

Q1FY26 Results Beat Estimates; Market Share Loss a Concern

Est. Vs. Actual for Q1FY26: Revenue – **BEAT**; EBITDA – **BEAT** ; PAT – **BEAT**

Change in Estimates post Q1FY26

FY26E/FY27E: Revenue -6.2%/-7.2%; EBITDA -0.4%/-13.1%; PAT -7.3%/-5.0%.

Recommendation Rationale

- **Domestic Market Outlook:** The Indian PV industry witnessed a marginal decline of 1.6% YoY in Q1FY26, compared to a 6.1% decline for Maruti. The slowdown was attributed to a high base effect and affordability pressures, particularly impacting entry-segment cars, with SUVs/MPVs accounting for over 66% of the industry sales mix in Q1FY26 vs less than 35% in FY19. On account of fierce competition, Maruti has lost overall wholesale market share to 39% from its peak of 51% in FY19. Retail saw 3.4% YoY growth for Maruti, whereas the industry degrew 1.5% YoY.
- **Exports Outlook:** Exports emerged as a key cushion to the subdued domestic growth in Q1FY26 for Maruti, achieving 37% YoY growth at 97k vehicles. Export revenue stood at ~Rs 6,500 Cr, and the company is projecting strong export volume growth ahead in FY26. A significant contribution to this will come from the eVITARA, an electric SUV, where the company plans to initiate sales by Sep'25. The earlier target set for 70,000 units in FY26 may be adversely impacted due to the unavailability of rare earth minerals. Japan has emerged as the second-largest export destination on the back of successful products like Jimny and Fronx.
- **EBITDA:** Maruti EBITDA margins contracted by 227 bps YoY in Q1FY26 to 10.4%. Key factors included a 60 bps negative impact from operating leverage, 50 bps from seasonal employee expenses, overheads from the newly commissioned Kharkhoda plant (30 bps impact), and adverse commodity prices mainly led by steel (40 bps), partly offset by a favorable product mix (30 bps), lower advertisement expenses (60 bps), and a 50 bps gain from hedging/forex gains.

Sector Outlook: **Neutral.**

Company Outlook & Guidance: In the near term, the company expects low single-digit domestic volume growth in FY26E and double-digit export volume growth.

Current Valuation: 20x PE on FY28EPS (earlier 22x P/E on FY27 EPS)

Current TP: Rs 12,635 (earlier 11,710/share)

Recommendation: We maintain our **HOLD** rating on the stock.

Financial Performance

Revenue, EBITDA, and PAT beat estimates by 5%, 6%, and 22% respectively, in Q1FY26. Revenue was up 8% YoY (but down 6% QoQ), led by 1% volume growth and a 7% improvement in realisation driven by a better product mix (higher share of SUVs and exports). EBITDA was down 11% YoY and 6% QoQ. PAT came in flat on account of higher other income due to efficient treasury options and MTM gains from interest rate reductions.

Key Financials (Standalone)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	38,414	-6%	8%	36,412	5%
EBITDA	3,995	-6%	-11%	3,761	6%
EBITDA Margin	10.4%	-8 bps	-227 bps	10.3%	7 bps
Adj Net Profit	3,712	0%	2%	3,047	22%
Adj EPS (Rs)	118.1	0%	2%	96.9	22%

Source: Company, Axis Securities Research

(CMP as of 31st July 2025)

CMP (Rs)	12,634
Upside /Downside (%)	0%
High/Low (Rs)	13,675/ 10,725
Market cap (Cr)	3,97,230
Avg. daily vol. (6m) Shrs.	3,75,805
No. of shares (Cr)	31.44

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	58.3	58.3	58.3
FII	15.5	15.0	15.2
MFs / UTI	15.6	15.5	15.2
FI / Banks	0.1	0.0	0.0
Others	10.6	11.2	11.3

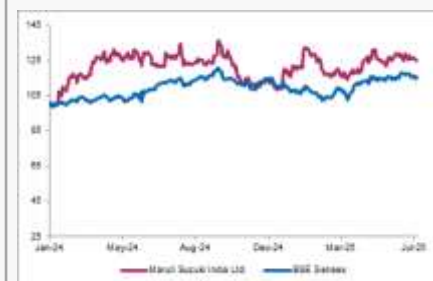
Financial & Valuations

Y/E Mar (Rs Cr)	FY26E	FY27E	FY28E
Net Sales	1,65,021	1,79,579	1,96,451
EBITDA	17,655	20,448	22,300
Net Profit	15,893	17,728	19,825
EPS (Rs.)	505.5	563.9	630.6
PER (x)	25.0	22.4	20.0
EV/EBITDA (x)	22.0	18.7	16.8
P/BV (x)	3.8	3.4	3.0
ROE (%)	15.6%	15.6%	15.6%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-6.2%	-7.2%
EBITDA	-0.4%	-13.1%
PAT	-7.3%	-5.0%

Relative Performance



Source: Ace Equity, Axis Securities Research

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Outlook

At the CMP, valuations appear full, and significant challenges persist for the PV industry, particularly for Maruti, in sustaining its domestic market share, thereby limiting its upside potential. We have reduced volume growth estimates for Maruti's overall PV volume growth (largely aided by exports pick-up) to ~5% CAGR for FY25–FY28E.

