

CMP: INR 16,155

Rating: Accumulate

Target Price: INR 18,570

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)	5,079
52w H/L (INR)	16,660/ 10,725
Avg Yearly Vol (in 000')	418

Shareholding Pattern %

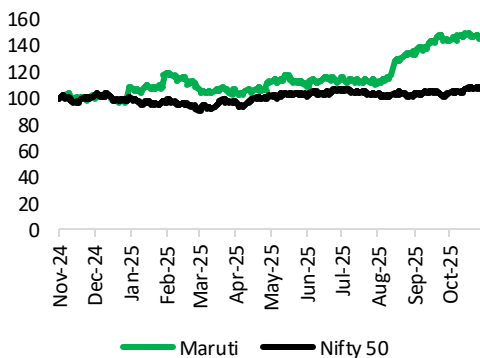
(As on Sep, 2025)

Promoters	58.28
Public & Others	41.72

Stock Performance (%)

	1m	6m	12m
Maruti Suzuki	1.38	30.47	46.45
Nifty 50	3.57	5.65	7.20

Maruti Vs Nifty 50



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Maruti Suzuki delivered strong revenue growth supported by improved realizations; however, profitability came under pressure due to elevated input costs and festive season marketing spends. Nonetheless, the QoQ rise in EBITDA reflects encouraging momentum. Standalone revenue stood at INR 421,008 Mn, above in line our estimate of INR 4,01,135 Mn registering a growth of 13.2% YoY/ 9.6% QoQ. EBITDA stood at INR 44,341 Mn, above our estimate of INR 39,228 Mn, registering a growth of 0.4% YoY/ 11.0% QoQ. On the margins front, EBITDA margin steady at 10.53% up by 13 bps QoQ/ 13 bps YoY above our estimate of 9.8%. Standalone PAT decreased by 11.28 % QoQ/ +7.3% YoY to INR 32,931 Mn below our estimate of INR 33,085 Mn led by higher interest cost by 41.8% YoY/+22.3% QoQ.

Structural Revival in Small Car Demand Post-GST: Following GST rate cuts, the small car segment witnessed a sharp rebound. From 22nd Sept to 31st Oct, Maruti recorded 400,000 retail sales vs 211,000 YoY, driven by 250,000 small-car sales, ~100% growth YoY. Vehicles under the 18% GST bracket grew 30% YoY in Oct, compared to only 4–5% for higher-bracket cars. This revival is further supported by rural demand bookings from non-top 100 cities grew 65%, vs 50% from top cities. As small cars account for ~20% of Maruti's sales mix (up from 16.5%), the segment's revival provides a structural boost to company's volume base and helps re-establish its traditional moat in affordable mobility.

Product Expansion Driving Market Share Recovery: Maruti plans to launch 8 new SUVs by FY31, excluding the recently launched Victoris and eVitara, a significant portfolio shift toward high-growth segments. The Victoris alone has garnered 30,000+ bookings, while Grand Vitara achieved 300,000 sales in just 32 months. A balanced mix with upcoming small-car launches alongside SUVs strategy positions Maruti to tap both mass and premium demand pockets, aided by its 5,640 service touchpoints across 2,818 cities, ensuring superior customer reach and retention.

Visible Export Strength and Global Leadership Position: Exports continue to be a major growth lever. In Q2FY26, Maruti exported 110,487 units, growing 42.2% YoY, commanding a 45.4% share of India's total PV exports. The Frans became India's fastest SUV to reach 100,000 export units, while the Jimny 5-door crossed 100,000 cumulative exports within 18 months of launch. The company is confident of surpassing the 400,000-unit export guidance for FY26, having already achieved 207,459 units in H1FY26. Additionally, the eVitara EV, now being exported to 100+ countries including Europe and Japan which should support ASPs and margin improvement.

Outlook and valuation

The company's outlook looks strong with healthy demand trends and several growth drivers ahead. Sales momentum is expected to continue helped by the recent GST rate cut, which has boosted demand for small cars and improved showroom activity. Festive season sales were very strong, with 400,000 retail units sold versus 211,000 last year, and over 500,000 bookings received, showing strong consumer sentiment. Exports are also doing very well, and the company expects to exceed its FY26 export guidance. Margins are stable around 8.5%, and Maruti continues to target a long-term EBIT margin of 10%. With strong festive demand, new model launches like *Victoris* and *eVitara*, and growing exports. With a visible roadmap of 8 new SUV launches, small car revival, and operating leverage gains, we believe Maruti will sustain double-digit earnings growth while gradually expanding EBIT margins toward 9–10%. **We value Maruti at 27.5x FY28E EPS of INR 675 for the revised target price of INR 18,570 per share. We maintain our Accumulate rating on the stock.**

