

July 2025

Initiating Coverage

Hyundai Motor India

Promising Drive: Model-led Momentum

NEW MPV – PALISADE



NEW MICRO E-SUV – INSTER



NEW COMPACT SUV
(BAYON PLATFORM)



EXTER FACELIFT



VERNA
FACELIFT



NEW-GEN VENUE



HYUNDAI MOTOR INDIA

INITIATING COVERAGE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	2,095
12 month price target (INR)	2,600
52 Week High/Low	2,265/1,542
Market cap (INR bn/USD bn)	1,702/19.9
Free float (%)	17.5
Avg. daily value traded (INR mn)	2,225.8

SHAREHOLDING PATTERN

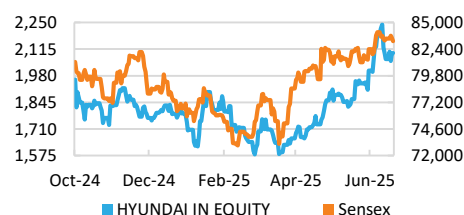
	Mar-25	Dec-24
Promoter	82.50%	82.50%
FII	7.17%	6.70%
DII	7.00%	7.13%
Pledge	0.00%	0.00%

FINANCIALS

(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	691,929	725,103	812,655	904,098
EBITDA	89,538	95,966	111,080	126,004
Adjusted profit	56,402	59,354	68,967	80,080
Diluted EPS (INR)	69.4	73.0	84.9	98.6
EPS growth (%)	(6.9)	5.2	16.2	16.1
RoAE (%)	41.8	32.3	30.4	29.3
P/E (x)	30.0	28.5	24.5	21.1
EV/EBITDA (x)	18.0	16.9	14.2	12.1
Dividend yield (%)	1.0	1.1	1.4	1.9

PRICE PERFORMANCE



Promising drive: Model-led momentum

Hyundai Motor India (HMI) is a subsidiary of Hyundai Motor Company (HMC) and the second-largest India PV OEM. HMI is gunning for 26 launches by FY30E, including seven–eight new models. Over the next 18 months, we expect a new compact SUV, a micro E-SUV and multiple refreshes, ratcheting up HMI's domestic MS by ~1pp to 15% by FY28E.

Meanwhile, deeper penetration in EMs and launches shall drive robust exports' revenue CAGR of 11% over FY25–28E. Premiumisation with a rising share of sunroofs, ADAS and automatics shall continue to accelerate. All in all, we reckon an industry-beating revenue/EBITDA CAGR of 9%/12% over FY25–28E. Initiate at 'BUY' with a TP of INR2,600 based on 30x core Sep-27E EPS plus net cash of INR117/share.

Turbocharging launches: Models targeting price points, powertrains

Over the past ten years, HMI's success rate—ability to recover product development cost in four years—has been an industry-best 100%. This shall power a steady growth drive given HMI's robust pipeline of 26 new models and refreshes by FY30E, including six EVs. Of the 26, seven–eight launches are new nameplates. The next 18 months shall be particularly exciting; our checks/media reports indicate the possibility of a new-gen Venue, a Verna facelift, an Exter facelift, a new compact SUV based on the Bayon platform (watch out Maruti Fronx) and a new micro E-SUV (face-off with Tata Punch EV). This should ratchet up HMI's domestic market share from 14% in FY25 to 15% by FY28E. HMI is also poised to benefit from a better share of SUVs and premiumisation given increasing adoption of sunroofs, ADAS and automatics. We are building in a domestic volume/revenue CAGR of 6%/9% for FY25–28E.

Global catchment: Cutting-edge tech, distribution aid from parentco

HMC is the third-largest global mass-market PV player with revenue of USD129bn in CY24, presence in 200-plus countries and 40-plus models. Global R&D spends at 2.5% of revenue over past four years—USD2.9bn/year—help it offer latest automotive technology. This in turn helps HMI fast-track portfolio expansion and fill white spaces, not to mention access to a global distribution network for sale of HMI models. We reckon HMI's exports volume/revenue CAGR shall be 9%/11% over FY25–28E led by continued growth in Latam and Africa, and recovery in Asia and ME.

Worthy of a drive, buckle up: Initiate at 'BUY' with TP of INR2,600

We reckon HMI would clock industry-beating revenue/EBITDA CAGR of 9%/12% over FY25–28E with an average RoIC of 57%. Average FCF shall be ~INR43bn over FY26–28E, bolstering net cash from INR78bn in FY25 to INR172bn in FY28E. Our DCF-based TP works out to INR2,600, implying 30x Sep-27E core PE plus net cash of INR117/share. We argue the target PE is justified given global parentco support, high UV exposure, a strong pipeline and a high RoIC. Key risks: i) Slower-than-expected domestic/overseas growth in FY26E due to muted customer sentiment. ii) Market share pressure, should new products fail or competitive intensity rise. iii) Margin pressures in FY26 due to higher discounting or adverse currency/ commodity prices.

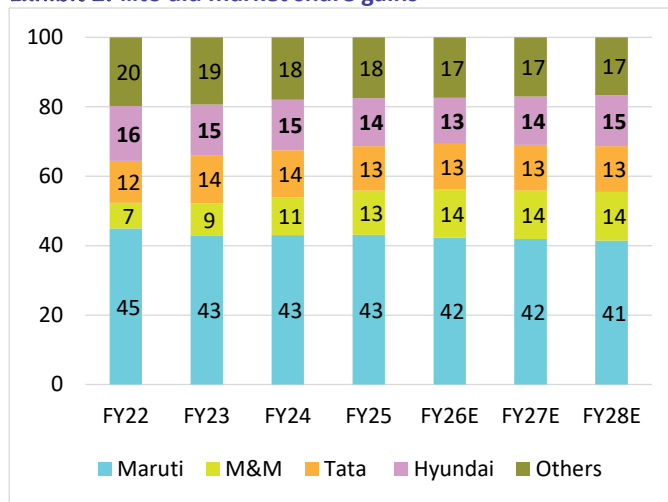
The Story in Charts: High-impact launch pipeline to fuel growth

Exhibit 1: Aggressive launch pipeline...

Model	New/Refresh	Segment	Launch period
Venue	New generation	SUV (< 4m)	Oct-25
Verna	Refresh	Sedan	Apr-26
Exter	Refresh	SUV (< 4m)	Mid-26
New Compact SUV (based on Bayon platform)	New	SUV (< 4m)	Mid-26
Micro E-SUV (Instar)	New	SUV (EV)	Late-26
i20	Refresh	Hatchback	2027-28
Alcazar	Refresh	SUV (> 4m)	2027-28
Creta	New generation	SUV (> 4m)	Feb-28
Palisade	New	SUV (> 4m)	2028

Source: Media reports, Nuvama Research

Exhibit 2: ...to aid market share gains



Source: SIAM, Nuvama Research

Exhibit 3: HMI leads with unmatched 100% success rate...

New models	Segment	Launch year	PDC recovered within 4 years (Y/N)
Xcent	Compact sedan	2014	Y
Creta	UV (> 4m)	2015	Y
Venue	UV (< 4m)	2019	Y
Alcazar	UV (> 4m)	2021	Y
Exter	UV (< 4m)	2023	Y*

Source: SIAM, Company, Nuvama Research

Note: *Expect to recover PDC (product development cost) in four years

Exhibit 4: ...rival Maruti Suzuki's success rate is 90%-plus

New models	Segment	Launch year	PDC recovered within 4 years (Y/N)
Celerio	Entry hatchback	2014	Y
Ciaz	Mid-size sedan	2014	Y
Baleno	Premium hatchback	2015	Y
S-Cross	UV (> 4m)	2015	Y
Brezza	UV (< 4m)	2016	Y
Ignis	Mid-level hatchback	2017	N
XL6	MPV	2019	Y
S-Presso	Entry hatchback	2019	Y
Grand Vitara	UV (> 4m)	2022	Y
Fronx	UV (< 4m)	2023	Y
Jimny	UV (< 4m)	2023	Y

Source: SIAM, Company, Nuvama Research

Exhibit 5: M&M's success rate: 60%/80%-plus in ten/five years

New models	Segment	Launch year	PDC recovered within 4 years (Y/N)
TUV300	UV (< 4m)	2015	N
KUV100	UV (< 4m)	2016	N
Marazzo	MPV	2018	N
XUV300	UV (< 4m)	2019	Y
Thar	UV (< 4m)	2020	Y
XUV700	UV (> 4m)	2021	Y
Scorpio N	UV (> 4m)	2022	Y
XUV400	E-SUV	2023	N
XUV3XO	UV (< 4m)	2024	Y
Thar Roxx	UV (> 4m)	2024	Y*

