

Maruti Suzuki India Ltd (MSIL)

Strong ASPs lead to performance beat; festive traction and improved affordability lead to strong retails

Maruti Suzuki reported strong Q2FY26 results, outperforming our estimates by 7.9%/11.0%/0.7% at the Revenue/EBITDA/PAT levels, respectively. Standalone revenue grew 13.2% YoY / 9.6% QoQ to Rs 4,21,008 mn, driven largely by a 10.9% YoY / 5.0% QoQ increase in ASPs, which came in 7.6% higher than our estimates. Wholesale volumes rose 1.7% YoY, supported by robust export growth of 42.2% YoY, offsetting a 5% decline in domestic sales. EBITDA margin contracted by 134 bps YoY to 10.5%, as cost-saving measures and higher operating income partially offset pressures from adverse commodity and forex movements, higher marketing spends, and Kharkhoda plant costs. Absolute EBITDA rose 0.4% YoY to Rs 44,341 mn, outperforming our expectation, driven by higher ASPs and revenue outperformance. Reported PBT was 2.5% lower than our estimates due to lower other income. Net profit rose 7.3% YoY but declined 11.3% QoQ to Rs 32,931 mn; however, PAT is not comparable YoY due to one-off tax provision in the base quarter.

Wholesales yet to reflect the retail exuberance; inventory depleted post festive

Q2FY26 was a mixed quarter, in terms of both retails and wholesales for the industry, and in turn for MSIL. The GST rate change resulted in an interim pause/slowdown in the 2nd half of August and the first 20 days of September, while post 22nd September, the market exuberance returned owing to the festive positivity, lower ownership costs and added discounts by MSIL. Wholesale growth spilled into October, with domestic growth at 9.4% YoY for the month, vs. -1.5/-7.5/-6.1%, respectively for FY26/27/28E, respectively. With pending deliveries post the festive period, strong wholesales should continue in November.

Richer product mix reflects in strong ASP

Blended ASP expanded by 10.9% YoY/ 5.0% QoQ. Domestic (10.6% YoY/ 3.4% QoQ) and export (11.0% YoY/ 12.1% QoQ) ASPs both saw an uptick. Additionally, exports ASPs were ~4% better than domestic in the quarter, with the share of export volumes at 20.1% vs. 18.4% in Q1FY26 and 14.4% in Q2FY25. Better share of CNG volumes also contributed to better ASPs.

Management expects healthy volume growth post festive as well, supported by the small car segment in the 18% GST bracket

While it is still premature to ascertain the sustainability of the demand uptick, management believes the small car segment should grow in the range of 10%, and the whole industry at ~6% in the medium term, starting H2FY26E.

Valuation and view

MSIL has seen good traction in its compact car sales in Q2FY26 and October, reflecting an uptick in this segment, which was declining for a while now. With strong export traction, recent model launches and low inventory levels post festive season, the near-term growth outlook remains healthy. Overall, we expect an improvement in growth for MSIL, aided by policy impetus like GST and income tax rate rationalisation declining inflation and reducing interest rates. A robust new launch pipeline over next 5-6 years, entry in BEV segment with maiden offering, a strong export franchise and capacity enhancement will support growth.

We reduce our FY26E EPS estimate by 3.2%, mainly due to higher depreciation, but broadly retain our FY27/28E EPS estimates. We expect Revenue/EBITDA/PAT CAGR of 12.2/12.3/12.7%, respectively over FY25-28E. We believe the positives are priced in to a large extent. We retain our valuation at 27x Sep-27E EPS of Rs 599, and a price target of Rs 16,180. With no potential upside to the CMP of Rs 16,155, we retain our HOLD rating on the shares of MSIL. Key risks could be slower than anticipated recovery in the PV segment, sustainability of growth in the entry car segment not panning out, and competition intensity limiting any market share gains.

