RESULT REVIEW

BUY
TP: Rs 2,261 | ⮝ 22%

HYUNDAI MOTORS INDIA | Automobiles | 09 May 2026

Switch to fast pace as capacity ramp up; snag in the short term

- **Healthy volume recovery (8.7% YoY), as domestic growth (8.5%) picked up. Realisations dampen (3% YoY), due to lower SUV share**
- **EBITDA margin contracts by 372bps YoY to 10.4%, due to cost inflation and lower utilisation. Medium-term margin expectation of 11-14%**
- **Growth focus puts some pressure on EBITDA margins; FY27/FY28 EPS marginally cut. Value at 26x P/E FY28 EPS with revised TP. Retain BUY**

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Volume recovery aids top line despite benign realisations: HMIL revenue grew ~5% YoY/QoQ to ~Rs189bn in Q4FY26, driven by steady volume growth of 8.7% and 6.6% YoY/QoQ to ~208k units, driven by improved domestic demand (8.5% YoY) and resilient exports growth (9.4% YoY). However, net realisations dropped 3%/1.2% YoY/QoQ, due to an adverse product mix. Soft discounts QoQ at ~1.9% of ASP (vs ~2.6% in Q3FY26) and price hikes taken in 4Q, planned hikes in Q1FY27.

Commodity/operating cost weigh on margins: Gross margin pressure intensified as raw material inflation hit materially. RM cost rose ~8% YoY with RM cost-to-sales expanding to 73% vs 71.3% in Q4FY25, driven by higher commodity costs. Hyundai pointed margins hit of ~120bps QoQ with one off vendor cost (~50-60bps) and rest due to labour code provision and ramp-up costs related with the new Pune facility.

PAT hit by cost inflation/lower utilisation: EBITDA fell by 22.4%/2.6% YoY/QoQ to Rs19.7bn and EBITDA margins by 372bps/84bps YoY/QoQ to 10.4%. PAT came at Rs12.6bn down 26.3%/1.7% YoY/QoQ amid weaker operating efficiency. Hyundai stressed that margins were also impacted by lower utilisation at the Chennai facility. However, HMIL reiterated its medium-term margin guidance of ~11-14%.

Launch pipeline/capacity expansion to support growth: HMIL plans rolling out 2 new SUV nameplates in FY27 — one dedicated Compact SUV EV and the other an ICE SUV in the mid-SUV segment. To support this, a capex of Rs 75bn is planned for FY27 — of which — 45-50% is for product development and 30% to Pune Phase II and Chennai plant upgradation. Pune facility will add 70K in phase III by FY30E.

Small Earnings cut, Maintain BUY: Growth focus puts some pressure on EBITDA margins, FY27/FY28 EPS cut by 3%/0.2% to factor the same. We believe HMIL's timely capacity expansion to 1.1mn units by FY28 will help it improve market share and attain growth. Focus on premiumisation (SUV ~ 70% of domestic sales) and strong export strategy, implies revenue gains with a mix of volume/ASPs. HMIL's healthy cashflow despite capex helps EBITDA/PAT CAGR of 14% over FY26-29E. We value HMIL at 26x P/E FY28 EPS with new TP of Rs2,261 (Rs2,287), BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HYUNDAI IN/Rs 1,853
Market cap	US$ 5.9bn
Free float	44%
3M ADV	US$ 15.9mn
52wk high/low	Rs 2,890/Rs 1,658
Promoter/FPI/DII	56%/23%/16%

