BP Wealth | STOXBOX

Result Update

Q1 FY26

Maruti Suzuki India Ltd.

Institutional Research

Maruti Suzuki India Ltd.

BP WEALTH

Automobile | Q1FY26 Result Update **01st August 2025**

Topline momentum continues; Margins drag

Maruti Suzuki registered healthy revenue of Rs. 3,84,136 million during the quarter (down 5.6% QoQ / up 8.1% YoY), primarily driven by better product mix and improved realizations, despite a slight dip in overall sales volume on a sequential basis. Export volume growth (up 37.4% YoY) also supported topline expansion. Gross Profit stood at Rs. 1,07,718 million (down 6.3% QoQ / up 0.6% YoY), with gross margin declining to 28.0% (down 24 bps QoQ / down 210 bps YoY), impacted by higher material cost (up 220 bps YoY / 40 bps QoQ) due to adverse commodity prices and forex movement. EBITDA stood at Rs. 39,953 million (down 6.3% QoQ / down 11.3% YoY), largely reflecting unfavorable operating leverage, higher employee costs, and new plant (Kharkhoda) related expenses. The EBITDA margin contracted to 10.4% (down 8 bps QoQ / 227 bps YoY); however, lower promotional and advertisement expenses helped partially offset the sequential margin decline. PAT for the quarter stood at Rs. 37,117 million (flat QoQ / up 1.7% YoY), aided by higher non-operating income (up 130 bps QoQ / 210 bps YoY), which offset the decline in operational profitability. PAT margin improved 54 bps QoQ to 9.7% but declined 61 bps YoY. The quarter's volumes stood at 5,27,861 units (down 12.7% QoQ / up 1.1% YoY). The overall domestic volumes declined by 4.5% YoY to 4,30,889 units. The export volumes registered a robust 37.4% YoY growth, reaching 86,972 units.

Valuation and Outlook

Maruti Suzuki delivered a better-than-expected performance in the quarter. Revenue growth was driven by a richer product mix and improved realizations, even as volume growth remained modest. While margin pressures persisted due to elevated input costs and expenses related to capacity expansion, the company effectively mitigated some of this impact through continued cost optimization efforts. Higher realisation remained the key driving force during the quarter, aided by higher contribution from exports. Going ahead, Maruti Suzuki is positioned to deliver steady performance backed by a strong SUV portfolio, expanding export markets, and a renewed push on premiumization. However, the sustained weakness in the entry-level segment continues to be a structural drag. This could limit upside from volume recovery in the domestic market, particularly in the mini and compact categories. In addition, the recent scale-down in e-Vitara EV production due to rare-earth material constraints highlights execution risks in the company's electrification strategy, even as the segment gains strategic importance. While the outlook over the coming quarters remains mixed due to persistent headwinds in the entry-level segment and early-stage execution risks in EVs, the company remains well-positioned to benefit from evolving consumer preferences, rising export contributions, and prudent cost management. Strong rural recovery, easing inflation, and festive season demand could serve as additional catalysts in the coming quarters. We maintain a cautiously optimistic view on its medium-term growth trajectory.

Key Highlights

Particulars (Rs. Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	3,84,136	3,55,314	8.1%	4,06,738	-5.6%
Gross profit	1,07,718	1,07,087	0.6%	1,15,012	-6.3%
Gross margin (%)	28.0%	30.1%	-210 bps	28.3%	-24 bps
EBITDA	39,953	45,023	-11.3%	42,647	-6.3%
OPM (%)	10.4%	12.7%	-227 bps	10.5%	-8 bps
Adj. PAT	37,117	36,499	1.7%	37,111	0.0%
PAT (Rs.)	9.7%	10.3%	-61 bps	9.1%	54 bps

Source: Company, BP Equities Research

Sector Outlook	Neutral

Stock

CMP (Rs.)	12,275
BSE code	532500
NSE Symbol	MARUTI
Bloomberg	MSIL IN
Reuters	MRTI.BO

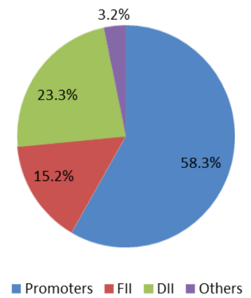
Key Data

Nifty	24,565
52 Week H/L (Rs,)	13,680/10,725
O/s Shares (Mn)	314
Market Cap (Rs. bn)	3,859
Face Value (Rs.)	5

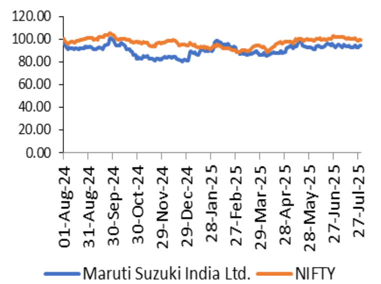
Average Volume

3 months	336,770
6 months	383,110
1 year	463,390

Share Holding Pattern (%)



Relative Price Chart



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Maruti Suzuki India Ltd.

