DEVEN CHOKSEY RESEARCH

Q2FY26

Maruti Suzuki India Ltd.

Result Update 05-11-2025

Maruti Suzuki India Ltd.

Performance led by strong exports momentum and product mix led realizations growth

CMP	Target	Potential Upside	Market Cap (INR Bn)	Recommendation	Sector
INR 15,374	INR 16,312	6.1%	4,834	ACCUMULATE	Auto

Result highlights

Sales Performance and Volume Trends

Maruti Suzuki India Ltd (MSIL) reported a steady performance in Q2 FY26, with overall wholesales growing 1.7% YoY to 550,874 units. Domestic volumes fell 5.1% YoY to 440,387 units as customers postponed purchases in anticipation of a possible GST-related price benefit post September 22.

However, exports stood out strongly, rising 42.2% YoY to an all-time high of 110,487 units, cushioning domestic softness. Average realization improved 10.9% YoY, supporting revenue growth despite modest volume expansion.

Revenue Growth and Margin Movement

Net sales for the quarter reached INR 423,442 million in-line with our estimates, up 9.7% QoQ and 13.1% YoY, marking the highest-ever quarterly revenue print.

However, margins remained under pressure due to higher input costs and increased other sales promotion related expenses. Gross margin contracted 116 bps YoY to 28.1%, and EBITDA margin declined 134 bps YoY to 12.0%. EBITDA came in at INR 50,860 million, while EBIT margin also softened by 166 bps YoY to 8.0%. Net profit rose 7.9% YoY to INR 33,490 million.

H1 FY26 Performance Overview

For H1 FY26, MSIL recorded total volumes of 1.08 million units, up 1.4% YoY, driven by 39.9% growth in exports, even as domestic sales remained broadly stable.

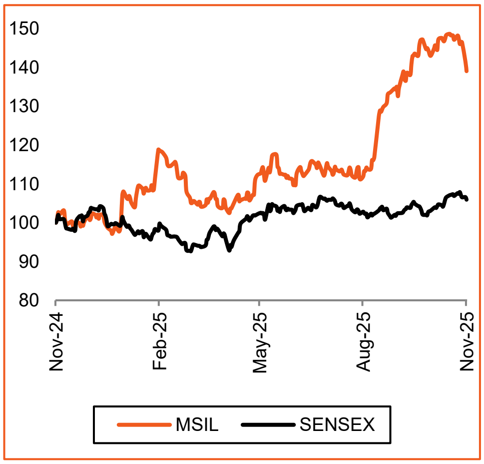
Half-yearly net sales reached a record INR 767,606 million versus INR 694,644 million in the previous year. Net profit for H1 stood at INR 70,048 million, improving 4.3% YoY.

Valuation and Outlook:

Maruti Suzuki's Q2 FY26 quarterly performance reflected resilient revenue growth led by strong exports and better realizations, although margin softness persisted due to elevated operating costs and higher raw material pricing pressure. Management commentary indicated normalization in domestic demand post the GST-related deferral impact, while export momentum continues to be a key support to overall growth.

The company reiterated its strategic objective of targeting 50% domestic market share and 10% EBIT margin over the medium term, supported by eight incremental SUV launches by FY31. We roll forward our valuation to Sep'27 estimates and value Maruti Suzuki at 26x Sep'27E EPS, arriving at a target price of INR 16,312. Given the recent share price performance and the stock currently trading at 26.9x/23.5x FY27E/FY28E EPS, we revise our stance to "**ACCUMULATE**" from BUY.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn)	314
Mkt Cap (INR Bn)	4,834
52 Week H/L (INR)	16,660/ 10,725

*Based on the previous closing
Note: All the market data is as of the previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Sep-25	Jun-25	Mar-25
Promoters	58.3	58.3	58.3
FIIs	15.8	15.2	15.0
DIIs	22.5	23.3	23.6
Others	3.4	3.3	3.2
Total	100.0	100.0	100.0

