Maruti Suzuki

India | Automobiles | **Result Update**

Global Markets Research

Demand strong; margins bottoming

2 August 2026

Rating: Buy
Target Price: INR 17,298
Upside: 22%
CMP: INR 14,234
As on 31 July 2026

Maruti Suzuki (MSIL IN) Q1FY27 revenue rose 35.9% YoY and flat QoQ to INR 524.6bn, marginally below our estimates, led by volume growth of 29.3% YoY. Adjusted EBITDA margin, however, contracted sharply, down ~350bp QoQ and ~375bp YoY to 8.2%. The commodity hit was ~300bp, of which ~110bp was due to the temporary shift in the supplier settlement cycle (quarterly- to monthly-lag). This change in settlement cycle was primarily on commodities, such as aluminium and plastics. Hence, if spot aluminium and plastic prices stabilize during Q2FY27, we expect gross margin to improve in Q2 (as the company has undertaken price hikes during June-July). Management maintained ~10% FY27 domestic volume growth guidance, noting sales will most likely be supply- rather than demand-constrained. We tweak our FY27-29E estimates by 2-4% but raise our TP to 17,298 as roll forward by a quarter. We reiterate **Buy.**

Robust demand; margin drag largely transient: Domestic demand remains strong across rural and urban markets, with first-time buyers improving to 54% (from 51% in Q4), aided by small-car recovery. Pending orders stood at ~130k units and dealer inventory was lean at 13 days, well below ~1-month optimum. Of ~300bps commodity drag, ~110bp was the settlement cycle; other transient drags included FX (30bp), fixed cost under-absorption on inventory depletion of 30bp, Q1-seasonal employee cost (40bp), gas (20bp), and higher depreciation on new capacity (20bp), partly offset by lower Other expenses and higher Operating income (~60bp combined). Aluminium and other key raw materials have already begun declining from their early-June peak, the benefits of which should flow through in the upcoming quarters, alongside two-step price hikes.

Capacity ramp-up and product cadence on track: MSIL commenced production at its second plant at Kharkhoda in Haryana, and with Hansalpur in Gujarat, taking targeted installed capacity to ~2.9mn units as both sites ramp-up progressively. The new *Brezza* (1.0L turbo-petrol, 18% GST bracket) is off to a strong start at ~2,000 units/day. The launch pipeline remains healthy, with eight new SUV planned by the end of the decade (the *Victoris* already launched) plus premium-segment launches; a second EV is slated for display early next CY, with work underway on hybrid models.

Retain Buy with a higher TP of INR 17,298: We continue to like MSIL for its dominant, broadening franchise — small-car resurgence post-GST 2.0, an improving SUV mix and export leadership — with Q1 margin compression appearing largely transient and set to unwind through Q2FY27, as price hikes flow, the settlement cycle normalizes, and commodity cost reverses. We are positively surprised by MSIL's market share gains in FY27 YTD (Vahan retail market share was up 142bp YoY); and strong response for *Brezza* should support in the upcoming months, even as industry demand remains much better than expected. This is likely to support valuation amid transient margin pressures. We tweak our FY27-29 EPS estimates by 2-4%. We raise our TP to INR 17,298 from INR 16,546, as we roll forward by a quarter, valuing MSIL at 26x (unchanged) September 2028E EPS. We retain **Buy**.

Key data

Key data	
Bloomberg	MSIL IN
Reuters Code	MRTI. NS
Shares outstanding (mn)	314
Market cap (INR bn/USD mn)	4,475/46,914
EV (INR bn/USD mn)	4,306/45,142
ADTV 3M (INR mn/USD mn)	6,893/72
52 week high/low	17,372/12,201
Free float (%)	41

Note: as on 31 July 2026; Source: Bloomberg

Price chart

Source: Bloomberg

Shareholding (%)	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Promoter	58.3	58.3	58.5	58.7
% Pledge	0.0	0.0	0.0	0.0
FII	15.8	15.8	14.1	12.8
DII	22.6	22.9	24.2	25.2
Others	3.3	3.1	3.2	3.4

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	1.6	(5.2)	(0.7)
Maruti Suzuki	6.9	0.2	15.7
NSE Mid-cap	3.8	1.3	5.5
NSE Small-cap	7.1	12.3	6.3

Source: Bloomberg

Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	1,528,679	1,832,661	2,152,283	2,395,945	2,653,408
YoY (%)	8.5	19.9	17.4	11.3	10.7
EBITDA (INR mn)	201,492	220,278	226,337	287,617	334,176
EBITDA margin (%)	13.2	12.0	10.5	12.0	12.6
Adj PAT (INR mn)	142,976	150,393	149,715	192,348	226,006
YoY (%)	8.2	5.2	(0.5)	28.5	17.5
Fully DEPS (INR)	454.8	478.3	476.2	611.8	718.8
RoE (%)	16.0	15.1	13.6	15.7	16.5
RoCE (%)	16.3	15.3	13.8	16.6	17.8
P/E (x)	31.3	29.8	29.9	23.3	19.8
EV/EBITDA (x)	21.4	19.5	19.0	15.0	12.9