Y/E March (Rs in mn) (Standalone)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	14,09,326	15,19,001	17,38,371	19,66,383	21,43,023
Growth (%)	19.9	7.8	14.4	13.1	9.0
EBITDA	1,63,601	1,76,539	1,88,364	2,26,666	2,50,112
EBITDA (%)	11.6	11.6	10.8	11.5	11.7
Adj. PAT	1,32,094	1,39,552	1,54,299	1,78,814	1,99,681
Adj. EPS	431.1	443.9	490.8	568.7	635.1
Adj. EPS Growth (%)	61.7	3.0	10.6	15.9	11.7
ROE (%)	18.3	15.7	15.5	16.0	16.0
ROCE (%)	17.7	15.6	14.2	15.9	16.1
P/E (x)	37.5	36.5	33.0	28.5	25.5

Source: Company, ACMIIL Research

HOLD

Target: ₹ 16,180

Key Data

Bloomberg code:	MSIL IN
Target price (Rs)	16,180
CMP (Rs)	16,155
Upside/ (Downside)	0.0
Rating:	HOLD
Shares outstanding (mn):	314
Mcap (Rs bn) :	5,079
52-week H/L (Rs):	16,424/10,736

Price Performance (%)

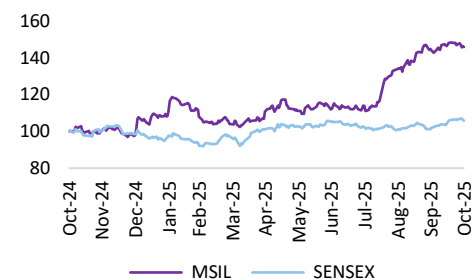
1 month	0.8
3 months	28.1
12 months	45.8

Shareholding Pattern (%)

	Mar'25	Jun '25	Sept '25
Promoter	58.3	58.3	58.3
FII	15.0	15.2	15.8
DII	23.6	23.3	22.6
Public/other	3.1	3.2	3.3
Pledge	-	-	-

Source: BSE

MSIL performance vs. Sensex



Source: BSE

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Quarterly Performance – Standalone

Y/E March (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ(%)	ACMIIL Est. Var. (%)	H1FY26	H1FY25	YoY (%)	
Revenues	4,21,008	3,72,028	13.2	3,84,136	9.6	3,90,031	7.9	8,05,144	7,27,342	10.7
Total Expenditure	3,87,629	3,35,773	15.4	3,54,024	9.5			7,41,653	6,53,947	13.4
Cost of material consumed	1,50,018	1,33,411	12.4	1,34,402	11.6			2,84,420	2,54,651	11.7
Purchases of stock in trade	1,70,479	1,33,725	27.5	1,45,432	17.2			3,15,911	2,70,766	16.7
Change in inventories	(12,827)	323	(4,071.2)	(2,538)	405.4			(15,365)	(8,629)	78.1
Employee benefits expense	17,823	14,688	21.3	17,752	0.4			35,575	30,264	17.5
Other expenses	51,174	45,715	11.9	49,135	4.1			1,00,309	91,101	10.1
EBITDA	44,341	44,166	0.4	39,953	11.0	39,935	11.0	84,294	89,189	(5.5)
EBITDA Margin (%)	10.5%	11.9%	-134 bps	10.4%	13 bps			10.5%	12.3%	-179 bps
Depreciation	10,392	7,509	38.4	9,375	10.8			19,767	14,819	33.4
EBIT	33,949	36,657	(7.4)	30,578	11.0			64,527	74,370	(13.2)
EBIT Margin (%)	8.1%	9.9%	-179 bps	8.0%	10 bps			8.0%	10.2%	-221 bps
Finance cost	570	402	41.8	466	22.3			1,036	975	6.3
Other income	9,131	14,750	(38.1)	18,230	(49.9)			27,361	24,501	11.7
PBT	42,510	51,005	(16.7)	48,342	(12.1)			90,852	97,896	(7.2)
Tax	9,579	20,313	(52.8)	11,225	(14.7)			20,804	30,705	(32.2)
Net profit	32,931	30,692	7.3	37,117	(11.3)	32,714	0.7	70,048	67,191	4.3
Net Profit Margin (%)	7.8%	8.2%	-43 bps	9.7%	-184 bps			8.7%	9.2%	-54 bps
Diluted EPS (INR)	104.7	97.6	7.3	118.2	(11.4)			222.8	213.7	4.3

