INSTITUTIONAL RESEARCH

# Hyundai Motor India

## Mild market share target disappoints

**Hyundai Motor India (HMI) held the Investor Day on 15 October 2025 to discuss its medium-term strategy for FY26-FY30. While we saw hints of aggression in the strategy, we were disappointed with key targets set by the company for FY30: market share target of 15%+ (vs 13.2% in FY25), EBITDA margin target of 11-14% (vs 12.9% in FY25), a revenue target of more than INR1mn (implying a revenue CAGR of at least 7.6%), and lack of aggression by the parent company in making HMI a bigger exports base. We value the company at 25x Sep-27 EPS for a TP of INR2,212; maintain REDUCE.**

**Investor Day—key highlights:**

- Management guided for a 7% domestic volume CAGR over FY26-FY30, against its expectation of domestic PV industry growth of 5.2% over the same period. It highlighted that the compact SUV segment (Exter, Venue) is seeing maximum growth, as accessibility meets aspiration post the GST rate cuts.
- It is targeting a domestic market share of at least 15% by FY30 (vs 13.2% in FY25 and 13.9% in Q2FY26). We view this to be a very mild market share target, considering the management's optimism over its upcoming launches.
- It is targeting 26 launches over FY26-FY30, with four in FY26, eight in FY27-FY28 and 14 in FY29-FY30. Of the 26 launches, seven will be new name plates. Additionally, it is seeking to reach a portfolio of 18 name plates by FY30 from 14 name plates in FY25. Of its powertrain lineup by FY30, it mentioned that 13 will be ICE, five will be EVs, eight will be hybrids, and six will be CNG.
- It declined to comment on the fuel mix required to meet CAFE 3 norms, stating that the norms were in the draft stage yet. However, it seeks to have a fuel mix of 17% from EV, 16% from hybrid, and 20% from CNG in FY30, as compared to a fuel mix of 1%, 0%, and 13% from respective segments in FY25.
- It will launch the 'GENESIS' brand models in India from 2027, which is a premium brand, and has a double-digit profit margin.
- An investment target of INR450bn over FY26-FY30, with ~60% going toward product and R&D, and ~40% going toward capacity and upgradation.
- It recently expanded annual production capacity from 824,000 units to 994,000 units in Oct 2025, with an additional 80,000 units expected from 2028. Beyond that, it indicated it can expand capacity via either brownfield or greenfield.
- It seeks to achieve 90% localization level by FY30 (vs 82% in FY25), while it will also seek to localize power electronics and other EV parts.
- It mentioned that the domestic PV industry has a lot of potential and is still underpenetrated at 34 cars per 1,000 population (vs 223 for China and 860 for US) and 7 cars/km (vs 59 for China and 42 for US). The mix of first-time buyers for the company has increased from 29% in FY22 to 40% in H1FY26.
- It gave a flavor on the upcoming all-new Hyundai Venue, mentioning presence of Level 2 ADAS, 12.3" dual display, controller OTA and 'super strong body structure' — building up the potential for a safety rating upgrade.

### Financial summary

| YE Mar (INR mn) | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|---|
| Net Sales | 6,03,076 | 6,98,291 | 6,91,929 | 7,15,108 | 8,03,358 | 9,04,971 |
| EBITDA | 75,488 | 91,326 | 89,538 | 94,394 | 1,07,650 | 1,22,171 |
| EBITDA Margin % | 12.5 | 13.1 | 12.9 | 13.2 | 13.4 | 13.5 |
| APAT | 47,093 | 60,600 | 56,402 | 59,329 | 67,307 | 76,467 |
| Diluted EPS (INR) | 58.0 | 74.6 | 69.4 | 73.0 | 82.8 | 94.1 |
| P/E (x) | 41.7 | 32.4 | 34.8 | 33.1 | 29.2 | 25.7 |
| EV / EBITDA (x) | 23.8 | 20.6 | 21.1 | 20.1 | 17.4 | 15.2 |
| RoE (%) | 25.5 | 39.5 | 41.8 | 32.5 | 30.1 | 28.4 |

