ArihantCapital
Generating Wealth

Q1FY27 - Result Update
8th August 2026

Maruti Suzuki India Ltd.

Strong demand offsets near-term margin headwinds.

CMP: INR 14,102

Rating: Accumulate

Target Price: INR 15,900

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)	4,432.6
52w H/L (INR)	17,372/ 12,201
Avg Yearly Vol (in 000')	1089

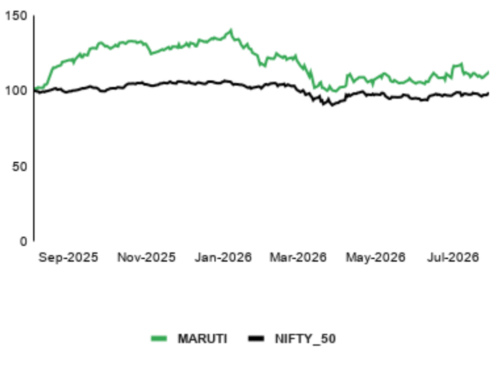
Shareholding Pattern %

(As on June, 2026)

Promoters	58.65
Public & Others	41.35

Stock Performance (%)	1m	3m	12m
Maruti Suzuki	-1.85	-4.61	14.03
Nifty 50	2.07	-3.71	-0.21

Maruti Vs Nifty 50



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MSIL reported Q1FY27 numbers; revenue stood at INR 499,591 Mn (+36% YoY/-0.2% QoQ), above our estimates of INR 495,211mn. Gross Profit stood at INR 121,037 Mn (+13% YoY/-13.5% QoQ) below our estimate of INR 128,755 Mn, while margin stood at 24.2% below our estimate of 26%. EBITDA stood at INR 43,111 mn (+8% YoY/-30% QoQ); above our estimates of INR 54,944 mn. EBITDA margin stood at INR 43,111 below our estimates of INR 54,944.EBITDA margin stood at 8.6%(-228bps/-367bps, YoY/QoQ), below our estimate of 11.1% PAT stood at INR 33,521 Mn (-10% YoY/-7% QoQ); below our estimates of INR 37,559 Mn. PAT margin stood at 6.7% (-342bps/-46bps YoY/QoQ) viz our estimate of 7.6%. Quarterly sales volume of 682,724 units (+29.3% YoY), with domestic sales at 557,988 units and decent exports of 124,736 units. Demand outlook remains healthy, supported by new launches with Brezza receiving a positive response, with initial bookings reaching about 2,000 units per day. Dealer inventory remained low at (~13 days) as retail sales during the quarter were broadly in line with wholesale dispatches, reflecting the strong demand, though supply-side constraints and commodity movements remain key monitorable. Order book stood at 130,000 units.

Demand Drivers Supported by GST-Led Tailwinds: The implementation of GST 2.0 has significantly improved affordability across the passenger vehicle segment, leading to stronger consumer sentiment and robust industry demand. In Q1FY27, the PV industry recorded its highest-ever first-quarter performance, with volumes reaching 1.27 million units, up 26% YoY. Maruti Suzuki continues to benefit from this demand momentum, reflected in an order book of nearly 130,000 vehicles and lean dealer inventory of around 13 days, highlighting a demand-supply mismatch. To address this, the company commissioned its second Kharkhoda facility and commenced production at the fourth manufacturing line in Gujarat, taking total installed capacity to 2.9mn units annually following the addition of 500,000 units. As GST-driven affordability continues to accelerate the transition of two-wheeler owners and first-time buyers who account for nearly 54% of demand across both urban and rural markets, Maruti Suzuki's extensive presence in the sub-10 lakh segment positions it favourably to benefit from the next phase of passenger vehicle penetration in India.

