

India

October 16, 2025 - 8:47 AM

REDUCE (no change)

Consensus ratings*: Buy 20 Hold 3 Sell 4

Current price: Rs2,420
 Target price: ▶ Rs2,023
 Previous target: Rs2,023
 Up/downside: -16.4%
 InCred Research / Consensus: -16.4%

Reuters:
 Bloomberg: HYUNDAI IN
 Market cap: US\$22,323m
 Rs1,966,025m
 Average daily turnover: US\$24.0m
 Rs2115.8m
 Current shares o/s: 812.5m
 Free float: 17.5%
 *Source: Bloomberg

Key financial forecast

	Mar-26F	Mar-27F	Mar-28F
Net Profit (Rsm)	62,077	65,015	72,176
Core EPS (Rs)	76.40	80.01	88.83
Core EPS Growth	10.1%	4.7%	11.0%
FD Core P/E	31.67	30.24	27.24
Recurring ROE	33.9%	29.2%	27.3%
P/BV (x)	9.67	8.11	6.88
DPS (Rs)	26.74	32.01	35.53
Dividend Yield	1.11%	1.32%	1.47%



SOURCE: BLOOMBERG

Price performance	1M	3M	12M
Absolute (%)	(5.1)	12.4	0.0
Relative (%)	(5.4)	12.5	0.0

Major shareholders	% held
Hyundai Motors Company	82.5
Capital Group	0.5
GIC	0.3

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Hyundai Motor India

Enters capex-intensive phase

- Company gives FY26F-30F capex guidance of Rs450bn to almost triple the gross block (23% CAGR), but post just 8% sales revenue CAGR by FY30F.
- All hopes lie on CY27F launch of a new nameplate, compact E-SUV, and the Genesis brand into India for regaining domestic market share of 15%.
- Post recent stock rally, positioning the forward P/E valuation at a premium to industry leader Maruti Suzuki will be difficult to sustain. Maintain REDUCE.

Key highlights from the Hyundai Motor India (HMI) investor meet

- Management gave guidance of Indian passenger car segment's volume CAGR of 5.2% for the next five years, while Hyundai Motor India aims to outpace this with a 7% CAGR.
- HMI aims to grow revenue by 1.5x to more than Rs1,000bn by FY30F from Rs692bn in FY25, while achieving the EBITDA margin in the range of 11-14%.
- HMI plans to invest Rs450bn in FY26F-30F, with 60% allocated to product development and R&D, and the remaining 40% for capacity expansion and upgrades.
- HMI endeavours to capture over 15% domestic market share by FY30F, driven by utility vehicles (UVs) contributing more than 80% to sales, and eco-friendly powertrains (CNG, EV, and hybrid) accounting for over 50%. Exports targeted at 30% of sales by FY30F.
- Plans 26 product launches by FY30F, including seven new nameplates and entry into MPV and off-road SUV segments. By FY30F, the sales and service network to cover 85% of India's districts, with rural markets expected to contribute 30% to total sales.
- The Pune plant with 170k unit capacity, four vehicle assembly shops, and one engine shop, to start operations in coming weeks. Another 80k unit capacity planned by FY28F.
- Over 1,200 parts are sourced locally through 50+ new Tier-1 vendors, achieving 82% localization. The Localization 2.0 strategy targets advanced components (electronics, powertrains) via early integration, Tier-3 suppliers, and bolstered joint ventures/technical partnerships for innovation and efficiency to reach 90% localization.
- Ultra-luxury Genesis brand (Hyundai's premium line) to enter India in 2027 with ICE and EV SUVs like GV80 and GV70, starting low-volume imports before local production.
- New Venue (compact SUV) with Level 2 ADAS (sensor fusion), 12.3-inch dual displays (infotainment/cluster), OTA updates, & ventilated seats to be launched in Nov 2025F.

Rich valuation may not take the burden of capex-led RoCE dilution

- In its maiden India analyst meet post HMI listing, management gave guidance of an ambitious capex program to support its 26 new product launches to regain lost market share, so as to post an 8% sales revenue CAGR over FY25-30F for a 23% capex CAGR. This, we feel, will dilute RoCE sharply from 40+% currently. Our estimates look ambitious, as we build in 12% sales & 20% capex CAGRs, respectively, over FY26F-28F.
- While the cash-rich balance sheet is capable of aiding capex, it will be eating a major portion of operating free cash flow (avg. Rs70bn per annum for the last five years). Market share ambition to impact the EBITDA margin. With HMI's forward P/E valuation at a 10% premium to industry leader Maruti Suzuki, we retain our REDUCE rating on it.

