

Hyundai Motor India

Lack of aggression in the Indian market



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Hyundai Motor India (HMI) has stood out in the Indian market over the years, being perceived as a more premium brand vs most key competition. However, competition has caught up in terms of presence in the SUV space and advanced tech and features, leading to the company losing market share from 17.4% in FY16 to 13.9% in FY25. A key reason for this has been the lack of aggression shown by HMI and parent Hyundai Motor Corporation (HMC) in the Indian market, focusing instead on other core markets. However, we are seeing green shoots of aggression with management announcing 26 model launches (including refreshes and facelifts) by FY30. Going forward, the passenger vehicle market in India, being underpenetrated vs key developed and developing markets, would benefit from the GST rate rationalization, leading to higher sustained demand in the medium term. Additionally, HMI's presence in the entry-level SUV segment with Exter, a gap that is there in most competitor portfolios, should benefit from customers uptrading from hatchbacks to SUVs. Though we are cautious for now, we will closely watch out for any change in business strategy of the management that could help revive the company's standing in India. We initiate coverage on Hyundai Motor India with a REDUCE rating, valuing it at 25x Sep-27 EPS for a TP of INR2,236.

- **Low aggression in the Indian market:** HMI has over the years lost market share as well as its premium positioning in the Indian market. Additionally, while a key competitor, MSIL, is making India the production base for some models including exporting to developed countries along with improving exports mix, HMI's exports are seeing its product mix deteriorate and the company continues to remain a production base only for emerging markets.
- **Creta concentration risk:** While Creta is a popular and trusted brand in India, it was launched in 2015, and is beginning to lose its freshness vs competitor models that are being launched in the same segment. The recently launched Victoris by Maruti Suzuki (MSIL) has many advanced and refreshing features as well as underbody CNG tank providing for more boot space in the CNG segment. We expect Creta's domestic volume growth to remain constrained at 5.3% over FY25-FY28E vs historic growth of 9.1% over FY17-FY25.
- **CAFE norms could be challenging:** Though we have seen a softer emission stance recently from the government towards smaller cars, that would also benefit HMI, the CAFE 3 emission target could still be challenging for a higher SUV and diesel mix company like HMI to achieve. Hence, we have recently seen the company pivot towards CNG and EVs. The company's EV, sharing the platform with its ICE variant, has not been received well in the domestic market, which could lead to HMI pushing EV sales in FY28 to meet the CAFE 3 target. We expect EV margins to be dilutive, at least initially at a lower scale.
- **GST rate rationalization, a demand booster:** We believe that the domestic PV market should see sustained higher demand in the medium term, especially for the hatchbacks and entry level SUVs, which would also benefit the company. However, considering a higher mix towards mid-sized and larger SUVs, these benefits could be limited for the company.

Financial summary

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	4,09,723	4,73,784	6,03,076	6,98,291	6,91,929	7,15,108	8,11,048	9,14,559
EBITDA	42,457	54,861	75,488	91,326	89,538	94,394	1,08,680	1,23,465
EBITDA Margin %	10.4	11.6	12.5	13.1	12.9	13.2	13.4	13.5
APAT	18,812	29,016	47,093	60,600	56,402	58,568	67,472	77,879
Diluted EPS (INR)	23.2	35.7	58.0	74.6	69.4	72.1	83.0	95.8
P/E (x)	109.5	71.0	43.7	34.0	36.5	35.2	30.5	26.4
EV / EBITDA (x)	46.1	35.2	25.1	21.7	22.1	21.1	17.9	15.3
RoE (%)	12.3	18.0	25.5	39.5	41.8	32.2	30.3	28.9

Source: Company, HSIE Research

REDUCE

CMP (as on 01 Oct 2025)	INR 2,544
Target Price	INR 2,236
NIFTY	24,836

KEY STOCK DATA

Bloomberg code	HYUNDAI IN
No. of Shares (mn)	813
MCap (INR bn) / (\$ mn)	2,067/23,306
6m avg traded value (INR mn)	2,073
52 Week high / low	INR 2,890/1,542

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.5	49.4	-
Relative (%)	16.8	42.8	-

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	82.50	82.50
FIs & Local MFs	7.01	7.76
FPIs	7.17	7.08
Public & Others	3.32	2.66
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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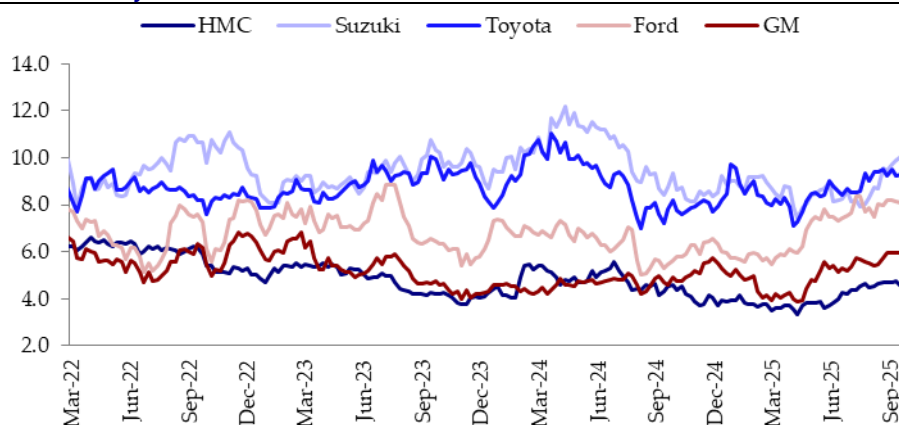
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IPO

The company got listed on BSE and NSE on 22 October 2024, with the IPO offer having consisted entirely of OFS, with the promoters selling 17.5% stake, bringing their total stake down to 82.5%.

As per media articles, the rationale for the IPO was for the parent company to unlock value, in anticipation of a rerating of the parent company's valuation in South Korea. Historically, South Korean companies, especially Chaebols (family-controlled conglomerates), have traded at lower valuations compared to global peers.

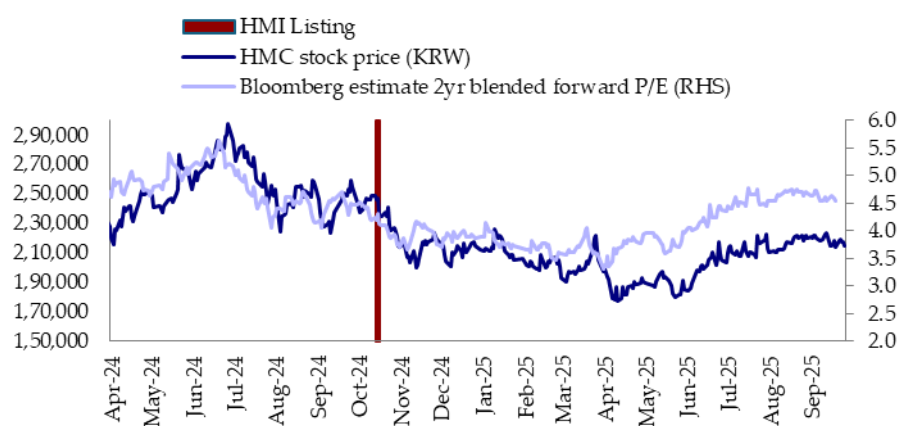
Exhibit 1: HMC is trading at lower valuation vs key global peers (Bloomberg estimate of 2 years blended forward P/E)



Source: Bloomberg, HSIE Research

However, we are yet to see a meaningful rerating take place, and hence believe that the parent company may now get aggressive in their business strategy to unlock value from HMI.