Source: SIAM, Company, Nuvama Research

Note: *Expect to recover PDC in four years

Exhibit 6: Tata Motors' success rate: 60%-plus

New models	Segment	Launch year	PDC recovered within 4 years (Y/N)
Tiago	Mid-level hatchback	2016	Y
Hexa	MPV	2017	N
Tigor	Compact sedan	2017	N
Nexon	UV (< 4m)	2017	Y
Harrier	UV (> 4m)	2019	Y
Altroz	Premium hatchback	2020	Y
Safari	MPV	2021	Y
Punch	UV (< 4m)	2021	Y
Curvv	UV (> 4m)	2024	Y*

Source: SIAM, Company, Nuvama Research

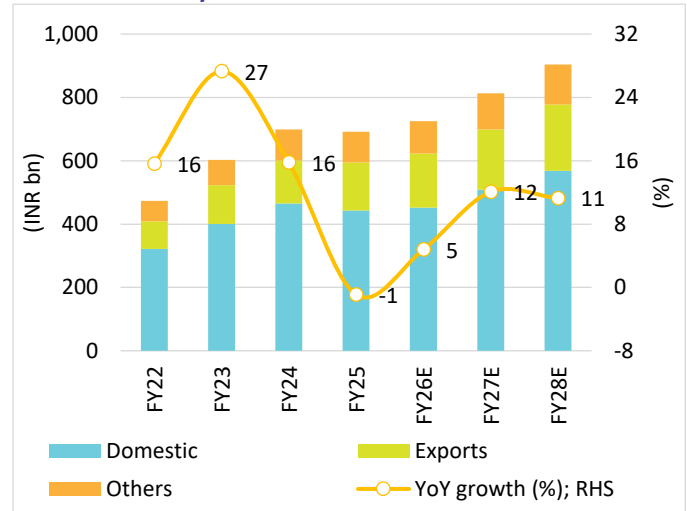
Note: *Expect to recover PDC in four years

Exhibit 7: Talegaon plant to support growth

Production facilities	FY25	FY26E	FY27E	FY28E
Chennai, Tamil Nadu	824,000	824,000	824,000	824,000
Talegaon, Maharashtra	-	170,000	170,000	250,000
Total installed capacity	824,000	994,000	994,000	1,074,000

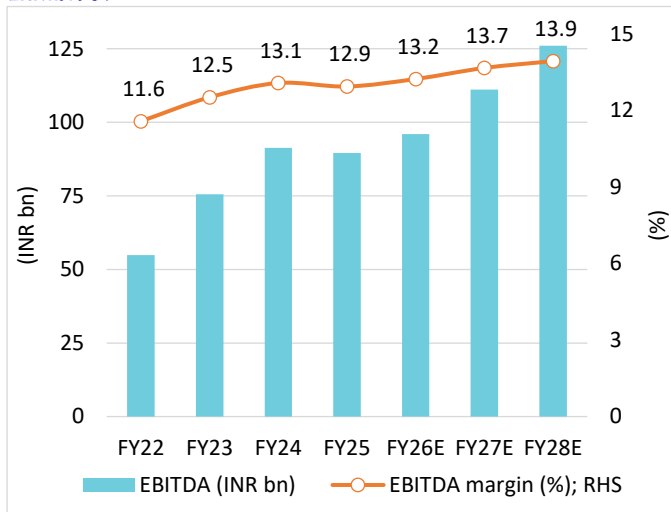
Source: Company, Nuvama Research

Exhibit 8: Healthy revenue CAGR of 9% over FY25–28E



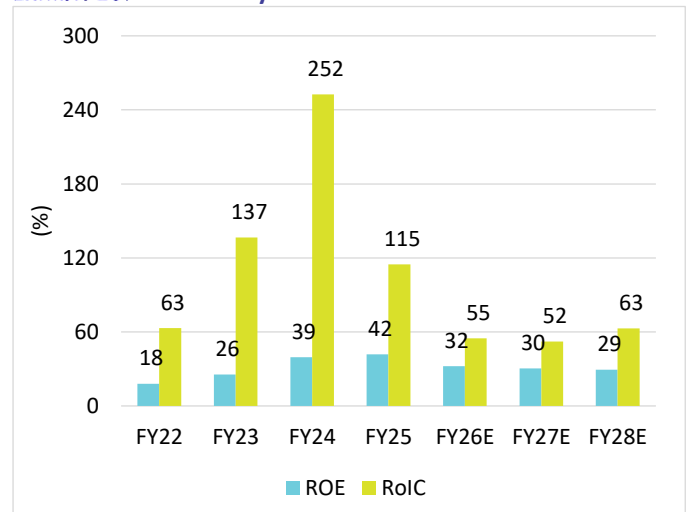
Source: Company, Nuvama Research

Exhibit 9: EBITDA CAGR: 12% over FY25–28E



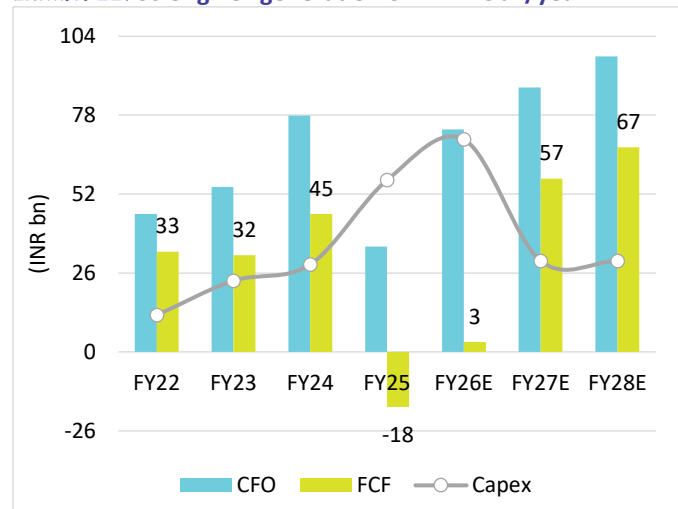
Source: Company, Nuvama Research

Exhibit 10: RoIC to stay above 50%



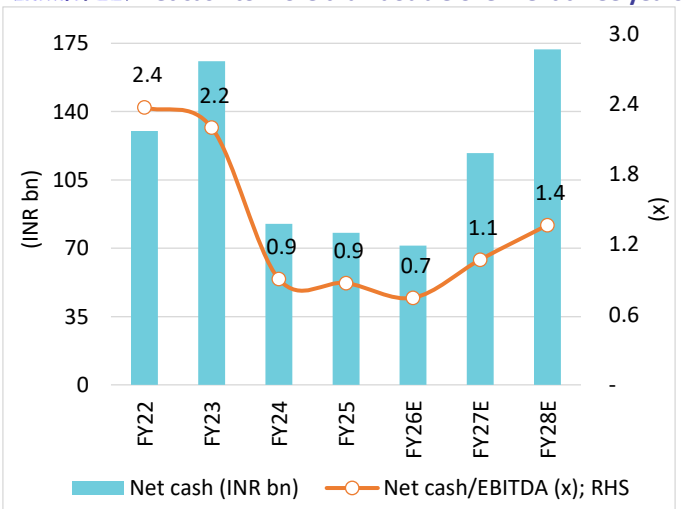
Source: Company, Nuvama Research

Exhibit 11: Strong FCF generation of ~INR43bn/year



Source: Company, Nuvama Research

Exhibit 12: Net cash to more than double over next three years



Source: Company, Nuvama Research

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	691,929	725,103	812,655	904,098
Gross profit	192,225	202,639	228,139	253,838
Employee costs	23,112	24,730	26,461	28,313
Other expenses	79,575	81,943	90,598	99,521
EBITDA	89,538	95,966	111,080	126,004
Depreciation	21,053	24,123	27,247	29,069
Less: Interest expense	1,272	1,159	1,118	1,093
Add: Other income	8,700	8,454	9,241	10,931
Profit before tax	75,913	79,138	91,956	106,774
Prov for tax	19,511	19,785	22,989	26,693
Less: Other adj	0	0	0	0
Reported profit	56,402	59,354	68,967	80,080
Less: Excp.item (net)	0	0	0	0
Adjusted profit	56,402	59,354	68,967	80,080
Diluted shares o/s	813	813	813	813
Adjusted diluted EPS	69.4	73.0	84.9	98.6
DPS (INR)	21.0	21.9	29.7	39.4
Tax rate (%)	25.7	25.0	25.0	25.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Gross profit margin (%)	27.8	27.9	28.1	28.1
Staff cost % sales	3.3	3.4	3.3	3.1
Other expenses % sales	11.5	11.3	11.1	11.0
EBITDA margin (%)	12.9	13.2	13.7	13.9
Net profit margin (%)	8.2	8.2	8.5	8.9
Revenue growth (% YoY)	(0.9)	4.8	12.1	11.3
EBITDA growth (% YoY)	(2.0)	7.2	15.7	13.4
Adj. profit growth (%)	(6.9)	5.2	16.2	16.1