Note: Pricing as on 31 July 2026; Source: Company, Elara Securities Estimate

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Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	1,528,679	1,832,661	2,152,283	2,395,945	2,653,408
Gross Profit	453,843	506,996	563,898	658,885	742,954
EBITDA	201,492	220,278	226,337	287,617	334,176
EBIT	145,422	152,873	151,771	202,868	243,799
Interest expense	1,942	2,387	2,387	2,148	1,933
Other income	50,647	44,082	47,609	52,369	55,512
Exceptional/ Extra-ordinary items	-	5,939	-	-	-
PBT	194,127	200,507	196,993	253,090	297,377
Tax	51,151	44,175	47,278	60,741	71,370
Minority interest/Associates income	-	-	-	-	-
Reported PAT	142,976	156,332	149,715	192,348	226,006
Adjusted PAT	142,976	150,393	149,715	192,348	226,006
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	944,273	1,051,098	1,155,898	1,290,542	1,448,746
Minority Interest	-	-	-	-	-
Trade Payables	169,214	221,314	265,456	290,303	319,281
Provisions & Other Current Liabilities	162,589	177,898	209,959	228,616	250,242
Total Borrowings	-	-	-	-	-
Other long term liabilities	-	-	-	-	-
Total liabilities & equity	**1,276,076**	**1,450,310**	**1,631,314**	**1,809,461**	**2,018,270**
Net Fixed Assets	409,003	443,501	519,779	559,992	607,708
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	68,124	137,132	137,132	137,132	137,132
Cash, Bank Balances & treasury investments	566,534	609,175	688,996	817,524	953,800
Inventories	69,088	113,147	121,849	118,977	130,853
Sundry Debtors	65,349	53,360	64,863	72,207	79,966
Other Current Assets	97,978	93,995	98,695	103,629	108,811
Total Assets	**1,276,076**	**1,450,310**	**1,631,314**	**1,809,461**	**2,018,270**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**161,314**	**190,631**	**242,431**	**291,396**	**319,346**
Capital expenditure	(106,213)	(103,964)	(145,925)	(119,797)	(132,670)
Acquisitions / divestitures	(40,847)	(60,493)	(83,840)	(107,715)	(126,564)
Other Business cashflow	2,537	17,497	-	-	-
Free Cash Flow	**55,101**	**86,667**	**96,506**	**171,599**	**186,676**
Cashflow from Financing	32,127	(1,030)	67,155	64,644	76,163
Net Change in Cash / treasury investments	48,918	42,641	79,821	128,528	136,275
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	135.0	140.0	142.9	183.5	215.7
Book value per share (INR)	3,003.4	3,343.2	3,676.5	4,104.8	4,608.0
RoCE (Pre-tax) (%)	16.3	15.3	13.8	16.6	17.8
ROIC (Pre-tax) (%)	41.5	37.3	33.4	43.2	50.4
ROE (%)	16.0	15.1	13.6	15.7	16.5
Asset Turnover (x)	4.6	4.3	4.5	4.4	4.5
Net Debt to Equity (x)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)
Net Debt to EBITDA (x)	(2.8)	(2.8)	(3.0)	(2.8)	(2.9)
Interest cover (x) (EBITDA/ int exp)	103.8	92.3	94.8	133.9	172.8
Total Working capital days (WC/rev)	116.1	102.2	91.4	95.2	101.8
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	31.3	29.8	29.9	23.3	19.8
P/Sales (x)	2.9	2.4	2.1	1.9	1.7
EV/ EBITDA (x)	21.4	19.5	19.0	15.0	12.9
EV/ OCF (x)	26.7	22.6	17.8	14.8	13.5
FCF Yield	0.0	0.0	0.0	0.0	0.0
Price to BV (x)	4.7	4.3	3.9	3.5	3.1
Dividend yield (%)	0.9	1.0	1.0	1.3	1.5

Note: Pricing as on 31 July 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Q1FY27 results

