

Hyundai Motor India | BUY

Margin beats estimate; New launches/capacity addition to aid growth

HMIL's 4QFY25 EBITDA margin came in at 14.1%, 200bps above JMFe. 290bps sequential improvement in margin was due to higher operating leverage, favourable product mix, cost optimization efforts, and higher government incentives. Near-term outlook for the domestic PV industry remains challenging. For FY26, HMIL expects to grow broadly in line with industry estimates of low-single digit. Exports are expected to contribute 30% of its revenue by 2030. Medium-term volume growth is expected to be driven by 1) 26 launches (20 ICE + 6 EVs) planned over FY26-30, including 8 models by FY27, and 2) capacity addition in Pune plant (expected to commercialise in 3QFY26). In the near-term, initial ramp up cost will weigh on margins. We estimate revenue / EPS CAGR of 11% / 13% over FY25-27E. We maintain BUY with Mar'27 TP of INR 2,050 (23x FY27E EPS). Further details are awaited on the model launches and will be shared on the Investor day in Sep'25.

- **4QFY25 – Margin above estimates:** HMIL reported net revenue of INR 179.4bn (+2% YoY, +8% QoQ), 2% above JMFe. 4Q wholesales stood at c.192k units (-1% YoY, +3% QoQ). Realization grew by c.2% YoY (+4% QoQ). EBITDA margin came in at 14.1% (-20bps YoY, +290bps QoQ), 200bps above JMFe, primarily due to lower than expected RM cost. EBITDA stood at INR 25.3bn (flat YoY, +35% QoQ), 18% above our estimates. PAT stood at INR 16.1bn (-4%YoY, +39% QoQ), 18% above JMFe.
- **Demand environment:** The company highlighted softness in domestic demand during 4QFY25. However, SUV growth momentum remained strong, supported by rising customer preference in both urban and rural market (SUV vol. mix at 69% in 4QFY25 vs. 66% in 4QFY24). CNG penetration remained flat YoY at 13% during 4Q. Management remains cautiously optimistic on domestic demand, and expects HMIL to grow broadly in line with industry estimates of low-single digit in FY26. In the international market, sales volumes grew by 14% YoY in 4Q. The company indicated that tariffs have no impact on its exports. Despite global headwinds, HMIL remains focussed on expanding into new geographies and launching new products in existing markets. It expects 7-8% export volume growth in FY26 and aims for exports to contribute 30% of revenue by 2030.
- **New launches:** HMIL highlighted that recently launched Creta EV has received good customer response. The company plans 26 launches (20 ICE + 6 EVs) over FY26-30, comprising both new launches and model refreshes. Out of these, 8 launches are scheduled for FY26-27. Additionally, HMIL indicated its intention of entering into eco-friendly powertrains like hybrids.
- **Margin outlook:** EBITDA margin for 4QFY25 stood at 14.1% (-20bps YoY,+290bps QoQ). Sequential improvement in the margin was driven by higher operating leverage, favourable product mix, cost optimization efforts, and higher government incentives. HMIL highlighted that Creta EV is margin-positive (ex-launch related expenses), and higher localisation is expected to further support margins. While the new plant is likely to weigh on near-term profitability, HMIL aims to maintain double digit EBITDA margins.

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	5,91,028	6,85,898	6,79,424	7,33,622	8,39,483
Sales Growth (%)	27.2	16.1	-0.9	8.0	14.4
EBITDA	75,488	91,326	89,538	94,428	1,14,029
EBITDA Margin (%)	12.5	13.1	12.9	12.6	13.3
Adjusted Net Profit	47,093	60,600	56,402	59,830	72,279
Diluted EPS (INR)	58.0	74.6	69.4	73.6	89.0
Diluted EPS Growth (%)	62.3	28.7	-6.9	6.1	20.8
ROIC (%)	121.6	200.8	100.7	51.0	50.9
ROE (%)	25.5	39.5	41.8	33.1	32.8
P/E (x)	32.0	24.9	26.7	25.2	20.9
P/B (x)	7.5	14.1	9.3	7.6	6.2
EV/EBITDA (x)	17.7	15.6	15.9	15.3	12.2
Dividend Yield (%)	1.0	10.2	1.1	1.6	1.9