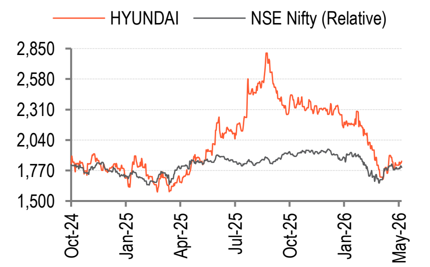
Source: NSE | Price as of 8 May 2026

Key financials

Y/E 31 Mar	FY26P	FY27E	FY28E
Total revenue (Rs mn)	7,07,633	7,39,685	8,41,447
EBITDA (Rs mn)	85,985	94,541	1,14,905
Adj. net profit (Rs mn)	54,315	58,650	71,347
Adj. EPS (Rs)	66.8	72.2	87.8
Consensus EPS (Rs)	66.8	74.6	92.1
Adj. ROAE (%)	27.1	24.6	24.7
Adj. P/E (x)	27.7	25.7	21.1
EV/EBITDA (x)	7.6	6.8	5.5
Adj. EPS growth (%)	(3.7)	8.0	21.6

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Concall Highlights

Volume Growth & Demand

Q4FY26 domestic volumes grew ~8.5% YoY to ~167k units. Export volumes also remained resilient with a ~9.4% YoY growth, despite geopolitical disruptions in the Middle East markets — taking FY26 exports growth to ~16.4% YoY, ahead of the initial guidance of 7-8%. Discounts reduced to ~1.9% of ASP in Q4FY26 vs ~2.6% in Q3FY26. The company implemented price hikes in January and March, with another selective increase planned in May'26. Rural penetration improved steadily to ~24.7% in Q4FY26 vs ~13% in Q4FY25. The improvement was supported by network expansion and deeper market-penetration initiatives. Management guided for domestic and export volume growth of ~8-10% each in FY27, fueled by the upcoming launches and increased production flexibility.

Margin Performance

EBITDA margin compressed sharply by ~372bps YoY to ~10.4%, due to elevated commodity prices, higher employee expenses, initial fixed-cost absorption from Pune operations as well as an adverse product mix. Management highlighted that the cost inflation impacted margins by ~120bps QoQ in Q4FY26 — of which — ~50-60bps was one-off related to vendor compensation and should not recur. Additional pressure arose from labour code-related provisions and actuarial adjustments.

Management has guided for EBITDA margin in the 11-14% range for FY27, to be led by operating leverage, a better product mix, further pricing actions and improvement in Chennai plant utilisation.

Product Pipeline and Strategy

HMIL confirmed the launch of two completely new nameplates in FY27. One ICE SUV placed in the mid-SUV segment (>4m) while the other a dedicated mass market EV in compact SUV space. Recent product interventions including Venue, Verna and Exter refreshes are already aiding the demand recovery across segments. HMIL ended FY26 at ~114.5 g/km CO_2 vs CAFE-II requirement of ~117.6 g/km and expects CAFE-III compliance, driven by the multi powertrain strategy.

Capacity Expansion & Capex Strategy

HMIL announced incremental capacity expansion at Pune facility with an additional ~70k units post Phase-II expansion, taking the Pune plant capacity to ~320k units and overall, India capacity to ~1.14mn units by FY30. Chennai plant utilisation was temporarily impacted after Venue production shift to Pune. However, it is expected to improve as the upcoming FY27 launches will be manufactured in Chennai. Both the new nameplates will be manufactured at the Chennai unit.

FY27 capex guidance stands at ~Rs75bn. Management indicated that ~45-50% will be directed towards the upcoming products and ~30% towards plant-related investments including Pune expansion and Chennai upgradation.

Export & Strategic Positioning

To offset the impacts from the Middle-East conflict, HMIL has ramped up the shipments to other markets, specifically LATAM and Mexico. HMIL is also evaluating alternate shipping routes to manage regional disruptions. Exports volume will likely be bolstered by Verna PE, Exter PE and Exter LHD version. Additionally, the two new launches will also be considered for export.

Other key points

The company has added 89 sales outlets in FY26. A significant portion of the network expansion is directed towards rural markets, with 7 out of every 10 new outlets being established in rural areas. Going forward, the same ratio of 70:30 will be followed for the new outlet addition.

The Board recommended a dividend of Rs 21/share for FY26 (payout ratio 31.4%).