New model introductions and capacity additions are expected to be the primary growth catalysts: MSIL remains well positioned for medium to long-term growth, driven by an expanding product portfolio and ongoing capacity additions. Rising passenger vehicle penetration, a gradual recovery in hatchback demand, and a steady pipeline of new model launches are expected to support volume growth over FY26-31E. The company is likely to expand its portfolio to around 28 models by FY30E, including seven new SUV offerings. For the remainder of FY27E, upcoming launches such as the refreshed Fronx and Baleno, a new micro SUV, and a new MPV are expected to provide incremental volume support and strengthen its market position.

Margins Recovery Expected as Commodity Headwinds Ease: Q1FY27 margins were impacted by temporary commodity cost inflation and higher operating expenses. Management expects these pressures to gradually reverse as commodity settlement cycles normalize and lower raw material costs flow through from Q2&Q3FY27E, we bear coherence with this view. Over the medium term, a richer SUV mix, improving export contribution and operating leverage are expected to support margin recovery, with EBITDA margins projected to improve to 12% by FY28E, marginally above FY26 levels.

Outlook and valuation

FY27 demand is expected to remain supply-constrained rather than demand-constrained and has retained earlier guidance of ~10% volume growth, while the actual growth could improve given the newly commissioned plants ramp up faster than expected. The company has added 500,000 units of annual capacity through the second Kharkhoda plant and the 4th manufacturing line at Hansalpur, Gujarat, taking total installed capacity to ~2.9 Mn units, with both facilities expected to gradually reach optimal utilization over the next 4-5 months. Healthy retail demand, a low dealer inventory of 13 days, and a pending order book of ~130,000 units provide good revenue visibility. The company also expects continued market share gains through an expanded SUV portfolio and the strong initial response to the new Brezza, which is receiving bookings of ~2,000 units per day. We expect margin pressure from elevated commodity costs and the temporary shift to monthly supplier settlements to gradually ease over Q2 and Q3FY27 as commodity prices normalize and the settlement mechanism reverts to the earlier quarterly cycle. The calibrated price increases implemented from June, along with another increase from August, are expected to provide a stronger earnings benefit in the coming quarters. Export momentum is also expected to remain healthy, supported by diversified geographic exposure across ~120 countries, despite near-term geopolitical and logistics-related disruptions. We value Maruti at 25.5x FY29E EPS of INR 623.5 for the revised target price of INR 15,900 per share. We maintain our rating to Accumulate on the stock.

Maruti Suzuki India Limited (MSIL) Q1 FY27 Earnings KTAs
CMP: INR 14,205 ; TP: 15,106 MCap: INR 4,448 Bn

Forward-Looking Guidance:
Management Overview and Strategic Outlook Management expressed considerable optimism, noting that for the first time in several years, all business drivers including domestic small cars, SUVs, and exports are showing synchronized positive momentum. The company reported net sales of INR 499,600 Mn for the quarter, compared to INR 366,200 Mn in the previous year. Despite geopolitical volatility, MSIL's long-term strategy focuses on diversifying exports across 120 countries and pursuing a multi-powertrain pathway including EVs, hybrids, and hydrogen**.**

Growth and Demand Guidance:
The company maintains a volume growth outlook of approximately 10% for the fiscal year. Management indicated that sales for the remainder of the year will likely be constrained by supply rather than demand, as the underlying market appetite remains healthy across urban and upcountry regions. The pending customer order book stands at a healthy 130,000 units, even as supply increases to meet this demand. Notably, the small car segment has seen a significant revival, growing 34% YoY, while SUVs grew 44.6%.

Production Capacity and Ramp-up Schedule:
To address supply constraints, MSIL has fast-tracked capacity expansion. The company recently commissioned the second plant at Kharkhoda (May 2026) and a fourth manufacturing line at Hansalpur, Gujarat (July 2026), each adding 250,000 units of annual capacity. This brings total annual capacity to approximately 2.9 million units. Management expects these new facilities to reach full capacity utilization within the next four to five months. Specifically, the new Hansalpur line, which required a capex of INR 39,000 Mn, is designed primarily as an EV production line.