Assumptions

Year to March	FY25A	FY26E	FY27E	FY28E
Domestic volumes (units)	598,666	593,267	658,647	717,531
Growth (%)	(2.6)	(0.9)	11.0	8.9
Export volumes (units)	163,386	179,725	195,900	211,572
Growth (%)	0.1	10.0	9.0	8.0
Realization (INR/unit)	907,982	938,047	950,978	973,087
Growth (%)	1.1	3.3	1.4	2.3

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	30.0	28.5	24.5	21.1
Price/BV (x)	10.4	8.3	6.8	5.7
EV/EBITDA (x)	18.0	16.9	14.2	12.1
Dividend yield (%)	1.0	1.1	1.4	1.9

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	8,125	8,125	8,125	8,125
Reserves	154,839	196,387	241,215	289,263
Shareholders funds	162,965	204,512	249,341	297,389
Minority interest	0	0	0	0
Borrowings	7,918	7,541	7,365	7,203
Trade payables	105,130	106,198	114,568	122,505
Other liabs & prov	3,390	3,760	10,278	18,259
Total liabilities	290,653	333,800	394,763	460,054
Net block	69,100	103,724	139,712	140,536
Intangible assets	1,951	2,049	2,151	2,259
Capital WIP	47,184	58,339	25,003	25,003
Total fixed assets	118,235	164,112	166,865	167,797
Non current inv	0	0	0	0
Cash/cash equivalent	85,792	78,908	126,157	179,069
Sundry debtors	23,891	25,037	28,060	31,217
Loans & advances	0	0	0	0
Other assets	50,640	53,068	59,476	66,169
Total assets	290,653	333,800	394,763	460,054

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	67,213	70,684	82,715	95,843
Add: Depreciation	21,053	24,123	27,247	29,069
Interest (net of tax)	(4,425)	1,159	1,118	1,093
Others	(559)	0	0	0
Less: Changes in WC	(28,860)	(2,128)	(62)	(869)
Operating cash flow	34,749	73,263	87,109	97,373
Less: Capex	(52,929)	(70,000)	(30,000)	(30,000)
Free cash flow	(18,180)	3,263	57,109	67,373

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	41.8	32.3	30.4	29.3
RoCE (%)	54.1	41.9	39.7	38.4
Inventory days	25	24	24	24
Receivable days	13	12	12	12
Payable days	84	74	69	67
Working cap (% sales)	(6.4)	(5.9)	(6.1)	(6.2)
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.5)	(0.4)	(0.5)	(0.6)
Interest coverage (x)	53.8	62.0	75.0	88.7

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(6.9)	5.2	16.2	16.1
RoE (%)	41.8	32.3	30.4	29.3
EBITDA growth (%)	(2.0)	7.2	15.7	13.4
Payout ratio (%)	30.3	30.0	35.0	40.0

Investment Rationale

Growth in overdrive: The model pipeline advantage

- Robust pipeline of 26 launches (with support of global parentco HMC) by FY30E, including seven–eight new high-impact models across powertrains; parentco is the third-largest global mass-market PV OEM
- Launches anticipated over next 18 months include a new compact SUV (based on Bayon platform) and a micro E-SUV, and multiple refreshes; these should ratchet up domestic market share from 14% in FY25 to 15% in FY28E
- Robust exports likely with a revenue CAGR of 11% over FY25–28E driven by launches, increasing penetration in emerging markets and capacity expansion
- Industry-beating revenue/EBITDA CAGR of 9%/12% over FY25–28E with an average RoIC of 57% and FCF of ~INR43bn/year
- Initiate at 'BUY' with a TP of INR2,600 based on 30x core Sep-27E EPS and net cash of INR117/share

Beneficiary of PV sales growth

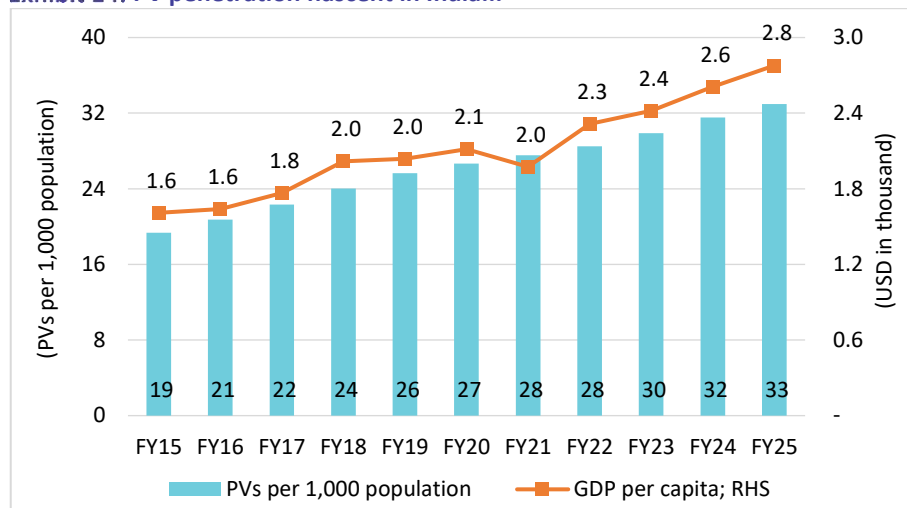
The PV industry's sales uptrend commenced in FY22, and it generally lasts for six years. This implies growth for the industry has legs. Furthermore, long-term growth expectations are positive as India PV penetration is low at 33 vehicles per thousand people while per capita income is likely to grow at high single digits. In comparison, penetration in most developed markets is above 300 vehicles per thousand people.

Exhibit 13: PV cycle: An upcycle generally last for six years

Trough to Peak years	FY92–00	FY02–08	FY09–13	FY14–19	Average
Volume growth (%)					
Trough to Peak	316	130	72	35	138
Previous Peak to Trough	(21)	(8)	0	(6)	(9)
Previous Peak to Peak	228	111	72	27	109
Duration (years)					
Trough to Peak	8	6	4	5	6
Previous Peak to Trough	2	2	1	1	2

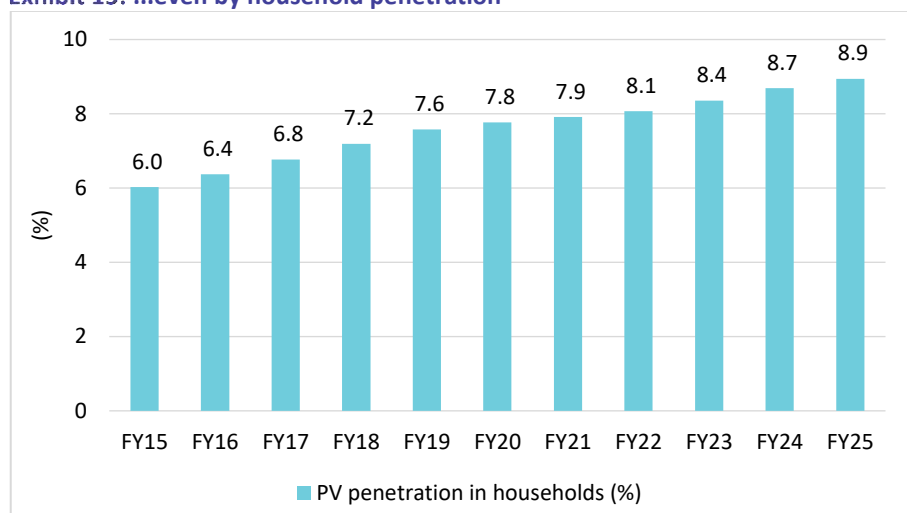
Source: Industry, Nuvama Research

Exhibit 14: PV penetration nascent in India...