Exhibit 2: Post-HMI listing the parent company has not seen meaningful rerating

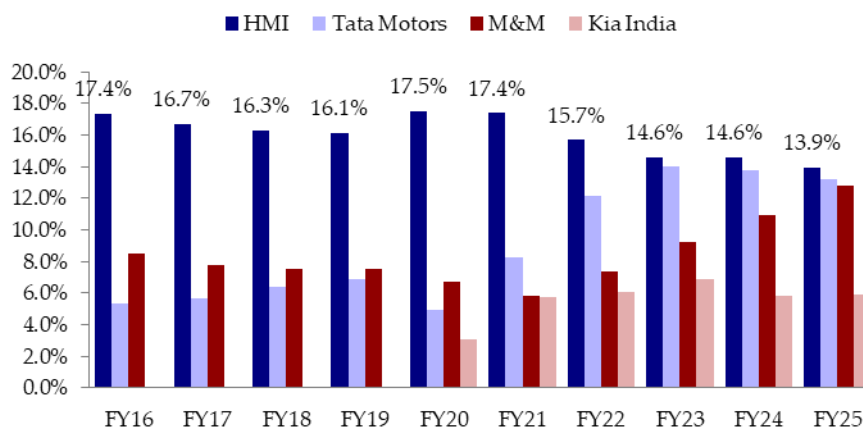


Source: Bloomberg, HSIE Research

Market share loss continues

The company's No.2 position (on an annual basis) in the domestic passenger vehicle market is under threat, with key competitors for the position, M&M and Tata Motors closing in with a popular and balanced portfolio. Additionally, Kia India, a sister company, has also grabbed a sizeable share of the domestic market since its foray in 2019, competing in similar stronghold segments of the company.

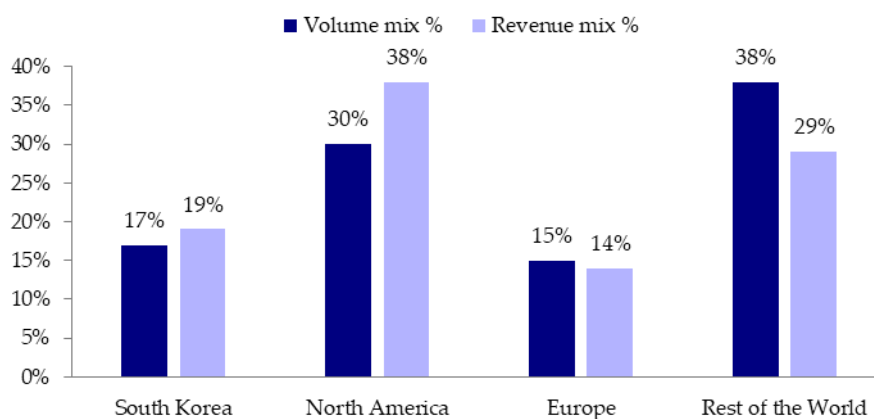
Exhibit 3: HMI losing market share in the domestic market



Source: SIAM, Company, HSIE Research

We believe that the market share loss can also be partially attributed to the lack of aggression by the company in the Indian market, due to its focus on other key core markets. We see majority of the parent's (HMC's) revenue coming from South Korea, North America, and Europe.

Exhibit 4: The parent, HMC's volume and revenue mix by region

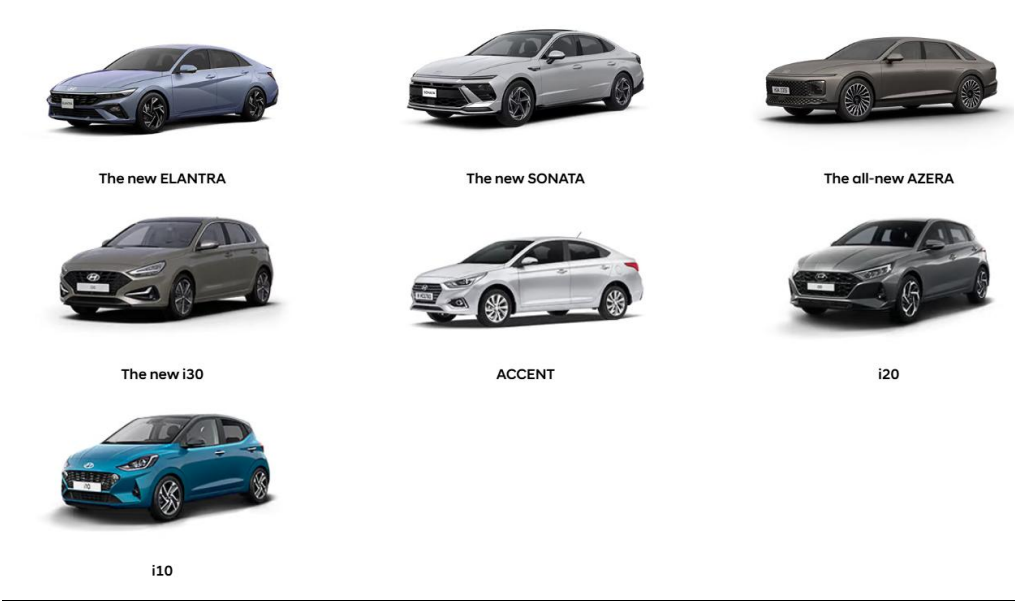


Source: HMC, HSIE Research

However, the intent is appearing to change now as the company has announced 26 product launches by FY30, including refreshes and facelifts.

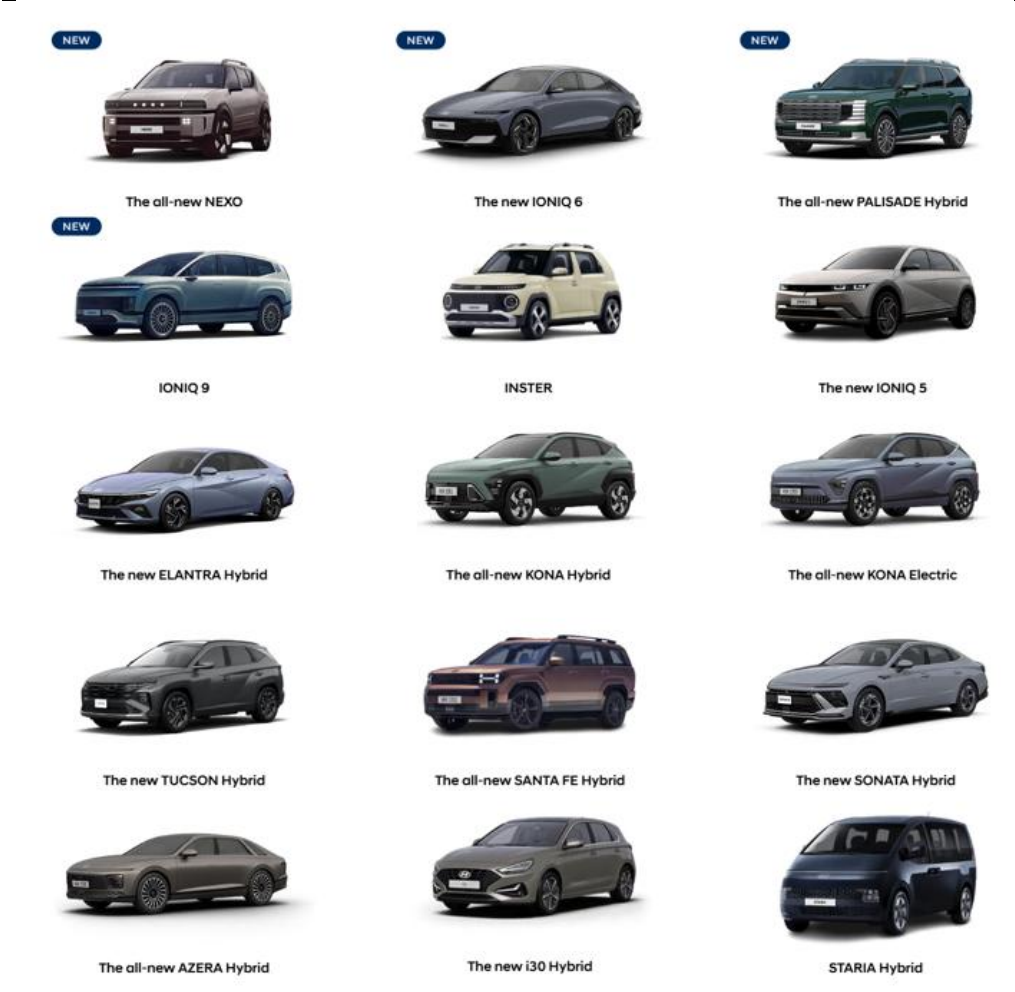
HMC’s global vehicle portfolio (in addition to this it also has the ‘N’ variant and ‘N Line’ variant for some models):

Exhibit 5: HMC’s global ‘Cars’ portfolio



Source: HMC, HSIE Research

Exhibit 6: HMC’s global ‘Eco’ portfolio



Source: HMC, HSIE Research

Exhibit 7: HMC's global 'SUV' portfolio

NEW



The all-new PALISADE



The new TUCSON



The all-new SANTA FE



The all-new KONA



CRETA



VENUE

Source: HMC, HSIE Research

Exhibit 8: HMC's global MPV and commercial portfolio

MPV(1)



STARIA

Commercial(3)



STARIA 11 Seater / Van



H-1



H-100

Source: HMC, HSIE Research

Considering a limited UV portfolio, we do not believe there is scope currently to bring a reasonable number of new UV models to India. Hence, most of the 26 product launches by FY30 could be refreshes and facelifts.