Source: Company data, JM Financial. Note: Valuations as of 16/May/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,050
Upside/(Downside)	10.5%
Previous Price Target	1,900
Change	7.9%

Key Data – HYUNDAI IN

Current Market Price	INR1,856
Market cap (bn)	INR1,507.8/US\$17.6
Free Float	11%
Shares in issue (mn)	812.5
Diluted share (mn)	812.5
3-mon avg daily val (mn)	INR2,521.7/US\$29.5
52-week range	1,970/1,542
Sensex/Nifty	82,331/25,020
INR/US\$	85.5

Price Performance

%	1M	6M	12M
Absolute	11.7	7.3	0.0
Relative*	6.5	1.1	0.0

* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

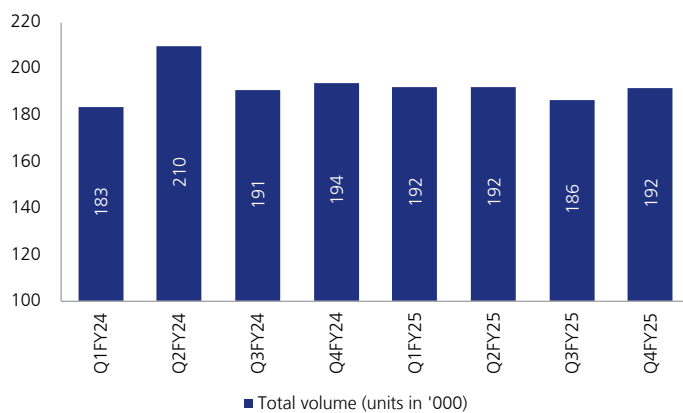
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- **Other highlights:** 1) Capex guidance for FY26 stands at INR 70bn, with 40% / 25% allocated towards Pune plant / product development expenses. Pune plant is expected to commercialise in 3QFY26. 2) Discounts during the quarter stood at 2% of ASP. 3) HMIL has undertaken 0.6% price hike during Jan'25. 4) The company has localised EV battery pack assembly and is further targeting higher localisation.

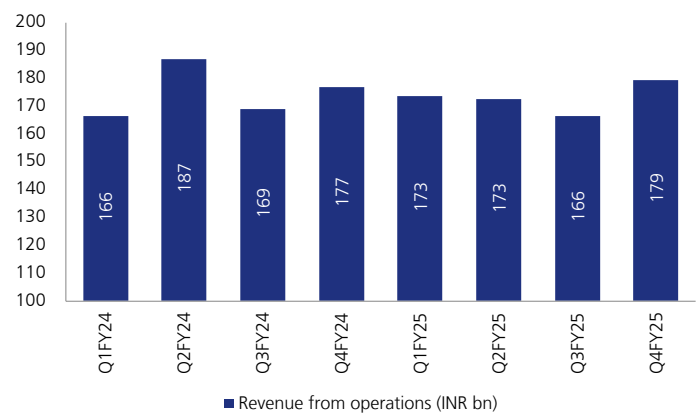
Exhibit 1. Quarterly financial results (consolidated)

Particulars	Q4FY25	Q4FY24	% YoY	Q3FY25	% QoQ	4QFY25E	% A/E
Total Volumes (Units)	191,650	193,717	-1.1	186,408	2.8	191,650	0.0
Average Realisation (Net)	914,545	893,990	2.3	875,665	4.4	903,686	1.2
Financial Performance (INR mn)							
Sales	175,272	173,181	1.2	163,231	7.4	173,191	1.2
Other Operating Income	4,130	3,530	17.0	3,249	27.1	3,412	21.1
Total Revenue	179,403	176,711	1.5	166,480	7.8	176,603	1.6
Cost of Goods Sold	127,858	126,369	1.2	121,838	4.9	128,508	-0.5
As a % of sales	71.3	71.5	-20bps	73.2	-190bps	72.8	-150bps
Staff Cost	6,020	4,971	21.1	6,071	-0.8	6,235	-3.4
As a % of sales	3.4	2.8	50bps	3.6	-30bps	3.5	-20bps
Other expenses	20,198	20,154	0.2	19,815	1.9	20,437	-1.2
As a % of sales	11.3	11.4	-10bps	11.9	-60bps	11.6	-30bps
Expenditure	154,076	151,493	1.7	147,725	4.3	155,179	-0.7
EBITDA	25,327	25,218	0.4	18,755	35.0	21,423	18.2
EBITDA Margin	14.1	14.3	-20bps	11.3	290bps	12.1	200bps
Other Income	2,096	3,331	-37.1	2,445	-14.3	2,567	-18.4
Interest	365	375	-2.6	299	22.1	314	16.3
Depreciation	5,304	5,578	-4.9	5,274	0.6	5,327	-0.4
PBT	21,754	22,596	-3.7	15,627	39.2	18,350	18.6
Tax	5,611	5,824	-3.7	4,020	39.6	4,698	19.4
Tax rate (%)	25.8	25.8		25.7	0.1	25.6	0.2
PAT (Adjusted)	16,143	16,772	-3.7	11,607	39.1	13,652	18.2
PAT Margin	9.0	9.5	-50bps	7.0	200bps	7.7	130bps
EPS	19.9	20.6	-3.7	14.3	39.1	16.8	18.2

