Q1FY26 - Result Update
1st August 2025

Maruti Suzuki India Ltd.

Festive demand, exports, EV-CNG mix to drive growth.

CMP: INR 12,521

Rating: Accumulate

Target Price: INR 13,970

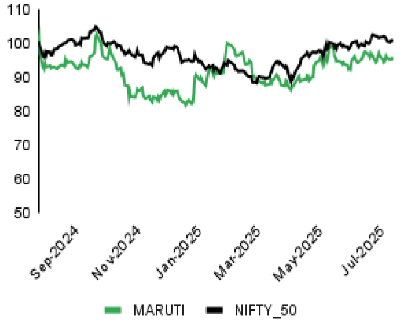
Stock Info	
BSE	532500
NSE	MARUTI
Bloomberg	MSIL IN
Reuters	MRTI.NS
Sector	Automobiles
Face Value (INR)	5
Equity Capital (INR mn)	1572
Mkt Cap (INR Bn)	3843
52w H/L (INR)	13,680/ 10,725
Avg Yearly Vol (in 000')	33

Shareholding Pattern %
(As on July, 2025)

Promoters	58.28
Public & Others	41.72

Stock Performance (%)	1m	3m	12m
Maruti Suzuki	1.90	3.05	-4.5
Nifty 50	-2.93	1.78	0.73

Maruti Vs Nifty 50



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Maruti's (MSIL) reported good numbers. Standalone revenue stood at INR 384,136 Mn, above in line our estimate of INR 361,639 Mn registering a growth of 8.1% YoY/ down 5.6% QoQ. EBITDA stood at INR 39,953 Mn, above our estimate of INR 36117 Mn, registering a de-growth of 9.0% YoY/ -4.6% QoQ. On the margins front, EBITDA margin steady at 10.4% down by 8 bps QoQ/down 8bps YoY slightly above our estimate of 10.0%.Standalone PAT increased by flat QoQ/ +1.7% YoY to INR 37,117 Mn above our estimate of INR 30,418 Mn led by higher other income by 87% YoY/+26% QoQ.

Strategic Global Expansion Driving Volume and Stability: Export performance stood out with 37.4% YoY growth in Q1FY26, significantly outpacing peers and accounting for 47.1% of India's PV exports. The company's extensive global network (100+ countries) and launches like Fronx and Jimny in Japan are key contributors. Management remains bullish on international markets with plans to export EVs to Europe and Japan in FY26, which should support ASPs and margin improvement. Continued leadership in exports driven by differentiated product acceptance and a strong channel strategy.

Premium Model Mix and Cost Discipline to Aid Recovery: Despite a 12.7% QoQ volume decline, revenue declined by only 5.7% due to a richer model mix led by SUVs. EBIT margin contracted to 8.3% (against 8.7% QoQ), impacted by adverse operating leverage, steel costs, and new plant depreciation. However, these were partially offset by a better product mix and lower ad spends. As Karkhoda plant utilization ramps up and SUV share rises, management expects margin normalization, suggesting scope for EBIT improvement in H2FY26.

Rural Revival & CNG Shift: Domestic Tailwinds Amidst Entry Segment Weakness: Rural markets showed positive volume growth in Q1FY26, outpacing urban regions, supported by early monsoons and consumer sentiment. The company highlighted that 1 in 3 domestic vehicles sold were CNG-powered, indicating a clear shift toward fuel-efficient options amid affordability challenges. Management remains optimistic about H2FY26 demand, especially with two SUV launches lined up and a festive boost expected. The rising CNG salience and rural momentum should provide a cushion to weak entry-level hatchback trends.

Premiumization Through Safety: ASP Tailwinds via Feature-Led Differentiation: The company push toward standardizing six airbags across 97% of its portfolio and achieving the first-ever 5-star Bharat NCAP rating (Dzire) reinforces its focus on safety. This move, while structurally positive for customer trust and compliance with future norms, also helps improve average selling prices (ASP). Combined with a higher SUV share, the shift supports long-term premiumization. Management indicated that model mix and content enhancement are sustainable ASP tailwinds.