Considering the popularity of certain body types in the Indian passenger vehicle market, we believe the following models could be brought to India:

Exhibit 9: HMC's global products that can be brought to India



The new i30



INSTER



The all-new PALISADE

Source: HMC, HSIE Research

While the i30 and Palisade may not be able to garner as many volumes considering that the hatchback segment of i30 is losing share to UVs in the Indian market, and the larger-sized SUV segment of Palisade has lower volumes considering the higher price points. The Inster e-SUV, considering it would be more of an entry-level EV in the Indian car market, could do well if range anxiety is taken care of, and would compete with the likes of Tata Punch EV.

Additionally, it could also launch the Staria, which would compete with Kia Carnival, in a low volume segment.

The parent company expects a 40% rise in sales volume over the next five years, implying a CAGR of 7%, which we believe could be almost in line with the industry trend, considering a big fillip in India's domestic car demand post the GST rate rationalization.

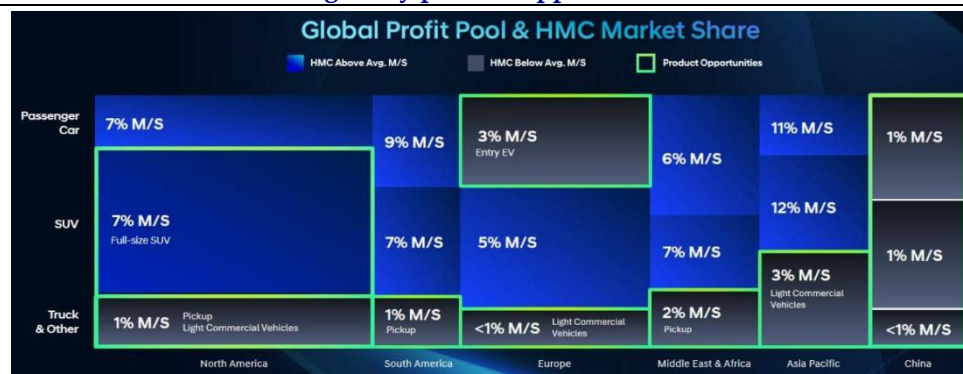
Exhibit 10: HMC's sales volume target by region



Source: HMC, HSIE Research

This is also visible from HMC not viewing much product opportunities in either the passenger car or SUV segment in the Asia Pacific market.

Exhibit 11: HMC not seeing many product opportunities in Asia Pacific market



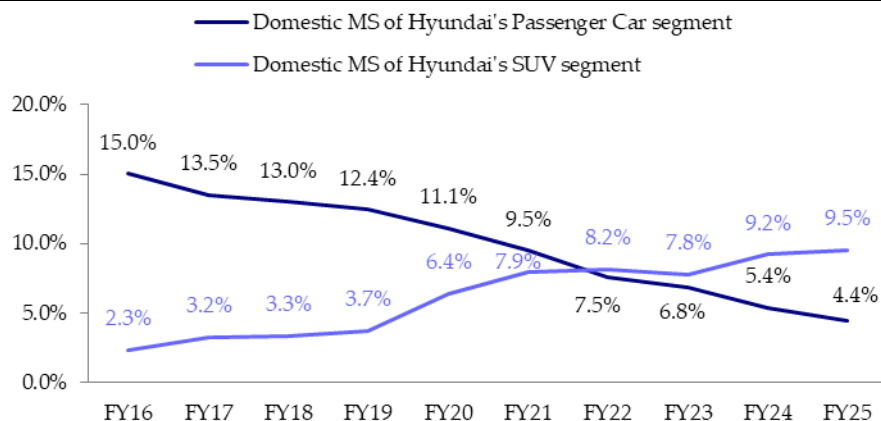
Source: HMC, HSIE Research

The lower aggression is also visible from the lack of market share targets from HMI, while competition has conveyed their aspirations, with Maruti Suzuki seeking to regain market share to 50% and Skoda Auto India targeting 5% market share.

Low demand and exits hit the small car segment; while UVs do well

The company's SUV segment has continued to gain market share, validating the company's prowess in the SUV segment. However, lower demand in the small car segment as well as the company's withdrawal of Santro have impacted its market share at the lower end of the portfolio. We believe that this pull-back from the passenger car segment could limit the company's benefits from the GST rate rationalization.

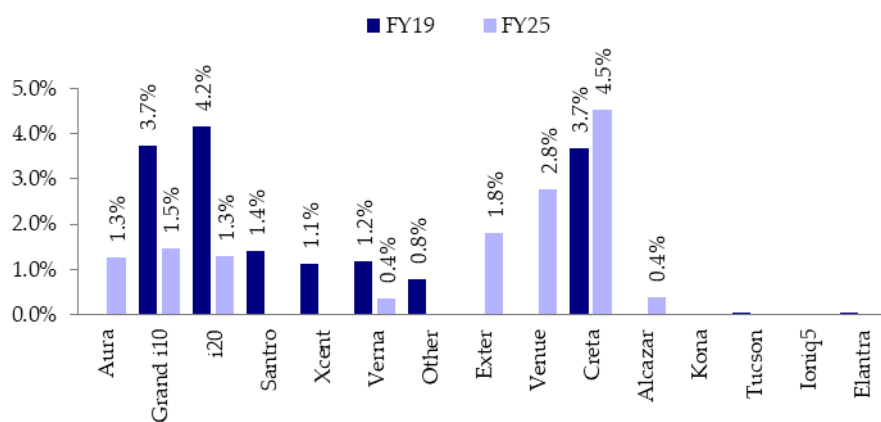
Exhibit 12: HMI's focus moves away from passenger car segment, towards SUVs



Source: SIAM, Company, HSIE Research

Creta continues to see increase in market share in the overall domestic market, though this is aided by the declining passenger car segment, while Venue and Exter have provided the much-needed boost to the company's SUV portfolio.

Exhibit 13: HMI's domestic market share across the portfolio

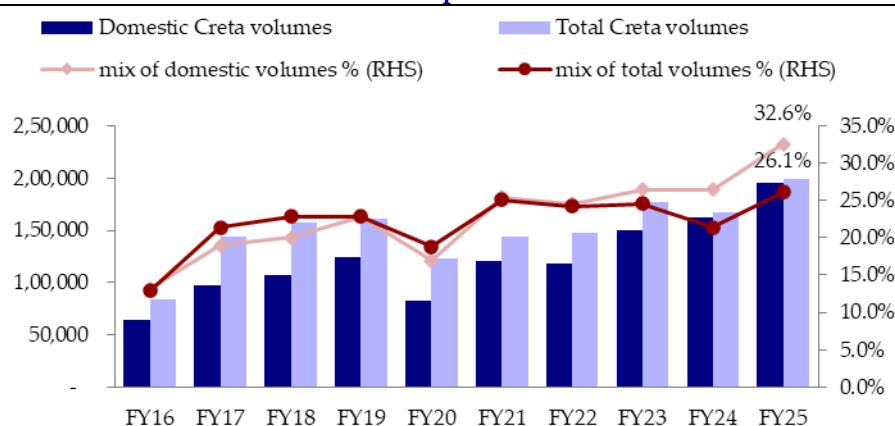


Source: SIAM, Company, HSIE Research

The concentration of Creta in overall volumes remains high

The company's key and best-selling vehicle has been the Creta. However, the concentration risk from the same has gone up over the last decade. Creta now forms 32.6% of the domestic volume mix and 26.1% of the overall volume mix, while the revenue mix and EBITDA mix we believe would be even higher. We expect this to be more diversified in the medium term as the company launches new models, and as competition in the Creta segment heats up, like we have seen recently with MSIL's launch of the Victoris.