Key Concall Highlights

Industry Commentary

Domestic PV industry declined 1.4% YoY in Q1FY26 due to sluggish demand, especially in entry-level segments, impacted by affordability issues.

SUV and MPV segments gained share, SUVs rose to 55%, MPVs to 11%, while hatchbacks declined to 21% (from 46% in FY19).

Participation from first-time buyers continued to remain subdued, largely due to affordability challenges, impacting growth in the entry-level car segment.

Rural demand outperformed urban in Q1FY26, aided by improved consumer sentiment from an early onset of monsoon.

Festive outlook cautiously optimistic, backed by monsoon, rural sentiment, and upcoming launches.

“Retail sales were relatively better than wholesales in Q1FY26, indicating underlying demand was more stable than headline dispatch volumes suggested. “

“Consumer preference for CNG vehicles continues to rise — 1 in every 3 cars sold domestically was a CNG model during the quarter”

Operational Highlights

Maruti Suzuki’s domestic PV market share stood at 41.6% in Q1FY26, witnessing a marginal sequential decline, largely due to continued weakness in the entry-level segment where it has a dominant presence.

Retail sales declined by 3.7% YoY, better than wholesale decline; The decline in retail sales was less severe compared to the wholesale segment, indicating some stability in end-user demand despite inventory corrections; dealer inventory at a controlled ~33 days.

CNG adoption rising , with 1 in 3 domestic vehicles sold being CNG.

Fronx became the highest exported car from India in Q1; Grand Vitara fastest mid-SUV to reach 300k units.

Discounts remained flat QoQ on a rupee-per-car basis, with no aggressive pricing or incentives, signaling pricing discipline even amid demand moderation.

Nearly 97% of Maruti Suzuki's total volumes are now sold with six airbags.

Export margins remain healthy and stable, with no discount pressure in overseas markets.

Commercial production at the Kharkhoda greenfield plant, which began in the March quarter, is still in the ramp-up phase. While volumes remain low, associated overheads and depreciation are already reflected in the P&L, impacting Q1FY26 margins by ~30 bps. This drag is expected to taper off gradually as plant utilization improves in subsequent quarters.

“Japan emerged as Maruti’s second-largest export destination in Q1FY26, reflecting strong international traction.”

“The company remains bullish on export growth prospects, with its comprehensive range aiding”

Product Launches & Initiatives

Maruti Suzuki plans to launch two SUVs in FY26, one EV and one ICE, with launches timed around the festive season. The company indicated that future product launches will be SUV-focused, in line with rising consumer preference for the segment.

EV localization and supply chain resilience (magnets, battery minerals) being discussed at industry and govt levels.

Rare Earth Impact

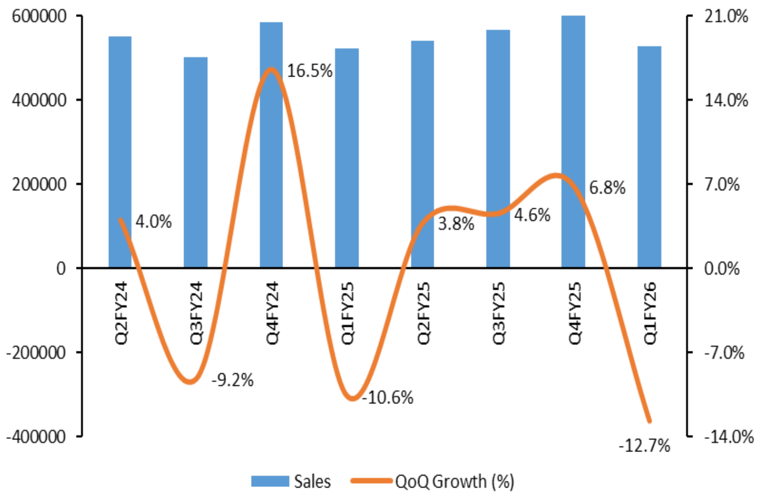
The company acknowledged the challenge of rare-earth metal dependence, especially rare-earth magnets, which are more heavily used in EVs compared to ICE vehicles. Engineers are actively working on mitigation strategies.

