

CMP: INR 13,265

Rating: Accumulate

Target Price: INR 15,106

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)	4169
52w H/L (INR)	17,370/ 11,289
Avg Yearly Vol (in 000')	415

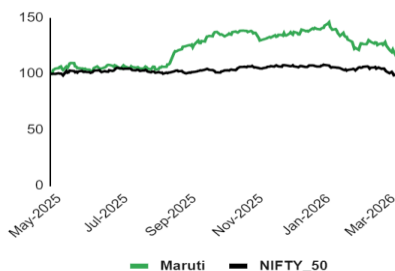
Shareholding Pattern %

(As on March, 2026)

Promoters	58.53
Public & Others	41.47

Stock Performance (%)	1m	3m	12m
Maruti Suzuki	+7.0	-8.5	11.9
Nifty 50	+5.9	-4.8	-0.6

Maruti Vs Nifty 50



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Maruti's (MSIL) reported below estimates; Sales were constrained by production capacity limitations, as reflected in a pending order backlog of 190,000 units at the end of the year. Revenue for Q4FY26 stood at INR 500,787 Mn below our estimate of INR 516,487 Mn, registering a strong growth of ~28.9% YoY. EBITDA stood at INR 61,569 Mn below our estimate of INR 62,495 Mn, up 27.1% YoY and 10.5% QoQ for Q4FY26. PAT stood at INR 35,905 Mn below our estimate of INR 42,290 Mn, declining 6.9% YoY, primarily due to MTM losses. Operationally, strong quarterly sales of 676,209 units (+11.8% YoY), with domestic sales at 538,994 units and decent exports of 137,215 units. For FY26, Net Sales of INR 1,743,695 Mn (+20.2% YoY) and Net Profit of INR 144,454 Mn. Demand outlook remains healthy, supported by strong order book (~190k units pending) and low dealer inventory (~12 days), though supply-side constraints and commodity movements remain key monitorable. The Board has recommended a dividend of INR 140 per share.

Aggressive Capacity Expansion Reflects Unwavering Demand Confidence

The company is adding 500,000 units of annual production capacity within a single financial year a pace described by management as virtually unprecedented in the Indian passenger vehicle industry. The second plant at Kharkhoda was commissioned in April 2026, and the fourth production line at the Hansalpur facility in Gujarat is set to come online within the current financial year. Beyond this, Maruti has outlined plans to scale total production capacity to 4 mn units per annum in the medium term. This level of capital commitment, backed by 190,000 pending orders, support company's conviction in the durability of demand.

Export Business Is a Powerful and Growing Second Engine

The company contributed 49% of India's total passenger vehicle exports in FY26 a remarkable statistic for a single manufacturer among 18 players in the market. Exports reached a record 447,000 vehicles during the year, with the company maintaining a diversified presence across global markets. Export revenue for Q4 alone stood at \$1.24 bn. This growing international business not only de-risks Maruti's dependence on the domestic market but also provides a meaningful volume cushion during any period of domestic demand moderation.

Product Portfolio Renewal Is Gaining Competitive Momentum

The launch of the Invicto and the Victoris has meaningfully strengthened Maruti's presence in the mid-SUV segment one of the fastest-growing categories in the Indian market. The Victoris became the fastest model in Maruti's history to cross 50,000 cumulative sales. Meanwhile, the all-new Dzire held its position as the top-selling passenger vehicle nationally, even in a market dominated by SUVs, demonstrating the enduring relevance of Maruti's bread-and-butter lineup. With seven additional SUVs planned through the end of the decade, the product pipeline remains robust.