Exhibit 1: Financial Performance

Y/E March (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	14,09,326	15,19,001	16,56,776	19,10,470	22,46,093
EBITDA	1,63,601	1,76,539	1,94,939	2,35,878	2,88,568
EBITDA Margin	11.61%	11.62%	11.77%	12.35%	12.85%
Net Profit	1,32,094	1,37,051	1,57,178	1,84,628	2,12,305
Diluted EPS (INR.)	420.2	435.9	499.9	587.3	675.3
ROE (%)	17.8	15.0	15.6	16.5	16.8
ROCE (%)	17.4	14.5	15.3	16.4	16.7
P/E Ratio	27.7	28.7	32.4	27.6	24.0
EV/ EBITDA	22.6	22.5	26.3	21.4	17.1

Source: Arihant Research, Company Filings

Maruti Suzuki –Q2FY26 Concall KTAs

Outlook: The GST-led demand recovery and festive momentum is expected to sustain into H2FY26, supported by strong rural sentiment and improved small-car affordability. Management anticipates 6% overall industry growth and 10% growth in small-car volumes in H2FY26 and beyond. While short-term margin pressures from promotions and new launches persist, improving mix, export strength, and operating leverage should support profitability.

Launched the Victoris, its new SUV, with advanced features including Level-2 ADAS, 6 airbags, hybrid options, and segment-first underbody CNG tank; received ~30,000 bookings within weeks.

Production of the eVitara began, its first battery EV, for sale in over 100 countries, including Europe and Japan. Commenced India's first lithium-ion cell and electrode-level manufacturing for hybrid vehicles under Suzuki's JV.

Service network reached 5,640+ touchpoints across 2,818 cities.

Grand Vitara achieved 300,000 units sold in 32 months. Fronx became India's fastest SUV to export 100,000 units. Jimny (5-door) exports crossed 100,000 units, now shipped to 100+ countries.

ASP improved to ~INR 587,000 from ~INR 576,000 in Q1FY26 and ~INR 566,000 in Q2FY25, supported by richer product mix, higher CNG contribution, and increased exports.

EBIT margin improved sequentially to 8.5% (vs. 8.3% in Q1FY26) driven by 110 bps of positive operating leverage and 50 bps from lower opex, partly offset by 75 bps higher sales promotion, 20 bps impact from price corrections, 15 bps higher ad spend, and 30 bps adverse impact from forex and commodities.

Export stood at INR 8,300 crore, up sharply YoY, led by strong traction in Fronx, Jimny, and eVitara shipments.

During the festive period, retail sales doubled to 400,000 units (vs. 211,000 YoY), supported by a 100% rise in small car sales (~250,000 units).

~500,000 new bookings during the festive season, with 200,000 pending at quarter end. Dealer inventory reduced to ~38 days in Sept and is expected to fall further post-festive season.

Small car share rose to 20.5% (vs. 16.5%) post-GST cut; rural and non-top-100 cities led booking growth (65% YoY).

CNG Vehicles - continued strong traction; CNG contribution remains at healthy double-digit share.

Pricing & Discounts - temporary price corrections beyond the GST benefit on 22 Sept to drive momentum; average discounts were similar QoQ.

Aspiration to regain 50% domestic market share, supported by upcoming SUV launches and small-car revival; currently holds ~41%.

Expects to exceed the FY26 export guidance of 400,000 units.

Exhibit 2: Q2FY26 result Snapshot

Standalone (INRm)	Q2FY26	Q1FY26	Q2FY25	QoQ(%)	YoY (%)
Net Sales	4,21,008	3,84,136	3,72,028	9.6	13.2
- Raw Material	307670	277296	267459	11.0	15.0
(% of Net Sales)	73.08%	72.19%	71.89%	1.2	1.7
- Staff Expenditure	17,823	17,752	14,688	0.4	21.3
(% of Net Sales)	4.23%	4.62%	3.95%	-8.4	7.2
- Other Expenditure	51,174	49,135	45,715	4.1	11.9
(% of Net Sales)	12.16%	12.79%	12.29%	-5.0	-1.1
Total Expenditure	3,76,667	3,44,183	3,27,862	9.4	14.9
EBITDA	44,341	39,953	44,166	11.0	0.4
EBITDA Margin (%)	10.53%	10.40%	11.87%	13bps	13bps
Depreciation	10392	9375	7509	10.8	38.4
EBIT	33,949	30,578	36,657	11.0	-7.4
EBIT Margin (%)	8.06%	7.96%	9.85%	10bps	10bps
Interest	570	466	402	22.3	41.8
Other Income	9131	18230	14750	-49.9	-38.1
PBT	42,510	48,342	51,005	-12.1	-16.7
Tax	9579	11225	20313	-14.7	-52.8
Tax Rate (%)	22.53%	23.22%	39.83%	-69bps	-69bps
Adjusted PAT	32,931	37,117	30,692	-11.3	7.3
Exceptional Items	-	-	-	-	-
Reported PAT	32,931	37,117	30,692	-11.28	7.3
Reported EPS (INR)	104.74	118.06	97.62	-11.28	7.3
Volumes (In Nos)	5,50,874	5,27,861	5,41,550	4.36	1.7
Net Realisation (INR)	7,64,255	7,27,722	6,86,969	5.0	11.3
EBITDA / Vehicle (INR)	80,492	75,688	81,555	6.3	-1.3