Margin Recovery and Financial Guidance:
Q1 FY27 margins were impacted by a deliberate, temporary shift in supplier settlement cycles for commodities like aluminium, plastics, and rubber from a quarterly to a monthly lag to ensure supply chain continuity during the West Asia crisis. This shift, combined with commodity inflation, resulted in a 300 basis point adverse impact, of which 110 basis points was due strictly to the settlement cycle change. Management guides for a margin recovery as the company expects to revert to quarterly lagged settlements over the next few quarters, with benefits likely flowing back in Q2 and Q3 FY27. Price hikes will also support profitability: a 50 basis point increase in June and a subsequent hike in August, the benefits of which are expected to materialize in the second quarter. Net profit for the period stood at over INR 33,500 Mn.

Product Strategy and Market Position:
The recently launched Brezza, featuring a 1.0L turbo petrol engine and ADAS, is seeing strong initial traction with bookings averaging 2,000 units per day. MSIL intends to continue targeting "white spaces" in the SUV segment, with plans to launch several more models by the end of the decade to secure absolute SUV leadership.

Export Performance:
MSIL continues to outperform the broader industry in exports, with volumes growing 28.6% YoY in Q1, reaching a value of INR 115,000 Mn. The company now accounts for more than 55% of India's total passenger vehicle exports. While monthly logistics may remain volatile due to shipping schedules, management maintains a strong long-term outlook for export growth.

Exhibit 2: Q1FY27 result Snapshot

Standalone (INRm)	Q1FY27	Q4FY26	Q1FY26	QoQ(%)	YoY (%)
Net Sales	524,557	524,493	384,136	0.0	36.6
- Raw Material	403520	384839	277296	4.9	45.5
(% of Net Sales)	76.93%	73.37%	72.19%	4.8	6.6
- Staff Expenditure	24,569	22,473	17,752	9.3	38.4
(% of Net Sales)	4.68%	4.28%	4.62%	9.3	1.4
- Other Expenditure	53,357	55,612	49,135	-4.1	8.6
(% of Net Sales)	10.17%	10.60%	12.79%	-4.1	-20.5
Total Expenditure	481,446	462,924	344,183	4.0	39.9
EBITDA	43,111	61,569	39,953	-30.0	7.9
EBITDA Margin (%)	8.22%	11.74%	10.40%	-352bps	-218bps
Adj EBITDA	43,111	61,569	0	-	-
Adj EBITDA Margin	8.22%	11.74%	0.00%	-	-
Depreciation	17800	17477	9375	1.8	89.9
EBIT	25,311	44,092	30,578	-42.6	-17.2
EBIT Margin (%)	4.83%	8.41%	7.96%	-358bps	-313bps
Interest	635	730	466	-13.0	36.3
Other Income	18737	4998	18230	274.9	2.8
PBT	43,413	48,360	48,342	-10.2	-10.2
Tax	9892	12455	11225	-20.6	-11.9
Tax Rate (%)	22.79%	25.75%	23.22%	-297bps	-43bps
Adjusted PAT	33,521	35,905	37,117	-6.6	-9.7
Exceptional Items	-	-	-		
Reported PAT	33,521	35,905	37,117	-6.6	-9.7
Reported EPS (INR)	120.67	120.67	118.06	0.0	2.2
Volumes (In Nos)	-	676,209	527,861	-100.0	-100.0
Net Realisation (INR)	#DIV/0!	775,637	727,722	#DIV/0!	#DIV/0!
EBITDA / Vehicle (INR)	0	91,050	75,688	-100.0	-100.0