Source: Company, ACMIIL Research

Volumes and per unit analysis	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ(%)
Volume (units)	5,50,874	5,41,550	1.7	5,27,861	4.4
Realisation per unit (Rs)	7,28,586	6,57,171	10.9	6,93,832	5.0

Source: Company, ACMIIL Research

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Con-Call Key Take Away

Festive Season and GST Rate Cuts Drive Strong Retail Tailwind

The festive period (22 Sep–31 Oct) bookings surged to ~500,000, up from 350,000 in the prior year's festive period. Retail sales for the period almost doubled YoY to ~400,000 units, versus ~211,000 units last year. Small cars drove growth, accounting for ~250,000 units of retail sales (up ~100% YoY). October monthly retail volumes grew 20% YoY, with small cars (18% GST bracket) growing 30% YoY, while premium cars in the 40% GST bracket grew by 4–5% YoY. Management expects the GST-related tailwinds to support momentum in the coming quarters. Post the festive season, pending bookings are still at 200,000 levels.

ASP & Margin Commentary

ASPs improved to Rs 5.87 lakh (vs Rs 5.66 lakh in Q2FY25 and Rs 5.76 in Q1FY26), supported by a favorable mix, including higher contribution from exports and CNG. Despite higher ASPs, margin pressure stemmed from adverse commodity and forex movements, higher marketing and sales promotion expenses, and new-plant (Kharkhoda) costs. Cost reduction efforts and higher operating income partly offset these headwinds. Depreciation increased due to the Victoris model launch.

Export Performance

Exports rose 42.2% YoY to 1,10,487 units, contributing 20.1% of volumes, with strong traction in the E-Vitara and Fronx. Export revenue stood at Rs 83 bn in Q2FY26. Management expects FY26E exports to exceed the earlier 4,00,000-unit guidance.

Model Launches & Product Updates

The company launched the all-new Victoris SUV, positioned in the high-growth SUV segment, featuring ADAS Level 2, and available in hybrid, CNG, and 4x4 variants, achieving 30,000 bookings within weeks. The E-Vitara BEV commenced production for export to 100+ countries, marking a major step toward carbon neutrality. Suzuki also inaugurated its first lithium-ion cell and electrode manufacturing plant in India for hybrid vehicles. Invicto and Grand Vitara continued to perform well; the latter achieved 3,00,000 cumulative sales in 32 months.

Dealer Inventory & Discounts

Dealer inventory reduced to ~38 days by September end, and is expected to normalize further by October end due to strong retails. Discounts increased sequentially, impacting margins by ~75 bps. Management stated that pricing and discounting decisions will remain tactical, aiming to balance market momentum and profitability.

Market Share & Strategy

Management reaffirmed its target to regain 50% market share, while aspiring to reach 10% EBIT margins, as targeted by the parent company Suzuki Motor Corporation. Eight new SUV launches are planned by FY31E, along with new small-car and hybrid models to maintain a balanced portfolio. Despite the current focus on SUVs, small cars remain core, with continued product interventions and feature upgrades.

Consumer & Demand Insights

Share of small cars rose from 16.5% to 20.5% post-GST rate cut. Beyond-top-100 cities grew 65% YoY in bookings (vs 50% in top-100 cities), highlighting broad-based rural and semi-urban recovery. Early indicators show a rise in first-time buyers, signaling improving affordability and new market expansion.

Guidance

Management expects industry growth of ~6% YoY on a sustainable basis from H2FY26E, with the small car segment likely to grow ~10%. Near-term production remains strong, with additional Sunday shifts being added to meet demand. While cost pressures persist from commodities and forex, exports, premiumization, and operating leverage are expected to support profitability. The company reiterated its focus on “profitable growth with scale”, maintaining a balance between volume, market share, and margins.