Fig 1 – Quarterly performance (Consolidated)

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Volume	2,08,275	1,91,650	8.7	1,95,436	6.6	1,95,151	6.7
Avg. Realization per Vehicle	9,08,230	9,36,096	(3.0)	9,19,661	(1.2)	9,38,054	(3.2)
Net Revenues	1,89,162	1,79,403	5.4	1,79,735	5.2	1,83,062	3.3
Total Income (A)	**1,89,162**	**1,79,403**	**5.4**	**1,79,735**	**5.2**	**1,83,062**	**3.3**
Operating Expenses:							
Raw materials consumed	1,38,073	1,27,858	8.0	1,28,515	7.4	1,31,908	4.7
Employee Expenses	8,059	6,020	33.9	6,991	15.3	7,015	14.9
Other Expenses	23,370	20,198	15.7	24,045	(2.8)	24,256	(3.7)
Total Expenditure (B)	**1,69,502**	**1,54,076**	**10.0**	**1,59,551**	**6.2**	**1,63,178**	**3.9**
EBITDA (A-B)	**19,660**	**25,327**	**(22.4)**	**20,183**	**(2.6)**	**19,884**	**(1.1)**
Other Income	2,594	2,096	23.8	2,437	6.5	2,201	17.9
Depreciation	5,836	5,304	10.0	5,688	2.6	6,111	(4.5)
EBIT	**16,417**	**22,119**	**(25.8)**	**16,932**	**(3.0)**	**15,973**	**2.8**
Finance Costs	379	365	3.8	272	39.2	255	48.5
PBT after excep items	**16,039**	**21,754**	**(26.3)**	**16,660**	**(3.7)**	**15,718**	**2.0**
Tax expense	3,482	5,611	(37.9)	4,316	(19.3)	4,071	(14.5)
Reported PAT	**12,556**	**16,143**	**(22.2)**	**12,344**	**1.7**	**11,647**	**7.8**
Adjusted PAT	**12,556**	**16,143**	**(22.2)**	**12,344**	**1.7**	**11,647**	**7.8**
Adj EPS (Rs)	**15.5**	**19.9**	**(22.2)**	**15.2**	**1.7**	**14.3**	**7.8**
Key Ratios (%)			**(bps)**		**(bps)**		
Gross Margin (%)	27.0	28.7	(172)	28.5	(149)	27.9	(94)
EBITDA Margin (%)	10.4	14.1	(372)	11.2	(84)	10.9	(47)
EBIT Margin (%)	8.7	12.3	(365)	9.4	(74)	8.7	(5)
PBT Margin (%)	8.5	12.1	(365)	9.3	(79)	8.6	(11)
Tax Rate (%)	21.7	25.8	(408)	25.9	(420)	25.9	(419)
Adj PAT Margin (%)	6.6	9.0	(236)	6.9	(23)	6.4	28

Source: Company, BOBCAPS Research

Valuation Methodology

HMIL's focus on growth puts some pressure on EBITDA margins. FY27/FY28 EPS cut by 3%/0.2% to factor the same. We believe the company's timely capacity expansion to 1.1mn units by FY28 will help improve market share and attain growth. The focus on premiumisation (SUV accounts for 70% of domestic sales) and a healthy export strategy will imply revenue gains with a mix of volume/ASPs. Additionally, a strong focus on localisation and higher operating leverage will help maintain/improve margins. We expect gross margins at ~28% and EBITDA margins at ~13.5%, to be maintained or improved by FY28E/FY29E.

With fixed royalty rates (3.5%) to the parent company HMC, the actual payout turns out to be lower as the mix stays healthy. A strong parentage back-up with sound technology and 100+ markets the parental help, only remains as facilitator for the Indian company.

HMIL has earmarked Rs45bn over the next 4-5 years with a judicious mix of R&D spend and capacity expansion. Amidst this, HMIL maintains a healthy cashflow despite the capex helping EBITDA/PAT CAGR of 14% over FY26-29E.

Factoring in the same, we value HMIL at 26x P/E FY28 EPS (no change in the earlier stance of 10% discount to MSIL). We maintain BUY with a revised TP of Rs 2,261 (earlier Rs 2,287).