Figure 1: Hyundai Motor India plans 26 product launches by FY30F

	FY'26	FY'27 - FY'28	FY'29 - FY'30	Total
New Nameplates	-	2	5	7
Full Model Changes	1	3	2	6
Derivatives	1	2	3	6
Facelifts/Product Enhancements	2	1	4	7
Total	4	8	14	26 Launches

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Hyundai Motor India to build on its sports utility vehicle (SUV) dominance till FY30F

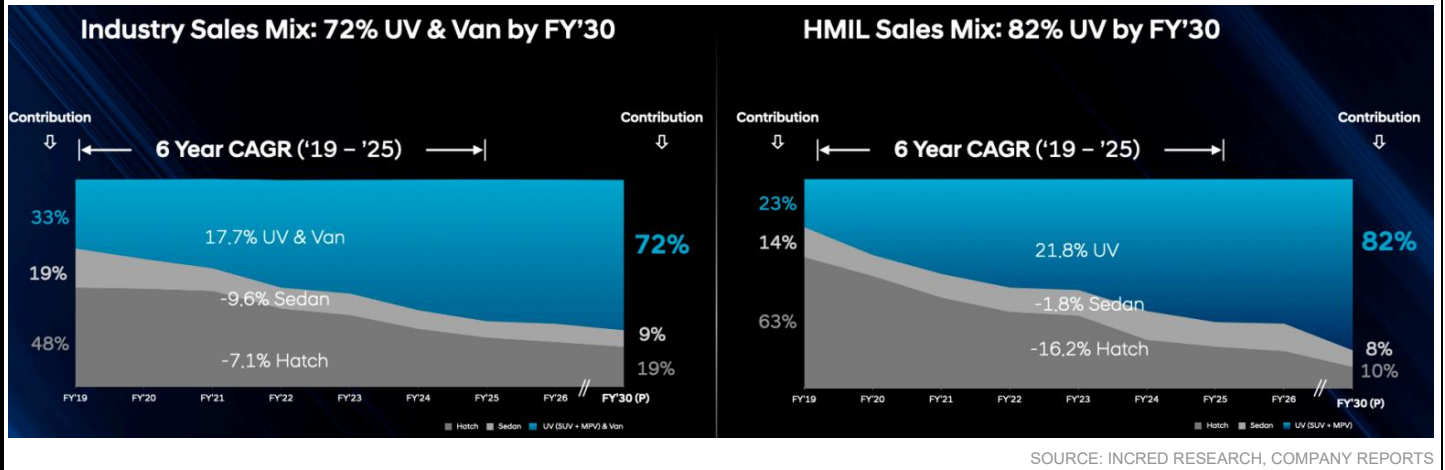


Figure 2: Industry vs. Hyundai Motor India's powertrain estimates by management

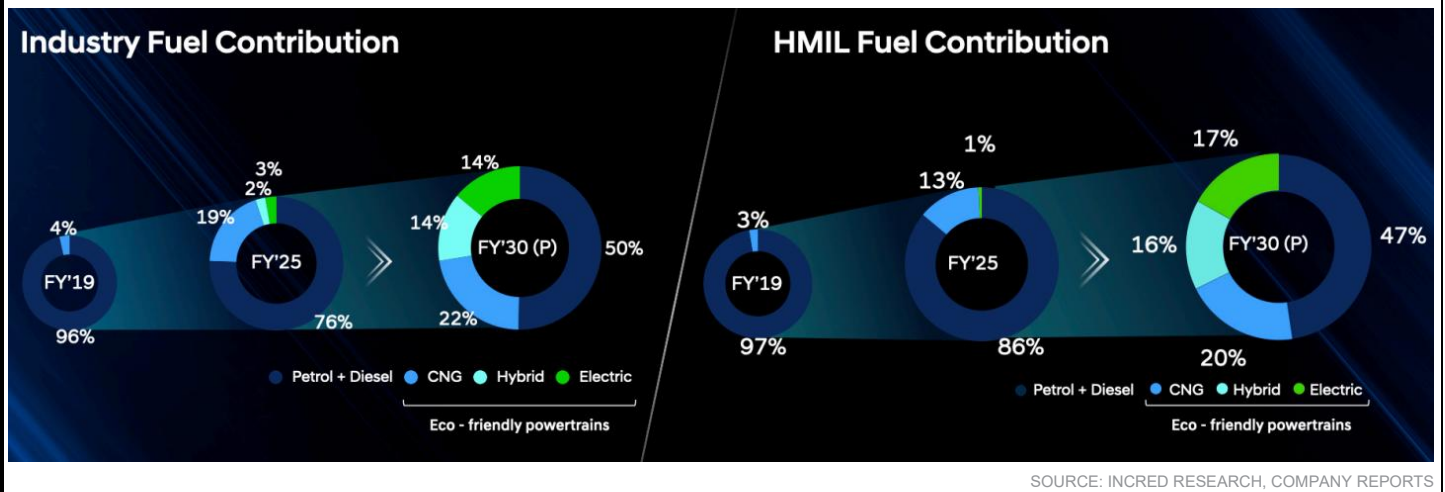
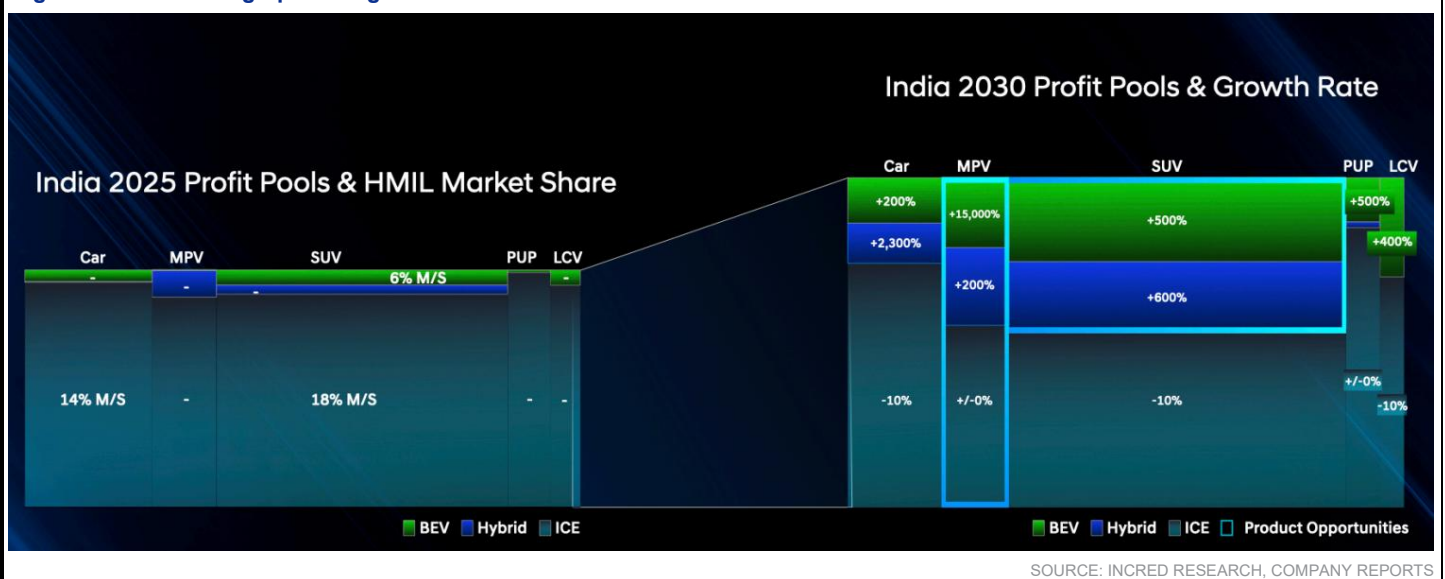


Figure 3: Focus on high-profit segments



Profit & Loss

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	691,929	756,590	855,956	981,849
Gross Profit	192,225	218,655	239,668	270,008
Operating EBITDA	89,538	99,477	106,919	120,212
Depreciation And Amortisation	(21,053)	(24,210)	(29,053)	(33,991)
Operating EBIT	68,485	75,267	77,866	86,220
Financial Income/(Expense)	7,428	8,171	9,519	10,791
Pretax Income/(Loss) from Assoc.				
Non-Operating Income/(Expense)				
Profit Before Tax (pre-EI)	75,913	83,437	87,385	97,011
Exceptional Items				
Pre-tax Profit	75,913	83,437	87,385	97,011
Taxation	(19,511)	(21,360)	(22,371)	(24,835)
Exceptional Income - post-tax				
Profit After Tax	56,402	62,077	65,015	72,176
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	56,402	62,077	65,015	72,176
Recurring Net Profit	56,402	62,077	65,015	72,176
Fully Diluted Recurring Net Profit	56,402	62,077	65,015	72,176