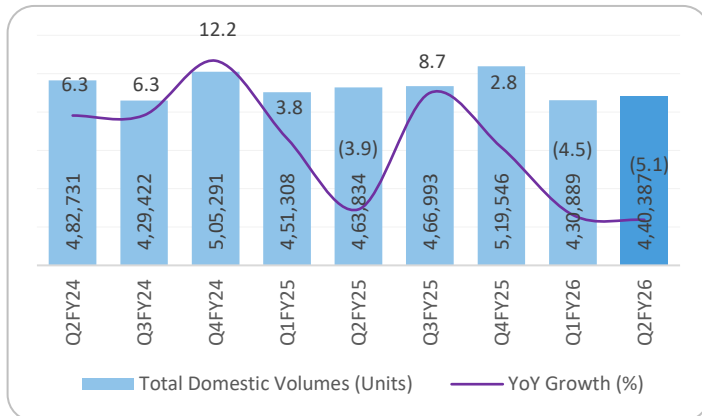
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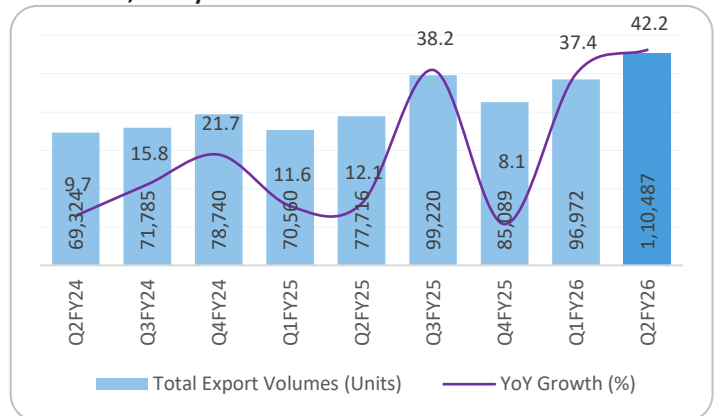
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Exhibit 1: Domestic sales fell 5.1% YoY due to the GST transition phase



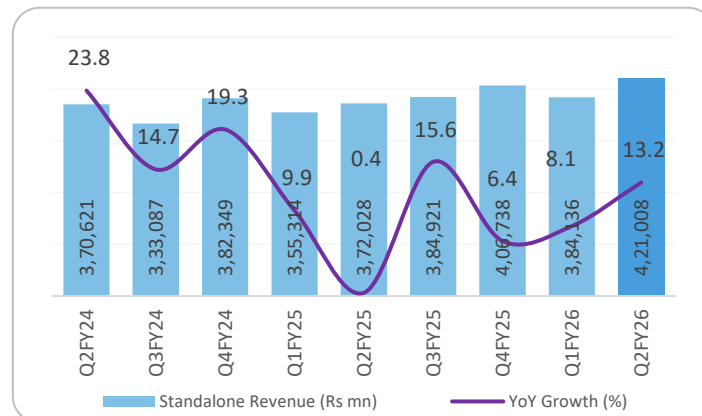
Source: Company, ACMIIL Research

Exhibit 2: Strong export momentum continued with volumes up 42.2% YoY, led by robust demand for Fronx and e-Vitara



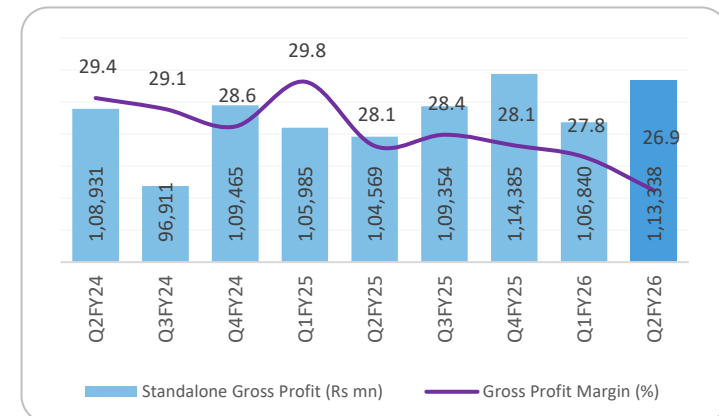
Source: Company, ACMIIL Research

Exhibit 3: Revenue Growth Strengthens Sequentially, Led by Improved Volumes and Mix