15.0%
Revenue CAGR between FY25-FY27E

12.7%
PAT CAGR between FY25-FY27E

KEY FINANCIALS

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	14,18,582	15,29,130	17,75,873	20,23,583	22,70,342
EBITDA	1,85,263	2,00,259	2,22,250	2,58,817	2,92,594
EBITDA Margin	13.06%	13.1%	12.5%	12.8%	12.9%
PAT	1,34,882	1,45,002	1,58,020	1,84,191	2,11,060
PAT Margin	9.51%	9.5%	8.9%	9.1%	9.3%
EPS	429.0	461.2	502.6	585.9	671.3

Source: Company, DevenChoksey Research

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Maruti Suzuki India Ltd.

Conference Call Highlights

Key Takeaways

- With improved retail momentum driven by the GST rate cut, strong festive sentiment, and early signs of recovery in the small car segment, which has lagged for multiple years. The company emphasized that retail picked up sharply post 22 September, coinciding with GST reductions, leading to exceptionally strong festive retail trends.
- Growth levers include: (a) strong export performance, now supported by the start of BEV exports (e VITARA) to 100+ markets, (b) the launch of the new VICTORIS in the SUV segment, and (c) expanding network reach with over 5,640 service touchpoints across India. The company reiterated its strategic objective of targeting 50% domestic market share and 10% EBIT margin over the medium term, supported by eight incremental SUV launches by FY31.
- On margins, Q2 saw EBIT margin (standalone) at 8.5% (vs 8.3% QoQ) supported by operating leverage and cost control, though partially offset by higher sales promotions, temporary price corrections, advertising spends, and adverse commodity & yen movement. Non-operating income was impacted by mark-to-market losses due to higher bond yields.

Demand, Bookings & Channel Dynamics

- Retail demand accelerated sharply from late September, with ~500,000 bookings during the festive period compared to 350,000 last year, and 400,000 retail units versus 211,000 units last festive season. Notably, small cars saw ~100% growth and accounted for ~250,000 retail units. The company highlighted strong traction beyond top 100 cities, indicating broad-based recovery including first-time buyers.
- Inventory levels have tightened meaningfully; network inventory is expected to be lower at October-end vs 38 days in September, and several models now have waitlists, leading to sustained production with multiple Sunday shifts. Lower inventory could allow reduction in discounts ahead, though management refrained from offering explicit guidance.

Volumes, Pricing & Mix

- Q2 sales were 550,874 units, with domestic volumes down 5.1% due to pre-GST slowdown, while exports rose 42.2% to 110,487 units. CNG contribution remained healthy, supporting ASPs and margins.
- The newly launched VICTORIS has received ~30,000 bookings, strengthening Maruti's SUV play. ASPs improved ~5% QoQ, supported by a favorable mix including exports and CNG.
- Management noted pricing power remains situation-dependent; discount outlook will be shaped by inventory and competitive dynamics.

Financial Performance & Margin Bridge

- Net Sales stood at **INR 401.3bn** vs **INR 355.8bn YoY**, and Net Profit at **INR 32.9bn** vs **INR 30.6bn YoY**. Margin movement drivers include:

  +110 bps operating leverage

  +50 bps lower operating expenses

  –75 bps higher sales promotions

  –20 bps temporary price cuts

  –15 bps higher advertising (VICTORIS launch)

  –30 bps combined commodity + forex impact (PGM and JPY)

- Non-operating income declined due to **bond yield driven MTM losses**, partially offset by **hedging gains (~20 bps benefit)** booked below EBIT.

Product, Technology & Exports

- The quarter marked start of production and export of e VITARA, as well as India's first Suzuki lithium-ion cell manufacturing for hybrids, supporting localization and cost roadmap. The company held ~45% share in India's PV exports, with FRONX crossing 100,000 exports and Jimny 5-door surpassing 100,000 exports to 100+ markets.

Strategy & Outlook

- The company reiterated focus on restoring 50% domestic market share via diversified SUVs, refreshed small car portfolio, and network strength, achieving 10% EBIT margin over time by scale, localization, powertrain mix, and capacity utilization. Capex will remain elevated with Kharkhoda expansion and multi-technology investments.

