the first time buyer category, and even those who want to upgrade from a two wheeler to a car.

Considering that some of the competition has exited the segment, we expect Maruti to be a key beneficiary as and when the small car segment revives.

Increase in hybrid penetration

Though there has been a slew of EV launches in the domestic PV market recently, including one from Maruti Suzuki, we have seen a trend of increasing hybrid penetration globally. Considering the presence of a very small charging infrastructure in India, the domestic PV market could see a similar trend if the costing or taxation of a hybrid car does come down a notch. If that does happen, considering that the company along with Toyota are the only two major hybrid players in India, we feel that the company is at lower risk from any shift in powertrain trend, and will infact benefit from the same. Additionally, other key OEMs have been reluctant to invest in the hybrid powertrain, finding it costly to do so with the belief that at most it would be a transitionary technology. Hence, this would result in lower competition for the company in the hybrid space.

Improving safety ratings

We believe that another key swing factor for consumers torn between different models is the safety that the model provides, which is gauged via safety ratings given to it. Tata Motors and Mahindra & Mahindra have stood out with good safety ratings overall, while the top two market leaders, Maruti Suzuki and Hyundai Motor India have been weak on the safety ratings. We believe the reason for this comes from the mindset of being concerned about the small car and hatchback portfolio, that has been the most impacted from an increase in costs over the last few years. Hence, we believe that they have prioritized lower cost over additional safety.

However, the new Dzire got the 5-star rating (Global NCAP), which is much higher than the outgoing model which had a 2-star rating (Global NCAP). We do believe that the intent is there from Maruti to improve its safety ratings, which augurs well for the company in the domestic market.

Exhibit 10: Maruti sees a turnaround in safety ratings for the Dzire

OEM	Model	Year of publication	Adult Safety Rating
Maruti Suzuki	Dzire	2024	5
Tata Motors	Nexon	2024	5
Tata Motors	Harrier	2023	5
Tata Motors	Safari	2023	5
Hyundai Motor India	Verna	2023	5
Maruti Suzuki	Alto K10	2023	2
Maruti Suzuki	WagonR	2023	1
Mahindra & Mahindra	Scorpio-N	2022	5
Maruti Suzuki	Swift	2022	1
Maruti Suzuki	S-Presso	2022	1
Maruti Suzuki	Ignis	2022	1
Hyundai Motor India	i20	2022	3
Hyundai Motor India	Creta	2022	3
Mahindra & Mahindra	XUV700	2021	5
Tata Motors	Punch	2021	5
Mahindra & Mahindra	Thar	2020	4
Hyundai Motor India	i10 Nios	2020	2
Tata Motors	Tiago	2020	4
Tata Motors	Tigor	2020	4
Tata Motors	Altroz	2020	5

Source: Global NCAP, HSIE Research

Exports is riding an inflection curve

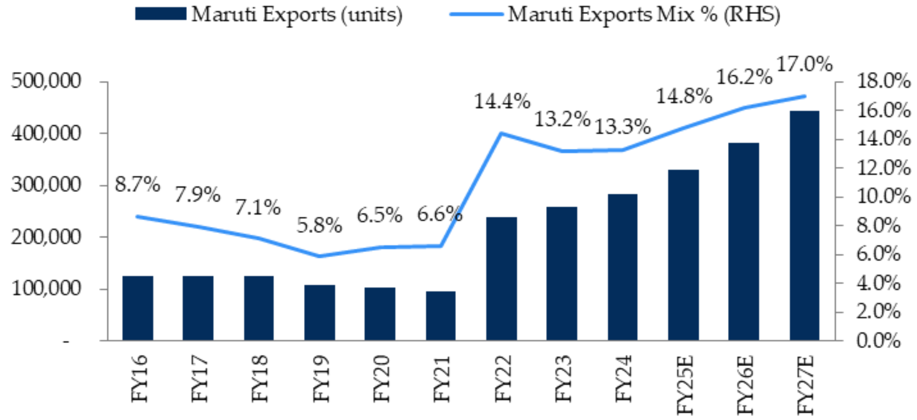
The top 5 export markets for the company in FY24 were South Africa, Saudi Arabia, Chile, Mexico and Philippines. The top 5 export models in FY24 were Baleno, Dzire, Swift, S-Presso and Grand Vitara.