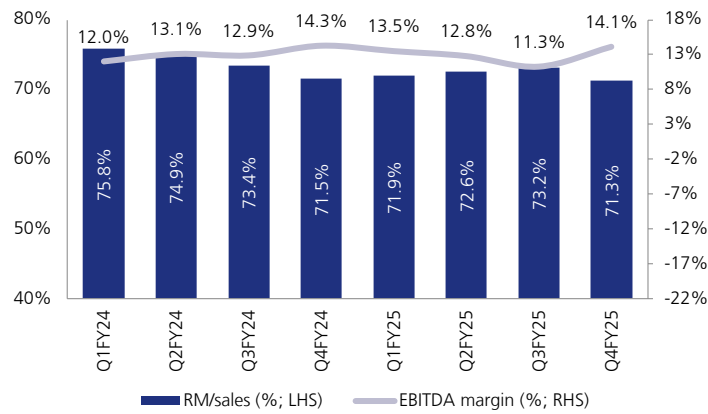
Source: Company, JM Financial

Exhibit 2. Volumes during 4Q declined -1% YoY (+3% QoQ)

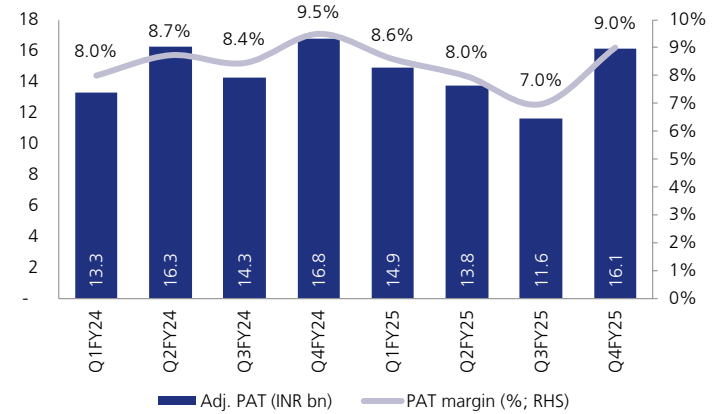
Source: Company, SIAM, JM Financial

Exhibit 3. Revenue from operations grew 1.5% YoY (+8% QoQ)

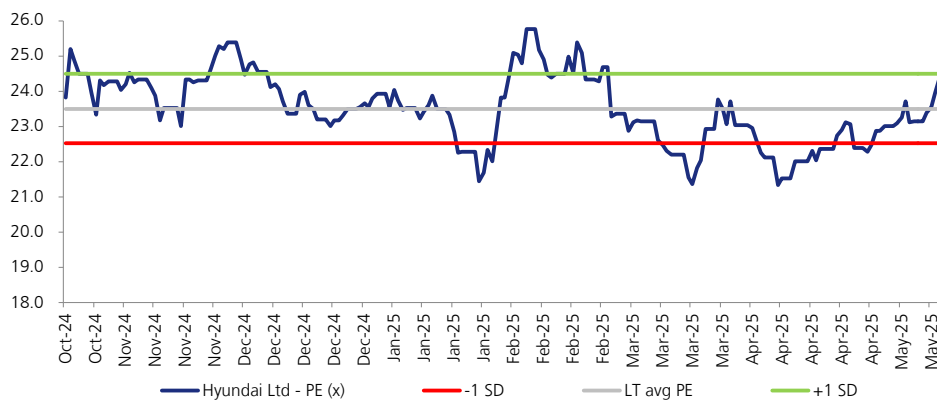
Source: Company, JM Financial

Exhibit 4. EBITDAM declined 20bps YoY to 14.1% (+290bps QoQ)

