

November 2, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	16,215		15,764	
Sales (Rs. m)	21,51,058	24,61,104	19,95,462	22,44,218
% Chng.	7.8	9.7		
EBITDA (Rs. m)	2,36,616	2,75,644	2,29,478	2,58,085
% Chng.	3.1	6.8		
EPS (Rs.)	602.5	694.6	594.2	666.9
% Chng.	1.4	4.2		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	1,519	1,838	2,151	2,461
EBITDA (Rs. bn)	178	193	237	276
Margin (%)	11.7	10.5	11.0	11.2
PAT (Rs. bn)	140	157	189	218
EPS (Rs.)	443.9	499.7	602.5	694.6
Gr. (%)	5.6	12.6	20.6	15.3
DPS (Rs.)	135.0	160.0	180.0	200.0
Yield (%)	0.8	1.0	1.1	1.2
RoE (%)	15.7	15.8	17.0	17.4
RoCE (%)	16.4	15.5	17.2	17.8
EV/Sales (x)	3.0	2.4	2.0	1.7
EV/EBITDA (x)	25.2	22.9	18.4	15.4
PE (x)	36.4	32.3	26.8	23.3
P/BV (x)	5.4	4.8	4.3	3.8

Key Data

MRTI.BO | MSIL IN

52-W High / Low	Rs.16,674 / Rs.10,725
Sensex / Nifty	83,939 / 25,722
Market Cap	Rs.5,079bn / \$ 57,216m
Shares Outstanding	314m
3M Avg. Daily Value	Rs.7124.52m

Shareholding Pattern (%)

Promoter's	58.28
Foreign	15.20
Domestic Institution	23.25
Public & Others	3.27
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.8	31.8	45.8
Relative	(3.6)	26.0	37.9

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Strong realization, post GST 2.0 volume spurt

Quick Pointers:

- Expects to surpass its FY26 exports volume target of 400k units (H1FY26 exports at 207k units)
- 8 new SUVs (excl. Victoris) to be launched by FY31

MSIL reported mixed numbers with operating revenue surging due to better-than-expected realization, but profitability missing estimates due to higher commodity & promotions costs (which we expect to continue along with margin pressure from EVs) and lower non-operating income. However, improved mix from new launches and better scale should partially offset the drag on margins ahead. The management expects overall industry to grow by 6% and its small cars (18% GST bracket) to grow by ~10% in H2FY26 & beyond. Post-festive sustenance of demand and response to new launches & related cannibalization are to be watched out for. We marginally tweak volume, realization and margin estimates. The stock has run up ~25% since the 1st GST change announcement on 15th Aug'25. We expect its overall volume and blended realization to grow at 7.5% & 9.3% CAGR, respectively, over FY25-28E translating to revenue/EBITDA/EPS CAGR of 17.5%/15.7%/16.1%. Retain "HOLD" rating with TP of Rs16,215 (previous Rs15,764), valuing the stock at 25x P/E on its Sep'27 earnings. The stock currently trades at a P/E of 27.5x/24.4x based on FY27E/FY28E consensus earnings.

Standalone operating revenue grows by 13.2% YoY to Rs421bn, beating BBGe/PLe by 5.4%/3%, led by strong realization (+11.3% YoY, +5.0% QoQ). However, its UV mix declined YoY and sequentially to 36.0% of its domestic PV volume. Gross profit increased by 8.4% YoY, while margin contracted (-120bps YoY, -90bps QoQ) to 26.9%, missing BBGe/PLe by 70bps/100bps. EBITDA margin came in at 10.5% (-130bps YoY, +10bps QoQ), fairly in line with BBGe, but 60bps below PLe. PAT rose by 7.3% YoY due to lower current tax, but missed BBGe/PLe by 7.8%/11.1% due to lower non-operating income YoY. For H1FY26, EBITDA declined by 5.5% YoY while PAT grew by 4.3% YoY.