Source: Arihant Research, Company Filings,

INCOME STATEMENT (INR Mn)						
Y/E MARCH	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Net sales	1,349,378	1,450,980	1,743,695	2,000,053	2,280,489	2,544,108
Change (%)	19.9	7.5	20.2	14.7	14.0	11.6
Total sales	1,349,378	1,450,980	1,743,695	2,000,053	2,280,489	2,544,108
Change (%)	19.9	7.5	20.2	14.7	14.0	11.6
Other operating income	59,948	77,699	88,966	96,973	105,701	115,214
Total income	1,409,326	1,528,679	1,832,661	2,097,026	2,386,190	2,659,322
Change (%)	19.9	8.5	19.9	14.4	13.8	11.4
Total cost	1,245,315	1,327,187	1,618,159	1,882,338	2,117,398	2,341,148
Raw material	1,006,067	1,074,836	1,325,665	1,531,574	1,737,994	1,934,272
Change (%)	16.7	6.8	23.3	15.5	13.5	11.3
% of net sales	71.4	70.3	72.3	73.0	72.8	72.7
Employee cost	54,784	70,057	90,290	107,509	114,537	114,351
Change (%)	19.0	27.9	28.9	19.1	6.5	-0.2
% of net sales	3.9	4.6	4.9	5.1	4.8	4.3
Other expenses	184,464	182,294	202,204	243,255	264,867	292,525
Change (%)	78.5	-1.2	10.9	20.3	8.9	10.4
% of net sales	13.7	12.6	11.6	12.2	11.6	11.5
EBITDA	164,011	201,492	214,502	214,688	268,792	318,174
Change (%)	49.0	22.9	6.5	0.1	25.2	18.4
% of net sales	11.6	13.2	11.7	10.2	11.3	12.0
Depreciation	30,223	56,070	67,405	75,839	90,135	98,448
EBIT	133,788	145,422	147,097	138,850	178,656	219,726
Change (%)	63.5	8.7	1.2	-5.6	28.7	23.0
	9.5	9.5	8.0	6.6	7.5	8.3
Def revenue exp. / others						
Interest & finance charges	1,932	1,942	2,387	2,187	2,087	1,987
Other income	38,548	50,647	43,919	42,208	40,119	39,342
PBT	**170,404**	**194,127**	**188,629**	**178,871**	**216,688**	**257,081**
Tax	38,310	51,151	44,175	42,035	50,922	60,414
Effective rate (%)	22.5	26.3	23.4	23.5	23.5	23.5
PAT	**132,094**	**142,976**	**144,454**	**136,837**	**165,767**	**196,667**
Change (%)	*64.1*	*8.2*	*1.0*	*-5.3*	*21.1*	*18.6*
% of net sales	*9.8*	*9.9*	*8.3*	*6.8*	*7.3*	*7.7*
Adj. PAT	**132,094**	**142,976**	**144,454**	**136,837**	**165,767**	**196,667**

BALANCE SHEET (INR Mn)						
Y/E MARCH	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Share capital	1,572	1,572	1,572	1,572	1,572	1,572
Reserves	838,248	942,701	1,049,526	1,142,346	1,264,096	1,413,603
Net worth	839,820	944,273	1,051,098	1,143,918	1,265,668	1,415,175
Loans	1,186	875	1,030	2,130	1,376	1,372
Deferred tax liability	-1,124	15,252	17,112	17,312	17,512	17,712
Capital employed	839,882	960,400	1,069,240	1,163,360	1,284,556	1,434,259
Application of funds						
Gross fixed assets	429,136	631,679	714,793	898,793	998,793	1,073,793
Less: depreciation	241,878	297,948	365,353	441,192	531,327	629,775
Net fixed assets	187,258	333,731	349,440	457,601	467,466	444,018
Capital WIP	63,034	75,272	94,061	50,061	50,061	50,061
Investments	685,137	644,424	747,655	787,194	884,436	1,011,569
Curr.assets, loans	166,295	237,901	276,266	298,904	353,696	439,276
Inventory	41,196	69,088	113,147	88,118	99,994	111,287
Sundry debtors	46,013	65,349	53,360	86,179	98,063	109,287
Cash & bank balances	4,600	5,486	15,764	14,575	44,693	106,831
Loans & advances	328	433	442	412	382	352
Others	74,158	97,545	93,553	109,620	110,564	111,519
Current liab. & prov.	261,842	330,928	398,182	430,400	471,103	510,665
Sundry creditors	248,328	329,668	397,122	429,290	469,943	509,455
Other liabilities	-	-	-	-	-	-
Provisions	13,514	1,260	1,060	1,110	1,160	1,210
Net current assets	-95,547	-93,027	-121,916	-131,496	-117,407	-71,389
Appl. of funds	839,882	960,400	1,069,240	1,163,360	1,284,556	1,434,259
EBITDA/Vehicle (Rs.)	76,809	90,183	88,538	81,084	94,295	105,301
SHARE PRICE	12,892	12,892	12,892	12,892	12,892	12,892