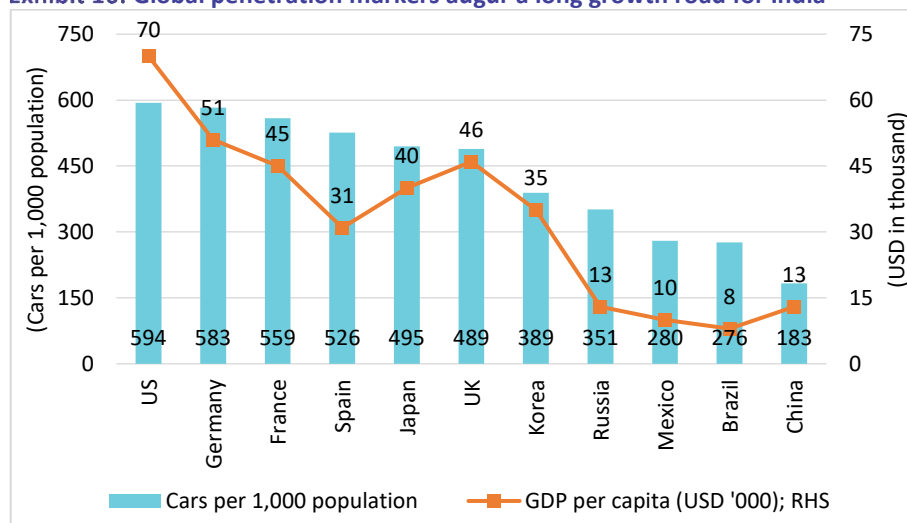
Source: CMIE, SIAM, Nuvama Research

Exhibit 15: ...even by household penetration



Source: Ministry of Statistics and Program Implementation, SIAM, Nuvama Research

Exhibit 16: Global penetration markers augur a long growth road for India



Source: HMI RHP – International Road Federation (data for CY21), Nuvama Research

Over medium term, PV demand from government employees is likely to surge as the pay commission takes effect next year. Government employees make up over 10% of PV demand—with central/state employees adding up over 3.5mn/ 15mn and PSU employees at over 1.5mn. In the aftermath of the last two Pay Commission increases, PV industry demand increased by at least 5% during the two subsequent quarters of the pay-outs.

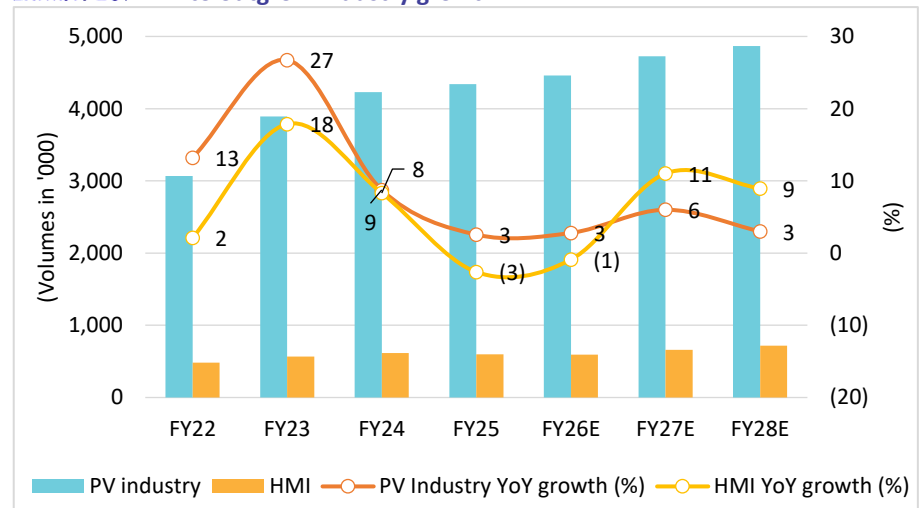
Exhibit 17: Demand boost likely next year fuelled by 8th Pay Commission for government employees

Pay increase vs. the last pay commission (range)		PV industry growth for 6 months...		
		Arrears pay-out details	...before pay-out (%)	...after pay-out (%)
6th pay commission	2.6x – 2.7x	40% paid out in Sep-08 and 60% in Apr-09	-7	14
7th pay commission	2.7x – 3.1x	Paid out in Aug-16	5	10

Source: SIAM, Finance Ministry, Nuvama Research

We build in a 4%/7% volume/revenue CAGR over FY25–28E for the industry, supported by growth in SUVs. HMI should be able to outpace industry growth owing to new products and better exposure to UVs—we build in a 6%/9% CAGR in domestic volume/revenue over FY25-28E.

Exhibit 18: HMI to outgrow industry growth



Source: SIAM, Nuvama Research



“... that is the advantage of having such a parent who really investing in all future technologies... when the market is ready for it we can do it at a much faster rate and of course at a lower cost as well because it doesn't have to be base up.” ([link](#))

—Mr Tarun Garg, Director & COO, HMI

Global firepower – Technology, distribution aid from parentco

HMC group (including Kia) is the third-largest global mass-market PV company. HMC had global revenue of USD129bn in CY24 and presence in over 200 countries with 40-plus models.

Exhibit 19: Top 10 global OEMs by volume; HMC group third-largest

Rank	Automaker	CY24 volumes (mn units)
1	Toyota Motor Corp	11.2
2	Volkswagen Group	9.2
3	Hyundai Motor Group	7.3
4	Stellantis	6.2
5	Renault-Nissan-Mitsubishi Alliance	6.0
6	General Motors	5.9
7	Honda Motor Co	4.0
8	Ford Motor Company	4.0
9	BYD Auto	3.9
10	BMW Group	2.6

Source: Industry, Nuvama Research

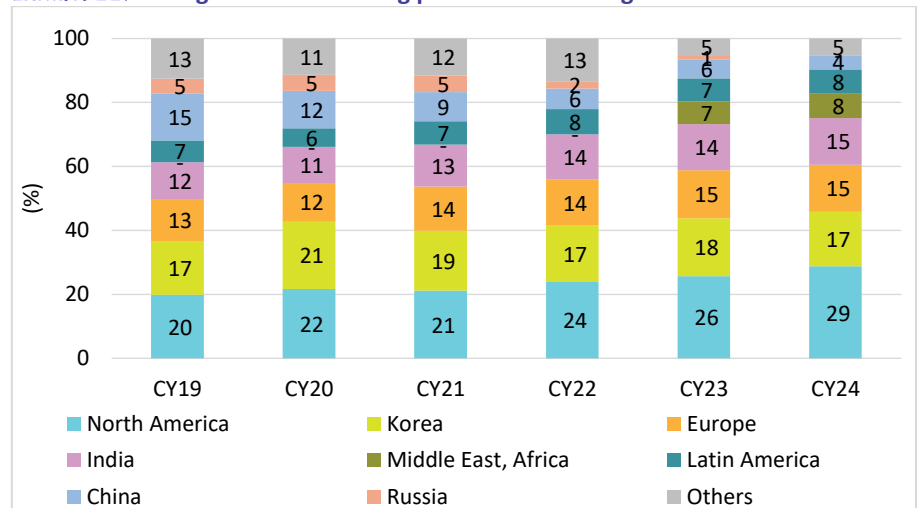
The global parent has presence across powertrains (Electric, Hybrid, CNG, Petrol, Diesel and Flex fuel). EV sales made up 7% of its overall global sales in CY24, and that is expected to increase to 17%/36% by CY27E/30E. Global R&D spends have been 2.5% of revenues over the past four years at average of USD2.9bn/year. It will support HMI in expanding product portfolio and filling powertrain gaps, particularly in high-growth categories.

Exhibit 20: HMC's wide global product portfolio implies scope for introduction of models in India

Particulars	Global	India
Cars	Elantra, Sonata, Azera, Accent, i30, i20, i10	i20, Grand i10 NIOS, Aura, Verna
Eco	Palisade Hybrid, Nexo, IONIQ 9, Instar, IONIQ 5, Elantra Hybrid, Kona Hybrid, Kona Electric, Tucson Hybrid, Santa FE Hybrid, Sonata Hybrid, Azera Hybrid, IONIQ 5, Creta IONIQ 6, i30 Hybrid, Staria Hybrid	
SUV	Palisade, Tucson, Santa FE, Kona, Creta, Venue	Tucson, Alcazar, Creta, Venue, Exter
N	IONIQ 5 N, Elantra N, i30 N, i30 Fastback N, i20 N	
N Line	IONIQ 5 N Line, Tucson N Line, Elantra N Line, Sonata N Line, Kona N Line, i30 N Line, i10 N Line	i20 N Line, Venue N Line, Creta N Line
MPV	Staria	
Commercial	Staria 11 Seater, H-1, H-100	