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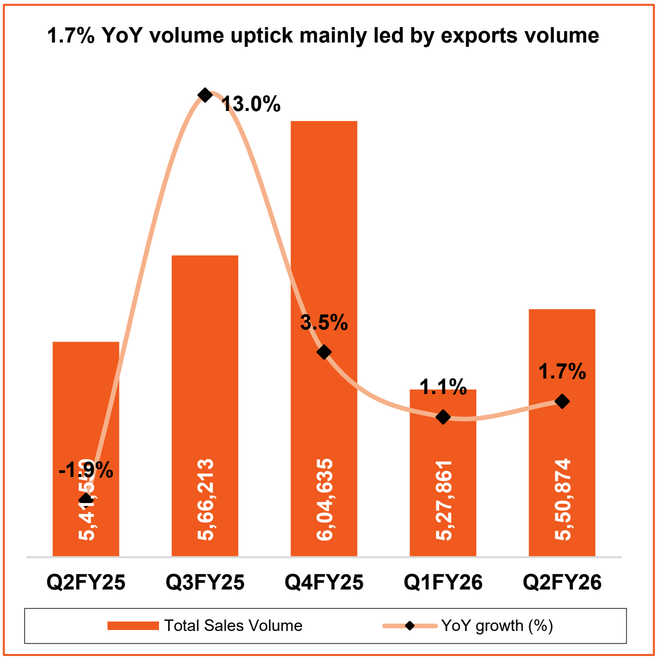
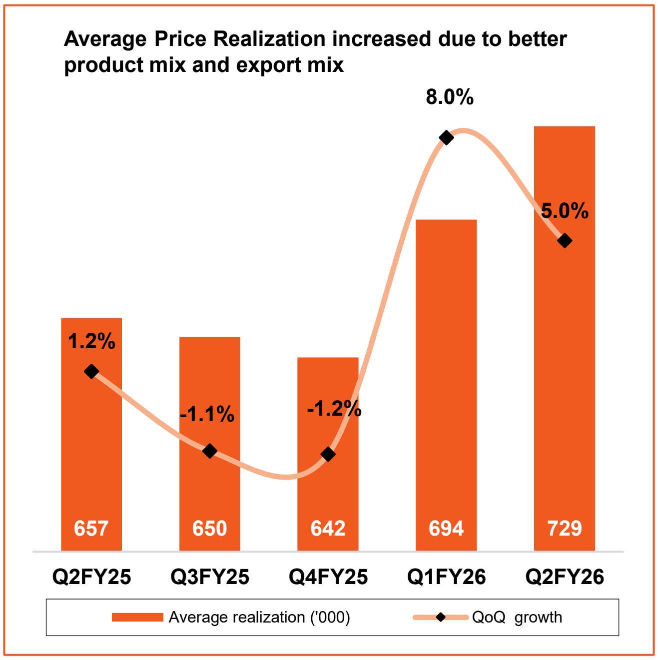
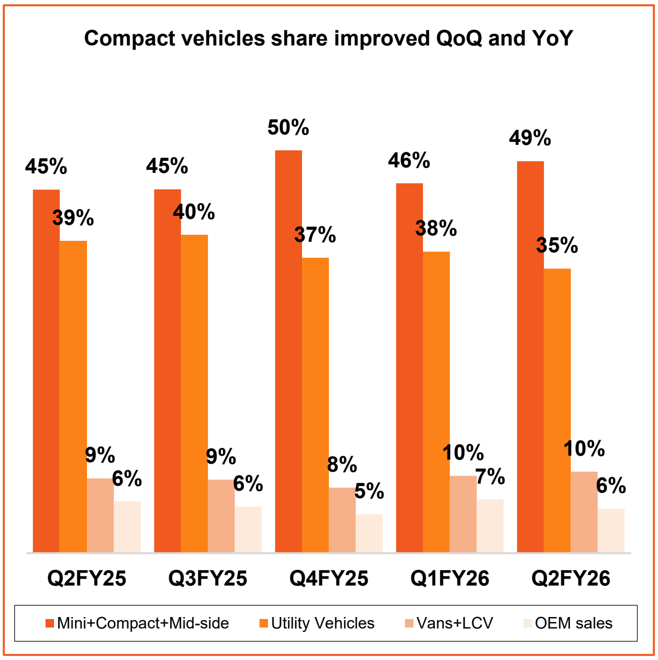
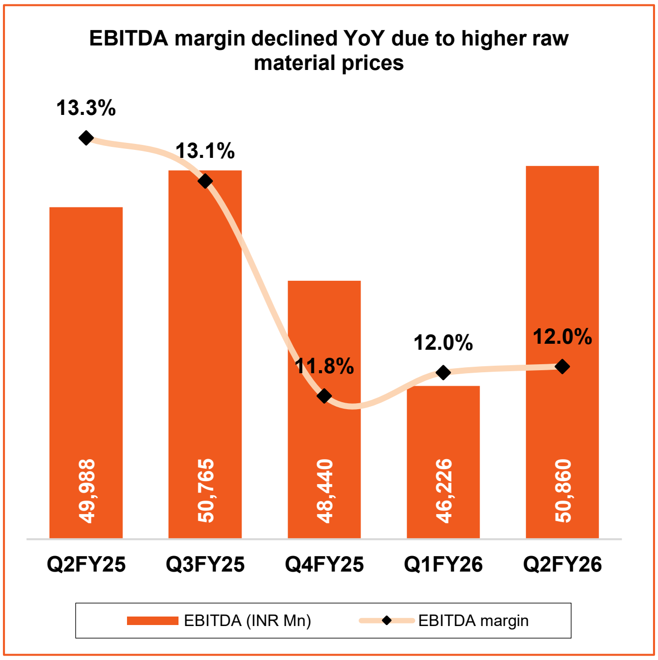
Maruti Suzuki India Ltd.