Source: Company, JM Financial

Exhibit 5. PAT declined 4% YoY (+39% QoQ) to INR 16.1bn

Source: Company, JM Financial

Exhibit 6. 1-yr forward PE chart

Source: Company, Bloomberg, JM Financial

Exhibit 7. HMIL – change in assumptions

Particulars	New assumption			Old assumption			% Change		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Volume (units)	762,052	801,800	885,700	769,700	838,500	884,250	-1.0%	-4.4%	0.2%
Revenue (INR mn)	691,929	747,398	854,666	703,924	787,199	858,499	-1.7%	-5.1%	-0.4%
EBITDA (INR mn)	89,538	94,428	114,029	88,706	102,269	112,879	0.9%	-7.7%	1.0%
EBITDAM (%)	12.9%	12.6%	13.3%	12.6%	13.0%	13.1%	30 bps	-40 bps	20 bps
PAT (INR mn)	56,402	59,830	72,279	54,730	65,008	71,087	3.1%	-8.0%	1.7%
EPS (INR)	69	74	89	67	80	87	3.1%	-8.0%	1.7%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Sales	5,91,028	6,85,898	6,79,424	7,33,622	8,39,483
Sales Growth	27.2%	16.1%	-0.9%	8.0%	14.4%
Other Operating Income	12,048	12,393	12,505	13,777	15,183
Total Revenue	6,03,076	6,98,291	6,91,929	7,47,398	8,54,666
Cost of Goods Sold/Op. Exp	4,50,299	5,15,929	4,99,704	5,40,679	6,18,699
Personnel Cost	17,662	19,755	23,112	25,886	28,733
Other Expenses	59,626	71,280	79,575	86,406	93,206
EBITDA	75,488	91,326	89,538	94,428	1,14,029
EBITDA Margin	12.5%	13.1%	12.9%	12.6%	13.3%
EBITDA Growth	37.6%	21.0%	-2.0%	5.5%	20.8%
Depn. & Amort.	21,899	22,079	21,053	22,681	26,348
EBIT	53,589	69,247	68,485	71,746	87,681
Other Income	11,291	14,733	8,700	9,792	10,479
Finance Cost	1,424	1,581	1,272	1,230	1,140
PBT before Excep. & Forex	63,456	82,399	75,913	80,308	97,019
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	63,456	82,399	75,913	80,308	97,019
Taxes	16,363	21,798	19,511	20,479	24,740
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	47,093	60,600	56,402	59,830	72,279
Adjusted Net Profit	47,093	60,600	56,402	59,830	72,279
Net Margin	7.8%	8.7%	8.2%	8.0%	8.5%
Diluted Share Cap. (mn)	812.5	812.5	812.5	812.5	812.5
Diluted EPS (INR)	58.0	74.6	69.4	73.6	89.0
Diluted EPS Growth	62.3%	28.7%	-6.9%	6.1%	20.8%
Total Dividend + Tax	14,935	1,54,358	17,063	24,376	28,439
Dividend Per Share (INR)	18.4	190.0	21.0	30.0	35.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profit before Tax	63,456	82,399	75,913	80,308	97,019
Depn. & Amort.	21,899	22,079	21,053	22,681	26,348
Net Interest Exp. / Inc. (-)	-7,424	-10,261	-4,984	-8,562	-9,339
Inc (-) / Dec in WCap.	9,838	22,149	-28,860	-1,599	5,717
Others	-798	-848	0	0	0
Taxes Paid	-21,328	-22,998	-19,673	-20,479	-24,740
Operating Cash Flow	65,643	92,520	43,449	72,350	95,006
Capex	-22,493	-32,318	-52,929	-70,000	-30,000
Free Cash Flow	43,150	60,202	-9,480	2,350	65,006
Inc (-) / Dec in Investments	-1	-77,038	40,491	-366	-395
Others	8,378	8,451	8,300	9,792	10,479
Investing Cash Flow	-14,116	-1,00,905	-4,138	-60,574	-19,916
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-14,935	-1,54,358	0	-24,376	-28,439
Inc / Dec (-) in Loans	-529	-4,648	1,017	-600	-600
Others	-329	-294	-1,645	-1,230	-1,140
Financing Cash Flow	-15,792	-1,59,301	-629	-26,207	-30,179
Inc / Dec (-) in Cash	36,023	-1,67,679	38,725	-14,430	44,911
Opening Cash Balance	1,41,388	1,77,411	9,732	48,457	34,027
Closing Cash Balance	1,77,411	9,732	48,457	34,027	78,938