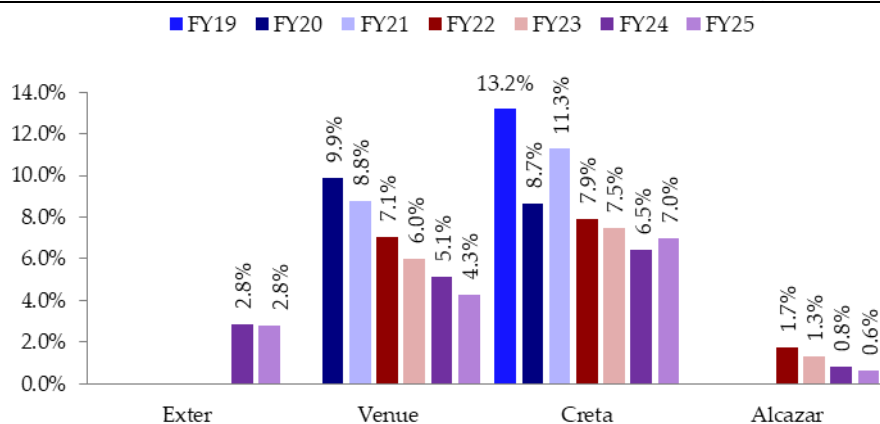
Exhibit 14: Concentration risk due to dependence on Creta



Source: SIAM, Company, HSIE Research

Creta continues to lose market share in the SUV segment as the segment expands amidst new model launches by competition. We are witnessing the same with Venue.

Exhibit 15: Key SUV models also lose market share in the SUV segment

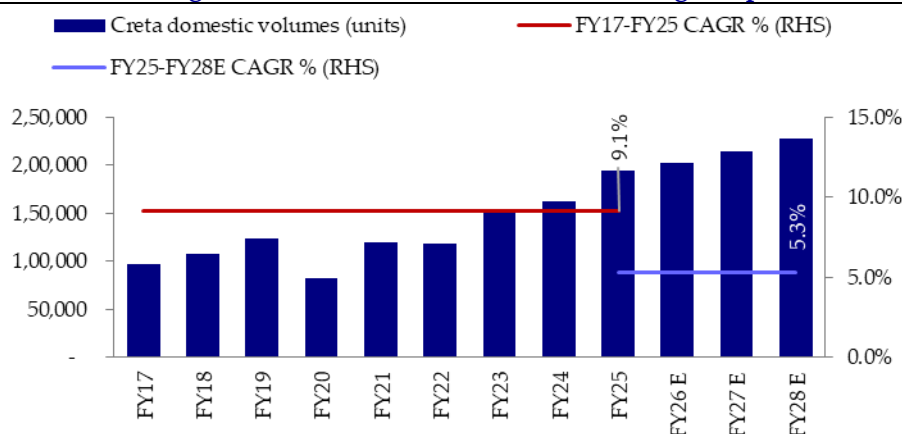


Source: SIAM, Company, HSIE Research

Competition heating up against Creta

While Creta is a popular and trusted brand, it is a model that was launched in 2015 in India and is now competing against newer models like Victoris, which have decided to focus on advanced technologies and features in the vehicles, like level 2 ADAS, smart powered tailgate with gesture control and 64 colour ambient lighting. Additionally, an underbody CNG tank leaves more boot space in the Victoris than the potential twin cylinder CNG tanks in the future would leave in the Creta. Also, more importantly, the Victoris has got a five-star Global NCAP adult safety rating while the Creta has a three-star Global NCAP adult safety rating. Hence, we expect the domestic volume growth of Creta to be limited.

Exhibit 16: Creta's growth to be limited in face of increasing competition

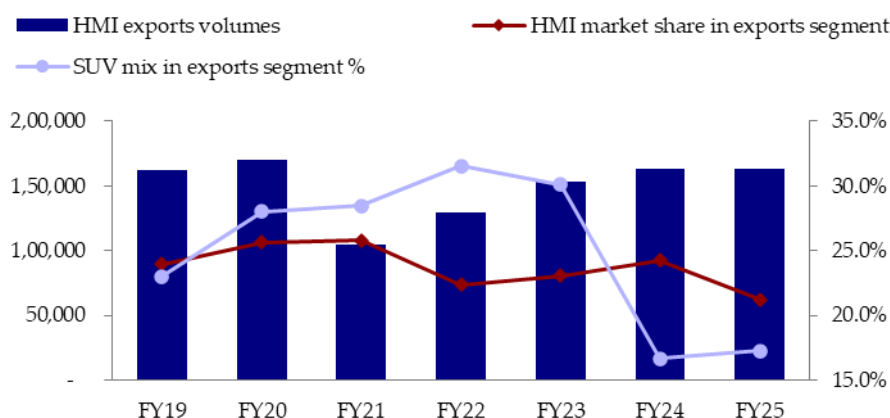


Source: SIAM, Company, HSIE Research

Exports stagnating for HMI

The company's exports have been stagnating, leading it to lose market share, as other OEMs focus to improve their exports. While MSIL's parent has even indicated making Maruti the production hub for certain models with exports even to Europe, we have only seen HMI's parent wanting to make HMI the production hub for emerging markets, even as HMI exports volumes stagnate. A key reason for this is also that HMC has localized operations across the globe, with 17 production plants across 10 countries.

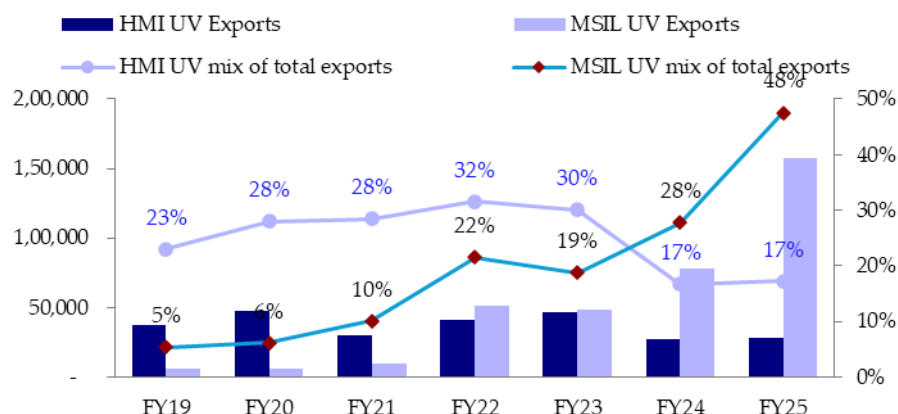
Exhibit 17: HMI exports stagnating, with deteriorating mix



Source: SIAM, Company, HSIE Research

Additionally, we are even seeing the product mix in the exports segment getting adverse, with the SUV exports mix falling to 17% for HMI.

Exhibit 18: HMI's exports mix deteriorates, while MSIL improves exports mix



Source: SIAM, MSIL, Company, HSIE Research

How the company fares vs competition on key metrics

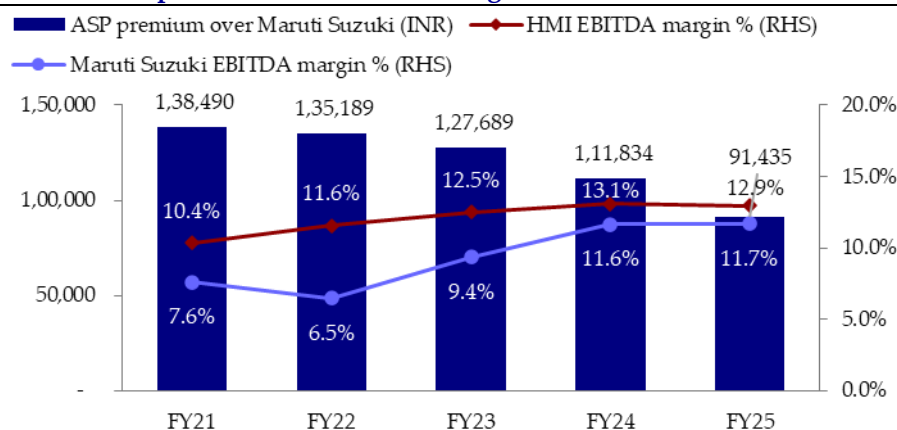
Exhibit 19: HMI comparison vs MSIL on key metrics