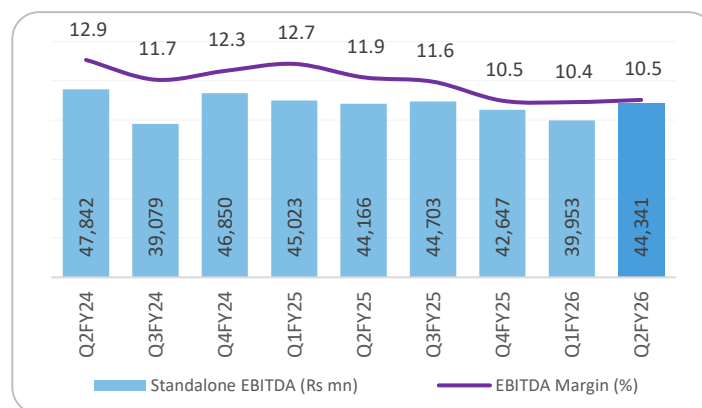
Source: Company, ACMIIL Research

Exhibit 4: Gross margin declined to 26.9%, despite uptick in ASPs



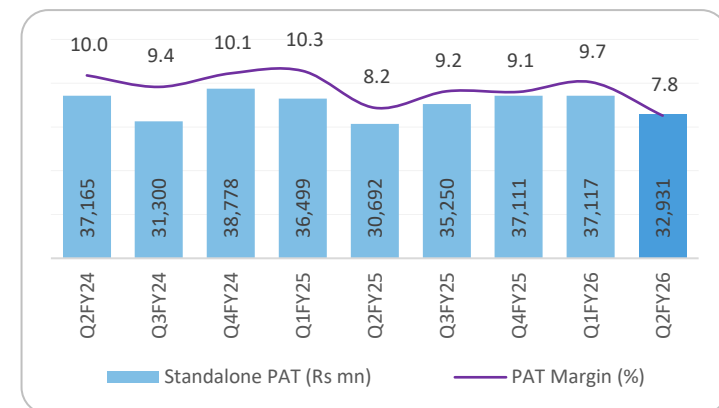
Source: Company, ACMIIL Research

Exhibit 5: EBITDA margin fell 134 bps YoY to 10.5%, impacted by adverse commodity, FX, higher A&P spends, partially offset by cost reduction efforts



Source: Company, ACMIIL Research

Exhibit 6: PAT and margins softened QoQ due to lower other income



Source: Company, ACMIIL Research

Maruti Suzuki India Ltd (MSIL)

Valuation and View

MSIL has seen good traction in its compact car sales in Q2FY26 and October, reflecting an uptick in this segment, which was declining for a while now. With strong export traction, recent model launches and low inventory levels post festive season, the near-term growth outlook remains healthy. Overall, we expect an improvement in growth for MSIL, aided by policy impetus like GST and income tax rate rationalisation declining inflation and reducing interest rates. A robust new launch pipeline over next 5-6 years, entry in BEV segment with maiden offering, a strong export franchise and capacity enhancement will support growth.