Fig 2 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	7,39,685	8,41,447	9,24,980	7,41,334	8,46,779	9,30,846	(0.2)	(0.6)	(0.6)
EBITDA	94,541	1,14,905	1,28,489	97,264.0	1,15,288	1,28,931	(2.8)	(0.3)	(0.3)
Adj PAT	58,650	71,347	79,695	60,530.0	71,474	79,873	(3.1)	(0.2)	(0.2)
Adj EPS (Rs)	72.2	87.8	98.1	74.5	88.0	98.3	(3.1)	(0.2)	(0.2)

Source: BOBCAPS Research

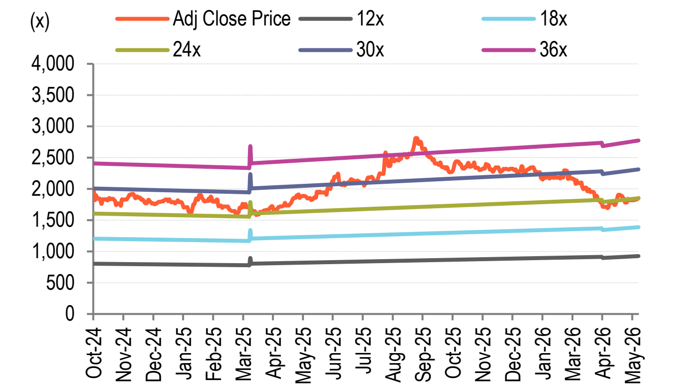
Fig 3 – Key assumptions

Parameter	FY26E	FY27E	FY28E	FY29E
Volume (nos)	769,673	786,990	881,429	949,740
Growth (%)	1.0	2.2	12.0	7.8
ASP (Rs)	836,080	856,982	874,121	892,478
Growth (%)	1.0	2.5	2.0	2.1
Revenues (Rs mn)	707,633	739,685	841,447	924,980
EBITDA (Rs mn)	85,985.0	94,541.0	114,905.0	128,489
Operating margin (%)	12.2	12.8	13.7	13.9
Adjusted Net Profit (Rs mn)	54,315	58,650	71,347	79,695
Adjusted EPS (Rs)	66.8	72.2	87.8	98.1

Source: Company, BOBCAPS Research

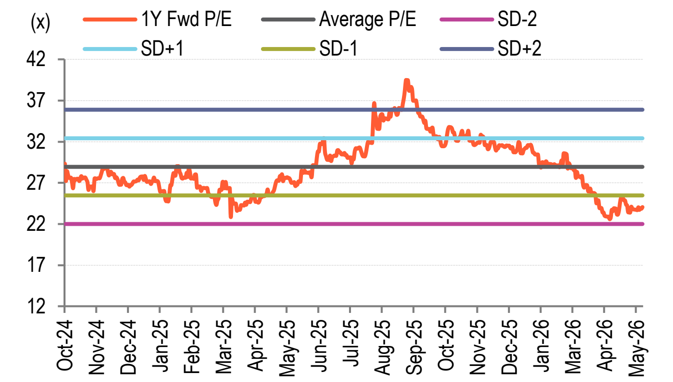
Valuation Charts:

Fig 4 – We value HMIL at 26x FY28 P/E marginal discount to the market leader MSIL



Source: Company, BOBCAPS Research

Fig 5 – Valuations to revert to mean in the medium term



Source: Company, BOBCAPS Research

Key Risks

- **Cost inflation driven by commodity and mandatory cost:** Any hike in the cost driven by commodity inflation and additionally receiving a leg-up from compliance related cost can be detrimental to sales. While HMIL has managed to pass-thru the same to end users this may be challenging in the down-cycles
- Domestic volumes for HMIL have become increasingly concentrated in a few high-volume models; particularly in the compact and mid-size SUV segments. The combined contribution from Creta and Venue has increased to ~55% currently from ~48% of domestic sales in FY23.
- Additionally, the UV market itself is relatively fragmented, with no single player enjoying a dominant position. Competitive pressure within the segment is increasing as peers strengthen the products eyeing Creta's leadership in the market