Balance Sheet

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	85,792	63,495	63,240	87,054
Total Debtors	23,891	31,093	35,176	37,660
Inventories	34,044	41,457	44,557	48,420
Total Other Current Assets	12,024	14,127	15,549	17,004
Total Current Assets	155,751	150,172	158,522	190,138
Fixed Assets	118,235	164,024	194,972	210,980
Total Investments	10,202	14,202	27,202	40,202
Intangible Assets				
Total Other Non-Current Assets	16,786	18,300	19,000	19,000
Total Non-current Assets	145,223	196,526	241,174	270,182
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	70,862	72,550	79,733	91,460
Other Current Liabilities	40,824	44,639	53,937	61,870
Total Current Liabilities	111,686	117,189	133,670	153,330
Total Long-term Debt	12,612	11,112	7,112	3,112
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities				
Total Non-current Liabilities	12,612	11,112	7,112	3,112
Total Provisions	30,497	33,382	35,590	37,249
Total Liabilities	154,795	161,683	176,372	193,691
Shareholders Equity	162,965	203,315	242,324	285,629
Minority Interests				
Total Equity	162,965	203,315	242,324	285,629

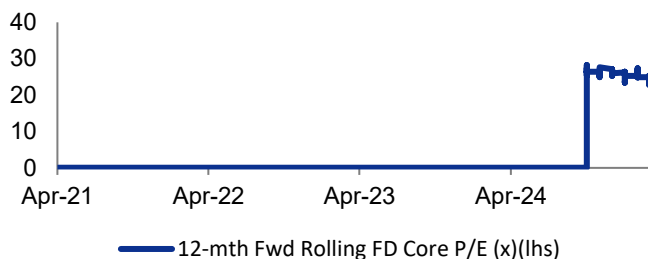
Cash Flow

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	89,538	99,477	106,919	120,212
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(3,747)	(12,927)		
(Incr)/Decr in Total Provisions	(17,812)	3,984	9,483	
Other Non-Cash (Income)/Expense				
Other Operating Cashflow		(900)	(100)	
Net Interest (Paid)/Received	7,428	8,171	9,519	10,791
Tax Paid	(19,511)	(21,360)	(22,371)	(24,835)
Cashflow From Operations	55,896	76,444	103,450	106,168
Capex	(56,615)	(70,000)	(60,000)	
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(3,351)	(4,892)	(16,392)	(16,392)
Cash Flow From Investing	(59,965)	(74,892)	(76,392)	(16,392)
Debt Raised/(repaid)				
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(17,090)	(21,727)	(26,006)	(28,870)
Preferred Dividends				
Other Financing Cashflow	17,276	(1,589)	(774)	(74)
Cash Flow From Financing	187	(23,316)	(26,780)	(28,944)
Total Cash Generated	(3,883)	(21,763)	279	60,831
Free Cashflow To Equity	(4,069)	1,552	27,058	89,776
Free Cashflow To Firm	(2,797)	2,952	28,258	90,776

Key Ratios

	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(0.9%)	9.3%	13.1%	14.7%
Operating EBITDA Growth	(2.0%)	11.1%	7.5%	12.4%
Operating EBITDA Margin	12.9%	13.1%	12.5%	12.2%
Net Cash Per Share (Rs)	90.06	64.47	69.08	103.31
BVPS (Rs)	200.56	250.22	298.23	351.53
Gross Interest Cover	53.84	53.76	64.89	86.22
Effective Tax Rate	25.7%	25.6%	25.6%	25.6%
Net Dividend Payout Ratio	30.3%	35.0%	40.0%	40.0%
Accounts Receivables Days	12.92	13.26	14.13	13.54
Inventory Days	24.54	25.61	25.47	23.84
Accounts Payables Days	53.25	48.65	45.10	43.89
ROIC (%)	129.2%	53.3%	33.9%	32.5%
ROCE (%)	47.1%	39.9%	35.4%	34.0%
Return On Average Assets	18.2%	17.5%	15.7%	15.1%

12-mth Fwd Rolling FD Core P/E (x)



Key Drivers

	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	1.1%	3.3%	2.4%	3.6%
Unit sales grth (% main prod./serv.)	(2.0%)	5.9%	10.5%	10.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.