Source: Company, Nuvama Research

Exhibit 21: HMC global sales: Strong presence across regions



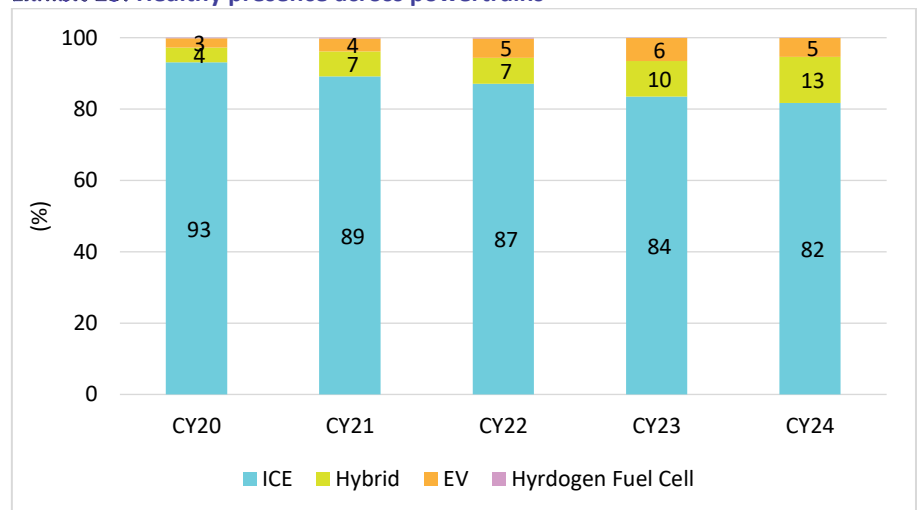
Source: Company, Nuvama Research

Exhibit 22: Model portfolio spans powertrains

Powertrains	Models
Hydrogen Fuel Cell	Nexo
Battery Electric	Instar, Kona, Ioniq 5, Ioniq 6, Ioniq 9
Hybrid	i30, Elantra, Kona, Sonata, Azera, Staria, Tucson, Santa Fe, Palisade
ICE	i10, i20, i30, Bayon, Elantra, Sonata, Azera, Accent, Venue, Kona, Creta, Tucson, Santa Fe, Palisade, Staria

Source: Company, Nuvama Research

Exhibit 23: Healthy presence across powertrains



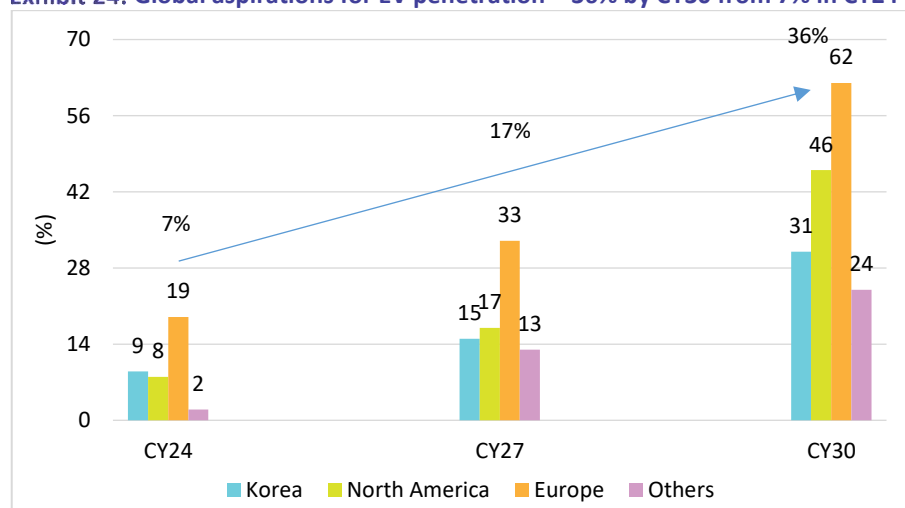
Source: Company, Nuvama Research



“...our DNA is to have some strong ability to rapidly respond to some transformation over the industry like some evolution of technology or changes in the government policy or geopolitics.” [\(link\)](#)

— Mr Unsoo Kim, MD, HMI

Exhibit 24: Global aspirations for EV penetration – 36% by CY30 from 7% in CY24



Source: Company, Nuvama Research

Exhibit 25: HMC R&D spends at USD2.9bn a year over past four years

HMC	CY21	CY22	CY23	CY24
R&D expense (USD mn)	2,706	2,582	3,038	3,363
% of sales	2.6	2.3	2.4	2.6
HMI	FY22	FY23	FY24	FY25
R&D expense (INR mn)	348	404	432	NA*
% of sales	0.1	0.1	0.1	NA*

Source: Company, Nuvama Research

Note: *FY25 numbers for HMI are yet to be released

Turbocharging growth with a high-impact model pipeline

For new models, HMI has had a 100% success rate (ability to recover PDC in four years) over the past ten years, which is higher than that of peers. It has announced a robust pipeline of 26 new models and refreshes by FY30E, including six EVs. Of the 26, seven–eight launches are new nameplates.

Exhibit 26: HMI's historical success ratio at 100%, higher than peers

New models	Segment	Launch year	PDC (INR mn)	PDC recovered within 4 years (Y/N)	Market share in segment in the first full year of sales (%)
Xcent	Compact sedan	2014	7,500#	Y	11
Creta	UV (> 4m)	2015	10,000	Y	45
Venue	UV (< 4m)	2019	7,000	Y	29
Alcazar	UV (> 4m)	2021	6,500	Y	4
Exter	UV (< 4m)	2023	9,500	Y*	6

Source: SIAM, Company, Nuvama Research

Note: * expect to recover PDC in four years, # assuming PDC at INR7.5bn

Exhibit 27: Maruti Suzuki's success rate is high too at 90%-plus, but lower than HMI's

New models	Segment	Launch year	PDC (INR mn)	PDC recovered within 4 years (Y/N)	Market share in segment in the first full year of sales (%)
Celerio	Entry hatchback	2014	6,000	Y	10
Ciaz	Mid-size sedan	2014	6,200	Y	29
Baleno	Premium hatchback	2015	10,600	Y	36
S-Cross	UV (> 4m)	2015	6,000	Y	9
Brezza	UV (< 4m)	2016	8,600	Y	46
Ignis	Mid level hatchback	2017	9,500	N	10
XL6	MPV	2019	1,000	Y	10
S-Presso	Entry hatchback	2019	6,400	Y	13
Grand Vitara	UV (> 4m)	2022	7,500#	Y	14
Fronx	UV (< 4m)	2023	9,000	Y	14
Jimny	UV (< 4m)	2023	9,600	Y	<1

Source: SIAM, Company, Nuvama Research

Note: # assuming PDC at INR7.5bn

Exhibit 28: M&M's success rate of 60% over last ten years has improved to 80%-plus over last five years

New models	Segment	Launch year	PDC (INR mn)	PDC recovered within 4 years (Y/N)	Market share in segment in the first full year of sales (%)
TUV300	UV (< 4m)	2015	12,000	N	14
KUV100	UV (< 4m)	2016	12,000	N	14
Marazzo	MPV	2018	14,000	N	4
XUV300	UV (< 4m)	2019	11,250	Y	9
Thar	UV (< 4m)	2020	7,500#	Y	5
XUV700	UV (> 4m)	2021	16,000	Y	9
Scorpio N	UV (> 4m)	2022	16,000	Y	5
XUV400	E-SUV	2023	7,500#	N	2
XUV3XO	UV (< 4m)	2024	6,500	Y	7
Thar Roxx	UV (> 4m)	2024	10,000	Y*	8

Source: SIAM, Company, Nuvama Research

Note: * expect to recover PDC in four years, # assuming PDC at INR7.5bn

Exhibit 29: Tata Motors' success rate at 60%-plus

New models	Segment	Launch year	PDC (INR mn)	PDC recovered within 4 years (Y/N)	Market share in segment in the first full year of sales (%)
Tiago	Mid-level hatchback	2016	7,500#	Y	11
Hexa	MPV	2017	7,500#	N	4
Tigor	Compact sedan	2017	7,500#	N	7
Nexon	UV (< 4m)	2017	7,500#	Y	15
Harrier	UV (> 4m)	2019	7,500#	Y	2
Altroz	Premium hatchback	2020	7,500#	Y	19
Safari	MPV	2021	7,500#	Y	5
Punch	UV (< 4m)	2021	7,500#	Y	16
Curvv	UV (> 4m)	2024	7,500#	Y*	3

Source: SIAM, Company, Nuvama Research

Note: * expect to recover PDC in four years, # assuming PDC at INR7.5bn



"Manufacturing a car is a simple business, really. You take some metal, add three parts of engineering, one part of artistry, stir in a lot of passion, and proceed to craft it with care. You pour in the requisite magic with some deft word-smithy, and for garnish you add a little bit of luck. Then you serve it with humility (albeit tinged with some flourish) and, if you've done it right, chances are you'll end up with an object of desire that dazzles at first glance and then grows into a longing." (an excerpt from 'Santro: The car that built a company')

— Mr B V R Subbu, former President, HMI

Over the next 18 months, our checks/media reports indicate the possibility of: new-gen Venue (watch out Maruti Brezza, Tata Nexon and Kia Sonet), Verna facelift (face-off with Honda City, Maruti Ciaz, Volkswagen Virtus, and Skoda Slavia), Exter facelift (to compete with Tata Punch), a new Compact SUV based on the Bayon platform (head on with Maruti Fronx) and a new micro E-SUV (to compete with Tata Punch EV), among others.