Adverse commodity costs and Fx offset the cost reduction efforts YoY. Expenses related to promotions, new Kharkhoda plant & staff expenses were also higher, leading to its margin declining 130bps YoY. The 20bps Fx benefit accrued due to hedging gain was accounted for in non-operating income. Hardening of bond yields impacted its investment surplus MTM, dragging non-operating income YoY. Sequentially, favorable factors of leverage (+110bps contribution to margin) and lower operating expenses (+50bps contribution) were partially offset by promotional expenses (-75bps), price correction (-20bps), advertisement expenses largely related to new Victoris (-15bps) and Fx (related to Japanese Yen movement) + commodities (increase in Platinum group metal prices) adversely by 30bps.

Festive season stats for MSIL (22nd Sep'25-31st Oct'25): Bookings of 500k units (of which ~200k bookings are pending) vs 350k units in the same period last year. Retail sales of 400k units (250k were small cars, which almost doubled, including some deferred sales) vs 211k units last year. Q2FY26 retail sales were 394k units and at the industry level; sedan segment's growth outpaced that of SUVs after a long time. MSIL's Oct'25 retail sales grew by 20% YoY with vehicles in the 18% GST bracket growing by 30%, while those in the 40% bracket rising by 4-5% YoY. The management expects small cars to grow faster but will reassess post Jan'26. We

expect its H2FY26 domestic volume to grow by ~7% YoY boosted by the GST 2.0 led spurt in small cars sales, whereas export volumes to continue their strong run and grow by ~50% YoY with the new e-Vitara ramp-up across the globe.

Key concall highlights:

- In Q2FY26, MSIL's market share by volume in PV exports was 45.4%, and total exports revenue was Rs83bn driven by the new e-Vitara and Fronx.
- The management aspires to reach an ambitious 10% EBIT margin (was 8.5% in Q2FY26, 8.3% in Q1FY26) and 50% market share in the long term, but acknowledges that it's tough to achieve.
- Depreciation increase was due to the new Kharkhoda plant and Victoris launch.
- ASP was Rs587k in Q2FY26, vs Rs566k in Q2FY25 and Rs576k in Q1FY26.
- Inventory stood at ~38 days at Sep'25-end (will be lower at Oct'25-end, was ~30days at Oct'24-end) vs ~33 days in Q1FY26.

Exhibit 1: Q2FY26 Result Overview (Rs mn)