Particulars	Hyundai Motor India					Maruti Suzuki				
	FY21	FY22	FY23	FY24	FY25	FY21	FY22	FY23	FY24	FY25
ASP	6,20,927	6,69,455	7,25,416	7,71,840	7,71,301	4,82,436	5,34,266	5,97,727	6,60,006	6,79,866
YoY %		7.8%	8.4%	6.4%	-0.1%		10.7%	11.9%	10.4%	3.0%
ASP premium over Maruti	28.7%	25.3%	21.4%	16.9%	13.4%					
Exports mix%	18.1%	21.2%	21.2%	21.0%	21.4%	6.6%	14.4%	13.2%	13.3%	14.9%
Domestic UV mix %	45.4%	52.0%	53.2%	63.2%	68.5%	17.7%	21.8%	22.8%	36.5%	40.9%
%of Sales										
RM Cost%	76.5	75.6	74.7	73.9	72.2	72.3	74.8	73.4	71.4	71.4
Employee Cost%	3.6	3.5	2.9	2.8	3.3	4.8	4.6	3.9	3.9	4.0
Other Expenses %	9.6	9.3	9.9	10.2	11.6	15.3	14.2	13.3	13.1	12.8
EBITDA Margin %	10.4	11.6	12.5	13.1	12.9	7.6	6.5	9.4	11.6	11.7
D&A%	4.8	4.6	3.6	3.2	3.0	4.3	3.2	2.4	2.1	2.1
Finance Cost %	0.4	0.3	0.2	0.2	0.2	0.1	0.1	0.2	0.1	0.1
Other Income%	1.1	1.2	1.9	2.1	1.3	4.2	2.0	1.8	2.7	3.1
PAT Margin	4.6	6.1	7.8	8.7	8.2	6.0	4.3	6.8	9.4	9.6

Source: SIAM, MSIL, Company, HSIE Research

We have compared the company on key metrics against the market leader Maruti Suzuki. While having had a big advantage on cost metrics and better mix as seen in larger ASP and exports mix, we have seen HMI's lead narrow, as MSIL catches up.

While the company's exports and domestic UV mix has been increasing, the same is also happening with competition, which is leading to narrowing on the ASP and margin difference between the company and key competition.

Exhibit 20: ASP premium and EBITDA margin difference vs MSIL shrinks

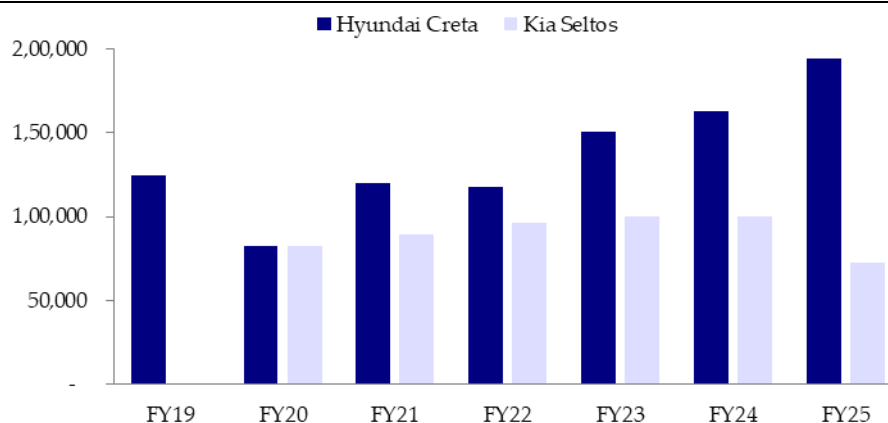
Source: SIAM, MSIL, Company, HSIE Research

We feel that this may lead to a lowering of the brand premium that it may be able to charge customers. However, margin expansion continues on improved mix and better operating leverage.

Conflict of interest concern with Kia

HMI and Kia India Private Ltd are related parties operating in India. While the transactions between them is largely for providing engines to each other, with HMI providing gasoline engines and Kia India providing diesel engines, they are also largely competing in similar segments in the SUV space. HMI's Creta and Venue compete with Kia India's Seltos and Sonet respectively.

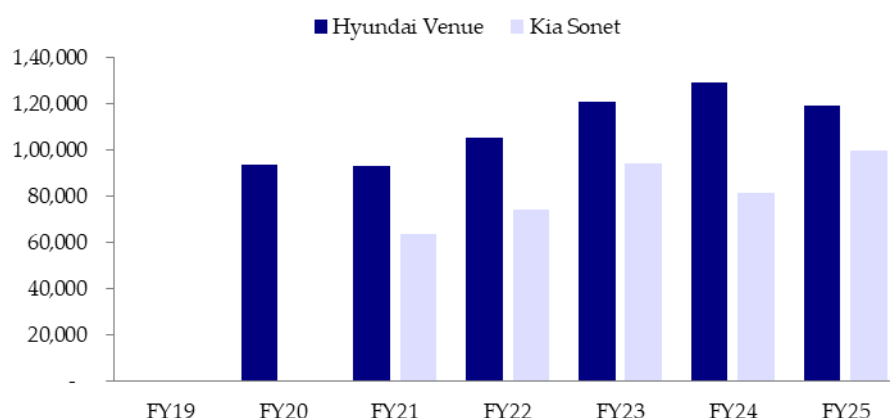
While the domestic UV industry volumes have grown at a CAGR of 20% from FY19 to FY25, Hyundai Creta domestic volumes have grown at a CAGR of 12% during the same period. Analysing a three-year period from FY19 to FY22, the domestic UV industry volumes had grown at a CAGR of 16.5%, while Hyundai Creta domestic volumes had declined at a CAGR of 1.7%.

Exhibit 21: Hyundai Creta vs Kia Seltos (domestic volumes in units)

Source: SIAM, Company, HSIE Research

The Venue and Sonet too compete in similar segments.

Exhibit 22: Hyundai Venue vs Kia Sonet (domestic volumes in units)



Source: SIAM, Company, HSIE Research

Challenges to meet CAFE 3 norms

Corporate Average Fuel Efficiency (CAFE) 3 norms are expected to come into effect on 1 April 2027, demanding even higher emission standards from automakers. While the current norms allow for OEMs to emit 113.1 grams per km without penalty, this limit would likely be reduced to 91.7 grams per km under the CAFE 3 norms.

Among automakers, HMI has a weaker positioning with regards to meeting the CAFE 3 norms due to its higher share of SUV mix and diesel mix. Hence, we have been seeing a push from the company towards CNG and EVs for the domestic market.

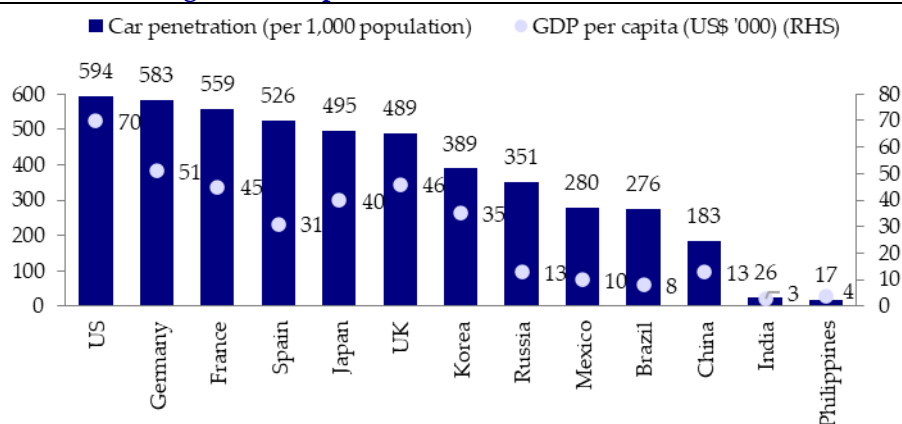
While the recent notification on CAFE 3 norms indicates a possibility of some relief for smaller cars, which would also benefit HMI, we believe that HMI may still be forced to get aggressive on increasing its domestic volume mix from EVs, which may cause a dent to its overall margins, considering EVs on an initially lower scale have been a negative or a low-margin segment. The other options of paying a hefty penalty for missing the target, or collaborating with other OEMs would also lead to dilution of margins.

While other key OEMs have launched EVs on EV specific platform, the Creta EV largely shares the platform with Creta ICE. Considering that sharing the platform with ICE models may lead to lower EV performance and efficiency, we expect the Creta EV to be a tough sell vs key competitor's EVs in the same segment, along with incoming competition from non-ICE focused OEMs. This push strategy of EV is likely to lead to higher margin dilution initially.

PV industry get a fillip from GST rate rationalization

The passenger vehicle industry in India is still under-penetrated compared to developed as well as developing countries, and also compared to the two-wheeler industry in India.