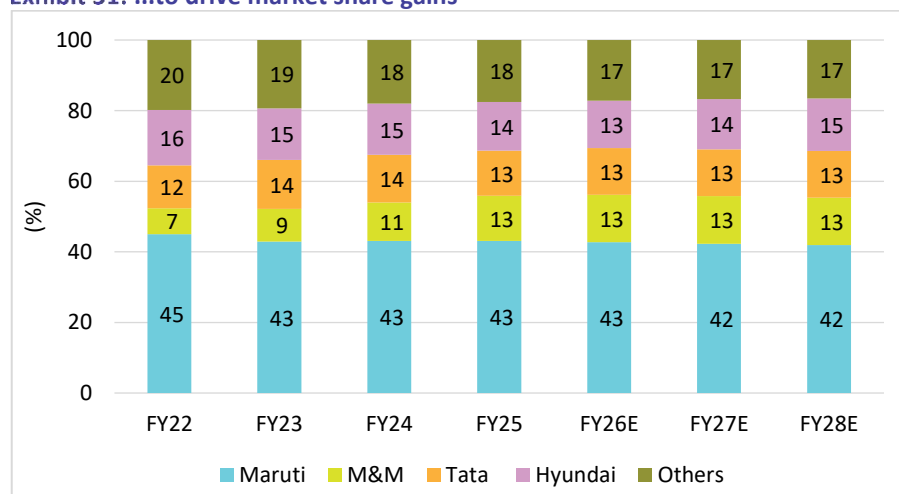
In 2028, a new-gen Creta SUV and Palisade MPV are expected across EV, Hybrid and ICE powertrains. This should drive market share gains in the domestic market from 14% in FY25 to 15% in FY28E.

Exhibit 30: Aggressive launch pipeline...

Model	New/Refresh	Segment	Launch period
Venue	New generation	SUV (< 4m)	Oct-25
Verna	Refresh	Sedan	Apr-26
Exter	Refresh	SUV (< 4m)	Mid-26
New Compact SUV (based on Bayon platform)	New	SUV (< 4m)	Mid-26
Micro E-SUV (Instert)	New	SUV (EV)	Late-26
i20	Refresh	Hatchback	2027-28
Alcazar	Refresh	SUV (> 4m)	2027-28
Creta	New generation	SUV (> 4m)	Feb-28
Palisade	New	SUV (> 4m)	2028

Source: Media reports, Nuvama Research

Exhibit 31: ...to drive market share gains



Source: SIAM, Nuvama Research

Spy shots of upcoming HMI models

Exhibit 32: New-gen Venue



Source: Media reports, Nuvama Research

Exhibit 33: Verna facelift



Source: Media reports, Nuvama Research

Exhibit 34: New Compact SUV (Bayon platform)



Source: Media reports, Nuvama Research

Exhibit 35: New Micro E-SUV – Inster



Source: Media reports, Nuvama Research

New products planned by OEMs all across, but HMI is relatively more aggressive and has had a high success rate historically.

Exhibit 36: Maruti Suzuki planning multiple launches

Model	New/Variant	Segment	Launch period
e-Vitara	New	SUV (EV)	Sep-25
Escudo	New	SUV (> 4m)	End-25
Micro SUV	New	SUV (< 4m)	Nov-26
Multiple hybrids	Variants	Cars, SUV	By FY30
Three new EVs	New		By FY30

Source: Media reports, Nuvama Research

Exhibit 37: Tata planning to expand portfolio to 15 nameplates

Model	New/Variant	Segment	Launch period
Sierra EV	New	SUV (> 4m)	End 2025
Sierra ICE	New	SUV (> 4m)	Early 2026
Avinya	New	SUV (EV)	2027
Avinya X	New	SUV (EV)	2027
Two ICE models	New		By FY30
Two EV models	New		By FY30

Source: Media reports, Nuvama Research

Exhibit 38: M&M focusing notably on EVs

Model	New/Refresh	Segment	Launch period
Bolero	Refresh	SUV (< 4m)	Aug-25
XUV 700	Refresh	SUV (> 4m)	Early 2026
Thar 3-door	Refresh	SUV (< 4m)	End 2025
XEV 7e	New	SUV (EV)	H2CY25
Thar-E	New	SUV (EV)	2026

Source: Media reports, Nuvama Research

Exhibit 39: HMI has healthy presence in cars with strong brands

OEM	Price range (ex-showroom New Delhi)				
	≤ INR1mn	INR1mn – INR1.5mn	INR1.5mn – INR2mn	INR2mn – INR2.5mn	≥ INR2.5mn
Maruti Suzuki	S-Presso				
	Alto K10				
	Celerio				
	WagonR				
	Ignis				
	Swift				
	Baleno				
	Dzire				
Hyundai Motor	Grand i10 NIOS	Verna			
	i20				
	Aura				
Tata Motors	Tiago (ICE+EV)	Tigor			
	Tigor				
	Altroz				
Toyota	Glanza				Camry
Honda	Amaze	City			
Skoda		Slavia			
Volkswagen		Virtus			Golf GTI
MG Motor	Comet EV				
Renault	Kwid				
BYD					Seal

Source: Industry, Nuvama Research

Note: Models shaded in green represent EVs

Exhibit 40: HMI has strong presence in UVs; focussed on filling white spaces

OEM	Price range (Ex-showroom New Delhi)				
	≤ INR1mn	INR1mn – INR1.5mn	INR1.5mn – INR2mn	INR2mn – INR2.5mn	≥ INR2.5mn
Maruti Suzuki	Eeco	Grand Vitara	E-Vitara		Invicto
	Fronx	XL6			
	Brezza	Jimny			
	Ertiga				
Hyundai Motor	Exter	Creta	Creta Electric		Tucson
	Venue	Alcazar			Ioniq 5
Tata Motors	Punch (ICE+EV)	Nexon	Safari	Harrier	
	Nexon	Harrier	Curvv		
	Curvv				
Mahindra and Mahindra	XUV 3XO	Thar	XUV400		
	Bolero	Thar Roxx	BE 6	XEV 9E	
	Bolero Neo	Scorpio Classic			
		Scorpio N			
		Marazzo			
		XUV700			
Toyota	Urban Cruiser Taisor	Rumion	Innova Hycross		Hilux
		Urban Cruiser Hyryder	Innova Crysta		Fortuner
Kia Motor	Sonet	Seltos			EV6
	Syros	Carens			Carnival
		Carens Clavis			EV9
Honda		Elevate			
Skoda	KyLaq	Kushaq			Kodiaq
Volkswagen		Taigun			Tiguan R-Line
MG Motor		Astor	ZS EV		Gloster
		Windsor EV			
		Hector			
Renault	Triber				
	Kiger				
Nissan	Magnite				
Citroen	C3	E-C3			C5 Aircross
	Aircross				
	Basalt				
Jeep			Compass	Meridian	Wrangler
					Cherokee
BYD				Atto 3	eMax 7
					Sealion 7

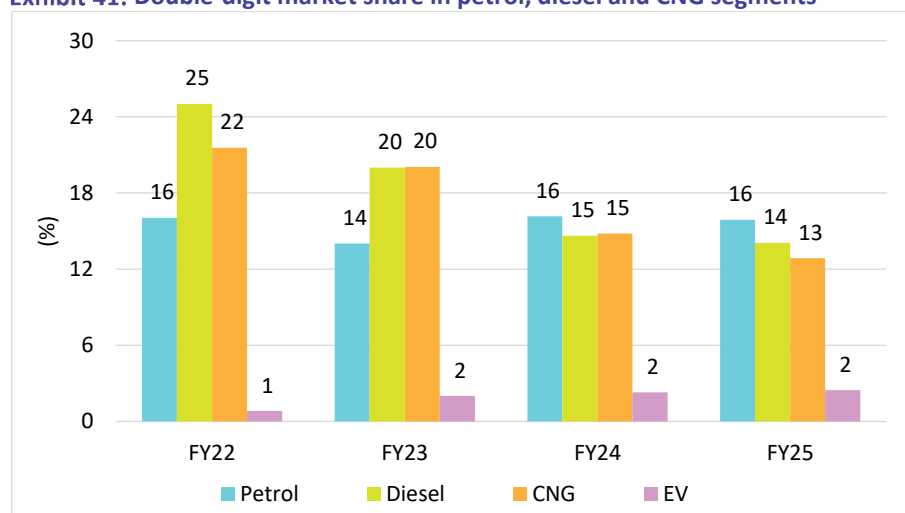
Source: Industry, Nuvama Research

Note: Models shaded in green represent EVs

HMI market share across powertrains stands at 16%, 14%, 13% and 2% in the Petrol, Diesel, CNG and EV segments in FY25 (source: Vahan registrations). HMI's CNG share in domestic sales has been increasing—up from 11% in FY24 to 13% in FY25—led by acceptance of the dual-cylinder feature in existing models. CNG sales growth is likely to sustain as most of the upcoming models are likely to feature a CNG powertrain option.

