

Weak quarter; growth catalyst missing

Auto & Auto Ancillaries ▶ Result Update ▶ November 13, 2024

TARGET PRICE (Rs): 1,750

Hyundai Motor India (HMIL) logged a soft quarter, with revenue/EBITDA down 8%/10% YoY, respectively; EBITDA margin declined by 70bps QoQ to 12.8% on lower volumes and higher discounts. HMIL has guided to a low-single digit PV industry growth on a high base and a challenging demand scenario. HMIL has established a strong franchise in India; but lack of major launches (key growth driver historically in PVs) over the next 9-12M, muted ~5% capacity CAGR, higher royalty, and lower treasury income are likely to restrict EPS CAGR to 4% over FY24-27E. We trim FY25E/26E/27E EPS by ~2.5% each, to factor in the weak demand scenario. We retain REDUCE with unchanged TP of Rs1,750 at 23x Sep-26E core PER. We prefer MSIL over HMIL (refer to our [Hyundai IC report](#)), given its catch-up on operational and financial metrics (even on a lower SUV mix) with a much diversified product and powertrain mix, and a higher growth optionality (potential small-car recovery, aggressive 8% capacity CAGR, 7-seater SUV launch in H2FY26E, and 10 new models by 2030).

Hyundai Motor India: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	603,076	698,290	696,460	765,371	827,579
EBITDA	75,488	91,326	90,299	100,764	110,609
Adj. PAT	47,093	60,600	56,856	63,029	67,691
Adj. EPS (Rs)	58.0	74.6	70.0	77.6	83.3
EBITDA margin (%)	12.5	13.1	13.0	13.2	13.4
EBITDA growth (%)	37.6	21.0	(1.1)	11.6	9.8
Adj. EPS growth (%)	62.2	28.6	(6.2)	10.9	7.4
RoE (%)	25.5	39.5	51.4	52.6	51.9
RoIC (%)	180.0	328.9	266.8	174.5	137.0
P/E (x)	31.1	24.2	25.8	23.3	21.7
EV/EBITDA (x)	17.2	15.2	15.5	13.9	12.7
P/B (x)	7.3	13.7	12.8	11.7	10.8
FCFF yield (%)	3.2	4.5	2.0	2.8	3.0

Source: Company, Emkay Research

Soft quarter led by volume decline and pressure on margins

Consolidated revenue fell 7% YoY to Rs172.6bn. QoQ gross margin decline of 70bps was owing to increase in sales incentives due to demand weakness in domestic and export markets. Consol EBITDA declined ~10% YoY to Rs22.1bn. EBITDA margin declined by ~70bps QoQ to 12.8% due to gross margin contraction of ~70bps. Reported PAT declined 16% YoY to Rs13.8bn. Royalty rate in Q2 stood at 2.6% (vs 2.7% in Q1FY25; cost of certain material from related party will affect the royalty rate)

Earnings Call KTAs

1) Management reaffirmed its expectation for low single-digit growth in the domestic passenger vehicle (PV) industry, citing a high base of previous year and ongoing near-term macroeconomic challenges. HMIL to address these headwinds in both, domestic and export markets, by maintaining its premiumization strategy (higher SUV contribution; introduced sun-roof variants in certain models) coupled with cost optimization (value engineering and localization); HMIL to focus on quality of growth by striking a balance between volumes, market share, and margins. 2) HMIL's enquiries and Oct-24 retails saw double-digit growth vs last year; HMIL remains confident of stable performance in Q3FY25. 3) Phase 1 of expansion at the Pune plant is on-track and expected to commence operations by Q3FY26. 4) Exports grew in most regions in H1, especially in Africa, Mexico, and LatAM; Middle East exports were affected by Red Sea issues. HMIL aims to be a production hub for emerging markets, with a healthy mix of domestic and export sales to hedge against fluctuations; *Exter* exports to commence (~1K units pm, initially to South Africa; HMIL on the lookout for other markets as well). 5) HMIL's 4 EV models (including *Creta EV* in Q4FY25) to feature a localized supply chain and locally-sourced key components; the company has partnered with a local charge-point operator to install 60KW fast chargers for EVs at 100 dealerships. 6) While HMIL maintains its aspirations for *Creta*, it continues to innovate in other models (*Exter*, *Alcazar* share improving) to reduce its dependence on *Creta*. 7) HMIL is witnessing good traction in their CNG portfolio (13% penetration in Q2FY25); increasing share of dual-diesel CNG within the CNG portfolio is aiding ASPs; HMIL would monitor customer acceptance prior to investing in hybrids. 8) HMIL is expanding its rural network and expects a good monsoon to aid rural demand; rural regions (40% of HMIL's sale outlets) are outperforming urban (21% of revenue now vs 20%/18.5% in FY24/FY23). 9) While share of first-time buyers (FTBs) was ~37% in Q2 vs 38% in Q1, future growth prospects remain strong; FTBs are seen moving directly to SUVs (*Venue*: 40% share; *Creta*: 28% share). 10) HMIL's channel inventory is now at less than 4 weeks.