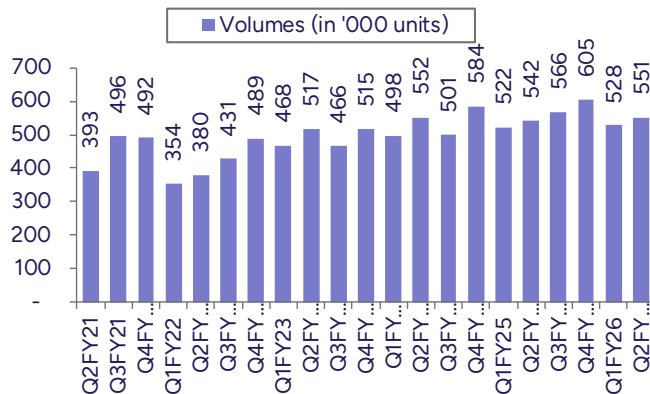
Y/e Mar (₹ mn)	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	Var (%)	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Net Revenues	4,21,008	3,72,028	13.2	4,08,901	3.0	3,84,136	9.6	8,05,144	7,27,342	10.7
Raw Materials	3,07,670	2,67,459	15.0	2,94,817	4.4	2,77,296	11.0	5,84,966	5,16,788	13.2
Gross Profit	1,13,338	1,04,569	8.4	1,14,083	(0.7)	1,06,840	6.1	2,20,178	2,10,554	4.6
Gross margin %	26.9%	28.1%	-119 bps	27.9%	-98 bps	27.8%	-89 bps	27.3%	28.9%	-36 bps
Personnel	17,823	14,688	21.3	16,356	9.0	17,752	0.4	35,575	30,264	17.5
% of Net Sales	4.2%	3.9%	29 bps	4.0%	23 bps	4.6%	-39 bps	4.4%	4.2%	-12 bps
Manufacturing & Other Exp	51,174	45,715	11.9	52,339	(2.2)	49,135	4.1	1,00,309	91,101	10.1
% of Net Sales	12.2%	12.3%	-13 bps	12.8%	-64 bps	12.8%	-64 bps	12.5%	12.5%	40 bps
Total Expenditure	3,76,667	3,27,862	14.9	3,63,513	3.6	3,44,183	9.4	7,20,850	6,38,153	13.0
EBITDA	44,341	44,166	0.4	45,388	(2.3)	39,953	11.0	84,294	89,189	(5.5)
EBITDA Margin (%)	10.5%	11.9%	-134 bps	11.1%	-57 bps	10.4%	13 bps	10.5%	12.3%	-64 bps
Depreciation	10,392	7,509	38.4	9,500	9.4	9,375	10.8	19,767	14,819	33.4
EBIT	33,949	36,657	(7.4)	35,888	(5.4)	30,578	11.0	64,527	74,370	(13.2)
Interest Expenses	570	402	41.8	435	31.0	466	22.3	1,036.0	975.0	6.3
Non-operating income	9,131	14,750	(38.1)	13,100	(30.3)	18,230	(49.9)	27,361	24,501	11.7
PBT	42,510	51,005	(16.7)	48,553	(12.4)	48,342	(12.1)	90,852	97,896	(7.2)
Tax-Total	9,579	20,313	(52.8)	11,500	(16.7)	11,225	(14.7)	20,804	30,705	(32.2)
Tax Rate (%) - Total	22.5%	39.8%	-1729 bps	23.7%	-115 bps	23.2%	-69 bps	22.9%	31.4%	-411 bps
Reported PAT	32,931	30,692	7.3	37,053	(11.1)	37,117	(11.3)	70,048	67,191	4.3
Adj. PAT	32,931	30,692	7.3	37,053	(11.1)	37,117	(11.3)	70,048	67,191	4.3
PAT Margin	7.8%	8.3%	-43 bps	9.1%	-124 bps	9.7%	-184 bps	8.7%	9.2%	-5 bps

Source: Company, PL

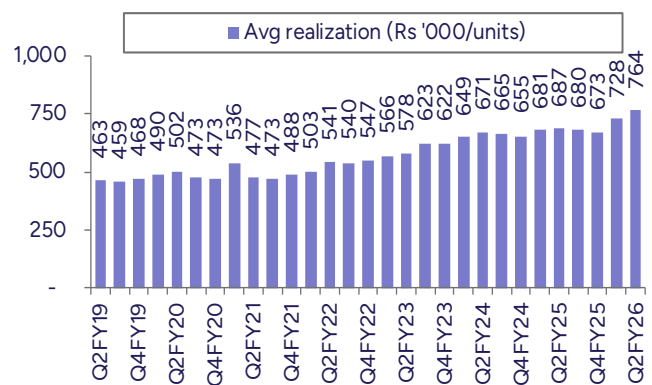
Exhibit 2: Operating metrics – Strong realization-led revenue beat

	2QFY26	2QFY25	YoY gr. (%)	2QFY26E	Var (%)	1QFY26	QoQ gr. (%)	1HFY26	1HFY25	YoY gr. (%)
Car Sales Volume (nos)	6,04,637	5,84,031	3.5	6,04,637	-	5,66,213	6.8	22,34,268	21,35,323	4.6
Net Realisation/Vehicle	6,96,299	6,37,000	9.3	6,76,275	3.0	6,78,430	2.6	3,60,361.4	3,40,623.9	5.8
Material cost / vehicle	5,08,851	4,57,953	11.1	4,87,594	4.4	4,89,738	3.9	2,61,815.5	2,42,018.7	8.2
Gross Profit / vehicle	1,87,448	1,79,047	4.7	1,88,681	(0.7)	1,88,692	(0.7)	98,545.9	98,605.2	(0.1)
Employee cost /vehicle	29,477	25,149	17.2	27,051	9.0	31,352	(6.0)	15,922.4	14,173.0	12.3
Other expenses / vehicle	84,636	78,275	8.1	86,563	(2.2)	86,778	(2.5)	44,895.7	42,663.8	5.2
EBITDA/vehicle	73,335	75,623	(3.0)	75,066	(2.3)	70,562	3.9	37,727.8	41,768.4	(9.7)
Net Profit/vehicle	54,464	52,552	3.6	61,281	(11.1)	65,553	(16.9)	31,351.7	31,466.4	(0.4)