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Exhibit 8: Valuation Summary

Valuation	Rs
Adj. EPS (H1FY28E)	599
P/E (x)	27
Target Price	16,180
CMP	16,186
Upside potential (%)	0.0
Rating	HOLD

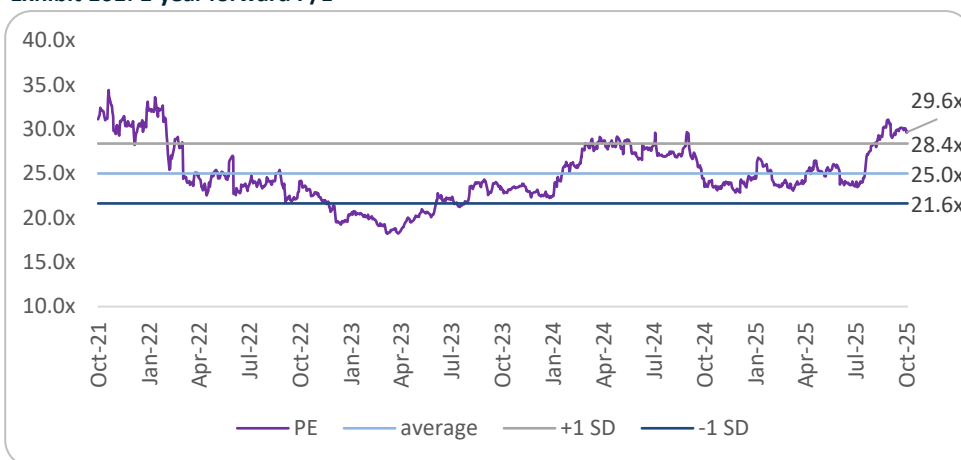
Source: Company, ACMIIL Research

Exhibit 9: Change in Estimates (standalone)

Rs. in mn	FY26E			FY27E			FY28E		
	Old	New	Var (%)	Old	New	Var (%)	Old	New	Var (%)
Revenue	23,84,838	23,75,542	(0.4)	26,48,014	26,37,459	(0.4)	28,29,468	28,18,016	(0.4)
EBITDA	1,91,156	1,88,364	(1.5)	2,26,646	2,26,666	0.0	2,50,074	2,50,112	0.0
PAT	1,59,460	1,54,299	(3.2)	1,78,767	1,78,814	0.0	1,99,673	1,99,681	0.0

Source: Company, ACMIIL Research

Exhibit 101: 1-year forward P/E



Source: Company, ACMIIL Research

Maruti Suzuki India Ltd (MSIL)

Financial (Standalone)

Income Statement

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	14,09,326	15,19,001	17,38,371	19,66,383	21,43,023
Growth (%)	19.9	7.8	14.4	13.1	9.0
RM cost	10,06,067	10,84,708	12,62,723	14,14,741	15,41,826
Employee cost	54,784	61,370	71,655	79,179	87,493
Other expenses	1,84,874	1,96,384	2,15,629	2,45,798	2,63,592
Total expenses	12,45,725	13,42,462	15,50,007	17,39,717	18,92,911
EBITDA	1,63,601	1,76,539	1,88,364	2,26,666	2,50,112
Growth (%)	50.6	7.9	6.7	20.3	10.3
EBITDA margin (%)	11.6	11.6	10.8	11.5	11.7
Depreciation	30,223	31,593	40,413	41,609	41,973
EBIT	1,33,378	1,44,946	1,47,951	1,85,057	2,08,139
EBIT margin (%)	9.5	9.5	8.5	9.4	9.7
Other income	38,958	48,817	57,224	61,941	67,505
Interest expense	1,932	1,931	1,988	2,047	2,108
PBT before exception items	1,70,404	1,91,832	2,03,187	2,44,950	2,73,536
Exceptional items	0	0	0	0	0
PBT	1,70,404	1,91,832	2,03,187	2,44,950	2,73,536
Tax	38,310	52,280	48,888	66,137	73,855
Effective tax rate	22.5	27.3	24.1	27.0	27.0
Rep. PAT	1,32,094	1,39,552	1,54,299	1,78,814	1,99,681
Rep. PAT Growth (%)	64.1	5.6	10.6	15.9	11.7
Rep. PAT (%)	9.4	9.2	8.9	9.1	9.3