The EV ecosystem still faces supply chain vulnerabilities, particularly around lithium and other critical minerals, though Maruti remains committed to EV and clean tech development.

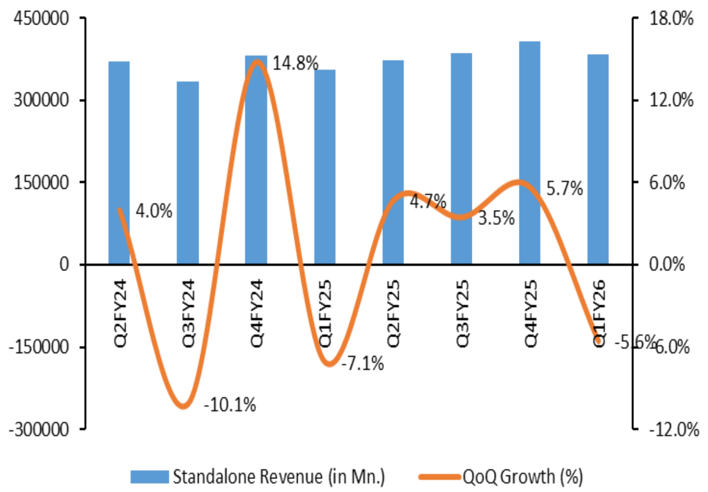
Maruti Suzuki India Ltd.

Quarterly Snapshot

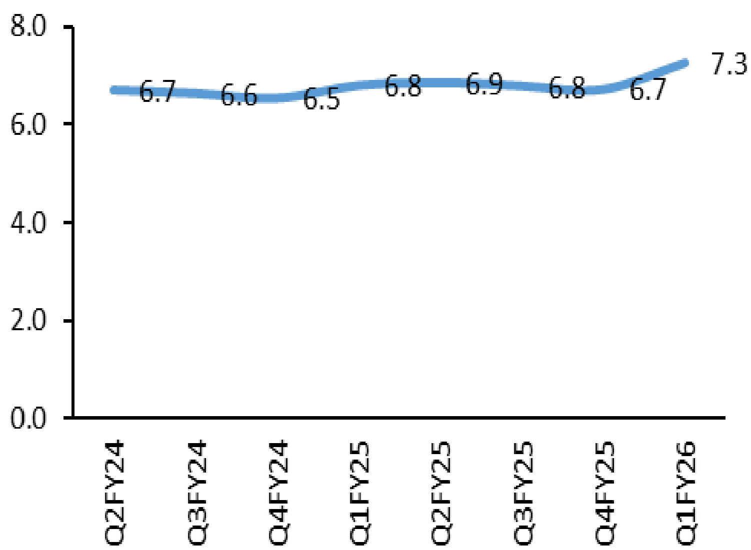
Weakness in domestic demand hampered volumes