Valuation & Recommendation

We value the stock at **20x PE on FY28EPS (earlier 22x P/E on FY27 EPS)** to arrive at our TP of Rs 12,635/share. The TP factors include declining sales in small cars, stagnated domestic SUV volumes lower margin assumption due to EV volumes risk, Kharkhoda plant start-up cost and a muted PV industry environment on a high base being partly supported by new product launches and export volume growth. **We maintain a HOLD rating with a 0% upside potential from the CMP and recommend a Buy on Dips strategy for the stock.**

Key Concall Highlights

- **New Product Launches:** Maruti Suzuki will launch two new models: the eVITARA - an electric SUV and another ICE SUV aimed at further strengthening its presence in the high-growth UV segment.
- **EV Outlook:** The management cautioned that EV profitability will be significantly lower than that of internal combustion engine (ICE) vehicles across the industry. The sector's reliance on policy support, like the 5% GST and various incentive schemes, underscores the margin challenges inherent to EVs. Despite this, the company emphasised a broader decarbonisation strategy, leveraging multiple technologies to achieve emission reduction goals, rather than relying solely on EVs. Export volumes are expected to soften the margin impact slightly by providing better economies of scale.
- **Inventory Days:** The company ended Q1FY26 with 33 days of dealership inventory.
- **Capital expenditure** is ~Rs 10,000 Cr, and for FY26, on R&D: range, reflecting sustained investment in capacity expansion and technology development.
- **Forex gains** provided an additional 50 bps benefit, although these were booked under non-operating income and not captured in the EBITDA margin.

Key Risks to Our Estimates and TP

- Upside risk to our estimates may arise on account of a reduction in GST from 28% to 5%/12% on Hybrid Vehicles,
- Earlier-than-expected recovery in the small car segment will be a positive trigger for the company.

Change in Estimates

	Revised			Old			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	1,51,900	1,65,021	1,79,579	1,61,875	1,77,764	N.A.	-6.2%	-7.2%	N.A.
EBITDA	17,654	17,655	20,448	17,733	20,310	N.A.	-0.4%	-13.1%	N.A.
PAT	13,982	15,893	17,728	15,078	16,731	N.A.	-7.3%	-5.0%	N.A.