YE March (INR mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Variance (%)
Revenue	**5,24,557**	**3,85,930**	**35.9**	**5,24,493**	**0.0**	**5,29,546**	(0.9)
Operating costs	4,81,446	3,39,724	41.7	4,62,924	4.0	4,81,527	**(0.0)**
EBITDA	**43,111**	**46,206**	**(6.7)**	**61,569**	**(30.0)**	**48,020**	(10.2)
EBITDA margin (%)	***8.2***	***12.0***	***-375***	***11.7***	***(352)***	***9.1***	***(85)***
Depn & amort.	17,800	15,557	14.4	17,477	1.8	19,000	**(6.3)**
EBIT	**25,311**	**30,649**	**(17.4)**	**44,092**	**(42.6)**	**29,020**	(12.8)
Interest expense	635	468	35.7	730	(13.0)	550	15.5
Other Income	18,737	18,879	(0.8)	4,998	274.9	6,000	212.3
Pretax profit	**43,413**	**49,060**	**(11.5)**	**48,360**	**(10.2)**	**34,470**	25.9
Tax	9,892	11,479	(13.8)	12,455	(20.6)	8,617	**14.8**
Tax rate (%)	22.8	23.4		25.8	(296.9)	25.0	(8.9)
Adjusted Net profit	**33,521**	**37,581**	**(10.8)**	**35,905**	**(6.6)**	**25,852**	29.7
Exceptional	-	-		-		-	
Reported Net Profit	33,521	37,581	(10.8)	35,905	(6.6)	25,852	**29.7**
EPS (Rs)	**106.6**	**119.5**		**114.2**	**(6.6)**	**82.2**	29.7

Source: Company, Elara Securities Estimate

Q1FY27 conference call key takeaways

- **Domestic volume-led growth, market share gains broad-based:** Domestic sales grew 29.5% YoY to 557,988 units, with broad-based strength. Small cars (18% GST bracket) surged 34%, with MSIL at ~359k units vs industry's ~734k, while SUV grew 44.6% YoY, taking the company close to SUV leadership in absolute numbers. Domestic market share rose 2.3ppt to 41.2%.

- **Exports resilient despite West Asia disruption:** Exports grew 28.6% YoY despite Middle East geopolitical disruptions, with MSIL contributing more than 55% of India's total PV exports. South Africa, Japan and the EU emerged as leading destinations. Q1 exports revenue stood at INR 115bn.

- **Margin hit by commodity inflation and one-off settlement shift:** Operating EBIT margin declined ~370bp QoQ and ~330bp YoY. Material cost rose ~380bp QoQ and ~600bp YoY. Commodity pressure was ~300bp, of which ~110bp was attributable to a temporary shift in the supplier settlement cycle from quarterly- to monthly-lag (a measure to support supplier liquidity), which accelerated cost recognition. Other drags: gas +20bp, fixed-cost absorption on inventory depletion +30bp, FX +30bp, employee cost (Q1 seasonality) +40bp and depreciation on new capacity +20bp; partly offset by lower Other expenses and higher Operating income (~+60bp combined).

- **Settlement cycle to normalize; commodity reversal emerging:** Management expects to move back to quarterly settlement as conditions normalize, with some benefits flowing back (100+bp reversal). Aluminium has begun declining from the peak (~USD 3,700 in early June to ~USD 3,100), the reversal of which should flow through in the upcoming quarters.

- **Two-step price increases to aid Q2:** Given higher commodity prices and accelerated pass-through (a double impact in Q1), the company took two-step price increases — ~50bp in June and a second hike from August (details awaited) — with benefits expected to flow from Q2.

- **Demand outlook retained at ~10%; supply the key constraint:** Management maintained ~10% growth target for FY27, noting sales will most likely be supply-constrained rather than demand-constrained, with headroom for growth beyond 10% subject to plant ramp-up execution.

- **Strong retail pull; inventory well below optimum:** Dealer inventory stood at 13 days at quarter-end, well below the ~1-month optimum, with retail sales in line with wholesale. Pending customer orders were ~130k units at Q1-end. First-time buyers improved to 54% from 51% in Q4, aided by the sharp increase in small cars. Customer mix: the salaried 40%, business 34%, the self-employed 20%, and government 15%. Discounts were broadly flat QoQ. CNG penetration was ~40% of sales.

- **Capacity expansion on track:** The second plant at Kharkhoda in Haryana) commenced production, adding ~250k units. A fourth line at Hansalpur in Gujarat is currently operational. Total installed capacity is targeted at ~2.9mn units after both ramp-up progressively.
- ***Brezza* off to a strong start:** The new *Brezza* (1.0L turbo-petrol, 18% GST bracket, with ADAS, underbody CNG and 5-star Bharat NCAP) drew a positive response at ~2,000 units/day in the initial weeks.
- **Product pipeline and powertrain roadmap:** Eight new SUV launches are planned by the end of decade (*Victoris* already launched), alongside premium-segment launches. The fourth Hansalpur line (INR 39bn capex) has a dedicated EV line; a second EV is slated for display early next CY, with a slew of EV launches ahead and work underway on hybrid and hydrogen.
- **GST-slab-wise split:** In a 18% GST (small car) industry of ~734k in Q1, MSIL sold ~359k; in the 40% GST slab industry of ~470k, MSIL sold ~161k.