Furthermore, considering the low share in EVs, the company plans to have portfolio of six EVs in India by FY30E, including four mass-market models.

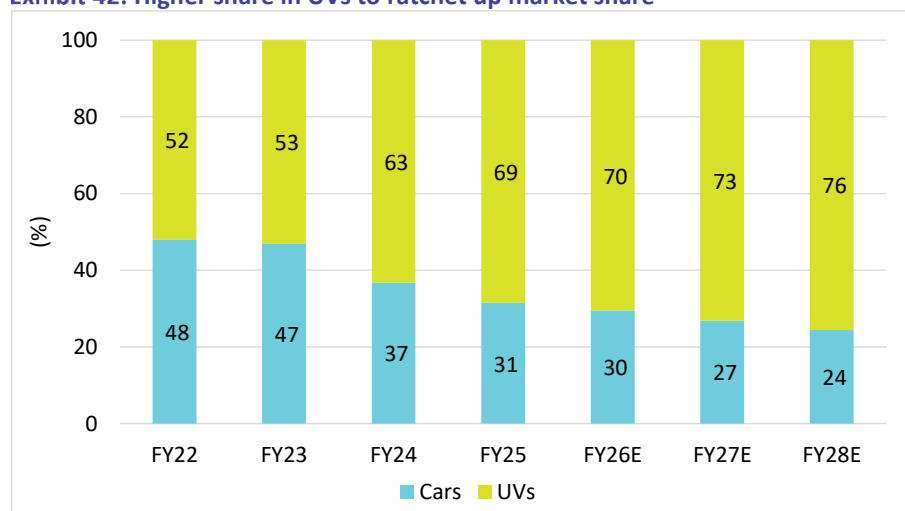
Exhibit 41: Double-digit market share in petrol, diesel and CNG segments



Source: Vahan, Nuvama Research

In FY25, HMI clocked a higher share of domestic volumes from UVs at 69% (versus 63% in FY24) than industry's 65% (versus 60%). Even in rural areas, HMI's UV share stood at 67% in FY25 compared with 60% in FY24. This augurs well for the company as UVs continue to outpace overall PV growth due to shifting customer preferences. Hence, upcoming models are skewed towards UVs.

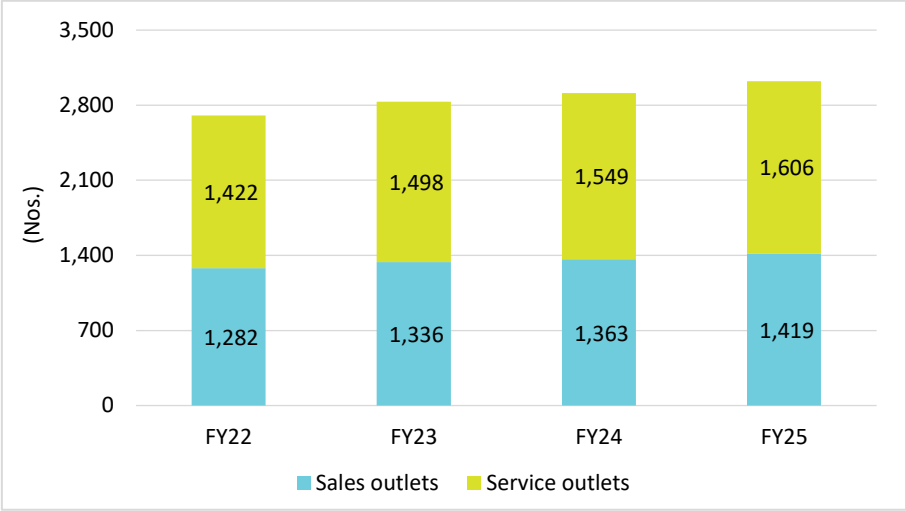
Exhibit 42: Higher share in UVs to ratchet up market share



Source: SIAM, Nuvama Research

HMI has been increasing presence in the rural market with a share of 21% in FY25, up from 19% in FY24. It has 1,400-plus outlets with a 46% share of rural markets. The company is expanding presence by adding ~50 outlets each year, with additions mostly in smaller towns and rural areas.

Exhibit 43: Network expansion to sustain



Source: Company, Nuvama Research

Exhibit 44: Huge potential to expand network vis-a-vis Maruti Suzuki

Key PV OEMs	Sales outlets	Service outlets	As on
Hyundai	1,419	1,606	Mar-25
Maruti Suzuki	3,925	5,240	Dec-24
Mahindra and Mahindra	1,370	1,100	Dec-24
Tata Motors	1,556	1,087	Mar-25

Source: Company, Nuvama Research

We build in a domestic volume/revenue CAGR of 6%/9% over FY25–28E. Furthermore, we build in an export volume/revenue CAGR of 9%/11% over FY25–28E. The share of exports in total volumes stood at 21% in FY25, and the company targets to increase it to 30% in FY30E.

Exhibit 45: Key assumptions: Volume/revenue CAGR of 7%/9% over FY25–28E

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR% (FY25–28E)
Volumes (units)								
Cars	231,070	265,865	225,984	188,467	175,115	176,866	175,097	(2)
Elantra	178	-	-	-	-	-	-	
Santro	23,777	4,411	-	-	-	-	-	
Aura	35,854	50,232	55,215	54,945	54,945	55,494	54,940	(0)
Grand i10	88,440	108,841	70,764	62,415	56,174	56,735	56,168	(3)
i20	62,769	82,612	69,988	55,513	49,962	50,461	49,957	(3)
Verna	20,052	19,769	30,017	15,594	14,035	14,175	14,033	(3)
UVs	250,430	301,681	388,725	410,199	418,153	481,781	542,434	10
Tucson	1,222	2,985	2,883	1,319	1,187	1,128	1,094	(6)
Venue	105,091	120,653	128,897	119,113	119,113	123,878	123,878	1
Creta	118,092	150,372	162,773	191,254	196,992	200,931	200,931	2
Creta EV	-	-	-	3,617	6,000	6,300	6,300	20
Instar EV	-	-	-	-	-	9,000	36,000	
Exter	-	-	71,299	77,412	77,412	81,283	73,154	(2)
Kona	131	921	720	-	-	-	-	
Alcazar	25,894	26,696	20,753	17,132	17,132	16,961	16,791	(1)
Below 4M SUV	-	-	-	-	-	42,000	84,000	
new MPV	-	-	-	-	-	-	-	
Ioniq5 EV	-	54	1,400	352	317	301	286	(7)
Total Domestic volumes	481,500	567,546	614,709	598,666	593,267	658,647	717,531	6
YoY (%)	2.1	17.9	8.3	(2.6)	(0.9)	11.0	8.9	
Export volumes	129,260	153,019	163,155	163,386	179,725	195,900	211,572	9
YoY (%)	23.9	18.4	6.6	0.1	10.0	9.0	8.0	
Total Volumes (units)	610,760	720,565	777,864	762,052	772,992	854,547	929,103	7
YoY (%)	6.1	18.0	8.0	(2.0)	1.4	10.6	8.7	
Realization (INR/unit)	775,729	836,949	897,703	907,982	938,047	950,978	973,087	2
YoY (%)	9.0	7.9	7.3	1.1	3.3	1.4	2.3	
Revenue (INR mn)	473,784	603,076	698,291	691,929	725,103	812,655	904,098	9
YoY (%)	15.6	27.3	15.8	(0.9)	4.8	12.1	11.3	