CASH FLOW STATEMENT (INR Mn)					
Y/E MARCH	**2025**	**2026**	**2027**	**2028**	**2029**
OP/(loss) before tax	145,422	147,097	138,850	178,656	219,726
Int./dividends received	50,647	43,919	42,208	40,119	39,342
Depreciation & amort.	56,070	67,405	75,839	90,135	98,448
Direct taxes paid	-34,775	-42,315	-41,835	-50,722	-60,214
(Inc)/dec in wkg. capital	-1,634	39,167	8,391	16,029	16,120
Other items					
CF from oper.activity	**215,730**	**255,273**	**223,454**	**274,218**	**313,422**
CF after EO Items	**215,730**	**255,273**	**223,454**	**274,218**	**313,422**
(Inc)/dec in FA+CWIP	-214,781	-101,903	-140,000	-100,000	-75,000
(Pur)/sale of invest.	40,713	-103,231	-39,539	-97,242	-127,133
CF from inv. activity	**-174,068**	**-205,134**	**-179,539**	**-197,242**	**-202,133**
Change in networth	3,921	6,387	-	(0.00)	0.00
Inc/(dec) in debt	-311	155	1,100	-754	-4
Interest paid	-1,942	-2,387	-2,187	-2,087	-1,987
Dividends paid	-42,444	-44,016	-44,016	-44,016	-47,160
CF from fin. activity	**-40,776**	**-39,861**	**-45,103**	**-46,857**	**-49,151**
Inc/(dec) in cash	**886**	**10,278**	**-1,189**	**30,118**	**62,138**
Add: beginning balance	4,600	5,486	15,764	14,575	44,693
Closing balance	**5,486**	**15,764**	**14,575**	**44,693**	**106,831**

RATIOS					
Y/E MARCH	**2025**	**2026**	**2027**	**2028**	**2029**
Basic EPS (Rs)	**454.8**	**459.5**	**435.2**	**527.2**	**625.5**
Adjusted EPS	**454.8**	**459.5**	**435.2**	**527.2**	**625.5**
EPS Growth (%)	8.2	1.0	(5.3)	21.1	18.6
Cash EPS	633.1	673.9	676.4	813.9	938.7
Book value per share	3,003.4	3,343.2	3,638.4	4,025.7	4,501.2
DPS	135.0	140.0	140.0	140.0	150.0
Payout (incl. div. tax) %	29.7	30.5	32.2	26.6	24.0
Valuation (x)	178.3	214.4	241.2	286.7	313.1
P/E	28.3	28.1	29.6	24.5	20.6
Cash P/E	20.4	19.1	19.1	15.8	13.7
EV/EBITDA	16.9	15.3	15.2	11.6	9.2
EV/sales	2.3	1.9	1.6	1.4	1.2
Price to book value	4.3	3.9	3.5	3.2	2.9
Dividend yield (%)	1.0	1.1	1.1	1.1	1.2
Profitability ratios (%)					
EBIDTA margins	13.2	11.7	10.2	11.3	12.0
Net profit margins	9.9	8.3	6.8	7.3	7.7
RoE	16.0	14.5	12.5	13.8	14.7
RoCE	20.4	17.9	15.6	17.0	18.1
Turnover ratios					
Debtors (days)	16	11	15	15	15
Inventory (days)	23	31	21	21	21
Creditors (days)	40	44	38	38	38
Asset turnover (x)	1.5	1.6	1.7	1.8	1.8

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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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