Source: Company, HSIE Research

## REDUCE

| | |
|---|---|
| CMP *(as on 15 Oct 2025)* | INR 2,418 |
| Target Price | INR 2,212 |
| NIFTY | 25,324 |

| KEY CHANGES | OLD | NEW |
|---|---|---|
| Rating | REDUCE | REDUCE |
| Price Target | INR 2,236 | INR 2,212 |
| EPS % | FY27E | FY28E |
| | -0.2 | -1.8 |

| KEY STOCK DATA | |
|---|---|
| Bloomberg code | HYUNDAI IN |
| No. of Shares (mn) | 813 |
| MCap (INR bn) / ($ mn) | 1,966/22,323 |
| 6m avg traded value (INR mn) | 2,154 |
| 52 Week high / low | INR 2,890/1,542 |

| STOCK PERFORMANCE (%) | 3M | 6M | 12M |
|---|---|---|---|
| Absolute (%) | 15.5 | 51.9 | - |
| Relative (%) | 16.2 | 40.1 | - |

| 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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# Financials

## Consolidated P&L

| Year End (March) - INR mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **Net Revenues** | **6,98,291** | **6,91,929** | **7,15,108** | **8,03,358** | **9,04,971** |
| Growth (%) | *15.8* | *(0.9)* | *3.3* | *12.3* | *12.6* |
| Material Expenses | 5,15,929 | 4,99,289 | 5,16,308 | 5,81,631 | 6,54,294 |
| Employee Expense | 19,755 | 23,112 | 23,599 | 25,707 | 28,959 |
| Other Expenses | 71,280 | 79,990 | 80,807 | 88,369 | 99,547 |
| **EBITDA** | **91,326** | **89,538** | **94,394** | **1,07,650** | **1,22,171** |
| **EBITDA Growth (%)** | *21.0* | *(2.0)* | *5.4* | *14.0* | *13.5* |
| **EBITDA Margin (%)** | **13.1** | **12.9** | **13.2** | **13.4** | **13.5** |
| Depreciation | 22,079 | 21,053 | 22,341 | 25,249 | 27,851 |
| **EBIT** | **69,247** | **68,485** | **72,053** | **82,401** | **94,320** |
| Other Income | 14,733 | 8,700 | 9,136 | 9,592 | 10,072 |
| Interest | 1,581 | 1,272 | 1,336 | 1,402 | 1,472 |
| **PBT** | **82,399** | **75,913** | **79,853** | **90,591** | **1,02,919** |
| Exceptional Gain/ (loss) | | | | | |
| Total Tax | **21,798** | **19,511** | **20,524** | **23,284** | **26,452** |
| **RPAT** | 60,600 | 56,402 | 59,329 | 67,307 | 76,467 |
| **Adjusted PAT** | **60,600** | **56,402** | **59,329** | **67,307** | **76,467** |
| **APAT Growth (%)** | *28.7* | *(6.9)* | *5.2* | *13.4* | *13.6* |
| **EPS** | **74.6** | **69.4** | **73.0** | **82.8** | **94.1** |
| EPS Growth (%) | *28.7* | *(6.9)* | *5.2* | *13.4* | *13.6* |