Outlook and valuation

Maruti remains optimistic for H2FY26, backed by festive demand, new SUV and EV launches, and improving rural sentiment post early monsoons. While domestic volumes were subdued due to affordability issues among first-time buyers, exports grew 37% YoY and are expected to remain a key lever with plans to scale across 100 countries. The company aims to grow its CNG portfolio further, with 1 in 3 domestic cars already being CNG in Q1. The company maintains cautious optimism on a 2–3% industry growth, with Maruti expected to outperform. Margins may improve with better product mix, EV scale-up, and operating leverage as the new Karkhoda plant ramps up. Focus continues on expanding renewable energy usage, targeting 85% share in electricity by FY31. Regulatory clarity on future powertrain norms is expected in 1–2 months, supporting Maruti's multi-path strategy on ICE, hybrids, and EVs. **We value Maruti at 24x FY28E EPS of INR 580 for the revised target price of INR 13,970 per share. We maintain our Accumulate rating on the stock.**

Exhibit 1: Financial Performance

Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E
Net Sales	1,51,900	16,76,436	18,64,647	21,92,220
EBITDA	1,76,539	1,84,746	2,11,356	2,50,798
Net Profit	13,705	1,49,844	1,65,503	1,83,002
Diluted EPS (INR.)	443.9	476.6	526.4	582.1
ROE (%)	15.0%	14.9%	15.0%	15.0%
ROCE (%)	14.5%	14.7%	15.0%	14.9%
P/E Ratio	28.7	26.3	23.8	21.5

Source: Arihant Research, Company Filings

Maruti Suzuki -Q1FY26 Concall KTAs-

Outlook: Expects further retail market share gains, driven by the upcoming festive season and a potential demand boost from the 8th Pay Commission revision, with government employees comprising a mid-teen percentage of its customer base. While rare earth element supply poses a medium-term risk, it currently has no impact on production, and mitigation measures are underway. Global EV adoption trends remain uneven Europe is ahead with 12% penetration and stronger margins, whereas Japan lags behind; nonetheless, the company remains committed to long-term EV readiness across its operations. FY26 capex guidance remains unchanged at INR 100 Bn, with 25% of the planned investment already incurred in Q1.

Margin pressures in Q1FY26 were driven by a 60bps impact from adverse operating leverage, 40bps from higher steel costs, 50bps due to seasonal employee expenses, and 30bps related to overheads from the Kharkhoda plant. These were partially offset by a 30bps benefit from a favorable product mix, 60bps savings from reduced advertising expenses, and a 50bps gain from forex and hedging (recorded in non-operating income). Additionally, a one-time 90bps margin drag seen in Q4FY25 was reversed in Q1FY26.

Domestic demand remained soft as industry wholesales fell 1.4% YoY, largely due to weak affordability in entry-level cars.

Fronx was the highest exported model during the quarter for Maruti.

5,500 service touchpoints were added during the quarter, taking the total to over 45,000 touchpoints.

Railroads were used for two manufacturing plants with a combined capacity of 750,000 units. 518,000 units (24.18%) were transported via rail, and the target is 35% by FY31.

The rural market performed better than the urban market due to early monsoons.

One-third of the domestic market consisted of CNG vehicles.

Higher SUV sales and lower hatchback sales led to an increase in revenue per vehicle.

A mid-teens share of total volumes was directed toward government orders.

Dealer inventory stood at 33 days.

Export revenue stood at INR 65Bn. In Europe, EV penetration is at 12% and growing, indicating strong appetite. In Japan, EV penetration remains low, but outlook is optimistic. Export sales are well-diversified across small cars, fleet customers, and individual buyers.

Discounts remained flattish compared to the previous quarter (on a per-car basis).

The company is actively managing the rare-earth magnets situation. These are consumed more in EVs and less in ICE vehicles, mainly used in motors, sensors, and electronics.

Retail sales reached 380,000 units.

There was a lower YoY degrowth of 3.7% for Maruti versus 1.5% industry-wide.