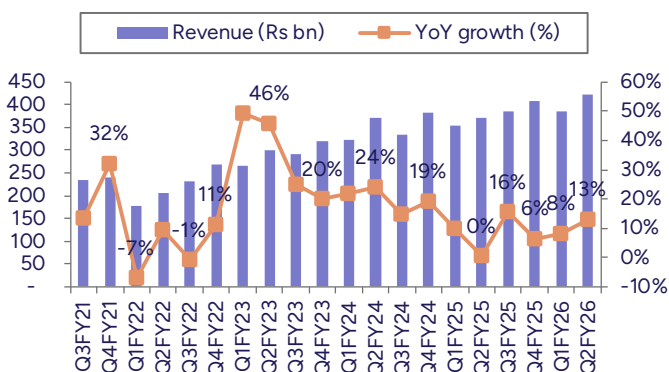
Source: Company, PL

Exhibit 3: UV mix at 36.0% of domestic PV volume in Q2FY26


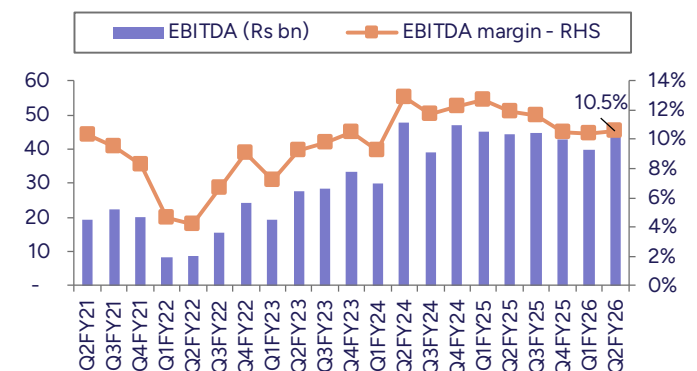
Source: Company, PL

Exhibit 4: Strong realization growth, up 11.3% YoY in Q2FY26


Source: Company, PL

Exhibit 5: Highest ever H/Y revenue aided by realization


Source: Company, PL

Exhibit 6: Rise in expenses led to 130bps YoY impact on margins


Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	15,19,001	18,37,884	21,51,058	24,61,104
YoY gr. (%)	7.8	21.0	17.0	14.4
Cost of Goods Sold	10,81,539	13,34,304	15,55,215	17,74,456
Gross Profit	4,37,462	5,03,580	5,95,843	6,86,648
Margin (%)	28.8	27.4	27.7	27.9
Employee Cost	61,370	77,191	86,042	98,444
Other Expenses	1,98,240	2,33,411	2,73,184	3,12,560
EBITDA	1,77,852	1,92,978	2,36,616	2,75,644
YoY gr. (%)	8.4	8.5	22.6	16.5
Margin (%)	11.7	10.5	11.0	11.2
Depreciation and Amortization	31,593	38,751	44,819	51,789
EBIT	1,46,259	1,54,227	1,91,797	2,23,854
Margin (%)	9.6	8.4	8.9	9.1
Net Interest	1,931	2,028	2,129	2,235
Other Income	47,504	51,849	56,357	62,007
Profit Before Tax	1,91,832	2,04,049	2,46,025	2,83,626
Margin (%)	12.6	11.1	11.4	11.5
Total Tax	52,280	46,931	56,586	65,234
Effective tax rate (%)	27.3	23.0	23.0	23.0
Profit after tax	1,39,552	1,57,118	1,89,439	2,18,392
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,39,552	1,57,118	1,89,439	2,18,392
YoY gr. (%)	-	-	-	-
Margin (%)	9.2	8.5	8.8	8.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,39,552	1,57,118	1,89,439	2,18,392
YoY gr. (%)	5.6	12.6	20.6	15.3
Margin (%)	9.2	8.5	8.8	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	314	314	314	314
EPS (Rs)	443.9	499.7	602.5	694.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	5,14,105	6,09,105	7,09,105	8,14,105
Tangibles	5,14,105	6,09,105	7,09,105	8,14,105
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,67,037	3,05,788	3,50,607	4,02,396
Tangibles	2,67,037	3,05,788	3,50,607	4,02,396
Intangibles	-	-	-	-
Net fixed assets	2,47,068	3,03,317	3,58,498	4,11,709