Source: Company, HSIE Research

## Consolidated Balance Sheet

| Year End (March) - INR mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Share Capital – Equity | 8,125 | 8,125 | 8,125 | 8,125 | 8,125 |
| Other Equity | 98,531 | 1,54,839 | 1,93,855 | 2,36,786 | 2,84,814 |
| **Total Shareholders' Funds** | **1,06,657** | **1,62,965** | **2,01,980** | **2,44,911** | **2,92,939** |
| Total Debt | 8,332 | 8,502 | 8,993 | 8,678 | 8,450 |
| **TOTAL CAPITAL EMPLOYED** | **1,14,989** | **1,71,467** | **2,10,974** | **2,53,590** | **3,01,389** |
| **APPLICATION OF FUNDS** | | | | | |
| Tangible Assets | 67,136 | 62,908 | 72,171 | 81,761 | 92,086 |
| Intangible Assets | 2,825 | 1,951 | 2,220 | 3,058 | 4,752 |
| CWIP | 6,528 | 47,184 | 70,775 | 63,698 | 60,513 |
| Right of Use Assets | 6,183 | 6,193 | 6,321 | 6,494 | 6,722 |
| Other Non-Current Assets | 19,579 | 22,416 | 26,573 | 32,245 | 40,145 |
| **Total Non-current Assets** | **1,02,252** | **1,40,650** | **1,78,060** | **1,87,257** | **2,04,217** |
| Inventories | 33,156 | 34,044 | 39,150 | 45,023 | 51,776 |
| Debtors | 25,100 | 23,891 | 28,669 | 34,403 | 41,284 |
| Cash & Equivalents | 90,173 | 85,792 | 76,298 | 1,03,631 | 1,19,070 |
| Other Current Assets | 12,810 | 16,597 | 24,895 | 37,343 | 56,015 |
| **Total Current Assets** | **1,61,240** | **1,60,323** | **1,69,013** | **2,20,400** | **2,68,145** |
| Creditors | 74,931 | 70,862 | 70,727 | 81,269 | 89,629 |
| Other Current Liabilities & Provns | 73,573 | 58,645 | 65,373 | 72,798 | 81,344 |
| Total Current Liabilities | 1,48,503 | 1,29,507 | 1,36,100 | 1,54,067 | 1,70,973 |
| **Net Current Assets** | **12,737** | **30,817** | **32,914** | **66,333** | **97,172** |
| Misc Expenditures | | | | | |
| **TOTAL APPLICATION OF FUNDS** | **1,14,989** | **1,71,467** | **2,10,974** | **2,53,590** | **3,01,389** |

Source: Company, HSIE Research

## Consolidated Cash Flow

| Year End (March) - INR mn | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| Reported PBT | 82,399 | 75,913 | 79,853 | 90,591 | 1,02,919 |
| Depreciation | 22,079 | 21,053 | 22,341 | 25,249 | 27,851 |
| Working Capital Change | 22,149 | (28,860) | (14,816) | (10,760) | (22,230) |
| Tax Paid | (22,998) | (19,673) | (20,524) | (23,284) | (26,452) |
| Interest/Dividend received | (12,576) | (6,244) | (6,182) | (6,120) | (6,058) |
| Other items | 1,466 | 1,260 | 1,322 | 1,388 | 1,456 |
| Extraordinary items | | | | | |
| **OPERATING CASH FLOW ( a )** | **92,520** | **43,449** | **61,995** | **77,064** | **77,486** |
| Capex | (32,318) | (52,929) | (31,751) | (35,551) | (39,736) |
| ***Free Cash Flow (FCF)*** | *60,202* | *(9,480)* | *30,245* | *41,513* | *37,750* |
| Others | (68,587) | 48,791 | 3,733 | 4,107 | 4,517 |
| **INVESTING CASH FLOW ( b )** | **(1,00,905)** | **(4,138)** | **(28,017)** | **(31,444)** | **(35,218)** |
| Debt Issuance/(Repaid) | (3,396) | 1,017 | 491 | (449) | (370) |
| Interest Expenses | (294) | (194) | (267) | (280) | (294) |
| *FCFE* | ***57,100*** | ***(8,269)*** | ***31,002*** | ***41,345*** | ***37,675*** |
| Dividend | (1,54,358) | (17,063) | (20,314) | (24,376) | (28,439) |
| Others | (1,252) | (1,451) | (1,524) | (1,600) | (1,680) |
| **FINANCING CASH FLOW ( c )** | **(1,59,301)** | **(17,692)** | **(21,614)** | **(26,706)** | **(30,783)** |
| **NET CASH FLOW (a+b+c)** | **(1,67,686)** | **21,619** | **12,364** | **18,914** | **11,484** |
| **Add: Beginning balance** | **1,77,411** | **9,732** | **31,394** | **43,758** | **62,672** |
| EO Items, Others | | | | | |
| **Closing Cash & Equivalents** | **9,726** | **31,351** | **43,758** | **62,672** | **74,157** |