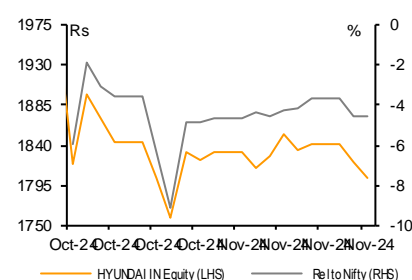
Target Price – 12M	Sep-25
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(3.0)
CMP (12-Nov-24) (Rs)	1,804.0

Stock Data	Ticker
52-week High (Rs)	1,970
52-week Low (Rs)	1,752
Shares outstanding (mn)	812.5
Market-cap (Rs bn)	1,466
Market-cap (USD mn)	17,368
Net-debt, FY25E (Rs mn)	-69,013
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	-
ADTV-3M (USD mn)	-
Free float (%)	17.5
Nifty-50	23,883
INR/USD	84.4
Shareholding, Dec-20	
Promoters (%)	82.5
FPIs/MFs (%)	7.36 / 5.78

Price Performance

(%)	1M	3M	12M
Absolute	-	-	-
Rel. to Nifty	-	-	-

1-Year share price trend (Rs)



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Exhibit 1: Q2FY25 Performance Snapshot – Revenue/EBITDA declined ~8%/10% YoY; gross margin contracted by 70bps

(Rs mn)	Q1FY24	Q2FY24	Q3FY24 #	Q4FY24 #	Q1FY25	Q2FY25	YoY (%)	QoQ (%)
Revenue	166,235	186,597	168,747	176,711	173,442	172,604	(7.5)	(0.5)
Expenditure	146,263	162,196	147,012	151,493	150,040	150,551	(7.2)	0.3
as % of sales	88.0	86.9	87.1	85.7	86.5	87.2		
Consumption of RM	125,913	139,586	123,606	126,284	124,643	125,171	(10.3)	0.4
as % of sales	75.7	74.8	73.2	71.5	71.9	72.5		
Employee cost	4,795	4,936	5,053	4,971	5,528	5,493	11.3	(0.6)
as % of sales	2.9	2.6	3.0	2.8	3.2	3.2		
Other expenditure	15,555	17,674	18,353	20,239	19,869	19,886	12.5	0.1
as % of sales	9.4	9.5	10.9	11.5	11.5	11.5		
EBITDA	19,973	24,400	21,735	25,218	23,403	22,053	(9.6)	(5.8)
EBITDA margin (%)	12.0	13.1	12.9	14.3	13.5	12.8		
Depreciation	5,597	5,566	5,338	5,578	5,290	5,185	(6.8)	(2.0)
EBIT	14,376	18,834	16,397	19,640	18,113	16,868	(10.4)	(6.9)
Other Income	3,881	3,832	3,689	3,331	2,238	1,923	(49.8)	(14.1)
Interest	372	346	488	374	316	292	(15.8)	(7.8)
PBT	17,885	22,320	19,597	22,596	20,034	18,498	(17.1)	(7.7)
Total Tax	4,593	6,036	5,345	5,824	5,139	4,744	(21.4)	(7.7)
Adjusted PAT	13,292	16,285	14,252	16,772	14,895	13,755	(15.5)	(7.7)
Extra ordinary items	-	-	-	-	-	-		
Reported PAT	13,292	16,285	14,252	16,772	14,895	13,755	(15.5)	(7.7)
Adjusted EPS (Rs)	16.4	20.0	17.5	20.6	18.3	16.9	(15.5)	(7.7)
(%)	Q1FY24	Q2FY24	Q3FY24 #	Q4FY24 #	Q1FY25	Q2FY25	YoY (bps)	QoQ (bps)
EBITDAM	12.0	13.1	12.9	14.3	13.5	12.8	(30)	(72)
EBITM	8.6	10.1	9.7	11.1	10.4	9.8	(32)	(67)
EBTM	10.8	12.0	11.6	12.8	11.6	10.7	(124)	(83)
PATM	8.0	8.7	8.4	9.5	8.6	8.0	(76)	(62)
Effective Tax rate	25.7	27.0	27.3	25.8	25.7	25.6	(140)	(1)

Source: Company, Emkay Research; # Figures for Q3/Q4 FY24 have been derived basis details available in DRHP, RHP, and Company filings on BSE

Exhibit 2: Volumes and ASPs were flattish QoQ; HMIL lost 40bps domestic market share

Particulars	Q2FY25	Q2FY24	Change %	Q1FY25	Change %
Units sold (no of)	191,939	209,777	(8.5)	192,108	(0.1)
Domestic	149,639	158,772	(5.8)	149,508	0.1
Exports	42,300	51,005	(17.1)	42,600	(0.7)
Realization (Rs)	899,264	889,501	1.1	902,838	(0.4)
Domestic Market share (%)	14.2	14.8	-59 bps	14.6	-40 bps

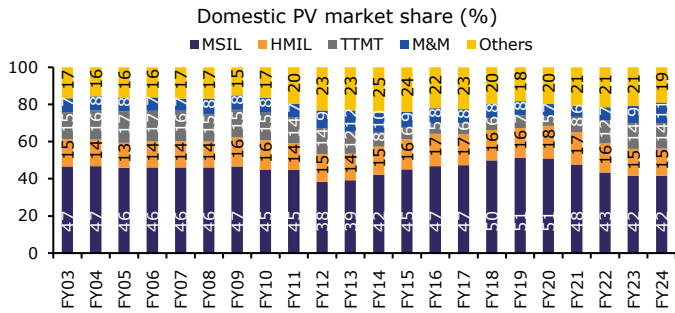
Source: Company, Emkay Research

Exhibit 3: Gross margin contraction of ~70bps led to sequential decline in EBITDA margin