Tangibles	2,47,068	3,03,317	3,58,498	4,11,709
Intangibles	-	-	-	-
Capital Work In Progress	57,593	60,473	63,496	66,671
Goodwill	-	-	-	-
Non-Current Investments	1,53,496	1,58,496	1,68,496	1,78,496
Net Deferred tax assets	(12,911)	(13,169)	(13,433)	(13,701)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	5,91,567	6,41,567	7,06,567	7,71,567
Inventories	51,230	65,459	82,506	87,656
Trade receivables	65,377	79,102	88,400	1,01,141
Cash & Bank Balance	4,464	9,243	20,847	65,108
Other Current Assets	66,791	68,127	69,489	70,879
Total Assets	12,56,202	14,04,585	15,77,290	17,72,407
Equity				
Equity Share Capital	1,572	1,572	1,572	1,572
Other Equity	9,38,895	10,45,709	11,78,556	13,34,068
Total Network	9,40,467	10,47,281	11,80,128	13,35,640
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	300	600	900
Trade payables	1,74,211	2,10,783	2,46,700	2,82,259
Other current liabilities	1,28,613	1,33,052	1,36,429	1,39,907
Total Equity & Liabilities	12,56,202	14,04,585	15,77,290	17,72,407

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,91,832	2,04,049	2,46,025	2,83,626
Add. Depreciation	31,593	38,751	44,819	51,789
Add. Interest	1,931	2,028	2,129	2,235
Less Financial Other Income	47,504	51,849	56,357	62,007
Add. Other	(47,504)	(51,849)	(56,357)	(62,007)
Op. profit before WC changes	1,77,852	1,92,978	2,36,616	2,75,644
Net Changes-WC	(192)	11,536	11,398	19,566
Direct tax	(38,245)	(46,673)	(56,322)	(64,965)
Net cash from Op. activities	1,39,415	1,57,841	1,91,692	2,30,244
Capital expenditures	(85,962)	(97,880)	(1,03,024)	(1,08,175)
Interest / Dividend Income	-	-	-	-
Others	45,942	46,849	46,357	52,007
Net Cash from Inv. activities	(40,020)	(51,030)	(56,667)	(56,168)
Issue of share cap. / premium	3,539	-	-	-
Debt changes	(331)	300	300	300
Dividend paid	(42,444)	(50,304)	(56,592)	(62,880)
Interest paid	(1,931)	(2,028)	(2,129)	(2,235)
Others	-	-	-	-
Net cash from Fin. activities	(41,167)	(52,032)	(58,421)	(64,815)
Net change in cash	58,228	54,779	76,604	1,09,261
Free Cash Flow	53,453	59,961	88,668	1,22,069