Source: Company, Axis Securities Research

Q1FY26 Results Review

YE March (Rs. Cr)	Q1FY25	Axis Sec Estimates	Axis Sec Var (%)	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
Mini (Alto, S-presso)	19,522	19,522	0.0%	36,128	-46.0%	30,816	-36.6%
Compact (Baleno, Celerio, Dzire, Ignis, Swift, Tour S, WagonR)	1,77,270	1,77,270	0.0%	2,22,089	-20.2%	1,89,208	-6.3%
Mid-Size (Ciaz)	1,807	1,807	0.0%	2,541	-28.9%	2,169	-16.7%
Passenger Cars	1,98,599	1,98,599	0.0%	2,60,758	-23.8%	2,22,193	-10.6%
UV (Brezza, Ertiga, S-Cross, XL6, Grand Vitara)	1,61,868	1,61,868	0.0%	1,91,223	-15.4%	1,63,130	-0.8%
Vans (Eeco)	33,105	33,105	0.0%	33,152	-0.1%	33,791	-2.0%
Total Domestic PV sales	3,93,572	3,93,572	0.0%	4,85,133	-18.9%	4,19,114	-6.1%
Total LCV (Super Carry)	8,510	8,510	0.0%	9,190	-7.4%	7,946	7.1%
Sales to other OEMs	28,807	28,807	0.0%	25,223	14.2%	24,248	18.8%
Total Domestic Sales	4,30,889	4,30,889	0.0%	5,19,546	-17.1%	4,51,308	-4.5%
Exports	96,972	96,972	0.0%	85,089	14.0%	70,560	37.4%
Total Sales (units)	5,27,861	5,27,861	0.0%	6,04,635	-12.7%	5,21,868	1.1%
Net Sales	36,625	34,778	5.3%	38,849	-5.7%	33,875	8.1%
Other Operating Income	1,789	1,634	9.5%	1,825	-2.0%	1,656	8.0%
Total Revenue	38,414	36,412	5.5%	40,674	-5.6%	35,531	8.1%
Less:							
Net Raw Material consumed	27,730	26,253	5.6%	29,235	-5.2%	24,933	11.2%
Other Exp.	4,914	4,770	3.0%	5,605	-12.3%	4,539	8.3%
Personnel	1,775	1,628	9.1%	1,569	13.1%	1,558	14.0%
Total Expenditure	34,418	32,651	5.4%	36,409	-5.5%	31,029	10.9%
EBITDA	3,995	3,761	6.2%	4,265	-6.3%	4,502	-11.3%
Less: Depreciation	938	883	6.2%	872	7.5%	731	28.2%
EBIT	3,058	2,878	6.2%	3,392	-9.9%	3,771	-18.9%
Less: Interest	47	47	-1.8%	47	-1.3%	57	-18.7%
Add: Other income	1,823	1,126	61.9%	1,447	26.0%	975	87.0%
Profit Before Extraordinary Items and Tax	4,834	3,957	22.2%	4,792	0.9%	4,689	3.1%
Extra Ord. Expenses/ (Income)	0	0	NA	0	NA	0	NA
Profit Before Tax	4,834	3,957	22.2%	4,792	0.9%	4,689	3.1%
Less: Total Tax	1,123	910	23.3%	1,081	3.9%	1,039	8.0%
Profit After Tax	3,712	3,047	21.8%	3,711	0.0%	3,650	1.7%
Adj. PAT	3,712	3,047	21.8%	3,711	0.0%	3,650	1.7%
Shares Outstanding (mn)	31	31	0.0%	31	0.0%	31	0.0%
Reported EPS (Rs.)	118.1	96.9	21.8%	118.0	0.0%	116.1	1.7%
Adj. EPS (Rs.)	118.1	96.9	21.8%	118.0	0.0%	116.1	1.7%
Margin Analysis (%)	Q1FY25	Axis Sec Estimates	Axis Sec Var (%)	Q4FY25	QoQ (%)	Q1FY25	YoY (%)
Net Realisation (Rs/unit) ASP	6,93,832	6,58,853	5.3%	6,42,517	8.0%	6,49,116	6.9%
Gross Margin	27.8%	27.9%	-9	28%	-31	30%	-202
EBITDA Margin	10.4%	10.3%	7	10.5%	-8	12.7%	-227
EBIT Margin	8.0%	7.9%	6	8.3%	-38	10.6%	-265
Adj. NPM	9.7%	8.4%	129	9.1%	54	10.3%	-61
Effective Tax Rate	23.2%	23.0%	22	22.6%	67	22.2%	106
Cost Analysis							
RM Cost/Net Sales	72.2	72.1	9	71.9	31	70.2	202
Other Expenses/Net Sales	12.8	13.1	(31)	13.8	-99	12.8	2
Personnel/Net Sales	4.6	4.5	15	3.9	76	4.4	24

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March (Rs Cr)	FY25	FY26E	FY27E	FY28E
Net revenues	1,51,900	1,65,021	1,79,579	1,96,451
Operating expenses	1,34,246	1,47,366	1,59,131	1,74,152
EBITDA	17,654	17,655	20,448	22,300
EBITDA margin (%)	11.62%	10.70%	11.39%	11.35%
Other income	4,882	6,944	7,364	7,666
Interest	193	189	166	166
Depreciation	3,133	3,757	4,606	4,036
Profit Before Tax	19,210	20,653	23,039	25,764
Tax	4,101	4,761	5,311	5,939
Reported Net Profit	15,109	15,893	17,728	19,825
Net Margin (%)	9.95%	9.63%	9.87%	10.09%
Adjusted Net Profit	13,982	15,893	17,728	19,825

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March (Rs Cr)	FY25	FY26E	FY27E	FY28E
Equity capital	157	157	157	157
Reserves & surplus	93,562	1,04,582	1,16,807	1,30,658
Shareholders' funds	93,719	1,04,739	1,16,965	1,30,815
Total Loans	119	119	119	119
Deferred tax liability	-	-	-	-
Total Liabilities and Equity	93,838	1,04,857	1,17,083	1,30,934
Gross block	52,543	61,303	70,303	80,203
Depreciation	25,607	29,364	33,970	38,006
Net block	26,937	31,940	36,333	42,198
Capital WIP	3,360	3,600	3,600	2,700
Investments	66,502	68,402	70,302	72,202
Inventory	5,517	6,056	6,540	7,157
Debtors	4,162	4,521	4,920	5,382
Cash & Bank Bal	4,887	9,122	15,245	22,268
Loans & Advances	10,487	11,143	11,871	12,714
Current Assets	25,053	30,842	38,576	47,521
Sundry Creditors	13,373	14,657	15,830	17,317
Other Current Liability	14,640	15,268	15,897	16,369
Current Liability & Provisions	28,013	29,926	31,727	33,686
Net current assets	(2,960)	916	6,848	13,835
Total Assets	93,838	1,04,857	1,17,083	1,30,934