Outlook and valuation

Strong operational momentum, with company guided for ~10% volume growth supported by an unserved order backlog of 190,000 units, dealer inventory at a low of 12 days, and the continued tailwind from GST reform which has expanded first-time buyer participation from 42% in Q1 to 51% by Q4 of FY26. The company is adding 500,000 units of annual production capacity within a single year through the second plant at Kharkhoda and the fourth production line at Hansalpur, with capital expenditure of INR 140 bn planned for FY2027 and a medium-term target to scale total capacity to 4 mn units per annum. The E Vitara is expected to gain meaningful production scale from July 2026, backed by a growing charging infrastructure with an ambition to enable 4.1 mn charging points across India by 2030, alongside plans for multiple EV launches through the end of the decade. Exports, having contributed 49% of India's total passenger vehicle exports at 447,000 units in FY26, are expected to sustain current levels as geopolitical conditions in West Asia gradually normalize. Near-term margin pressure from commodity and energy cost headwinds is expected to be transitory, with 35% of the INR 7.5 bn MTM impact already reversed post quarter-end. With operating leverage building, average selling prices rising on a richer EV and SUV mix, and the company's long-term trajectory toward its 10% EBIT margin target by 2030 remaining firmly on track. **We value Maruti at 25x FY29E EPS of INR 604 for the revised target price of INR 15,106 per share. We maintain our rating to Accumulate on the stock.**

Maruti Suzuki India Ltd-Q4FY26 Concall KTAs

Outlook: The company is well positioned for sustained growth, supported by strong demand recovery, a large pending order book and aggressive capacity expansion of ~500,000 units in FY27, which should ease supply constraints and drive volume growth. The revival in entry-level cars post GST cuts, improving first-time buyer mix and continued strength in SUVs provide a balanced demand outlook, while exports remain a structural growth lever given the company's dominant global positioning. Although near-term margins may face pressure from commodity volatility and geopolitical uncertainties, operating leverage from higher utilization, improving product mix and cost optimization initiatives should support gradual margin expansion over the medium term. Additionally, ongoing investments in EVs, charging infrastructure and multi-technology platforms position the company well to navigate regulatory transitions and evolving consumer preferences, reinforcing confidence in its long-term growth trajectory.

Demand & Volume Trends

Demand recovered strongly in H2FY26 with ~12.3% growth after weak H1 (5.6%), driven by GST cuts, while domestic growth remained capacity constrained with ~190,000 pending orders (including ~130,000 small cars), indicating strong underlying demand. Small cars revived post GST cut (18% bracket), SUVs remained growth drivers, Dzire continued as top-selling PV, and demand was supported by 2-wheeler upgraders and first-time buyers, while dealer inventory stayed low at ~12 days.

Product Strategy & Launches

Mid-SUV traction improved led by Victorious (fastest to 50,000 sales and Indian Car of the Year), EV entry began with e-Vitara targeting ~100 global markets, ~99% portfolio now has 6 airbags standard, and key models achieved strong Bharat NCAP safety ratings.

Exports & Market Leadership

Exports remained strong with Maruti contributing ~49% of India's PV exports, supported by a diversified global presence.

Capacity Expansion & Capex

Capacity expansion accelerated with the second Kharkhoda plant commissioned in April 2026 and a new Gujarat line in FY27, each adding 250,000 units, implying ~500,000 incremental capacity in FY27, with a medium-term target of 4 million units annually and FY27 capex of ~INR 140,000 million.

Operational Challenges

Geopolitical issues including West Asia conflict, supply chain disruptions and rare earth constraints led to cost pressures in commodities and energy, though management expects normalization over time.

Q4FY26 Financial Performance

Q4 volumes grew 11.8% YoY to 676,209 units (domestic 538,994; exports 137,215), with net sales of ~INR 500,100 million, EBIT of ~INR 44,000 million (+30.4% YoY), and net profit of ~INR 36,000 million (-6.9% YoY) impacted by MTM loss of ~INR 7,500 million, while EBIT margin improved sequentially to 8.8% (vs 8.1%) driven by lower employee cost (+100 bps), lower discounts (+50 bps), FX benefit (+30 bps) and operating leverage (+50 bps), partly offset by commodity inflation (-80 bps), higher new model costs (-60 bps) and other expenses (-20 bps).