Exhibit 23: Passenger vehicle penetration still low in India



Note: Data for CY 2021, India Data for Fiscal 2024

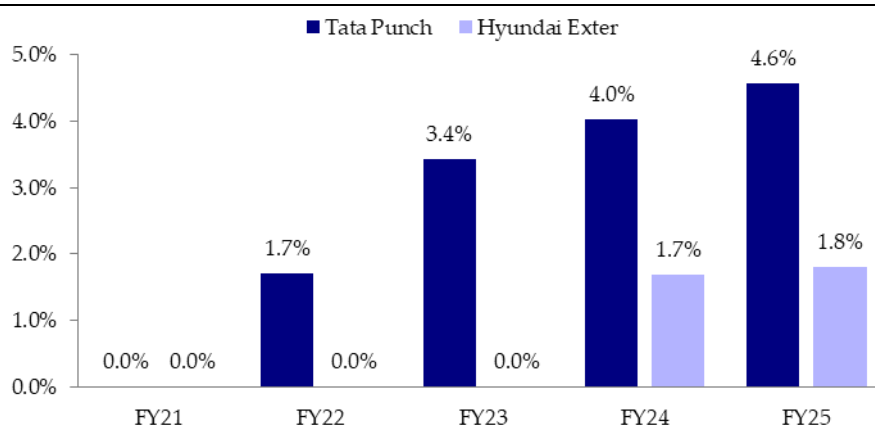
Source: International Road Federation- World Road Statistics 2023, CRISIL MI&A, HMI, HSIE Research

However, we believe that the car penetration in India is poised for improving penetration on the back of improving road infrastructure, increasing GDP per capita, expanding and organization of the used car market, and with Indian consumer getting aspirational, which is also visible via premiumization trends. Additionally, the GST rate rationalization should further boost sentiment and narrow the affordability gap.

Exter to benefit from GST rate rationalization

There are two key models in the entry-level SUV segment, which are selling well, Hyundai Exter and Tata Punch. This segment provides an easier affordable transition for a hatchback customer to move to SUVs.

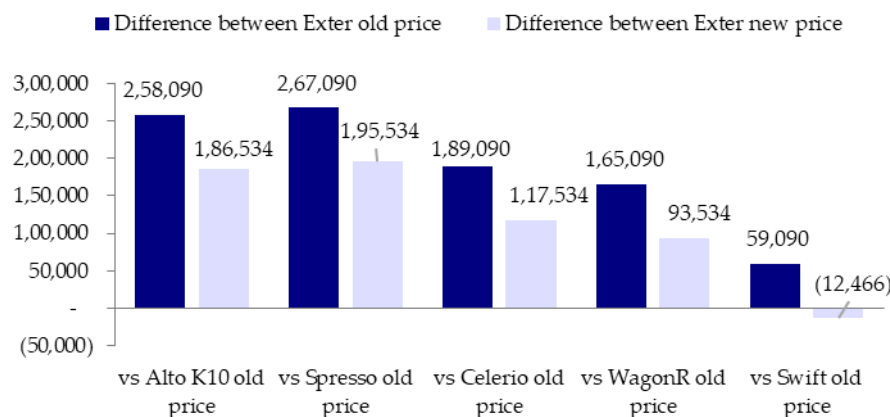
Exhibit 24: Hyundai Exter and Tata Punch provide accessible entry to SUVs (domestic market share of the models)



Source: SIAM, Tata Motors, Company, HSIE Research

We do expect some uptrading from hatchbacks to entry-level SUVs due to the GST rate rationalization, and expect Exter sales and market share to improve, going forward.

Exhibit 25: Hyundai Exter prices post GST rate rationalization led price cuts, provide for an upgrade opportunity to hatchback customers (INR)



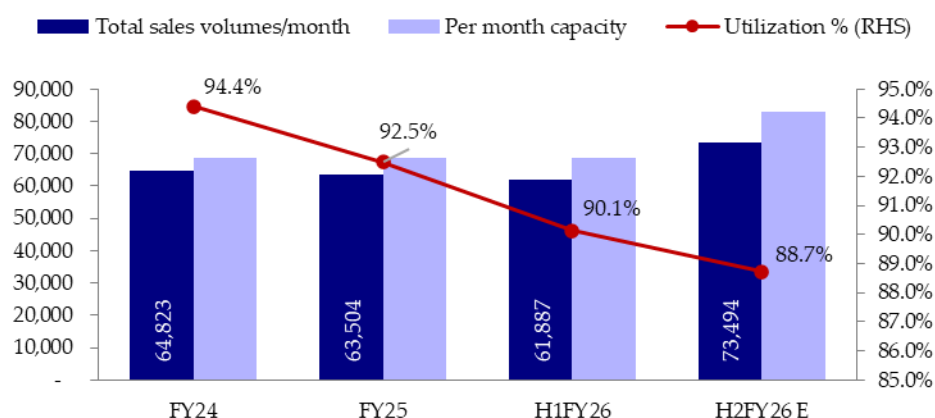
Note: Old price is the pre-GST rate cut price and new price is post-GST rate cut price

Source: Carwale, MSIL, Company, HSIE Research

Much needed capacity expansion

The company has its main plant in Sriperumbudur with an annual capacity of 8,24,000 units. It has just commenced operations at its Talegaon plant on 1st October 2025, which it had acquired from General Motors, with a phase 1 capacity of 170,000 units. An additional capacity of 80,000 units in Phase 2 would commence operations at a later point. The capacity expansion is much-needed as the company has been operating at >90% utilization in FY24 and FY25. However, the capacity expansion will also lead to negative operating leverage in the near term and have some impact on the EBITDA margin.

Exhibit 26: HMI capacity utilization decline to impact margins



Source: SIAM, Company, HSIE Research

Safety ratings need some working

Another reason why HMI has lost market share to Mahindra & Mahindra and Tata Motors is the safety ratings. While key competition mentioned above has delivered well on safety ratings, HMI has not managed to live up to expectations, with even the Creta getting just a three-star rating for adult safety.

Considering that even Maruti Suzuki has focussed on getting its safety rating higher, with both Dzire and Victoris getting 5-star rating on adult safety on Global NCAP, and Invicto recently getting a 5-star rating on Bharat NCAP, we expect HMI management to also focus more on improving the safety aspect of its vehicles. Until then, this differentiation against key competition could continue impacting sales volumes.

Exhibit 27: HMI has relatively lower adult safety rating vs key competition

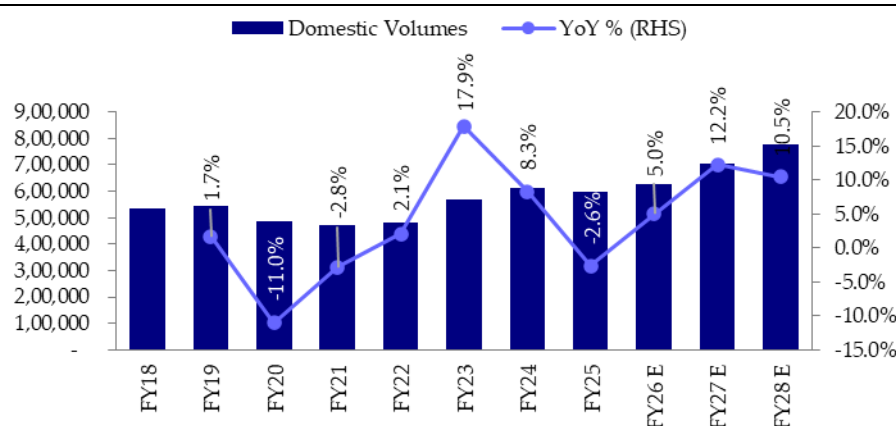
OEM	Model	Year of publication	Adult Safety Rating
Maruti Suzuki	Victoris	2025	5
Maruti Suzuki	Dzire	2024	5
Mahindra & Mahindra	Bolero Neo	2024	1
Tata Motors	Nexon	2024	5
Tata Motors	Harrier	2023	5
Tata Motors	Safari	2023	5
Hyundai Motor India	Verna	2023	5
Maruti Suzuki	Alto K10	2023	2
Maruti Suzuki	WagonR	2023	1
Mahindra & Mahindra	Scorpio-N	2022	5
Maruti Suzuki	Swift	2022	1
Maruti Suzuki	S-Presso	2022	1
Maruti Suzuki	Ignis	2022	1
Hyundai Motor India	i20	2022	3
Hyundai Motor India	Creta	2022	3
Mahindra & Mahindra	XUV700	2021	5
Tata Motors	Punch	2021	5
Mahindra & Mahindra	Thar	2020	4
Maruti Suzuki	S-presso	2020	0
Hyundai Motor India	i10 Nios	2020	2
Tata Motors	Tiago	2020	4
Tata Motors	Tigor	2020	4
Tata Motors	Altroz	2020	5

Source: Global NCAP, HSIE Research

Volumes to revive post GST rate rationalization

HMI reported 9.1% YoY decline in domestic volumes in 6MFY26. We expect a rebound in H2FY26E, on the back of higher demand due to price cuts, led by hatchbacks, and thus expect HMI to end FY26E with 5.0% YoY growth. Going forward, we expect the demand momentum to sustain, and with the addition of new models (including refreshes and facelifts), we expect domestic volumes to grow at a CAGR of 11.4% over FY27E-FY28E.