Particulars (%)	Q2FY25	Q2FY24	Change (bps)	Q1FY25	Change (bps)
Raw material costs	72.5	74.8	(229)	71.9	66
Staff costs	3.2	2.6	54	3.2	(0)
Other expenses	11.5	9.5	205	11.5	7
EBITDA	12.8	13.1	(30)	13.5	(72)
Adjusted net profit	8.0	8.7	(76)	8.6	(62)
Tax rate	25.6	27.0	(140)	25.7	(1)

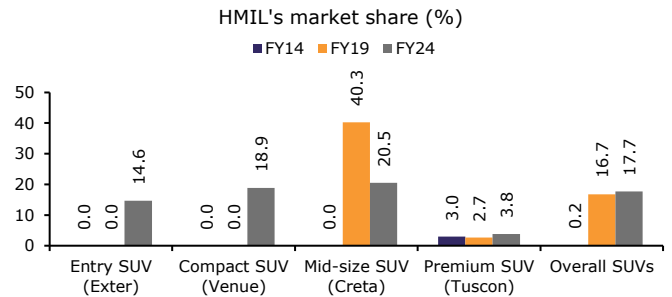
Source: Company, Emkay Research

Exhibit 4: HMIL has largely sustained its market share despite numerous competitive cycles, albeit seeing a dip in recent years



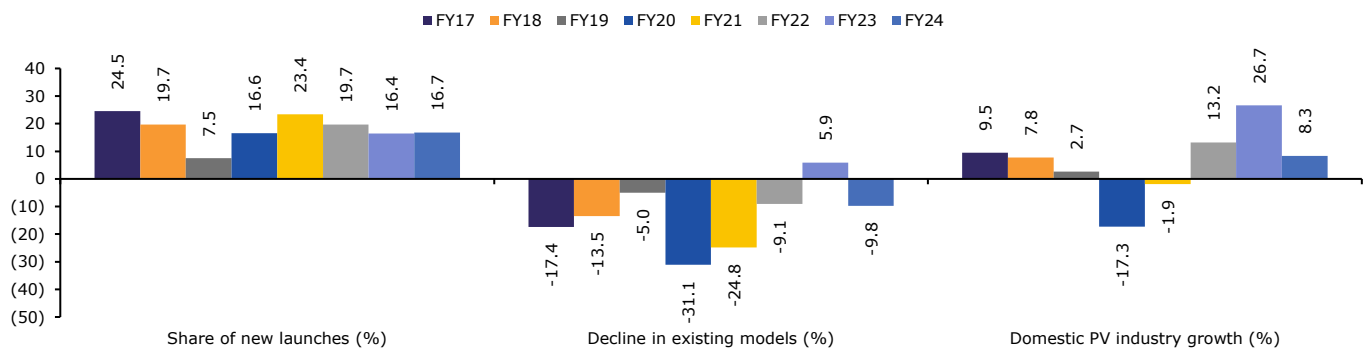
Source: SIAM, Emkay Research

Exhibit 5: HMIL commands ~18% market share in SUVs vs ~14.6% overall, with rising presence across sub-categories over the years



Source: SIAM, Emkay Research

Exhibit 6: Historically, new product launches have been a key growth driver for the PV industry



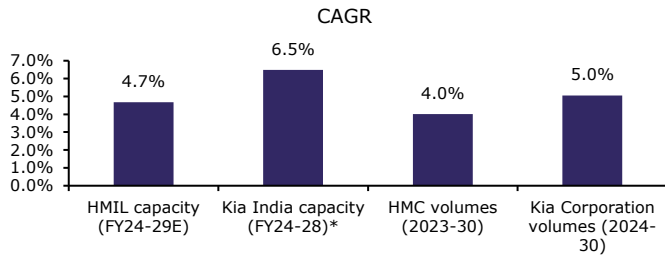
Source: SIAM, Emkay Research

Exhibit 7: Near-term launch visibility limited at HMIL; upcoming launches largely in EVs

Segment	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Entry									
Micro SUV					Exter				
Compact Hatch		i20 facelift							New i10
Premium Hatch									
Entry Sedan	Aura	New Verna							
Compact SUV	Venue			Venue- N Line		Creta EV (Q4FY24)	New Venue (late 2025)	Instar EV (Jun-26) Bayon (2026)	
SUV	Creta Gen 2				Creta - N Line, Ioniq 5 EV	New Kona EV (Dec-24) Alcazar Facelift			
Sedan		Elantra Diesel							
MPV			Alcazar						
Premium SUV									7-seater SUV (competing to XUV700)