Other Income Impact

MTM loss of ~INR 7,500 mn due to bond yield hardening, with ~35% already reversed post quarter-end.

FY26 Financial Highlights

FY26 recorded highest-ever volumes of 2.42 million units, net sales of ~INR 1,740,000 million (+20.2% YoY), net profit of ~INR 144,400 million, and highest-ever dividend of INR 140 per share.

Customer Mix Trends

First-time buyers increased to 51% (vs 42% earlier), with repeat buyers at 18% and additional cars at 31%, indicating improved affordability post GST cuts.

Cost & Margin Outlook

Near-term cost pressures from commodities and energy persist but are expected to normalize, while pricing, mix, scale and cost control support gradual margin expansion with a long-term target of ~10% EBIT margin.

Regulatory & Technology Outlook

CAFÉ norms support a multi-technology approach, flex-fuel vehicles remain a long-term (5–10 years) opportunity with minimal near-term impact, and EV strategy is progressing gradually with focus on customer experience and infrastructure.

Growth Outlook

Management expects ~10% growth in FY27 driven by capacity expansion, strong order backlog and demand recovery, while industry outlook remains positive due to GST-led affordability and structural demand growth.

Other Strategic Highlights

Sales network expanded to >4,600 outlets and >5,900 service touchpoints, EV ecosystem includes 2,000+ charging points with a target of 4.1 million by 2030, and rail logistics share increased to 26.5% from 5.1% in 2016, improving efficiency and reducing emissions.

Exhibit 2: Q4FY26 result Snapshot

Standalone (INRm)	Q4FY26	Q3FY26	Q4FY25	QoQ(%)	YoY (%)
Net Sales	524,493	498,915	406,738	5.1	29.0
- Raw Material	384839	362673	292353	6.1	31.6
(% of Net Sales)	73.37%	72.69%	71.88%	0.9	2.1
- Staff Expenditure	22,473	26,929	15,691	-16.5	43.2
(% of Net Sales)	4.28%	5.40%	3.86%	-20.6	11.1
- Other Expenditure	55,612	53,596	56,047	3.8	-0.8
(% of Net Sales)	10.60%	10.74%	13.78%	-1.3	-23.1
Total Expenditure	462,924	443,198	364,091	4.5	27.1
EBITDA	61,569	55,717	42,647	10.5	44.4
EBITDA Margin (%)	11.74%	11.17%	10.49%	57bps	125bps
Adj EBITDA	61569	61656	-	-	-
Adj EBITDA Margin	11.74%	12.36%	-	-	-
Depreciation	17477	17343	8724	0.8	100.3
EBIT	44,092	38,374	33,923	14.9	30.0
EBIT Margin (%)	8.41%	7.69%	8.34%	72bps	7bps
Interest	730	617	472	18.3	54.7
Other Income	4998	10543	14466	-52.6	-65.5
PBT	48,360	48,300	47,917	0.1	0.9
Tax	12455	10360	10806	20.2	15.3
Tax Rate (%)	25.75%	21.45%	22.55%	431bps	320bps
Adjusted PAT	35,905	43,879	37,111	-18.2	-3.2
Exceptional Items	-	-	-		
Reported PAT	35,905	37,940	37,111	-5.4	-3.2
Reported EPS (INR)	120.67	120.67	118.04	0.0	2.2
Volumes (In Nos)	676,209	667,769	604,635	1.3	11.8
Net Realisation (INR)	775,637	747,137	672,700	3.8	15.3
EBITDA / Vehicle (INR)	91,050	83,438	70,533	9.1	29.1