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Shareholders' Fund	2,00,548	1,06,657	1,62,965	1,98,418	2,42,259
Share Capital	8,125	8,125	8,125	8,125	8,125
Reserves & Surplus	1,92,423	98,531	1,54,839	1,90,293	2,34,133
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	11,893	8,332	8,502	7,902	7,302
Def. Tax Liab. / Assets (-)	-8,266	-9,478	-10,321	-10,321	-10,321
Total - Equity & Liab.	2,04,176	1,05,511	1,61,146	1,95,999	2,39,240
Net Fixed Assets	74,871	82,673	1,18,235	1,65,553	1,69,205
Gross Fixed Assets	1,96,906	2,32,558	2,48,517	3,18,517	3,48,517
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	1,35,401	1,56,414	1,77,466	2,00,148	2,26,496
Capital WIP	13,366	6,528	47,184	47,184	47,184
Investments	5,057	4,063	5,347	5,712	6,108
Current Assets	2,57,540	1,67,279	1,67,071	1,70,715	2,28,115
Inventories	34,224	33,156	34,044	44,218	50,599
Sundry Debtors	28,972	25,100	23,891	30,149	34,499
Cash & Bank Balances	1,77,411	90,173	85,792	71,362	1,16,272
Loans & Advances	659	0	0	0	0
Other Current Assets	16,273	18,849	23,345	24,986	26,745
Current Liab. & Prov.	1,33,292	1,48,503	1,29,507	1,45,981	1,64,189
Current Liabilities	84,168	86,542	81,637	93,325	1,06,266
Provisions & Others	49,124	61,962	47,869	52,656	57,922
Net Current Assets	1,24,248	18,775	37,565	24,734	63,927
Total - Assets	2,04,176	1,05,511	1,61,146	1,95,999	2,39,240

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net Margin	7.8%	8.7%	8.2%	8.0%	8.5%
Asset Turnover (x)	2.8	3.8	4.2	3.6	3.4
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.1
RoE	25.5%	39.5%	41.8%	33.1%	32.8%

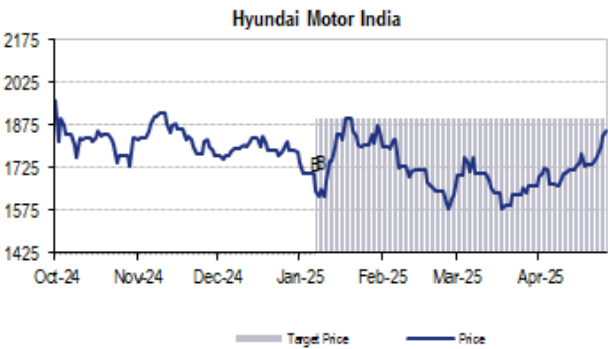
Key Ratios					
Y/E March	FY23A	FY24A	FY25A	FY26E	FY27E
BV/Share (INR)	246.8	131.3	200.6	244.2	298.1
ROIC	121.6%	200.8%	100.7%	51.0%	50.9%
ROE	25.5%	39.5%	41.8%	33.1%	32.8%
Net Debt/Equity (x)	-0.8	-0.8	-0.5	-0.3	-0.5
P/E (x)	32.0	24.9	26.7	25.2	20.9
P/B (x)	7.5	14.1	9.3	7.6	6.2
EV/EBITDA (x)	17.7	15.6	15.9	15.3	12.2
EV/Sales (x)	2.2	2.0	2.1	1.9	1.6
Debtor days	18	13	13	15	15
Inventory days	21	17	18	22	22
Creditor days	51	45	43	46	46

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
27-Jan-25	Buy	1,900	
29-Jan-25	Buy	1,900	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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* REITs refers to Real Estate Investment Trusts.

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