Story in Charts









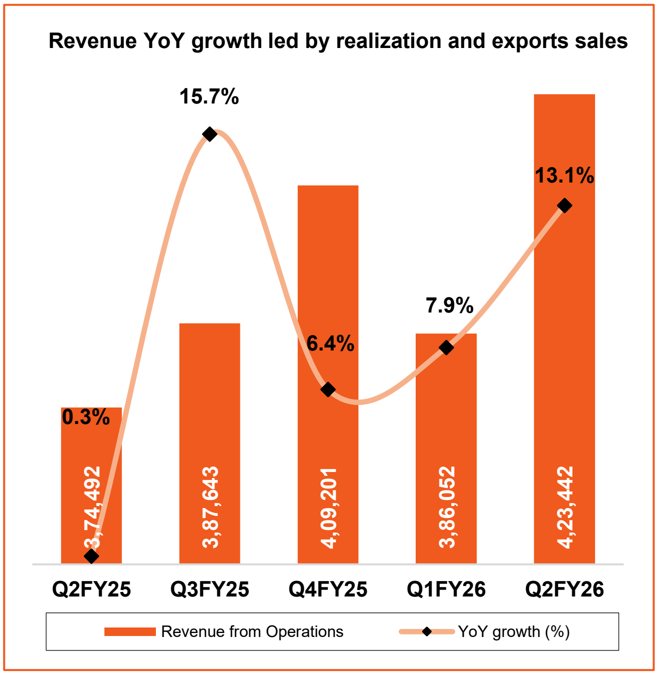
Source: Company, DevenChoksey Research

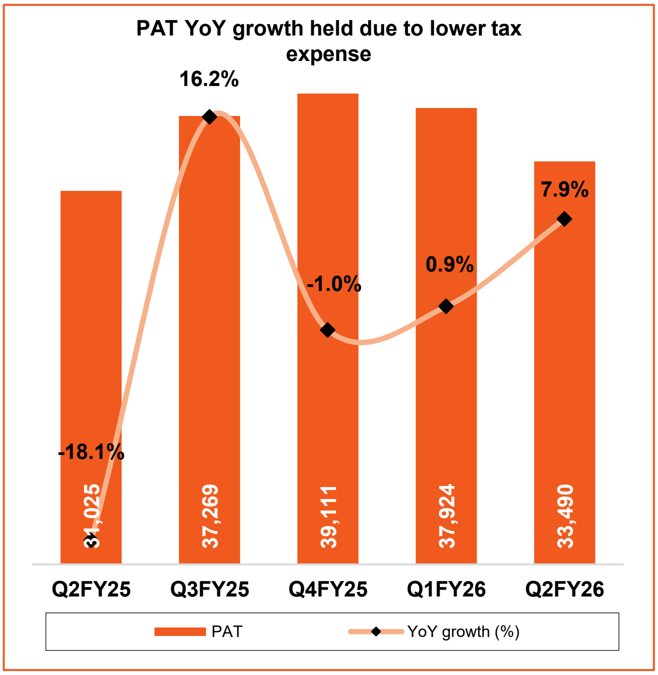
Maruti Suzuki India Ltd.

Result Snapshot

Particulars (Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
No. Of. Vehicles Sold	5,50,874	5,27,861	5,41,550	4.4%	1.7%
Revenues	**4,23,442**	**3,86,052**	**3,74,492**	**9.7%**	**13.1%**
Total Expenditure	**3,90,184**	**3,55,854**	**3,38,791**	**9.6%**	**15.2%**
Cost of material consumed	2,53,242	2,19,368	2,17,731	15.4%	16.3%
Purchases of stock in trade	66,820	57,038	49,231	17.1%	35.7%
Change in inventories	(15,472)	(2,794)	(1,928)	453.8%	702.5%
Employee benefits expense	20,522	20,483	16,807	0.2%	22.1%
Other expenses	47,470	45,731	42,663	3.8%	11.3%
EBITDA	**50,860**	**46,226**	**49,988**	**10.0%**	**1.7%**
EBITDA Margin (%)	**12.0%**	**12.0%**	**13.3%**	**4 bps**	**(134 bps)**
Depreciation	17,030	15,560	13,857	9.4%	22.9%
EBIT	**33,830**	**30,666**	**36,131**	**10.3%**	**(6.4%)**
EBIT Margin (%)	**8.0%**	**7.9%**	**9.6%**	**5 bps**	**(166 bps)**
Finance cost	572	468	430	22.2%	33.0%
Other income	9,462	18,882	15,232	(49.9%)	(37.9%)
Pretax Income	**42,720**	**49,080**	**50,933**	**(13.0%)**	**(16.1%)**