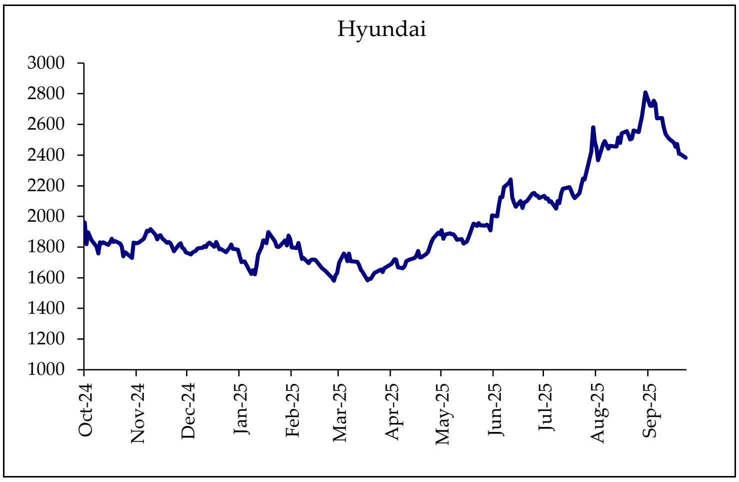
Source: Company, HSIE Research

## Ratios

| Year End (March) | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|
| **PROFITABILITY (%)** | | | | | |
| GPM | 26.1 | 27.8 | 27.8 | 27.6 | 27.7 |
| EBITDA Margin (%) | 13.1 | 12.9 | 13.2 | 13.4 | 13.5 |
| EBIT Margin | 9.9 | 9.9 | 10.1 | 10.3 | 10.4 |
| PBT Margin | 11.8 | 11.0 | 11.2 | 11.3 | 11.4 |
| APAT Margin | 8.7 | 8.2 | 8.3 | 8.4 | 8.4 |
| RoE | 39.5 | 41.8 | 32.5 | 30.1 | 28.4 |
| RoIC (or Core RoCE) | 205.2 | 59.4 | 39.8 | 40.8 | 38.4 |
| RoCE | 51.3 | 53.9 | 42.5 | 39.6 | 37.6 |
| **EFFICIENCY** | | | | | |
| Tax Rate (%) | 26.5 | 25.7 | 25.7 | 25.7 | 25.7 |
| Fixed Asset Turnover (x) | 3.0 | 2.8 | 2.6 | 2.6 | 2.6 |
| Inventory (days) | 17 | 18 | 20 | 20 | 21 |
| Debtors (days) | 13 | 13 | 15 | 16 | 17 |
| Other Current Assets (days) | 7 | 9 | 13 | 17 | 23 |
| Payables (days) | 39 | 37 | 36 | 37 | 36 |
| Other Current Liab & Provns (days) | 38 | 31 | 33 | 33 | 33 |
| Cash Conversion Cycle (days) | (40) | (29) | (22) | (17) | (9) |
| Net D/E (x) | (0.8) | (0.5) | (0.3) | (0.4) | (0.4) |
| Interest Coverage (x) | 43.8 | 53.8 | 53.9 | 58.8 | 64.1 |
| **PER SHARE DATA (Rs)** | | | | | |
| EPS | 74.6 | 69.4 | 73.0 | 82.8 | 94.1 |
| CEPS | 101.8 | 95.3 | 100.5 | 113.9 | 128.4 |
| Dividend | 190.0 | 21.0 | 25.0 | 30.0 | 35.0 |
| Book Value | 131.3 | 200.6 | 248.6 | 301.4 | 360.5 |
| **VALUATION** | | | | | |
| P/E (x) | 32.4 | 34.8 | 33.1 | 29.2 | 25.7 |
| P/BV (x) | 18.4 | 12.1 | 9.7 | 8.0 | 6.7 |
| EV/EBITDA (x) | 20.6 | 21.1 | 20.1 | 17.4 | 15.2 |
| EV/Revenues (x) | 2.7 | 2.7 | 2.7 | 2.3 | 2.0 |
| OCF/EV (%) | 4.9 | 2.3 | 3.3 | 4.1 | 4.2 |
| FCF/EV (%) | 3.2 | (0.5) | 1.6 | 2.2 | 2.0 |
| FCFE/Mkt Cap (%) | 2.9 | (0.4) | 1.6 | 2.1 | 1.9 |
| Dividend Yield (%) | 7.9 | 0.9 | 1.0 | 1.2 | 1.4 |

Source: Company, HSIE Research

## 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 |

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