Source: Company, ACMIIL Research

Balance Sheet

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity share capital	1,572	1,572	1,572	1,572	1,572
Reserves & surplus	8,38,248	9,38,895	10,50,804	11,75,682	13,12,858
Net Worth	8,39,820	9,40,467	10,52,376	11,77,254	13,14,430
Lease Liabilities	677	538	538	538	538
Provisions	1,448	1,260	1,260	1,260	1,260
Deferred tax liabilities (net)	0	12,911	12,911	12,911	12,911
Other non-current liabilities	31,616	33,819	33,819	33,819	33,819
Non current liabilities	33,741	48,528	48,528	48,528	48,528
Short term borrowings	331	0	0	0	0
Lease Liabilities	178	226	249	273	301
Trade payables	1,45,824	1,74,211	2,02,801	2,27,216	2,47,627
Other financial liabilities	19,426	24,434	24,434	24,434	24,434
Other current liabilities	39,432	41,176	41,176	41,176	41,176
Provisions	12,066	14,423	14,423	14,423	14,423
Current tax liabilities (net)	12,030	12,737	12,737	12,737	12,737
Current liabilities	2,29,287	2,67,207	2,95,820	3,20,260	3,40,698
Equity & liabilities	11,02,848	12,56,202	13,96,724	15,46,042	17,03,656
Property, plant & equipment	1,74,314	2,36,382	2,85,969	3,32,946	3,83,123
CWIP	63,034	53,575	53,575	53,575	53,575
Intangible assets	6,815	8,846	8,846	8,846	8,846
RoU assets	6,129	5,858	5,858	5,858	5,858
Financial assets	6,46,838	6,90,331	7,24,804	7,61,001	7,99,007
Non-current tax assets (net)	5,439	4,743	4,743	4,743	4,743
Other non current assets	22,655	23,945	23,945	23,945	23,945
Non current assets	9,25,224	10,23,680	11,07,740	11,90,914	12,79,097
Inventories	41,196	51,230	82,102	92,871	1,01,213
Investments	39,122	55,604	60,604	65,604	70,604
Trade receivables	46,013	65,377	74,819	84,632	92,235
Cash	4,557	780	11,928	52,490	1,00,976
Bank balances	43	3,684	3,684	3,684	3,684
Other financial assets	20,128	17,744	17,744	17,744	17,744
Other current assets	26,565	38,103	38,103	38,103	38,103
Current assets	1,77,624	2,32,522	2,88,984	3,55,128	4,24,559
Total assets	11,02,848	12,56,202	13,96,724	15,46,042	17,03,656

Source: Company, ACMIIL Research

Key Ratios

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
EPS	431.1	443.9	490.8	568.7	635.1
CEPS	523.1	569.3	599.1	720.9	795.5
BVPS	2,671.2	2,991.3	3,347.3	3,744.4	4,180.8
DPS declared	90.0	125.0	135.0	171.8	199.1
Valuations (x)					
P/E	34.6	33.6	33.0	28.5	25.5
P/BV	5.6	5.0	4.8	4.3	3.9
EV/Sales	3.3	3.1	2.9	2.6	2.4
EV/EBITDA	28.6	26.5	27.0	22.4	20.3
Return Ratio (%)					
RoCE	17.7	15.6	14.2	15.9	16.1
RoE	18.3	15.7	15.5	16.0	16.0
Gearing Ratio (x)					
Net Debt/Equity	0.1	0.1	0.0	0.0	(0.0)
Net Debt/EBITDA	0.3	0.3	0.2	0.0	(0.2)
Working Cap Cycle (days)	(26.0)	(25.7)	(25.7)	(25.7)	(25.7)
Profitability (%)					
EBITDA Margin	11.6	11.6	10.8	11.5	11.7
EBIT Margin	9.5	9.5	8.5	9.4	9.7
Adj. PAT Margin	9.4	9.2	8.9	9.1	9.3

Source: Company, ACMIIL Research

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
ACCUMULATE	5% to 15%
HOLD	-5% to +5%
REDUCE	-15% to -5%
SELL	$< -15\%$

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