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	3,84,921	4,06,738	3,84,136	4,21,008
YoY gr. (%)	15.6	6.4	8.1	13.2
Raw Material Expenses	2,75,567	2,92,353	2,77,296	3,07,670
Gross Profit	1,09,354	1,14,385	1,06,840	1,13,338
Margin (%)	28.4	28.1	27.8	26.9
EBITDA	44,703	42,647	39,953	44,341
YoY gr. (%)	14.4	(9.0)	(11.3)	0.4
Margin (%)	11.6	10.5	10.4	10.5
Depreciation / Depletion	8,050	8,724	9,375	10,392
EBIT	36,653	33,923	30,578	33,949
Margin (%)	9.5	8.3	8.0	8.1
Net Interest	484	472	466	570
Other Income	9,850	14,466	18,230	9,131
Profit before Tax	46,019	47,917	48,342	42,510
Margin (%)	12.0	11.8	12.6	10.1
Total Tax	10,769	10,806	11,225	9,579
Effective tax rate (%)	23.4	22.6	23.2	22.5
Profit after Tax	35,250	37,111	37,117	32,931
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	35,250	37,111	37,117	32,931
YoY gr. (%)	12.6	(4.3)	1.7	7.3
Margin (%)	9.2	9.1	9.7	7.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	35,250	37,111	37,117	32,931
YoY gr. (%)	12.6	(4.3)	1.7	7.3
Margin (%)	9.2	9.1	9.7	7.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	35,250	37,111	37,117	32,931
Avg. Shares O/s (m)	314	314	314	314
EPS (Rs)	112.1	118.0	118.1	104.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	443.9	499.7	602.5	694.6
CEPS	544.4	623.0	745.1	859.4
BVPS	2,991.3	3,331.0	3,753.6	4,248.2
FCF	170.0	190.7	282.0	388.3
DPS	135.0	160.0	180.0	200.0
Return Ratio(%)				
RoCE	16.4	15.5	17.2	17.8
ROIC	36.2	34.6	38.2	40.8
RoE	15.7	15.8	17.0	17.4
Balance Sheet				
Net Debt : Equity (x)	(0.6)	(0.6)	(0.6)	(0.6)
Net Working Capital (Days)	(30)	(27)	(25)	(24)
Valuation(x)				
PER	36.4	32.3	26.8	23.3
P/B	5.4	4.8	4.3	3.8
P/CEPS	29.7	25.9	21.7	18.8
EV/EBITDA	25.2	22.9	18.4	15.4
EV/Sales	3.0	2.4	2.0	1.7
Dividend Yield (%)	0.8	1.0	1.1	1.2

Source: Company Data, PL Research

Key Operating Metrics

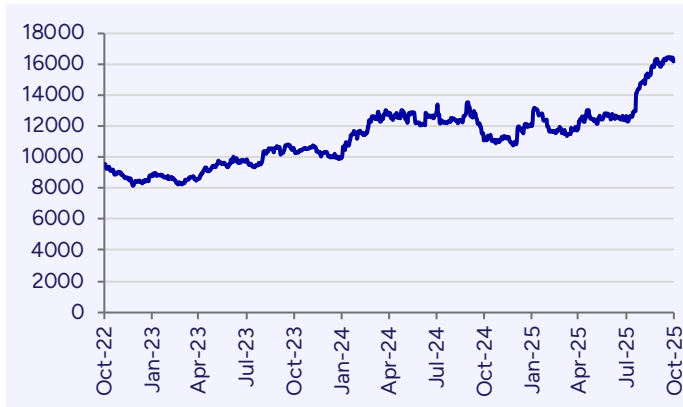
Y/e Mar	FY25	FY26E	FY27E	FY28E
Volume (units)	22,34,266	24,08,651	26,15,837	27,74,358
Net realisation (Rs/unit)	6,79,866	7,63,035	8,22,321	8,87,090

Source: Company Data, PL Research



Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Hold	15,764	16,012
2	28-Apr-25	BUY	14,001	11,698
3	08-Apr-25	BUY	14,194	11,459
4	30-Jan-25	BUY	14,154	11,978
5	09-Jan-25	BUY	14,129	11,822

Analyst Coverage Universe

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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