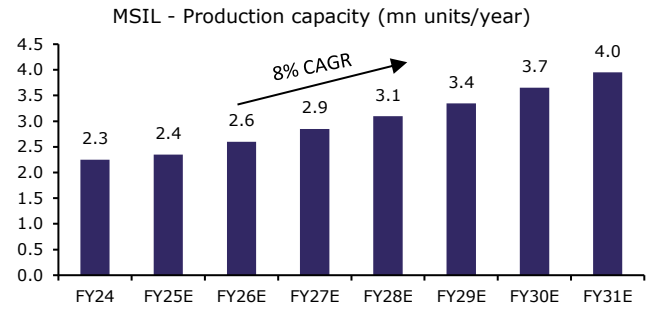
Source: SIAM, Media articles, Emkay Research; Note: Red indicates new name plate, Blue indicates upgrade/variant/facelift, Green indicates EV

Exhibit 8: HMIL's proposed capacity expansion in India is not materially different from global growth ambition; Kia expansion could be higher



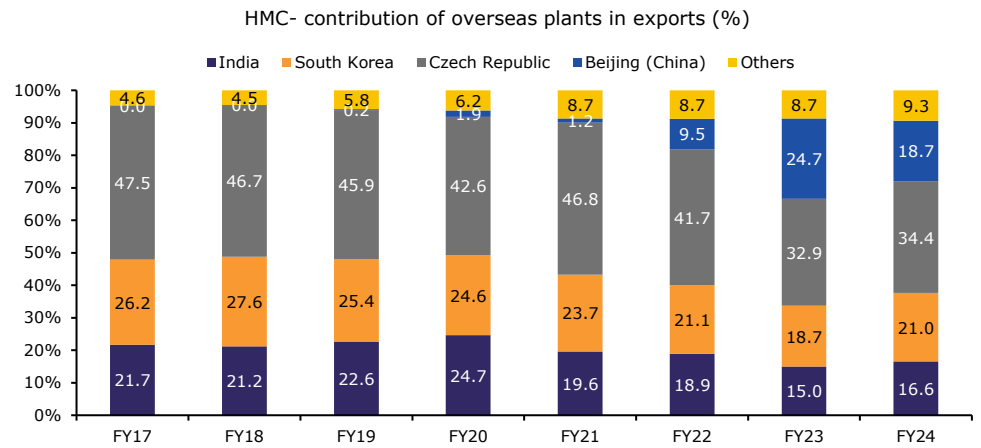
Source: Company, HMC 2024 CEO Investor Day (link), Kia 2024 CEO Investor Day (link), Emkay Research; Note: *= Assumed to be achieved by 2027

Exhibit 9: Also, MSIL's capacity CAGR of ~8% is higher than HMIL's



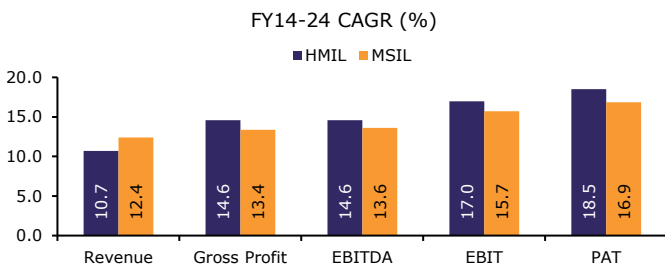
Source: Industry, Emkay Research

Exhibit 10: At HMC, the share of exports from India has declined over the years in favor of China



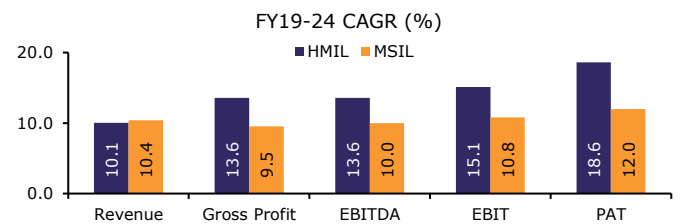
Source: HMC, Emkay Research

Exhibit 11: Over the past 10 years, HMIL's profitability has been ahead of MSIL's



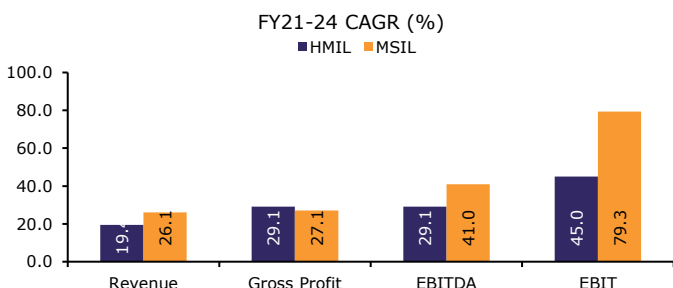
Source: Company, Emkay Research; Note: MSIL's financials adjusted for Suzuki Motor Gujarat (SMG) operations

Exhibit 12: Acceleration in SUV launches by HMIL, coupled with lack of new SUVs at MSIL, has widened the gap between the two players in the past 5 years...