Source: Arianth 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	1,995,603	2,275,068	2,473,023
Change (%)	19.9	7.5	20.2	14.4	14.0	8.7
Total sales	1,349,378	1,450,980	1,743,695	1,995,603	2,275,068	2,473,023
Change (%)	19.9	7.5	20.2	14.4	14.0	8.7
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	2,092,576	2,380,768	2,588,236
Change (%)	19.9	8.5	19.9	14.2	13.8	8.7
Total cost	1,245,315	1,327,187	1,618,159	1,839,374	2,095,076	2,278,942
Raw material	1,006,067	1,074,836	1,325,665	1,506,654	1,707,011	1,857,059
Change (%)	16.7	6.8	23.3	13.7	13.3	8.8
% of net sales	71.4	70.3	72.3	72.0	71.7	71.8
Employee cost	54,784	70,057	90,290	94,166	114,277	124,235
Change (%)	19.0	27.9	28.9	4.3	21.4	8.7
% of net sales	3.9	4.6	4.9	4.5	4.8	4.8
Other expenses	184,464	182,294	202,204	238,554	273,788	297,647
Change (%)	78.5	-1.2	10.9	18.0	14.8	8.7
% of net sales	13.7	12.6	11.6	12.0	12.0	12.0
EBITDA	164,011	201,492	214,502	253,202	285,692	309,294
Change (%)	49.0	22.9	6.5	18.0	12.8	8.3
% of net sales	11.6	13.2	11.7	12.1	12.0	12.0
Depreciation	30,223	56,070	67,405	78,579	94,306	99,204
EBIT	133,788	145,422	147,097	174,622	191,386	210,090
Change (%)	63.5	8.7	1.2	18.7	9.6	9.8
	9.5	9.5	8.0	8.3	8.0	8.1
Interest & finance charges	1,932	1,942	2,387	2,587	2,987	3,387
Other income	38,548	50,647	43,919	43,840	43,181	42,415
PBT before extraordinary	170,404	194,127	188,629	215,876	231,580	249,118
PBT	170,404	194,127	188,629	215,876	231,580	249,118
Tax	38,310	51,151	44,175	50,731	54,421	58,543
Effective rate (%)	22.5	26.3	23.4	23.5	23.5	23.5
PAT	132,094	142,976	144,454	165,145	177,159	190,575
Change (%)	64.1	8.2	1.0	14.3	7.3	7.6
% of net sales	9.8	9.9	8.3	8.3	7.8	7.7
Adj. PAT	132,094	142,976	144,454	165,145	177,159	190,575
Change (%)	64.1	8.2	1.0	14.3	7.3	7.6
BALANCE SHEET (INR Mn)						
Y/E MARCH	2024	2025	2026	2027	2028	2029
Sources of funds						
Share capital	1,572	1,572	1,572	1,572	1,572	1,572
Reserves	838,248	942,701	1,049,526	1,170,654	1,303,797	1,447,211
Net worth	839,820	944,273	1,051,098	1,172,226	1,305,369	1,448,783
Loans	1,186	875	1,030	2,434	1,680	6,176
Deferred tax liability	-1,124	15,252	17,112	17,312	17,512	17,712
Capital employed	839,882	960,400	1,069,240	1,191,972	1,324,561	1,472,671
Application of funds						
Gross fixed assets	429,136	631,679	714,793	856,793	956,793	1,027,293
Less: depreciation	241,878	297,948	365,353	443,932	538,239	637,443
Net fixed assets	187,258	333,731	349,440	412,861	418,554	389,850
Capital WIP	63,034	75,272	94,061	92,061	92,061	96,561
Investments	685,137	644,424	747,655	846,535	952,679	1,091,412
Curr.assets, loans	166,295	237,901	276,266	240,565	259,395	281,506
Inventory	41,196	69,088	113,147	57,789	65,474	71,230
Sundry debtors	46,013	65,349	53,360	45,865	52,181	56,728
Cash & bank balances	4,600	5,486	15,764	23,138	23,084	29,766
Loans & advances	328	433	442	412	382	352
Others	74,158	97,545	93,553	113,362	118,273	123,430
Current liab. & prov.	261,842	330,928	398,182	400,049	398,128	386,658
Sundry creditors	248,328	329,668	397,122	398,939	396,968	385,448
Other liabilities	-	-	-	-	-	-
Provisions	13,514	1,260	1,060	1,110	1,160	1,210
Net current assets	-95,547	-93,027	-121,916	-159,484	-138,733	-105,152
Appl. of funds	839,882	960,400	1,069,240	1,191,972	1,324,561	1,472,671