Rural demand remained positive and is directionally performing better than urban.

Positive sentiment for Q2 due to favorable monsoons and an expected stronger festive season compared to last year.

Two new SUVs were launched — one EV and one ICE — which should support full-year growth.

Constructive discussions have been held with industry and government. Final powertrain regulations from April 1, 2027, are expected in the next 1–2 months.

The company has invested significantly in exports and network building, resulting in improved quality, quantity, penetration, and customer acquisition. It now has a presence in 100 countries.

Japan is the second-largest export destination; Jimny and Fronx are the top models.

Upcoming product launches will include a strong SUV focus.

Planned CapEx for FY26 is INR 100 Bn.

Supply chain resilience issues persist, especially concerning magnet availability.

97% of volumes will include six airbags.

Spare parts sales grew 13% YoY.

Mark-to-market gains are expected to contribute around 35 basis points due to rising yields.

Exhibit 2: Q1FY26 result Snapshot

Standalone (INRm)	Q1FY26	Q4FY25	Q1FY25	QoQ(%)	YoY (%)
Net Sales	3,84,136	4,06,738	3,55,314	-5.6	8.1
- Raw Material	277296	292353	249329	-5.2	11.2
(% of Net Sales)	72.19%	71.88%	70.17%	0.4	2.9
- Staff Expenditure	17,752	15,691	15,576	13.1	14.0
(% of Net Sales)	4.62%	3.86%	4.38%	19.8	5.4
- Other Expenditure	49,135	56,047	45,386	-12.3	8.3
(% of Net Sales)	12.79%	13.78%	12.77%	-7.2	0.1
Total Expenditure	3,44,183	3,64,091	3,10,291	-5.5	10.9
EBITDA	39,953	42,647	45,023	-6.3	-11.3
EBITDA Margin (%)	10.40%	10.49%	12.67%	-8bps	-8bps
Depreciation	9375	8724	7310	7.5	28.2
EBIT	30,578	33,923	37,713	-9.9	-18.9
EBIT Margin (%)	7.96%	8.34%	10.61%	-38bps	-38bps
Interest	466	472	573	-1.3	-18.7
Other Income	18230	14466	9751	26.0	87.0
PBT	48,342	47,917	46,891	0.9	3.1
Tax	11225	10806	10392	3.9	8.0
Tax Rate (%)	23.22%	22.55%	22.16%	67bps	67bps
Adjusted PAT	37,117	37,111	36,499	0.0	1.7
Exceptional Items	-	-	0		
Reported PAT	37,117	37,111	36,499	0.02	1.7
Reported EPS (INR)	118.06	118.04	116.09	0.02	1.7
Volumes (In Nos)	5,27,861	6,04,635	527861	-12.70	0.0
Net Realisation (INR)	7,27,722	6,72,700	6,73,120	8.2	8.1
EBITDA / Vehicle (INR)	75,688	70,533	85,293	7.3	-11.3

Source: Arihant Research, Company Filings,

Profit & Loss-Standalone				
Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E
Net revenues	15,19,001	16,76,436	18,64,647	21,92,220
Operating expenses	13,42,462	14,91,690	16,53,292	19,41,423
EBITDA	1,76,539	1,84,746	2,11,356	2,50,798
EBITDA margin (%)	11.62%	11.02%	11.33%	11.44%
Other income	48,817	54,415	51,416	39,795
Interest	1,931	5,499	7,549	7,549
Depreciation	34,094	40,799	41,671	46,913
Profit Before Tax	1,89,331	1,92,863	2,13,552	2,36,131
Tax	52,280	43,020	48,049	53,129
Reported Net Profit	1,37,051	1,49,844	1,65,503	1,83,002
Net Margin (%)	9.02%	8.94%	8.88%	8.35%
Adjusted Net Profit	1,37,051	1,49,844	1,65,503	1,83,002