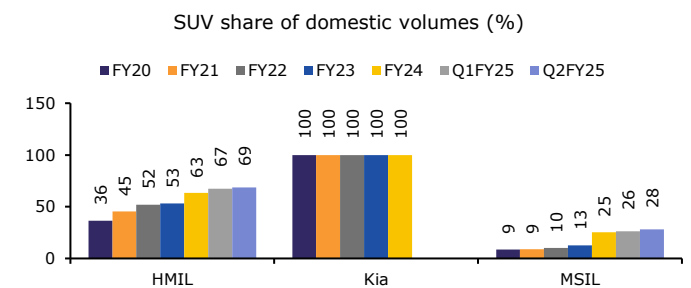
Source: Company, Emkay Research; Note: MSIL's financials adjusted for Suzuki Motor Gujarat (SMG) operations

Exhibit 13: ...however, the new SUV cycle at MSIL in the past 2-3 years led to a sharp catch-up in its financials vs HMIL

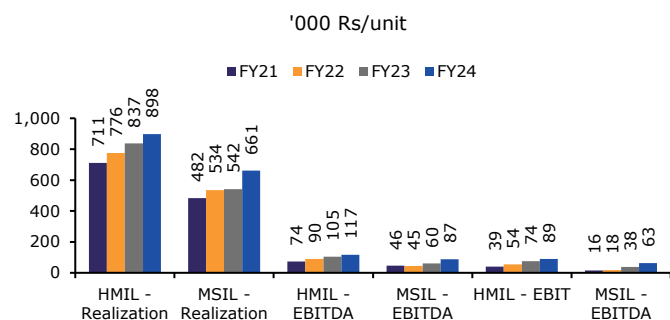


Source: Company, Emkay Research; Note: MSIL's financials adjusted for Suzuki Motor Gujarat (SMG) operations

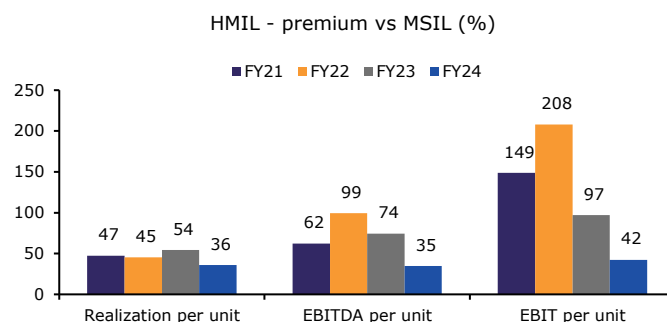
Exhibit 14: For MSIL, SUVs now form ~28% of domestic PV volumes; HMIL still far ahead at ~69%



Source: SIAM, Emkay Research

Exhibit 15: Improved salience in SUVs for MSIL in recent years helps improve the per-unit profitability metrics

Source: Company, Emkay Research; Note: EBITDA for MSIL is adjusted for Suzuki Motor Gujarat (SMG)

Exhibit 16: Consequently, HMIL's premium vs MSIL in per-unit profitability metrics now reducing, even as the SUV mix is lower

Source: Company, Emkay Research; Note: EBITDA for MSIL is adjusted for Suzuki Motor Gujarat (SMG)

Exhibit 17: MSIL offers superior earnings CAGR with relatively cheaper valuations vs HMIL

	FY24-27E CAGR (%)				RoE (%)			PER (x)		Core PER (x)		EV/EBIT (x)	
	Volumes	Revenues	EBIT	PAT	FY25E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
HMIL	4%	6%	3%	4%	51%	53%	52%	23.3	21.7	23.9	22.1	13.9	12.7
MSIL	6%	8%	8%	8%	16%	16%	16%	23.6	21.3	23.8	20.9	13.8	12.0

Source: Company, Emkay Research

Exhibit 18: MSIL's plans on capacity and new launches appear relatively more aggressive than HMIL's

MSIL	FY24	FY31E	CAGR
Capacity (mn units)	2.3	4.0	8%
No of models	18	28	
ICE share of volume (%)	99	60	
Share of exports (%)	12.6	24.0	10%

Source: Company, Media articles ([link](#)), Emkay Research

MSIL has stated its intent to recapture 50% PV market share going ahead, with actions across models (including rising share of SUVs), capacity, and exports

Expansion in India to support Suzuki's growth

We started production in India in 1983 as a partner in India's national car development initiative. To entrench the automobile production industry in India we did not simply supply parts from Japan, but based on the belief of nurturing an industry while valuing the community, invested in plants, built a network of local suppliers and set up a sales network. As a result, the growth of the Indian automobile industry and growth of Maruti Suzuki India aligned firmly and we could achieve steady growth.

However, as the market grew, competition intensified, and now our share of the Indian passenger car market is hovering at 41%. Looking ahead, as a strategy to regain a 50% market share, we will invest in new technology development for mobility production and to expand and augment the production structure. The Indian automobile market is forecast to grow even larger from now on, so Suzuki will need to set up a production scale of 4 million vehicles by 2030. Investment will need to go not only into objects such as plant construction and equipment installation, but it is also important to invest in human resource development such as for the people who will carry out operations, and Suzuki and Maruti Suzuki India are working as one on this.

A change in the production structure announced in July 2023 aims to further enhance competitiveness through more efficient production operations by having Maruti Suzuki India oversee all automobile production in India.

President's comment

- Comments in 2023, on Suzuki Motor Corporation (SMC's) Growth Strategy for 2030 ([link](#))

"We will fight to get back to our 50 per cent market share. How much we succeed only time will tell but we certainly don't intend to walk away and say no we don't want to fight for it. We will fight for our market share"

- Comments in Aug-22 by RC Bhargava, Chairman, MSIL ([link](#))

"Since there are no prospects of demand for the smaller entry level car market recovering to the growth rates of the past, we are restructuring our production facilities to conform to the realities and what we are projecting for the future.