Source: Arianth Research, Company Filings

CASH FLOW STATEMENT (INR Mn)						
Y/E MARCH	2024	2025	2026	2027	2028	2029
OP/(loss) before tax	133,788	145,422	147,097	174,622	191,386	210,090
Int./dividends received	38,548	50,647	43,919	43,840	43,181	42,415
Depreciation & amort.	30,223	56,070	67,405	78,579	94,306	99,204
Direct taxes paid	-36,023	-34,775	-42,315	-50,531	-54,221	-58,343
(Inc)/dec in wkg. capital	28,069	-1,634	39,167	44,942	-20,804	-26,900
Other items						
CF from oper.activity	194,605	215,730	255,273	291,453	253,848	266,467
CF after EO Items	194,605	215,730	255,273	291,453	253,848	266,467
(Inc)/dec in FA+CWIP	-73,496	-214,781	-101,903	-140,000	-100,000	-75,000
(Pur)/sale of invest.	-207,573	40,713	-103,231	-98,880	-106,144	-138,734
CF from inv. activity	-281,069	-174,068	-205,134	-238,880	-206,144	-213,734
Change in networkh	143,206	3,921	6,387	(0.00)	(0.00)	(0.00)
Inc/(dec) in debt	-11,287	-311	155	1,404	-754	4,496
Interest paid	-1,932	-1,942	-2,387	-2,587	-2,987	-3,387
Dividends paid	-39,300	-42,444	-44,016	-44,016	-44,016	-47,160
CF from fin. activity	90,687	-40,776	-39,861	-45,199	-47,757	-46,051
Inc/(dec) in cash	4,223	886	10,278	7,374	-53	6,681
Add: beginning balance	377	4,600	5,486	15,764	23,138	23,084
Closing balance	4,600	5,486	15,764	23,138	23,084	29,766

RATIOS						
Y/E MARCH	2024	2025	2026	2027	2028	2029
Basic EPS (INR)	420.1	454.8	459.5	525.3	563.5	606.2
Adjusted EPS	420.1	454.8	459.5	525.3	563.5	606.2
EPS Growth (%)	57.6	8.2	1.0	14.3	7.3	7.6
Cash EPS	516.3	633.1	673.9	775.2	863.4	921.7
Book value per share	2,671.2	3,003.4	3,343.2	3,728.5	4,151.9	4,608.1
DPS	125.0	135.0	140.0	140.0	140.0	150.0
Payout (incl. div. tax) %	29.8	29.7	30.5	26.7	24.8	24.7
Valuation (x)	96.1	178.3	214.4	249.9	300.0	315.5
P/E	30.7	28.3	28.1	24.5	22.9	21.3
Cash P/E	25.0	20.4	19.1	16.6	14.9	14.0
EV/EBITDA	20.5	16.9	15.3	12.6	10.8	9.5
EV/sales	2.5	2.3	1.9	1.6	1.4	1.2
Price to book value	4.8	4.3	3.9	3.5	3.1	2.8
Dividend yield (%)	1.0	1.0	1.1	1.1	1.1	1.2
Profitability ratios (%)						
EBIDTA margins	11.6	13.2	11.7	12.1	12.0	12.0
Net profit margins	9.8	9.9	8.3	8.3	7.8	7.7
RoE	18.3	16.0	14.5	14.9	14.3	13.8
RoCE	20.5	20.4	17.9	18.3	17.7	17.1
Turnover ratios						
Debtors (days)	12	16	12	8	8	8
Inventory (days)	15	23	14	14	14	14
Creditors (days)	38	40	45	38	45	38
Asset turnover (x)	1.6	1.5	1.6	1.7	1.7	1.7

Source: Arianth Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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