Balance Sheet-Standalone				
Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E
Equity capital	1,572	1,572	1,572	1,572
Reserves & surplus	9,16,254	10,17,365	11,30,992	12,62,117
Shareholders funds	9,17,826	10,18,937	11,32,564	12,63,689
Total Loans	41,940	41,940	41,940	41,940
Deferred tax liability	35,753	-	-	-
Total Liabilities and Equity	**9,95,519**	**10,60,877**	**11,74,504**	**13,05,629**
Gross block	5,29,050	6,36,625	7,29,625	8,34,125
Depreciation	2,64,852	3,05,651	3,47,322	3,94,234
Net block	2,64,198	3,30,974	3,82,303	4,39,891
Capital WIP	53,575	36,000	38,000	28,500
Investments	7,45,063	7,45,563	7,46,063	7,46,563
Inventory	51,230	61,302	67,943	79,784
Debtors	65,377	45,930	51,086	60,061
Cash & Bank Bal	4,428	11,758	74,216	1,49,905
Loans & Advances	85,407	1,13,381	1,22,791	1,39,170
Current Assets	**2,06,442**	**2,32,371**	**3,16,037**	**4,28,920**
Sundry Creditors	1,74,211	1,48,626	1,69,350	1,99,696
Other Current Liability	99,548	1,35,405	1,38,549	1,38,549
Current Liability& Provisions	2,73,759	2,84,031	3,07,899	3,38,245
Net current assets	(67,317)	(51,660)	8,137	90,675
Total Assets	**9,95,519**	**10,60,877**	**11,74,504**	**13,05,629**

Source: Arihant Research, Company Filings

Cash Flow-Standalone				
Y/E March (INR Mn)	**FY25**	**FY26E**	**FY27E**	**FY28E**
EBIT	1,42,445	1,43,947	1,69,685	2,03,885
Other Income	48,817	54,415	51,416	39,795
Depreciation & Amortisation	34,094	40,799	41,671	46,913
Interest paid(-)	(1,931)	(5,499)	(7,549)	(7,549)
Tax paid(-)	(52,280)	(43,020)	(48,049)	(53,129)
Extra Ord Income	-	-	-	-
Operating Cash Flow	**1,71,145**	**1,90,642**	**2,07,173**	**2,29,914**
Change in Working Capital	12,154	(8,327)	2,661	(6,849)
Cash flow from Operations	**1,83,299**	**1,82,315**	**2,09,834**	**2,23,065**
Capex	(1,01,575)	(90,000)	(95,000)	(95,000)
Strategic Investment	(43,444)	-	-	-
Non Strategic Investment	(16,482)	(500)	(500)	(500)
Cash flow from Investing	**(1,61,501)**	**(90,500)**	**(95,500)**	**(95,500)**
Change in borrowing	1,322	-	-	-
Others	0.00	-	-	0.00
Dividens Paid (-)	(44,016)	(48,732)	(51,876)	(51,876)
Cashflow from Financial Activities	**(42,694)**	**(48,732)**	**(51,876)**	**(51,876)**
Change in Cash	(20,896)	43,083	62,458	75,689
Opening cash	4,600	4,428	11,758	74,216
Closing cash	**4,428**	**11,758**	**74,216**	**1,49,905**

Key Ratios				
Y/E Mar	**FY25**	**FY26E**	**FY27E**	**FY28E**
Revenue Growth	7.8	10.4	11.2	17.6
EBITDA Margin	11.6	11.0	11.3	11.4
Net Profit Margin	9.0	8.9	8.9	8.3
ROCE (%)	14.5	14.7	15.0	14.9
ROE (%)	15.0	14.9	15.0	15.0
Diluted EPS (INR)	435.9	476.6	526.4	582.1
PER (x)	28.7	26.3	23.8	21.5
P/BV (x)	4.2	3.9	3.5	3.1
EV/ EBITDA (x)	22.5	21.5	18.5	15.3
Fixed Assets Turnover Ratio (x)	5.0	4.6	4.4	4.7
Debt / Equity (x)	0.0	0.0	0.0	0.0
EV/ Sales (x)	2.6	2.4	2.1	1.7

Source: Arihant Research, Company Filings

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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%

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