Exhibit 2: Valuation

Valuation	September 2028E
EPS (INR)	665
Multiple (x)	26.0
Target Price (INR)	17,298

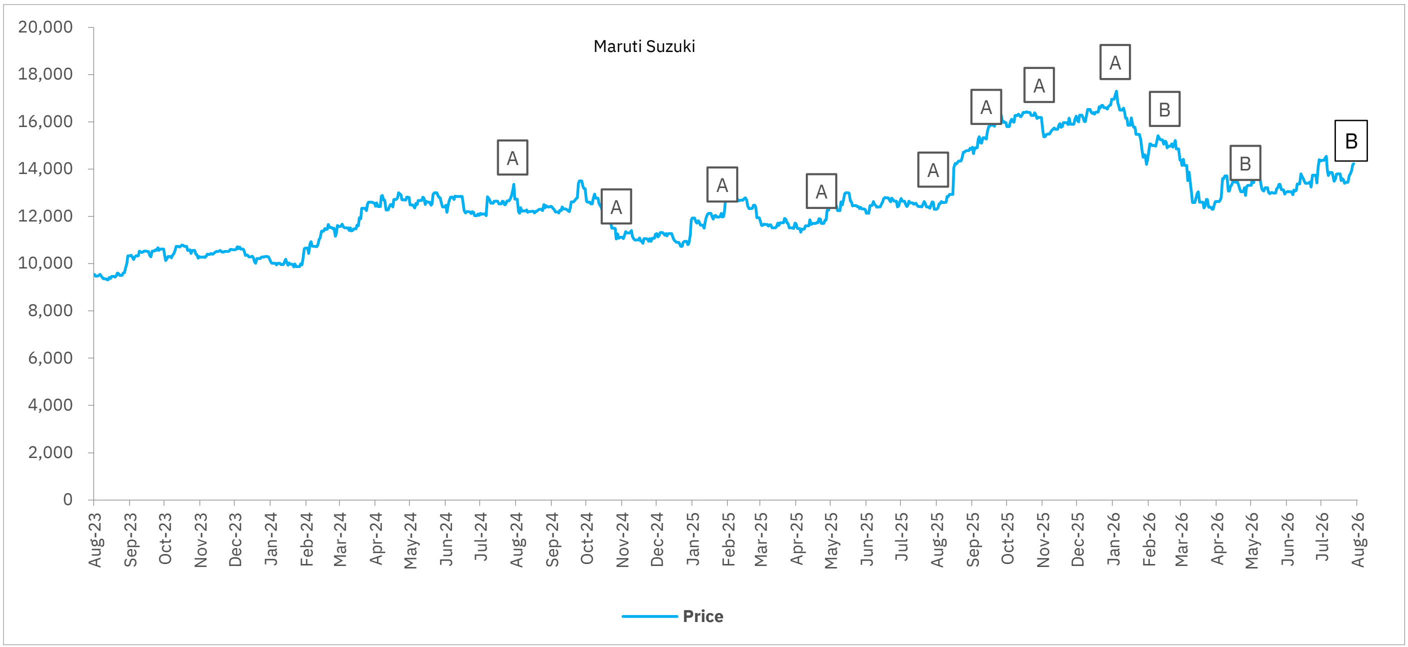
Source: Elara Securities Estimate

Exhibit 3: Change in estimates

Earnings revision	Earlier			Current			% variation		
(INR mn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Net Sales	2,099,557	2,337,991	2,615,597	2,152,283	2,395,945	2,653,408	2.5	2.5	1.4
EBITDA	237,650	292,411	329,450	226,337	287,617	334,176	(4.8)	(1.6)	1.4
EBITDA margin (%)	11.3	12.5	12.6	10.5	12.0	12.6	(80.0)	(50.0)	-
PAT	156,063	193,307	220,406	149,715	192,348	226,006	(4.1)	(0.5)	2.5
EPS (INR)	496.4	614.8	701.0	476.2	611.8	718.8	(4.1)	(0.5)	2.5
Volume	2,640,988	2,822,559	3,022,357	2,746,695	2,935,281	3,125,657	4.0	4.0	3.4
TP (INR)			**16,546**			**17,298**			**4.5**

Source: Company, Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
31-Jul-2024	Accumulate	14,758	13,116
29-Oct-2024	Accumulate	13,368	11,046
29-Jan-2025	Accumulate	14,382	11,978
25-Apr-2025	Accumulate	13,691	11,698
31-Jul-2025	Accumulate	14,279	12,608
15-Sep-2025	Accumulate	17,673	15,325
31-Oct-2025	Accumulate	18,341	16,186
05-Jan-2026	Accumulate	19,560	16,960
17-Feb-2026	Buy	18,686	15,051
28-Apr-2026	Buy	16,546	12,892
31-Jul-2026	Buy	17,298	14,234

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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