The challenge is not only to produce 4 million cars a year, and possibly higher volumes in the subsequent years. We also have to sell this number of cars. By FY 2030-31, your Company could have about 28 different models

Along with the rising domestic demand, the prospects for exports are also expected to continue to improve. Our exports rose to 259,000 units last year. We expect the demand for exports to continue to grow and export volumes are projected at 750,000-800,000 cars by FY 2030-31."

- Comments by RC Bhargava, Chairman, MSIL, in the 2023 Annual Report

HMIL vs MSIL: Comparison across parameters

Exhibit 19: HMIL vs MSIL – Comparison across parameters

Area	Weight	Parameter	HMIL rating (out of 5)	MSIL rating (out of 5)	Comment
Global parentage	10%	Market share	★★★	★★★	Hyundai/Hyundai-Kia/MSIL share stands at 4.8%/8.2%/3.6%, respectively
		Market presence/regional mix	★★★★	★★	HMIL: 4-5% market share in North America/Europe; MSIL: ~1% market share in Europe
		Diversified portfolio across powertrain mix	★★★★	★★★	Hyundai/Hyundai-Kia/MSIL share stands at 2.3%/4.6%/0.03%, respectively
India-focus	20%	Relevance of India operations in the group	★★★★	★★★★★	HMIL/MSIL: contribution of ~13%/61% and 9%/50% in volume and PAT terms, respectively
		India's share of future capex within the group	★★★	★★★★	HMIL: contribution of ~4% within the group's capex; MSIL: contribution of ~50% within Suzuki
India positioning	15%	Market position in India	★★★	★★★★	In FY24, HMIL's share was 14.6%, while that of MSIL was 41.8%
		Domestic product mix (SUVs/non-SUVs)	★★★★★	★★★	SUV/non-SUV mix for HMIL is 63%/37%, while that for MSIL is 28%/72%
		Share of exports in overall volumes	★★★★	★★★	HMIL enjoys a higher export share; however, share within the global group is declining
		Diversification across categories/segments	★★★	★★★★	MSIL is far diversified across products and segments
		Powertrain mix	★★★	★★★★	Even on the powertrain front, MSIL is diversified with CNG/hybrid presence
Growth plans	20%	Capacity expansion plans	★★★	★★★★	MSIL targets 8% capacity CAGR by CY30
		Number. of models to be introduced	★★★	★★★★	MSL plans launching another 10 models by CY30
		Market-share-gain ambition/aspirations	★★★	★★★★	MSIL aims to reclaim 50% market share; HMIL aims to grow in line with the industry
Financials	15%	Volume and revenue growth	★★★	★★★★	MSIL offers growth optionality along with competitive capacity / launch plans
		Gross margins	★★★★	★★★★	MSIL enjoys superior margin on higher scale, localization and spare parts despite a lower SUV share
		Stability in profitability across cycles	★★★★	★★★	Superior mix has helped better profitability for HMIL
		Return ratios	★★★★★	★★★	Superior return ratios due to lower net cash in the books for HMIL
Valuation	20%	On Core PER basis	★★★	★★★★	MSIL offers better valuation despite higher growth optionality
		On EV/EBIT basis	★★★	★★★★	Even on EV/EBIT basis, MSIL is cheaper than HMIL
Overall			★★★	★★★★	

MSIL faces similar near-term growth challenges as HMIL; however, we prefer MSIL over HMIL given its catch-up on operational and financial metrics (despite its lower SUV mix), with a much diversified product and powertrain mix and higher growth optionality (potential small-car recovery, competitive capacity CAGR of 8%, 7-seater SUV launch in H2FY26E, and 10 new models by 2030) driving a superior 6%/10% revenue/EPS CAGR over FY24-27E

Source: Company, Emkay Research

Exhibit 20: Revenue Model – We build in 6%/7%/4% revenue/EBITDA/EPS CAGR over FY24-27E

(Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Capacity (no of units)	752,000	758,000	770,000	824,000	824,000	909,000	994,000
Utilisation (%)	76.6	80.6	93.6	94.4	93.5	90.4	87.8
Avg. monthly volumes (no of units)	47,990	50,897	60,047	64,823	64,228	68,480	72,732
Growth (%)	-12.1	6.1	18.0	8.0	-0.9	6.6	6.2
Domestic Volumes (no of units)	471,535	481,500	567,546	614,721	606,766	644,669	681,531
Growth (%)	-2.9	2.1	17.9	8.3	-1.3	6.2	5.7
Export Volumes (no of units)	104,342	129,260	153,019	163,155	163,971	177,088	191,256
Growth (%)	-38.6	23.9	18.4	6.6	0.5	8.0	8.0
Exports share %	18.1	21.2	21.2	21.0	21.3	21.5	21.9
Total Volumes (no of units)	575,877	610,760	720,565	777,876	770,736	821,757	872,786
Growth (%)	-12.1	6.1	18.0	8.0	-0.9	6.6	6.2
ASP (Rs/unit)	711,476	775,729	836,949	897,688	903,629	931,383	948,203
Growth (%)	8.5	9.0	7.9	7.3	0.7	3.1	1.8
Revenue	409,723	473,784	603,076	698,290	696,460	765,371	827,579
Growth (%)	-4.7	15.6	27.3	15.8	-0.3	9.9	8.1
EBITDA	42,457	54,861	75,488	91,326	90,299	100,764	110,609
EBITDA margin (%)	10.4	11.6	12.5	13.1	13.0	13.2	13.4
EBITDA growth (%)	-0.9	29.2	37.6	21.0	-1.1	11.6	9.8
EBITDA/unit (Rs)	73,725	89,824	104,762	117,404	117,159	122,620	126,731
Depreciation	19,732	21,696	21,899	22,079	21,456	23,819	27,419
EBIT	22,725	33,165	53,589	69,247	68,843	76,945	83,190
EBIT margin (%)	5.5	7.0	8.9	9.9	9.9	10.1	10.1
Other income	4,324	5,876	11,291	14,733	8,854	8,912	8,803
Treasury income	3,600	4,459	9,234	12,500	6,875	6,531	6,205
Non-treasury income	724	1,417	2,057	2,232	1,979	2,380	2,598
Interest	1,647	1,319	1,424	1,581	1,224	1,079	946
PBT	25,403	37,722	63,456	82,399	76,473	84,778	91,048
Tax	6,591	8,706	16,363	21,798	19,618	21,748	23,357
Tax rate (%)	25.9	23.1	25.8	26.5	25.7	25.7	25.7
PAT	18,812	29,016	47,093	60,600	56,856	63,029	67,691
PAT margin (%)	4.6	6.1	7.8	8.7	8.2	8.2	8.2
EPS (Rs)	23.2	35.7	58.0	74.6	70.0	77.6	83.3

Source: Company, Emkay Research

Exhibit 21: We trim FY25E/26E/27E EPS by ~2.5% each, to factor in the weak PV demand and festive discounting

(Rs mn)	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes (no of units)	770,736	770,736	0.0	(0.9)	821,757	821,757	0.0	6.6	872,786	872,786	0.0	6.2
Revenue	701,748	696,460	(0.8)	(0.3)	771,184	765,371	(0.8)	9.9	833,838	827,579	(0.8)	8.1
EBITDA	92,037	90,299	(1.9)	(1.1)	102,686	100,764	(1.9)	11.6	112,697	110,609	(1.9)	9.8
Margin (%)	13.1	13.0	(15)bps	(11)bps	13.3	13.2	(15)bps	20bps	13.5	13.4	(15)bps	20bps
PAT	58,158	56,856	(2.2)	(6.2)	64,470	63,029	(2.2)	10.9	69,256	67,691	(2.3)	7.4
EPS (Rs)	71.6	70.0	(2.2)	(6.2)	79.3	77.6	(2.2)	10.9	85.2	83.3	(2.3)	7.4
Core EPS (Rs)	65.9	64.2	(2.5)	(0.4)	74.0	72.2	(2.4)	12.4	80.3	78.3	(2.4)	8.4

Source: Company, Emkay Research

Exhibit 22: Emkay vs Consensus

Particulars (Rs mn)	Emkay Estimates			Bloomberg estimates			Difference (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	696,460	765,371	827,579	704,801	776,603	872,181	-1.2%	-1.4%	-5.1%
EBITDA	90,299	100,764	110,609	92,795	103,706	117,277	-2.7%	-2.8%	-5.7%
EBITDA margin (%)	13.0	13.2	13.4	13.2	13.4	13.4			
EPS (Rs)	70.0	77.6	83.3	70.3	79.0	90.3	-0.5%	-1.8%	-7.8%

Source: Company, Emkay Research

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Hyundai Motor India: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	603,076	698,290	696,460	765,371	827,579
Revenue growth (%)	27.3	15.8	(0.3)	9.9	8.1
EBITDA	75,488	91,326	90,299	100,764	110,609
EBITDA growth (%)	37.6	21.0	(1.1)	11.6	9.8
Depreciation & Amortization	21,899	22,079	21,456	23,819	27,419
EBIT	53,589	69,247	68,843	76,945	83,190
EBIT growth (%)	61.6	29.2	(0.6)	11.8	8.1
Other operating income	0	0	0	0	0
Other income	11,291	14,733	8,854	8,912	8,803
Financial expense	1,424	1,581	1,224	1,079	946
PBT	63,456	82,399	76,473	84,778	91,048
Extraordinary items	38	0	0	0	0
Taxes	16,363	21,798	19,618	21,748	23,357
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	47,130	60,600	56,856	63,029	67,691
PAT growth (%)	62.2	28.6	(6.2)	10.9	7.4
Adjusted PAT	47,093	60,600	56,856	63,029	67,691
Diluted EPS (Rs)	58.0	74.6	70.0	77.6	83.3
Diluted EPS growth (%)	62.2	28.6	(6.2)	10.9	7.4
DPS (Rs)	57.3	132.7	60.0	65.0	70.0
Dividend payout (%)	98.7	177.9	85.7	83.8	84.0
EBITDA margin (%)	12.5	13.1	13.0	13.2	13.4
EBIT margin (%)	8.9	9.9	9.9	10.1	10.1
Effective tax rate (%)	25.8	26.5	25.7	25.7	25.7
NOPLAT (pre-IndAS)	39,770	50,928	51,183	57,206	61,849
Shares outstanding (mn)	812.5	812.5	812.5	812.5	812.5