However, the company has recently started exporting the Fronx and Jimny to Japan.

Suzuki is making India a global production hub

The company's parent, Suzuki, is seeking to make Maruti the global production hub for EVs, and is in the process of exporting the e-Vitara to Europe and Japan. Exporting to such mature PV markets, validates Maruti's manufacturing capability and product quality, which we believe would enable it to expand its exports base further. Additionally, Europe has a highly competitive EV market, where the OEMs are also trying to differentiate their products based on quality and value add. Considering higher requirements demanded from a car now, we feel that this further validates Maruti's export capabilities. We believe that the company's export has the potential to continue growing at a mid-high teens CAGR till atleast FY31. Hence, we expect the growing mix of exports to help improve the overall growth rate of the company.

Exhibit 11: Exports mix to keep moving higher over the medium term



Source: Company, HSIE Research

To improve economies of scale

Focus on exports will increase overall production volumes, thus providing the company with better economies of scale. It would aid in further lowering of costs and help it compete better in the emerging markets. Additionally, it would help cushion the higher costs from the EV segment. We have seen globally that when companies initially start selling EVs, they do so at a loss. However, two key metrics that help them drive the EVs to profitability are higher scale and localization. Improving localization is a tall ask currently for Indian EV makers, as the Indian EV supply chain and ecosystem are too small as of now. However, the scale lever does exist, which the parent, Suzuki, is utilizing by concentrating global EV production in India.

Export mix improvement towards SUVs

The export mix of Maruti has shifted away from being hatchback dominated to being SUV dominated. It is being driven by the relatively newer SUVs like the Fronx, Jimny and Grand Vitara. The demand for these models remains strong, especially in Japan, where the Fronx and Jimny are being exported. As per media articles, the bookings for the made in India Jimny crossed 50,000 units within 4 days of price announcement which led to a temporary halt in bookings, while the waiting period for the Fronx in Japan stands at ~3 months.

Exhibit 12: Exports mix sees improvement in product mix

	FY21	FY22	FY23	FY24	9MFY25
Total PV Exports	94,938	235,670	255,439	280,712	245,642
Hatchback	74.9%	53.6%	57.1%	51.3%	36.7%
Sedan	14.3%	24.4%	23.6%	18.4%	12.7%
Vans	0.7%	0.4%	0.5%	2.6%	2.5%
UV	10.1%	21.6%	18.8%	27.8%	48.1%
of which					
- Fronx	0.0%	0.0%	0.0%	5.3%	19.7%
- Jimny	1.7%	7.8%	3.6%	7.9%	15.8%
- Grand Vitara	0.0%	0.0%	2.4%	8.3%	6.8%
- Ertiga	3.4%	4.5%	4.3%	5.8%	5.5%

Source: Company, HSIE Research

Besides the mix improving in favour of SUVs, the export models too have higher specs compared to the domestically sold counterparts. As per an analysis by Autocar India, the Fronx being sold in India has a 1.0 litre turbo petrol and 1.2 litre petrol option and is a front wheel drive only, while the Fronx sold in Japan has a mild-hybrid 1.5 litre petrol with an all-wheel drive tech and an ADAS suite.

Financials

Standalone P&L

Year End (March) - INR mn	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	**1,175,229**	**1,409,326**	**1,525,923**	**1,672,813**	**1,886,353**
Growth (%)	*33.1*	*19.9*	*8.3*	*9.6*	*12.8*
Material Expenses	862,435	1,006,067	1,087,983	1,189,370	1,339,311
Employee Expense	46,051	54,784	59,715	66,283	74,237
Other Expenses	156,666	184,464	192,266	205,756	230,135
EBITDA	**110,077**	**164,011**	**185,959**	**211,404**	**242,670**
EBITDA Growth (%)	***93.1***	***49.0***	***13.4***	***13.7***	***14.8***
EBITDA Margin (%)	***9.4***	***11.6***	***12.2***	***12.6***	***12.9***
Depreciation	28,233	30,223	30,885	33,959	38,004
EBIT	**81,844**	**133,788**	**155,074**	**177,445**	**204,666**
Deferred rev exp/others	-	-	-	-	-
Other Income	21,613	38,548	43,318	46,350	49,595
Interest	1,866	1,932	1,900	1,850	1,800
PBT	**101,591**	**170,404**	**196,492**	**221,945**	**252,461**
Total Tax	21,099	38,310	45,193	51,047	58,066
RPAT	**80,492**	**132,094**	**151,299**	**170,898**	**194,395**
Exceptional Gain/ (loss)	-	-	-	-	-
Adjusted PAT	**80,492**	**132,094**	**151,299**	**170,898**	**194,395**
APAT Growth (%)	***113.7***	***64.1***	***14.5***	***13.0***	***13.7***
EPS	**266.5**	**420.1**	**481.2**	**543.6**	**618.3**
EPS Growth (%)	113.7	57.6	14.5	13.0	13.7