Source: Arianth Research, Company Filings,

Profit & Loss-Standalone				
Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E
Net revenues	15,19,001	16,56,776	19,10,470	22,46,093
Operating expenses	13,42,462	14,61,836	16,74,591	19,57,525
EBITDA	1,76,539	1,94,939	2,35,878	2,88,568
EBITDA margin (%)	11.62%	11.77%	12.35%	12.85%
Other income	48,817	52,807	51,571	39,837
Interest	1,931	4,391	7,549	7,549
Depreciation	34,094	40,799	41,671	46,913
Profit Before Tax	1,89,331	2,02,557	2,38,229	2,73,943
Tax	52,280	45,379	53,602	61,637
Reported Net Profit	1,37,051	1,57,178	1,84,628	2,12,305
Net Margin (%)	9.02%	9.49%	9.66%	9.45%
Adjusted Net Profit	1,37,051	1,57,178	1,84,628	2,12,305

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	10,24,699	11,57,451	13,17,880
Shareholders funds	9,17,826	10,26,271	11,59,023	13,19,452
Total Loans	41,940	41,940	41,940	41,940
Deferred tax liability	35,753	-	-	-
Total Liabilities and Equity	9,95,519	10,68,211	12,00,963	13,61,392
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	60,075	68,819	80,446
Debtors	65,377	45,391	52,342	61,537
Cash & Bank Bal	4,428	19,812	98,094	2,01,915
Loans & Advances	85,407	1,12,398	1,25,082	1,41,864
Current Assets	2,06,442	2,37,677	3,44,337	4,85,762
Sundry Creditors	1,74,211	1,46,598	1,71,192	2,00,774
Other Current Liability	99,548	1,35,405	1,38,549	1,38,549
Current Liability & Provisions	2,73,759	2,82,003	3,09,741	3,39,323
Net current assets	(67,317)	(44,326)	34,597	1,46,439
Total Assets	9,95,519	10,68,211	12,00,963	13,61,392

Source: Arianth Research, Company Filings

Cash Flow-Standalone				
Y/E March (INR Mn)	FY25	FY26E	FY27E	FY28E
EBIT	1,42,445	1,54,141	1,94,208	2,41,655
Other Income	48,817	52,807	51,571	39,837
Depreciation & Amortisation	34,094	40,799	41,671	46,913
Interest paid(-)	(1,931)	(4,391)	(7,549)	(7,549)
Tax paid(-)	(52,280)	(45,379)	(53,602)	(61,637)
Extra Ord Income	-	-	-	-
Operating Cash Flow	1,71,145	1,97,976	2,26,298	2,59,218
Change in Working Capital	12,154	(7,607)	(640)	(8,022)
Cash flow from Operations	1,83,299	1,90,369	2,25,658	2,51,196
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	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)	51,137	78,282	1,03,820
Opening cash	4,600	4,428	19,812	98,094
Closing cash	4,428	19,812	98,094	2,01,915

Key Ratios				
Y/E Mar	FY25	FY26E	FY27E	FY28E
Revenue Growth	7.8	9.1	15.3	17.6
EBITDA Margin	11.6	11.8	12.3	12.8
Net Profit Margin	9.0	9.5	9.7	9.5
ROCE (%)	14.5	15.3	16.4	16.7
ROE (%)	15.0	15.6	16.5	16.8
Diluted EPS (INR)	435.9	499.9	587.3	675.3
PER (x)	28.7	32.4	27.6	24.0
P/BV (x)	4.2	5.0	4.4	3.9
EV/ EBITDA (x)	22.5	26.3	21.4	17.1
Fixed Assets Turnover Ratio (x)	5.0	4.5	4.5	4.8
Debt / Equity (x)	0.0	0.0	0.0	0.0
EV/ Sales (x)	2.6	3.1	2.6	2.2

Source: Arian 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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