Share of profits of JV/ associates	673	355	473	89.6%	42.3%
Tax	9,903	11,511	20,381	(14.0%)	(51.4%)
Net profit	**33,490**	**37,924**	**31,025**	**(11.7%)**	**7.9%**
Net Profit Margin (%)	**7.9%**	**9.8%**	**8.3%**	**(191 bps)**	**(38 bps)**
Diluted EPS (INR)	**106.5**	**120.6**	**98.7**	**(11.7%)**	**7.9%**

Source: Company, DevenChoksey Research





Source: Company, DevenChoksey Research

Maruti Suzuki India Ltd.

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26E	FY27E	FY28E
Revenues	**15,29,130**	**17,75,873**	**20,23,583**	**22,70,342**
COGS	10,74,908	12,68,662	14,46,809	16,20,993
Gross profit	**4,54,222**	**5,07,211**	**5,76,773**	**6,49,349**
Employee cost	70,260	87,391	99,409	1,11,559
Other expenses	1,87,452	2,01,011	2,22,594	2,49,738
EBITDA	**2,00,259**	**2,22,250**	**2,58,817**	**2,92,594**
EBITDA Margin	13.1%	12.5%	12.8%	12.9%
D&A	56,082	65,253	71,126	77,527
EBIT	**1,44,177**	**1,56,997**	**1,87,692**	**2,15,067**
Interest expense	1,942	1,940	1,800	1,800
Other income	51,526	50,344	56,000	64,000
PBT	1,96,200	2,08,302	2,45,589	2,81,414
Tax	51,198	50,283	61,397	70,353
Share of profit of JV/associates	2,439	2,901	3,697	4,147
PAT	**1,45,002**	**1,58,020**	**1,84,191**	**2,11,060**
EPS (INR)	461.2	502.6	585.9	671.3