Source: Company, HSIE Research

Standalone Balance Sheet

Year End (March) - INR mn	FY23	FY24	FY25E	FY26E	FY27E
SOURCES OF FUNDS					
Share Capital - Equity	1,510	1,572	1,572	1,572	1,572
Other Equity	602,310	838,248	947,103	1,070,841	1,213,360
Total Shareholders' Funds	**603,820**	**839,820**	**948,675**	**1,072,413**	**1,214,932**
Long Term Debt	-	-	-	-	-
Short Term Debt	12,158	331	463	649	908
Total Debt	**12,158**	**331**	**463**	**649**	**908**
Net Deferred Taxes	(3,411)	(1,124)	(1,124)	(1,124)	(1,124)
TOTAL SOURCES OF FUNDS	**612,567**	**839,027**	**948,014**	**1,071,938**	**1,214,716**
APPLICATION OF FUNDS					
Net Block	178,049	184,953	241,454	302,739	359,645
CWIP	28,970	65,339	67,953	72,709	77,799
Non-Current Investments	477,564	646,015	691,236	739,623	806,189
Total Non-current Assets	684,583	896,307	1,000,643	1,115,071	1,243,632
Investments	-	39,122	41,861	44,791	47,926
Inventories	42,838	41,196	50,167	59,580	77,521
Debtors	32,958	46,013	52,258	64,163	77,521
Cash & Equivalents	377	4,600	3,608	1,055	2,758
Other Current Assets	67,620	74,486	80,445	86,880	93,831
Total Current Assets	**143,793**	**205,417**	**228,338**	**256,469**	**299,557**
Creditors	117,804	145,824	157,888	169,573	191,219
Other Current Liabilities & Provns	98,005	116,873	123,079	130,029	137,254
Total Current Liabilities	215,809	262,697	280,967	299,602	328,474
Net Current Assets	**(72,016)**	**(57,280)**	**(52,629)**	**(43,133)**	**(28,916)**
TOTAL APPLICATION OF FUNDS	**612,567**	**839,027**	**948,014**	**1,071,938**	**1,214,716**

Source: Company, HSIE Research

Standalone Cash Flow

Year End (March) - INR mn	FY23	FY24	FY25E	FY26E	FY27E
Reported PBT	81,844	133,788	155,074	177,445	204,666
Non-operating & EO Items					
Interest/Dividend recd	21,613	38,548	43,318	46,350	49,595
Depreciation	28,233	30,223	30,885	33,959	38,004
Working Capital Change	51,584	(10,513)	(5,643)	(12,048)	(12,514)
Tax Paid	(22,483)	(36,023)	(45,193)	(51,047)	(58,066)
OPERATING CASH FLOW (a)	**160,791**	**156,023**	**178,441**	**194,658**	**221,685**
Capex	(68,785)	(73,496)	(90,000)	(100,000)	(100,000)
Free Cash Flow (FCF)	*92,006*	*82,527*	*88,441*	*94,658*	*121,685*
Investments	(110,932)	(168,451)	(45,221)	(48,387)	(66,566)
INVESTING CASH FLOW (b)	**(179,717)**	**(241,947)**	**(135,221)**	**(148,387)**	**(166,566)**
Debt Issuance/(Repaid)	8,339	(11,827)	132	185	260
Interest Expenses	(1,866)	(1,932)	(1,900)	(1,850)	(1,800)
FCFE	102,211	72,632	90,473	96,694	123,744
Change in net worth	9,738	143,331	135	150	165
Dividend	(27,090)	(39,175)	(42,309)	(47,010)	(51,711)
Others	-	-	-	-	-
FINANCING CASH FLOW (c)	**(10,879)**	**90,397**	**(43,942)**	**(48,525)**	**(53,086)**
NET CASH FLOW (a+b+c)	**(29,805)**	**4,473**	**(722)**	**(2,253)**	**2,032**
Add: Opening cash	30,362	377	4,600	3,608	1,055
Closing Cash & Equivalents	**557**	**4,850**	**3,878**	**1,355**	**3,088**