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Total revenue	**6,91,929**	**7,07,633**	**7,39,685**	**8,41,447**	**9,24,980**
EBITDA	89,538	85,985	94,541	1,14,905	1,28,489
Depreciation	21,053	21,980	21,922	25,852	30,240
EBIT	77,185	73,495	79,255	96,162	1,07,252
Net interest inc./(exp.)	(1,272)	(1,065)	(1,054)	(1,033)	(992)
Other inc./(exp.)	8,700	9,490	6,636	7,109	9,003
Exceptional items	0	0	0	0	0
EBT	75,913	72,430	78,200	95,129	1,06,260
Income taxes	19,511	18,115	19,550	23,782	26,565
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**56,402**	**54,315**	**58,650**	**71,347**	**79,695**
Adjustments	0	0	0	0	0
Adjusted net profit	**56,402**	**54,315**	**58,650**	**71,347**	**79,695**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Accounts payables	70,862	85,084	81,592	92,892	1,02,671
Other current liabilities	32,717	32,834	33,137	38,136	42,573
Provisions	17,820	16,009	21,563	23,719	26,091
Debt funds	5,834	9,965	7,059	7,765	8,542
Other liabilities	10,775	0	0	0	0
Equity capital	8,125	8,125	8,125	8,125	8,125
Reserves & surplus	1,54,839	1,92,025	2,30,608	2,81,083	3,38,288
Shareholders' fund	1,62,964	2,00,150	2,38,733	2,89,208	3,46,413
Total liab. and equities	**3,00,973**	**3,44,042**	**3,82,084**	**4,51,720**	**5,26,290**
Cash and cash eq.	85,792	1,05,519	74,010	85,440	1,21,062
Accounts receivables	23,891	21,937	26,538	30,487	32,529
Inventories	38,616	35,935	42,499	48,551	54,573
Other current assets	23,345	32,774	27,348	32,022	35,054
Investments	774	74	1,974	2,574	3,174
Net fixed assets	69,100	73,301	1,06,379	1,45,526	1,67,286
CWIP	47,184	64,652	92,500	95,200	99,500
Intangible assets	1,951	0	0	0	0
Deferred tax assets, net	10,321	9,851	10,837	11,920	13,112
Other assets	0	0	0	0	0
Total assets	**3,00,974**	**3,44,042**	**3,82,084**	**4,51,720**	**5,26,290**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26P	FY27E	FY28E	FY29E
Cash flow from operations	**44,205**	**62,699**	**69,508**	**92,837**	**1,05,434**
Capital expenditures	(56,615)	(41,698)	(82,848)	(67,700)	(56,300)
Change in investments	(150)	700	(1,900)	(600)	(600)
Other investing cash flows	8,700	9,490	6,636	7,109	9,003
Cash flow from investing	**(48,064)**	**(31,507)**	**(78,113)**	**(61,191)**	**(47,897)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(951)	4,131	(2,906)	706	777