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	1,61,362	1,68,037	1,92,527	2,29,337
Capex	(1,02,503)	(1,06,552)	(1,23,439)	(1,40,761)
Dividend Paid	(39,300)	(50,304)	(55,020)	(62,880)
Change in Capital	**(2,251)**	**(1,940)**	**(1,800)**	**(1,800)**
Closing Cash	5,529	7,496	19,461	36,504
FCF	**58,859**	**61,485**	**69,089**	**88,575**

Exhibit 4: Key Ratios

Key Ratio	FY25	FY26E	FY27E	FY28E
EBITDA Margin (%)	13.1%	12.5%	12.8%	12.9%
Tax rate (%)	26.1%	24.1%	25.0%	25.0%
Net Profit Margin (%)	9.5%	8.9%	9.1%	9.3%
RoE (%)	15.9%	15.5%	16.2%	16.6%
RoCE (%)	15.0%	14.7%	15.7%	16.0%
EPS (INR)	461.2	502.6	585.9	671.3
PE	25.0x	31.4x	26.9x	23.5x

Source: Company, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	1,572	1,572	1,572	1,572
Other Equity	9,60,827	10,68,543	11,97,714	13,45,895
Total Equity	**9,62,399**	**10,70,115**	**11,99,286**	**13,47,467**
Non-Current Liabilities				
DTL	15,944	15,944	15,944	15,944
Provisions	1,260	1,260	1,260	1,260
Other Current Liabilities	34,410	34,410	34,410	34,410
Total Non-Current Liabilities	**51,614**	**51,614**	**51,614**	**51,614**
Current Liabilities				
Borrowings	0	0	0	0
Provisions	15,646	15,646	15,646	15,646
Trade Paybles	2,05,015	2,43,305	2,77,470	3,10,875
Other current liabilities	85,044	85,044	85,044	85,044
Total Current Liabilities	**3,05,705**	**3,43,995**	**3,78,160**	**4,11,565**
Total Liabilities	**13,19,718**	**14,65,724**	**16,29,060**	**18,10,646**
Non-Current Assets				
PPE	3,18,966	3,60,266	4,12,579	4,75,813
Investments	5,79,278	6,40,000	7,00,000	7,75,000
Other current assets	1,26,232	1,26,232	1,26,232	1,26,232
Total Non-Current Assets	**10,24,476**	**11,26,498**	**12,38,811**	**13,77,045**
Current Assets				
Inventories	69,132	76,467	87,205	97,704
Trade Receivables	65,397	87,577	99,793	99,522
Investments	83,376	90,000	1,00,000	1,10,000
Cash and Bank	5,529	7,496	19,461	36,504
Oher current assets	71,808	77,686	83,790	89,871
Total Current Assets	**2,95,242**	**3,39,226**	**3,90,250**	**4,33,601**
Total Assets	**13,19,718**	**14,65,724**	**16,29,060**	**18,10,646**

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Maruti Suzuki India Ltd.

Maruti Suzuki India Ltd.			
Date	**CMP (INR)**	**TP(INR)**	**Recommendation**
05-Nov-25	15,374	16,312	ACCUMULATE
01-Aug-25	12,302	14,312	BUY
29-Apr-25	11,841	14,617	BUY
31-Jan-25	12,000	14,234	BUY
30-Oct-24	11,046	13,407	BUY
06-Aug-24	12,201	14,148	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	**Upside**
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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