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	63,456	82,399	76,473	84,778	91,048
Others (non-cash items)	0	0	0	0	0
Taxes paid	(21,328)	(22,998)	(19,618)	(21,748)	(23,357)
Change in NWC	4,908	17,324	(132)	4,980	4,495
Operating cash flow	65,643	92,520	70,505	85,661	93,251
Capital expenditure	(23,457)	(29,881)	(42,211)	(46,092)	(51,092)
Acquisition of business	0	0	0	0	0
Interest & dividend income	8,378	8,451	6,875	6,531	6,205
Investing cash flow	(13,827)	(100,905)	(33,357)	(37,181)	(42,289)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(529)	(4,648)	(1,004)	(847)	(862)
Payment of lease liabilities	(98)	(108)	0	0	0
Interest paid	(329)	(294)	(1,224)	(1,079)	(946)
Dividend paid (incl tax)	(14,935)	(154,358)	(48,752)	(52,815)	(56,878)
Others	0	0	0	0	0
Financing cash flow	(15,792)	(159,301)	(50,980)	(54,742)	(58,686)
Net chg in Cash	36,023	(167,686)	(13,832)	(6,261)	(7,724)
OCF	65,643	92,520	70,505	85,661	93,251
Adj. OCF (w/o NWC chg.)	60,735	75,195	70,637	80,681	88,756
FCFF	42,186	62,638	28,294	39,569	42,159
FCFE	49,139	69,509	33,945	45,021	47,418
OCF/EBITDA (%)	87.0	101.3	78.1	85.0	84.3
FCFE/PAT (%)	104.3	114.7	59.7	71.4	70.1
FCFF/NOPLAT (%)	106.1	123.0	55.3	69.2	68.2

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	8,125	8,125	8,125	8,125	8,125
Reserves & Surplus	192,423	98,532	106,635	116,849	127,663
Net worth	200,548	106,657	114,760	124,975	135,788
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(8,266)	(9,478)	(9,478)	(9,478)	(9,478)
Total debt	11,894	8,332	7,328	6,481	5,619
Total liabilities & equity	204,176	105,511	112,611	121,978	131,929
Net tangible fixed assets	57,656	67,136	85,680	106,861	129,442
Net intangible assets	3,270	2,825	2,825	2,825	2,825
Net ROU assets	578	6,183	6,183	6,183	6,183
Capital WIP	13,366	6,528	8,739	9,832	10,924
Goodwill	0	0	0	0	0
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	177,412	90,173	76,341	70,080	62,356
Current assets (ex-cash)	85,185	81,168	80,956	88,966	96,197
Current Liab. & Prov.	133,292	148,503	148,114	162,769	175,999
NWC (ex-cash)	(48,107)	(67,335)	(67,159)	(73,804)	(79,802)
Total assets	204,176	105,511	112,611	121,978	131,929
Net debt	(165,518)	(81,841)	(69,013)	(63,599)	(56,737)
Capital employed	204,176	105,511	112,611	121,978	131,929
Invested capital	26,764	15,338	36,270	51,898	69,573
BVPS (Rs)	246.8	131.3	141.2	153.8	167.1
Net Debt/Equity (x)	(0.8)	(0.8)	(0.6)	(0.5)	(0.4)
Net Debt/EBITDA (x)	(2.2)	(0.9)	(0.8)	(0.6)	(0.5)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	28.3	44.7	63.1	65.6	65.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	31.1	24.2	25.8	23.3	21.7
P/CE(x)	21.2	17.7	18.7	16.9	15.4
P/B (x)	7.3	13.7	12.8	11.7	10.8
EV/Sales (x)	2.2	2.0	2.0	1.8	1.7
EV/EBITDA (x)	17.2	15.2	15.5	13.9	12.7
EV/EBIT(x)	24.3	20.0	20.3	18.2	16.9
EV/IC (x)	48.6	90.2	38.5	27.0	20.3
FCFF yield (%)	3.2	4.5	2.0	2.8	3.0
FCFE yield (%)	3.4	4.7	2.3	3.1	3.2
Dividend yield (%)	3.2	7.4	3.3	3.6	3.9
DuPont-RoE split					
Net profit margin (%)	7.8	8.7	8.2	8.2	8.2
Total asset turnover (x)	3.2	4.5	6.4	6.5	6.5
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	25.5	39.5	51.4	52.6	51.9
DuPont-RoIC					
NOPLAT margin (%)	6.6	7.3	7.3	7.5	7.5
IC turnover (x)	22.5	45.5	19.2	14.7	11.9
RoIC (%)	180.0	328.9	266.8	174.5	137.0
Operating metrics					
Core NWC days	(29.1)	(35.2)	(35.2)	(35.2)	(35.2)
Total NWC days	(29.1)	(35.2)	(35.2)	(35.2)	(35.2)
Fixed asset turnover	3.2	3.2	2.7	2.6	2.4
Opex-to-revenue (%)	12.8	13.1	14.9	14.7	14.5

Source: Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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