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March (Rs Cr)	FY25	FY26E	FY27E	FY28E
EBIT	14,521	13,898	15,841	18,264
Other Income	4,882	6,944	7,364	7,666
Depreciation & Amortization	3,133	3,757	4,606	4,036
Interest paid(-)	(193)	(189)	(166)	(166)
Tax paid(-)	(5,228)	(4,761)	(5,311)	(5,939)
Extra Ord Income	-	-	-	-
Operating Cash Flow	17,115	19,649	22,334	23,860
Change in Working Capital	(2,055)	358	191	36
Cash flow from Operations	15,060	20,008	22,525	23,896
Capex	(8,400)	(9,000)	(9,000)	(9,000)
Strategic Investment	-	-	-	-
Non-Strategic Investment	(1,900)	(1,900)	(1,900)	(1,900)
Cash flow from Investing	(10,300)	(10,900)	(10,900)	(10,900)
Change in borrowing	-	-	-	-
Others	(0)	-	-	(0)
Dividends Paid (-)	(4,244)	(4,873)	(5,502)	(5,974)
Cash Flow from Financial Activities	(4,244)	(4,873)	(5,502)	(5,974)
Change in Cash	515	4,235	6,123	7,022
Opening cash	4,372	4,887	9,122	15,245
Closing cash	4,887	9,122	15,245	22,268

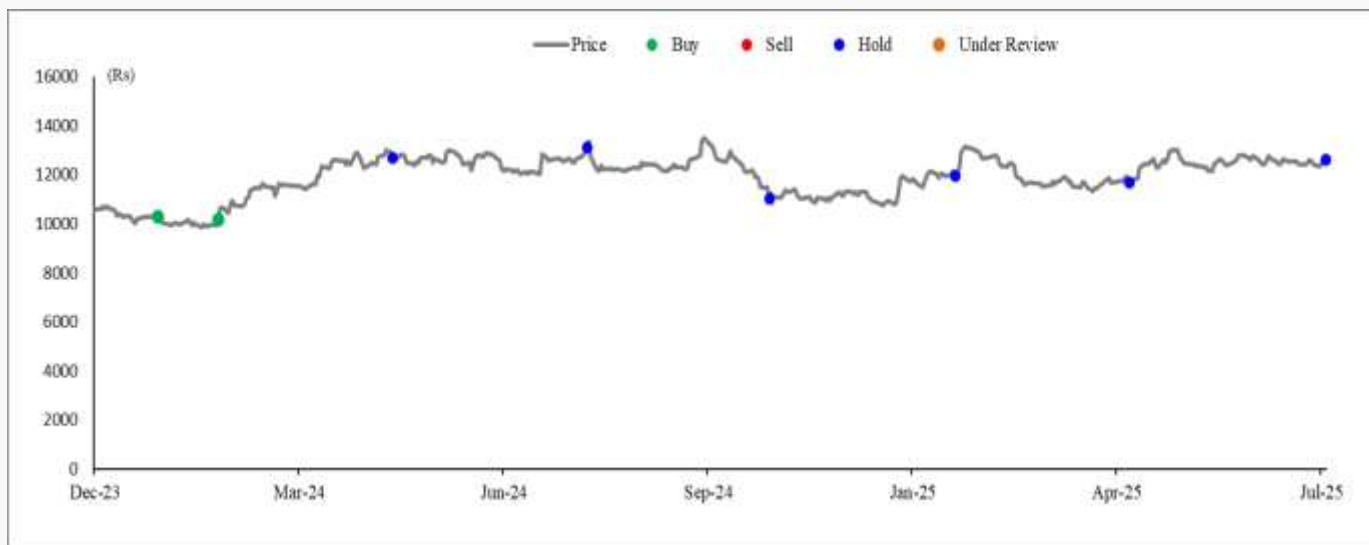
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Revenue Growth	7.8	8.6	8.8	9.4
EBITDA Margin	11.6	10.7	11.4	11.4
Net Profit Margin	9.2	9.6	9.9	10.1
ROCE (%)	15.5	15.8	15.7	15.7
ROE (%)	15.4	15.6	15.6	15.6
EPS (Rs.)	444.7	505.5	563.9	630.6
PER (x)	25.9	25.0	22.4	20.0
P/BV (x)	3.9	3.8	3.4	3.0
EV/ EBITDA (x)	20.2	22.0	18.7	16.8
Fixed Assets Turnover Ratio (x)	5.0	4.6	4.5	4.4
Debt / Equity (x)	0.0	0.0	0.0	0.0
EV/ Sales (x)	2.4	2.4	2.1	1.9

Source: Company, Axis Securities Research

Maruti Suzuki Price Chart and Recommendation History



Source: Axis Securities Research

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Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.