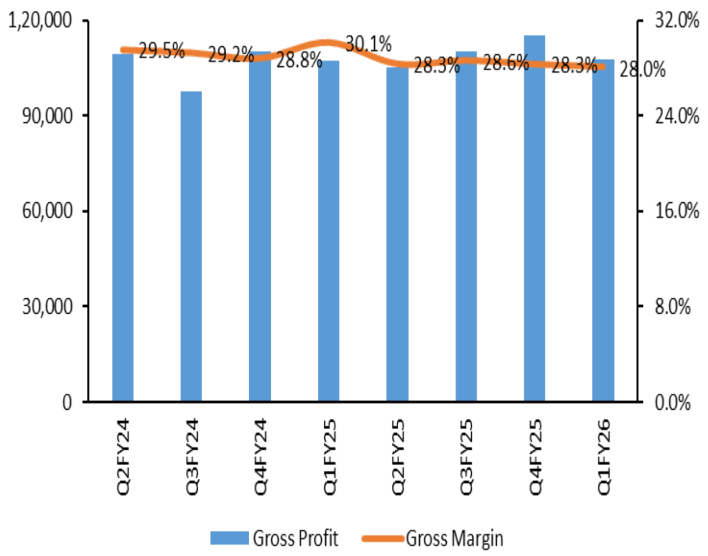
Weak volumes impacted topline



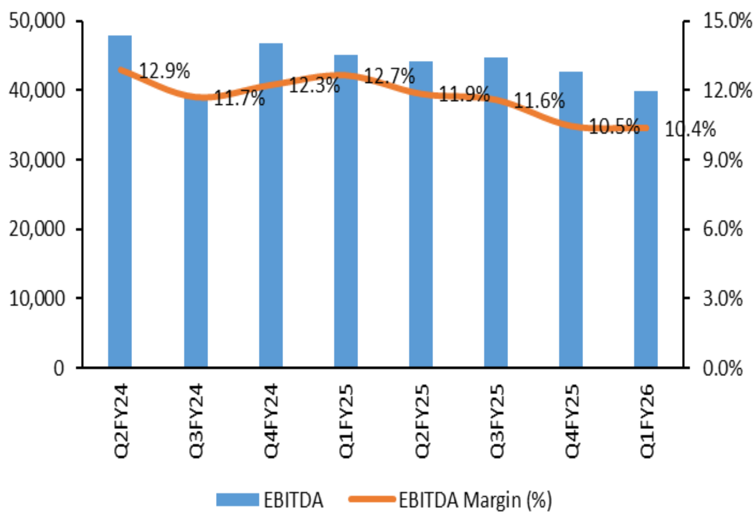
Product mix led uptick in realization (in Rs. Lakhs)



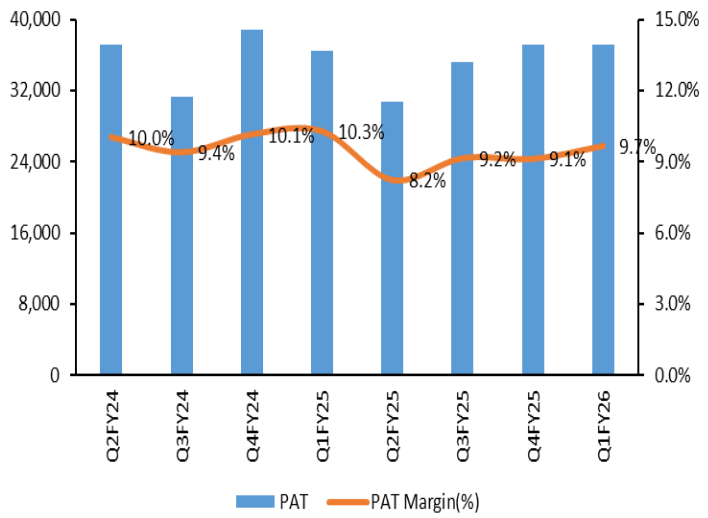
Higher RM pressuring gross margins



Increased expenses dampen EBITDA margin



Higher other income aid profitability



Source: Company, BP Equities

Maruti Suzuki India Ltd.

Key Financials						
YE March (Rs. mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Revenue	**8,82,960**	**11,75,230**	**14,09,330**	**15,19,001**	**15,94,951**	**16,98,623**
Revenue Growth (Y-o-Y)	*25.5%*	*33.1%*	*19.9%*	*7.8%*	*5.0%*	*6.5%*
EBITDA	**57,470**	**1,10,190**	**1,64,490**	**1,77,852**	**1,91,394**	**2,12,328**
EBITDA Growth (Y-o-Y)	*6.3%*	*91.7%*	*49.3%*	*8.1%*	*7.6%*	*10.9%*
Net Profit	**37,660**	**80,490**	**1,32,094**	**1,39,552**	**1,57,900**	**1,80,054**
Net Profit Growth (Y-o-Y)	*-11.0%*	*113.7%*	*64.1%*	*5.6%*	*13.1%*	*14.0%*
Diluted EPS	**124.7**	**266.5**	**420.1**	**443.9**	**502.2**	**572.7**
Profitability Ratios						
EBITDA (%)	**6.5%**	**9.4%**	**11.7%**	**11.7%**	**12.0%**	**12.5%**
NPM (%)	4.3%	6.8%	9.4%	9.2%	9.9%	10.6%
ROE (%)	**7.1%**	**14.1%**	**18.3%**	**15.7%**	**15.8%**	**16.1%**
ROCE (%)	5.2%	14.3%	18.6%	16.4%	15.8%	16.2%
Valuation Ratios						
P/E (x)	**98.5x**	**46.1x**	**29.2x**	**27.7x**	**24.4x**	**21.4x**
EV/EBITDA (x)	66.6x	35.0x	23.4x	21.7x	20.1x	18.2x
Market Cap/Sales (x)	4.4x	3.3x	2.7x	2.5x	2.4x	2.3x

Source: Company, BP Equities

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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