

# Weak urban demand hits Maruti's earnings

Auto major reports 4.3% decline in profit

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**M**aruti Suzuki India (MSIL), India's largest carmaker, on Friday said its consolidated net profit declined 4.3 per cent year-on-year (Y-o-Y) to ₹3,711 crore in Q4FY25, due to continued slump in small car sales and weak demand in urban markets.

In Q3FY25, the company's domestic sales stood at 519,546 units, marking a modest Y-o-Y growth of 2.8 per cent. For the full financial year, its domestic sales touched 1.901 million units, up 2.7 per cent Y-o-Y.

MSIL Chairman RC Bhargava said that a bigger chunk of the sales growth is being reported in the rural market.

"Bigger urban centres have become congested. I don't know how much growth can be expected from there," he said, after announcing the quarterly results.

Bhargava said the rise in exports played a crucial part in the company's robust annual revenue growth amid the domestic slump. MSIL's consolidated net profit for 2024-25 stood at ₹13,955 crore, which was 5.6 per cent higher on a Y-o-Y basis.

"Export growth in volume sales terms was as high as 17 per cent in 2024-25. Maruti exported 322,000 units in 2024-25. It's the highest ever achieved. I think we have 43 per cent share in total PV exports from India. In 2025-26, the situation is going to be very similar," he explained. "Our expectation is that we will try and increase exports by about 20 per cent in 2025-26 and that is going to be the main driver of our total production, of our sales, of our profits," he elaborated.

According to the Society of Indian Automobile Manufacturers (Siam), the passenger vehicle (PV) industry's volume sales is expected to grow by not more than one to two per cent in 2025-26. "I think Maruti will try and do a little better than that. We are doing better not because of the domestic performance. We are doing better because exports have been very buoyant," he stated.

When asked about the turmoil in the global trade market after the US's



## UNDER THE HOOD

(in ₹ trn)	FY25	% chg Y-o-Y
Total income	1.56	8.2
Total expenses	1.37	7.6
Net profit	0.13	5.6

Source: Company

imposition of tariffs, he replied: "I am not that pessimistic that the global market will go into recession, and people will hold their money and will not buy cars. I think all of these things are going to get worked out in the next two to three months. There might be some slight slowing down in global growth rates, but I don't think it's going to be anywhere near a recession. I'm fairly confident that the segment in which we sell our cars, that segment is not going to be adversely affected."

He said that Maruti's exports were not going to get affected by the tariffs because it is not exporting cars to the US. "I don't see that many countries in the world, if any at all, are going to follow the example of the US and also raise high tariffs on imports, because the countries where we export are countries which actually want these cars, because they don't have an automobile industry," he stated. MSIL exports cars to countries in Latin America, Africa and West Asia.

On the issue of the Indian government con-

templating reduction on import duties on cars, he said: "I don't fear competition. I think Maruti can compete with anyone. I think the government is looking into this as and negotiating the trade barriers. I am one who feels that the barriers should come down."

MSIL will be spending around ₹8,000-9,000 crore as the capital budget in 2025-26.

"The first unit of the new Kharkhoda plant is already commissioned. The second unit's construction work will continue. We have to see the market situation to decide exactly when we want to commission it," he said.

The domestic sales of the first EV of MSIL will start before the end of September.

"This year's EV production will largely be exported. I think the annual production of EV, in the 6-7 months that we're talking about, will be somewhere near 70,000 units, the bulk of which will be exported. We will also be launching one more SUV later this year," he said.

Meanwhile, the shares of MSIL declined 1.81 per cent to settle at ₹11,685.90 apiece on the BSE. On the NSE, it skidded 1.64 per cent to finish the session at ₹11,698 apiece.

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**R C BHARGAVA**, MSIL Chairman