Interest expenses	(1,272)	(1,065)	(1,054)	(1,033)	(992)
Dividends paid	(17,063)	(18,688)	(20,313)	(21,125)	(22,750)
Other financing cash flows	(1,059)	470	(985)	(1,084)	(1,192)
Cash flow from financing	**(20,345)**	**(15,152)**	**(25,258)**	**(22,536)**	**(24,158)**
Chg in cash & cash eq.	**(24,205)**	**16,040**	**(33,863)**	**9,110**	**33,379**
Closing cash & cash eq.	**85,792**	**1,05,519**	**74,010**	**85,440**	**1,21,062**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26P	FY27E	FY28E	FY29E
Reported EPS	69.4	66.8	72.2	87.8	98.1
Adjusted EPS	69.4	66.8	72.2	87.8	98.1
Dividend per share	21.0	23.0	25.0	26.0	28.0
Book value per share	200.6	246.3	293.8	355.9	426.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26P	FY27E	FY28E	FY29E
EV/Sales	0.9	0.9	0.9	0.7	0.7
EV/EBITDA	6.6	7.6	6.8	5.5	5.3
Adjusted P/E	26.7	27.7	25.7	21.1	18.9
P/BV	9.2	7.5	6.3	5.2	4.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26P	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.3	75.0	75.0	75.0	75.0
Interest burden (PBT/EBIT)	98.4	98.6	98.7	98.9	99.1
EBIT margin (EBIT/Revenue)	11.2	10.4	10.7	11.4	11.6
Asset turnover (Rev./Avg TA)	454.6	363.2	324.5	310.1	283.8
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.0	1.0	1.0
Adjusted ROAE	41.9	29.9	26.7	27.0	25.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26P	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(0.9)	2.3	4.5	13.8	9.9
EBITDA	(2.0)	(4.0)	10.0	21.5	11.8
Adjusted EPS	(6.9)	(3.7)	8.0	21.6	11.7
Profitability & Return ratios (%)					
EBITDA margin	12.9	12.2	12.8	13.7	13.9
EBIT margin	11.2	10.4	10.7	11.4	11.6
Adjusted profit margin	8.2	7.7	7.9	8.5	8.6
Adjusted ROAE	34.6	27.1	24.6	24.7	23.0
ROCE	37.7	28.5	26.3	26.6	24.7
Working capital days (days)					
Receivables	13	12	12	12	12
Inventory	20	19	19	20	20
Payables	53	56	58	54	55
Ratios (x)					
Gross asset turnover	0.3	0.4	0.4	0.4	0.5
Current ratio	1.4	1.5	1.3	1.3	1.4
Net interest coverage ratio	(60.7)	(69.0)	(75.2)	(93.1)	(108.2)
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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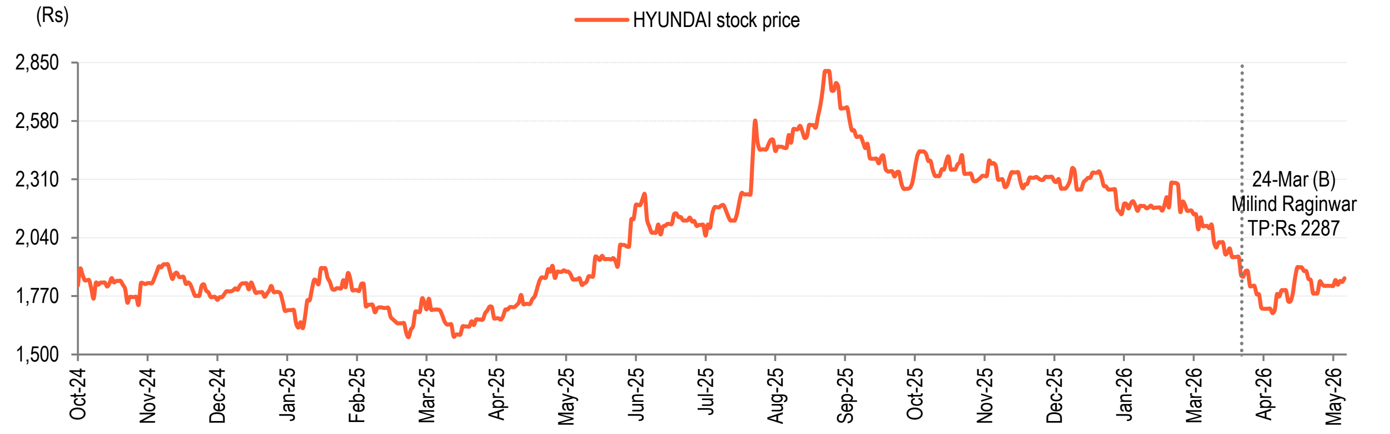
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HYUNDAI MOTORS INDIA (HYUNDAI IN)



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