Exhibit 28: HMI's domestic volumes to see robust growth post the GST rate rationalization

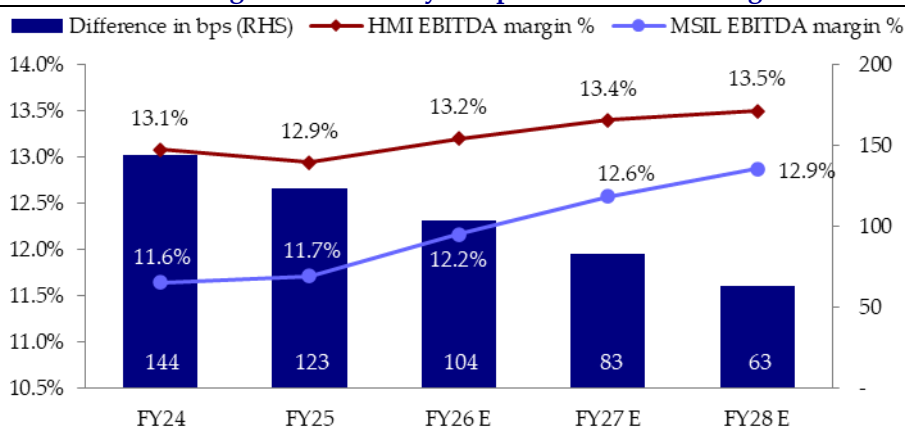


Source: SIAM, Company, HSIE Research

EBITDA margin expansion to be limited

We expect EBITDA margin expansion to be at a slower rate in FY27E and FY28E, as the company would have to take strategic initiatives towards the CAFE 3 norms, by pushing EV sales in the domestic market. EVs we believe should be margin dilutive to the core business, at least at a lower scale. The same would not be the case with Maruti Suzuki, which has the benefit of CNG and Hybrid sales, giving them an edge in the CAFE 3 norms, especially after the government has indicated the possibility of some leeway to small cars towards the norms.

Exhibit 29: HMI's margin lead over key competitor is diminishing

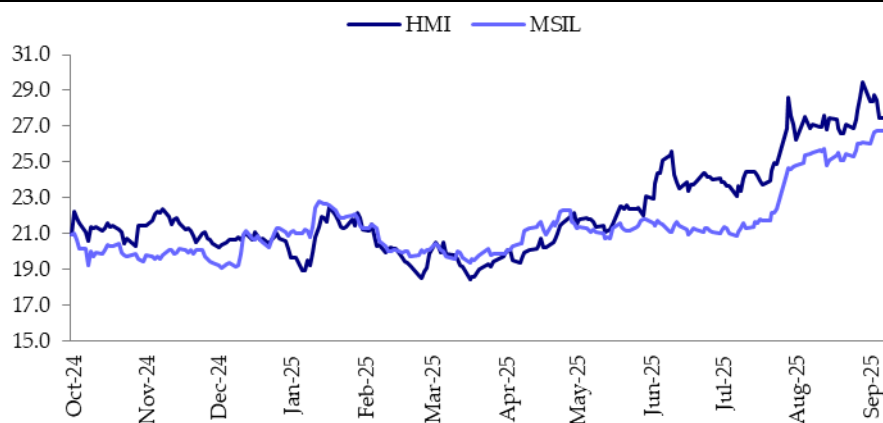


Source: MSIL, Company, HSIE Research

Valuation

HMI is currently trading at a premium to MSIL, which we believe is because of HMI's stretched valuations. Considering that the passenger vehicle industry has got a fillip post the GST rate rationalization, we expect it to trade close to, but below MSIL's valuation. Considering we have given a valuation P/E multiple of 26x Sep-27 EPS for MSIL, we assign a 25x Sep-27 EPS to HMI. The reason for MSIL to get a higher multiple is better margin expansion scope, increasing focus on exports with improving mix, focus on regaining market share, and presence of a larger hatchback portfolio that would benefit from the GST rate rationalization.

Exhibit 30: HMI is currently trading at a premium over market leader MSIL (2yrs Blended Forward)



Source: Bloomberg, MSIL, Company, HSIE Research

Financials

Standalone P&L

Year End (March) - INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	4,09,723	4,73,784	6,03,076	6,98,291	6,91,929	7,15,108	8,11,048	9,14,559
<i>Growth (%)</i>		15.6	27.3	15.8	(0.9)	3.3	13.4	12.8
Material Expenses	3,13,298	3,58,251	4,50,299	5,15,929	4,99,289	5,16,308	5,87,199	6,61,226
Employee Expense	14,649	16,476	17,662	19,755	23,112	23,599	25,954	29,266
Other Expenses	39,319	44,196	59,626	71,280	79,990	80,807	89,215	1,00,602
EBITDA	42,457	54,861	75,488	91,326	89,538	94,394	1,08,680	1,23,465
<i>EBITDA Growth (%)</i>		29.2	37.6	21.0	(2.0)	5.4	15.1	13.6
EBITDA Margin (%)	10.4	11.6	12.5	13.1	12.9	13.2	13.4	13.5
Depreciation	19,732	21,696	21,899	22,079	21,053	23,366	26,058	27,245
EBIT	22,725	33,165	53,589	69,247	68,485	71,028	82,622	96,221
Other Income (Including EO Items)	4,324	5,876	11,291	14,733	8,700	9,136	9,592	10,072
Interest	1,646	1,319	1,424	1,581	1,272	1,336	1,402	1,472
PBT before extraordinary items	25,402	37,722	63,456	82,399	75,913	78,828	90,812	1,04,820
Extraordinary items								
Total Tax	6,591	8,706	16,363	21,798	19,511	20,260	23,341	26,941
RPAT after MI	18,812	29,016	47,093	60,600	56,402	58,568	67,472	77,879
Adjusted PAT	18,812	29,016	47,093	60,600	56,402	58,568	67,472	77,879
<i>APAT Growth (%)</i>		54.2	62.3	28.7	(6.9)	3.8	15.2	15.4
No of shares (mn)	813	813	813	813	813	813	813	813
EPS	23.2	35.7	58.0	74.6	69.4	72.1	83.0	95.8
<i>EPS Growth (%)</i>		54.2	62.3	28.7	(6.9)	3.8	15.2	15.4