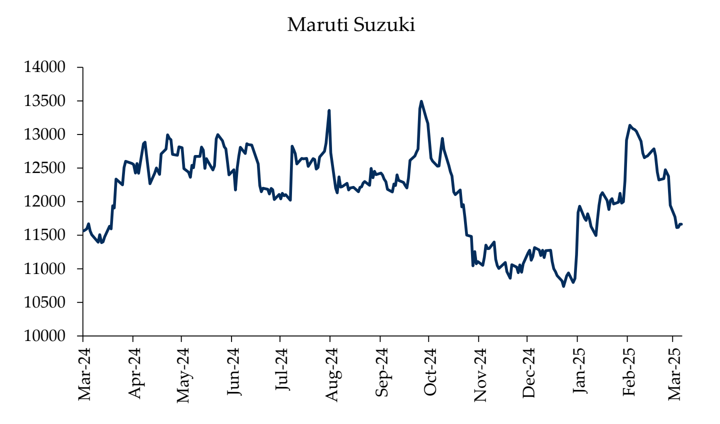
Source: Company, HSIE Research

Ratios

Year End (March)	FY23	FY24	FY25E	FY26E	FY27E
PROFITABILITY (%)					
GPM	26.6	28.6	28.7	28.9	29.0
EBITDA Margin (%)	9.4	11.6	12.2	12.6	12.9
EBIT Margin	7.0	9.5	10.2	10.6	10.8
PBT Margin	8.6	12.1	12.9	13.3	13.4
APAT Margin	6.8	9.4	9.9	10.2	10.3
RoE	14.1	18.3	16.9	16.9	17.0
RoIC (or Core RoCE)	12.0	14.7	14.1	14.2	14.4
RoCE	14.2	18.4	17.4	17.6	17.9
EFFICIENCY					
Tax Rate (%)	20.8	22.5	23.0	23.0	23.0
Fixed Asset Turnover (x)	3.3	3.5	3.3	3.0	2.9
Inventory (days)	13	11	12	13	15
Debtors (days)	10	12	13	14	15
Other Current Assets (days)	21	19	19	19	18
Payables (days)	37	38	38	37	37
Other Current Liab & Provns (days)	30	30	29	28	27
Cash Conversion Cycle (days)	(22)	(26)	(23)	(19)	(15)
Net D/E (x)	0.02	(0.05)	(0.05)	(0.04)	(0.04)
Interest Coverage (x)	43.9	69.2	81.6	95.9	113.7
PER SHARE DATA (Rs)					
EPS	266.5	420.1	481.2	543.6	618.3
CEPS	360.0	516.3	579.5	651.6	739.2
Dividend	90.0	125.0	135.0	150.0	165.0
Book Value	1,999.4	2,671.2	3,017.4	3,411.0	3,864.3
VALUATION					
P/E (x)	43.8	27.8	24.2	21.5	18.9
P/BV (x)	5.8	4.4	3.9	3.4	3.0
EV/EBITDA (x)	32.1	22.1	19.5	17.1	14.9
EV/Revenues (x)	3.0	2.6	2.4	2.2	1.9
OCF/EV (%)	4.5	4.3	4.9	5.4	6.1
FCF/EV (%)	2.6	2.3	2.4	2.6	3.4
FCFE/Mkt Cap (%)	2.9	2.0	2.5	2.6	3.4
Dividend Yield (%)	0.8	1.1	1.2	1.3	1.4

Source: Company, HSIE Research

Price history



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

We, **Hitesh Thakurani, MBA & Maitreyee Vaishampayan, MSc** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

Any holding in stock – No

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

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

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities
Institutional Equities
Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013