Source: Company, HSIE Research

Standalone Balance Sheet

Year End (March) - INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS								
Share Capital - Equity	8,125	8,125	8,125	8,125	8,125	8,125	8,125	8,125
Other Equity	1,44,988	1,60,437	1,92,423	98,531	1,54,839	1,93,093	2,36,189	2,85,629
Total Shareholders' Funds	1,53,113	1,68,563	2,00,548	1,06,657	1,62,965	2,01,219	2,44,314	2,93,754
Total Debt	13,539	11,777	11,893	8,332	8,502	8,993	8,678	8,450
TOTAL CAPITAL EMPLOYED	1,66,653	1,80,339	2,12,442	1,14,989	1,71,467	2,10,212	2,52,992	3,02,204
APPLICATION OF FUNDS								
Tangible Assets	67,316	62,291	57,656	67,136	62,908	70,891	66,326	58,748
Intangible Assets	5,151	3,759	3,270	2,825	1,951	2,220	2,644	3,256
CWIP	8,175	5,291	13,366	6,528	47,184	70,775	63,698	44,589
Right of Use Assets	411	663	578	6,183	6,193	6,075	5,957	5,838
Other Non-Current Assets	12,185	10,779	17,243	19,579	22,416	23,265	25,939	27,972
Total Non-current Assets	93,238	82,782	92,114	1,02,252	1,40,650	1,73,226	1,64,564	1,40,402
Inventories	25,633	28,811	34,224	33,156	34,044	39,150	45,023	51,776
Debtors	24,649	21,824	28,972	25,100	23,891	28,669	34,403	41,284
Cash & Equivalents	1,15,676	1,41,388	1,77,411	90,173	85,792	80,371	1,26,505	1,84,650
Other Current Assets	8,108	8,775	13,012	12,810	16,597	24,895	37,343	56,015
Total Current Assets	1,74,067	2,00,798	2,53,620	1,61,240	1,60,323	1,73,086	2,43,274	3,33,724
Creditors	60,654	54,054	74,408	74,931	70,862	70,727	82,047	90,579
Other Current Liabilities & Provns	39,999	49,187	58,883	73,573	58,645	65,373	72,798	81,344
Total Current Liabilities	1,00,653	1,03,241	1,33,292	1,48,503	1,29,507	1,36,100	1,54,845	1,71,923
Net Current Assets	73,414	97,557	1,20,328	12,737	30,817	36,986	88,429	1,61,802
Misc Expenditures								
TOTAL APPLICATION OF FUNDS	1,66,653	1,80,339	2,12,442	1,14,989	1,71,467	2,10,212	2,52,992	3,02,204

Source: Company, HSIE Research

Hyundai Motor India: Initiating Coverage

Standalone Cash Flow

Year End (March) - INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	25,402	37,722	63,456	82,399	75,913	78,828	90,812	1,04,820
Depreciation	19,732	21,696	21,899	22,079	21,053	23,366	26,058	27,245
Working Capital Change	20,129	3,303	9,838	22,149	(28,860)	(13,690)	(7,956)	(18,580)
Tax Paid	(9,233)	(7,668)	(21,328)	(22,998)	(19,673)	(20,260)	(23,341)	(26,941)
Interest/Dividend received	(3,664)	(4,986)	(9,499)	(12,576)	(6,244)	(6,182)	(6,120)	(6,058)
Other items	1,859	1,316	1,277	1,466	1,260	1,322	1,388	1,456
Extraordinary items								
OPERATING CASH FLOW (a)	54,225	51,384	65,643	92,520	43,449	63,384	80,842	81,942
Capex	(25,785)	(12,535)	(22,493)	(32,318)	(52,929)	(31,500)	(21,800)	(20,160)
Free Cash Flow (FCF)	28,441	38,849	43,150	60,202	(9,480)	31,884	59,042	61,782
Others	3,817	3,482	8,376	(68,587)	48,791	3,733	4,107	4,517
INVESTING CASH FLOW (b)	(21,968)	(9,053)	(14,116)	(1,00,905)	(4,138)	(27,767)	(17,693)	(15,643)
Debt Issuance/(Repaid)	2,835	(1,712)	648	(3,396)	1,017	491	(449)	(370)
Interest Expenses	(441)	(228)	(329)	(294)	(194)	(267)	(280)	(294)
FCFE	31,716	37,365	44,127	57,100	(8,269)	32,642	58,873	61,707
Dividend	-	(13,594)	(14,935)	(1,54,358)	(17,063)	(20,314)	(24,376)	(28,439)
Others	(960)	(1,087)	(1,177)	(1,252)	(1,451)	(1,524)	(1,600)	(1,680)
FINANCING CASH FLOW (c)	1,434	(16,620)	(15,792)	(1,59,301)	(17,692)	(21,614)	(26,706)	(30,783)
NET CASH FLOW (a+b+c)	33,692	25,711	35,734	(1,67,686)	21,619	14,004	36,443	35,516
Add: Beginning balance	81,985	1,15,678	1,41,677	1,77,411	9,732	31,394	45,398	81,841
EO Items, Others								
Closing Cash & Equivalents	1,15,676	1,41,388	1,77,411	9,726	31,351	45,398	81,841	1,17,358

Source: Company, HSIE Research

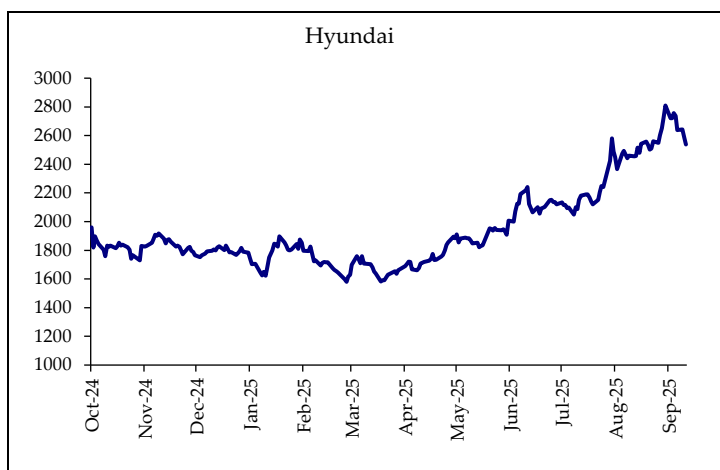
Ratios

Year End (March)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)								
GPM	23.5	24.4	25.3	26.1	27.8	27.8	27.6	27.7
EBITDA Margin (%)	10.4	11.6	12.5	13.1	12.9	13.2	13.4	13.5
EBIT Margin	5.5	7.0	8.9	9.9	9.9	9.9	10.2	10.5
PBT Margin	6.2	8.0	10.5	11.8	11.0	11.0	11.2	11.5
APAT Margin	4.6	6.1	7.8	8.7	8.2	8.2	8.3	8.5
RoE	12.3	18.0	25.5	39.5	41.8	32.2	30.3	28.9
RoIC (or Core RoCE)	33.0	65.5	113.5	205.2	59.4	40.6	48.5	60.8
RoCE	16.2	22.5	33.0	51.3	53.9	42.0	39.8	38.3
EFFICIENCY								
Tax Rate (%)	25.9	23.1	25.8	26.5	25.7	25.7	25.7	25.7
Fixed Asset Turnover (x)	2.5	2.6	3.1	3.0	2.8	2.6	2.7	2.9
Inventory (days)	23	22	21	17	18	20	20	21
Debtors (days)	22	17	18	13	13	15	15	16
Other Current Assets (days)	7	7	8	7	9	13	17	22
Payables (days)	54	42	45	39	37	36	37	36
Other Current Liab & Provns (days)	36	38	36	38	31	33	33	32
Cash Conversion Cycle (days)	(38)	(34)	(35)	(40)	(29)	(22)	(17)	(9)
Net D/E (x)	(0.7)	(0.8)	(0.8)	(0.8)	(0.5)	(0.4)	(0.5)	(0.6)
Interest Coverage (x)	13.8	25.1	37.6	43.8	53.8	53.2	58.9	65.3
PER SHARE DATA (Rs)								
EPS	23.2	35.7	58.0	74.6	69.4	72.1	83.0	95.8
CEPS	47.4	62.4	84.9	101.8	95.3	100.8	115.1	129.4
Dividend		16.7	18.4	190.0	21.0	25.0	30.0	35.0
Book Value	188.4	207.5	246.8	131.3	200.6	247.6	300.7	361.5
VALUATION								
P/E (x)	109.5	71.0	43.7	34.0	36.5	35.2	30.5	26.4
P/BV (x)	13.5	12.2	10.3	19.3	12.6	10.2	8.4	7.0
EV/EBITDA (x)	46.1	35.2	25.1	21.7	22.1	21.1	17.9	15.3
EV/Revenues (x)	4.8	4.1	3.1	2.8	2.9	2.8	2.4	2.1
OCF/EV (%)	2.8	2.7	3.5	4.7	2.2	3.2	4.2	4.4
FCF/EV (%)	1.5	2.0	2.3	3.0	(0.5)	1.6	3.0	3.3
FCFE/Mkt Cap (%)	1.5	1.8	2.1	2.8	(0.4)	1.6	2.9	3.0
Dividend Yield (%)	-	0.7	0.7	7.5	0.8	1.0	1.2	1.4

Source: Company, HSIE Research

Hyundai Motor India: Initiating Coverage

Price history



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

Hyundai Motor India: Initiating Coverage

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