Source: Company, Nuvama Research

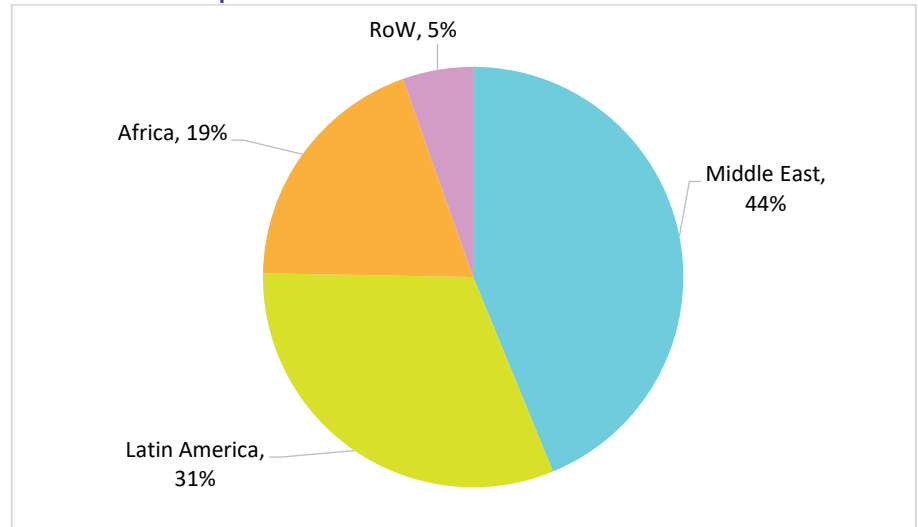
"We are at about 20-21% of the overall volume is exports, going forward we believe we can take it up to 30%." ([link](#))

—Mr Tarun Garg, Director and COO at HMI

Huge exports potential

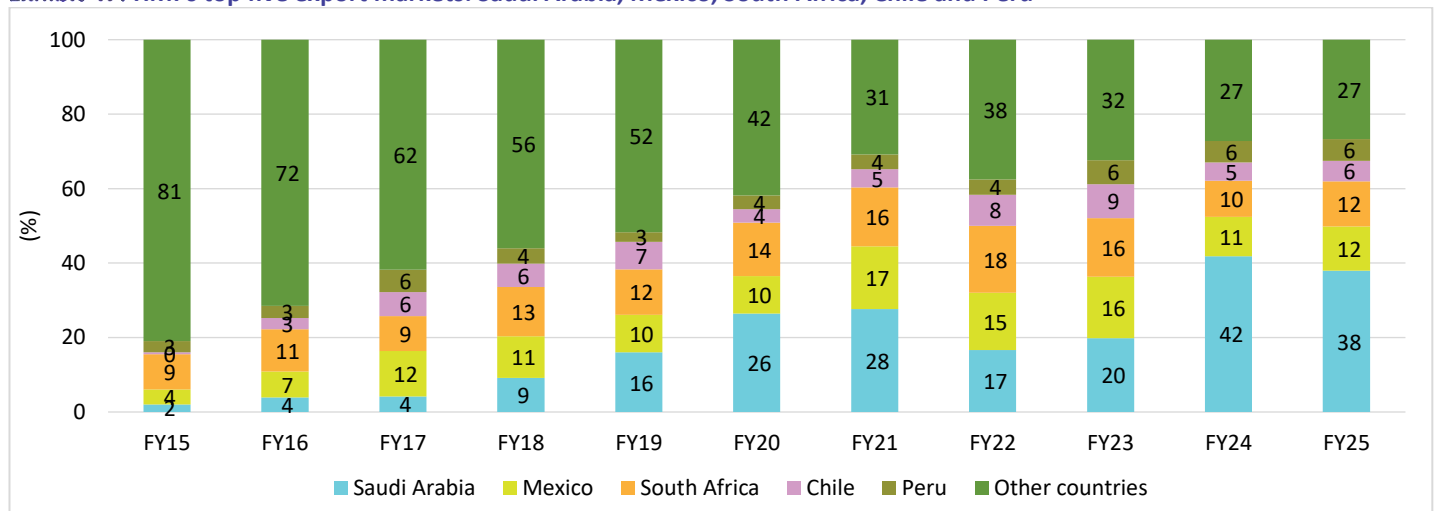
HMI is the second-largest exporter from India, catering to the Middle East, Africa and Latin America regions. Its top regions are the Middle East with a cumulative 44% share, Latin America with a 31% share and Africa with a 19% share in FY25. The top five countries are Saudi Arabia, Mexico, South Africa, Chile and Peru with a share of 38%, 12%, 12%, 6% and 6%, respectively.

Exhibit 46: FY25 export mix skewed towards Middle East and Latin America



Source: Shipping database, Nuvama Research

Exhibit 47: HMI's top five export markets: Saudi Arabia, Mexico, South Africa, Chile and Peru



Source: Shipping database, Nuvama Research

Notably, HMI is the exclusive manufacturer of Venue/Verna model for emerging markets. Going forward, new capacity additions at the Talegaon plant will allow it to focus more aggressively on overseas markets.

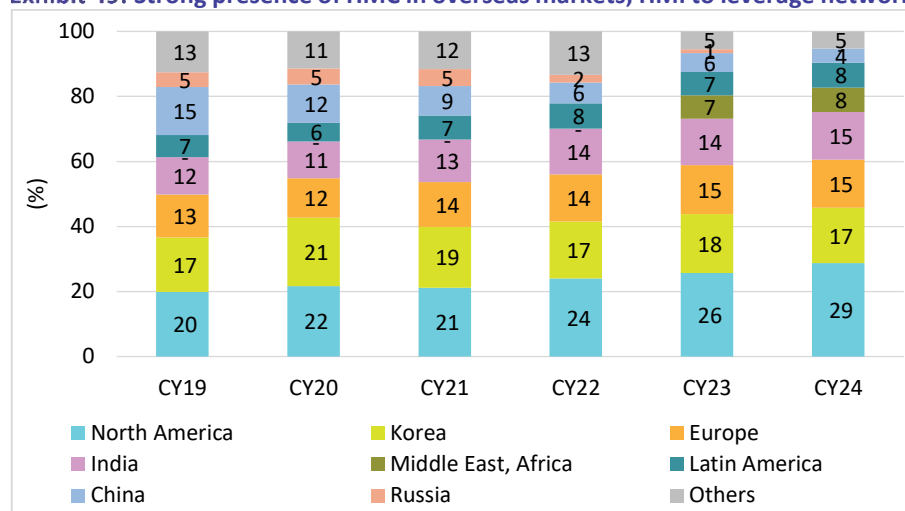
Exhibit 48: Capacity addition at Talegaon plant to support exports

Production facilities	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Chennai, Tamil Nadu	758,000	770,000	811,000	824,000	824,000	824,000	824,000
Talegaon, Maharashtra	-	-	-	-	170,000	170,000	250,000
Total installed capacity	758,000	770,000	811,000	824,000	994,000	994,000	1,074,000

Source: Company, Nuvama Research

HMI leverages global parentco's network, which has presence in over 200 countries. The former is working on increasing penetration across countries via new models. For instance, the company commenced exports of Venue to Indonesia, Verna to Yemen and Creta EV to Nepal in FY25.

Exhibit 49: Strong presence of HMC in overseas markets; HMI to leverage network



Source: Company, Nuvama Research

Poised to benefit from premiumisation theme

There has been a notable shift toward SUVs in the PV industry from 60% in FY24 to 65% in FY25. Furthermore, features list has expanded rapidly to include bells and whistles such as sunroofs, ADAS and Automatics, leading to a jump in the blended selling price of vehicles.

HMI's share of sunroofs/ADAS in sales has increased from 48%/7% in FY24 to 53%/14% in FY25. In addition, the share of automatics topped 20% in FY25 and rose even further to 24% in Apr-25. Currently, six of the company's models feature Level-2 ADAS.

These trends along with electrification have resulted in realisation CAGR of 5% for HMI over the past three years, and we expect realisation to increase at a 2% CAGR over the next three years (FY25–28E).

Valuation

- Revenue/EBITDA to compound at 9%/12% over FY25–28E; average RoIC of 57%
- DCF-based TP of INR2,600, implying 30x Sep-27E core PE plus net cash of INR117/share
- Target valuation justified given global parentco support, high UV exposure, a strong pipeline and a high RoIC

Healthy growth prospects at reasonable multiples

HMC is the third-largest mass-market PV company with global revenue of USD129bn in CY24, presence in 200-plus countries and 40-plus models. Being a subsidiary of HMC, the Indian subsidiary HMI is expected to grow over medium term owing to benefits of sustained technology/product development support and use of HMC's global distribution network.

HMI has planned 26 launches by FY30E, including seven–eight new high-impact models across powertrains. This should drive a domestic/export revenue CAGR of 9%/11% over FY25–28E. Meanwhile, premiumisation is on the rise with an increasing share of sunroofs, ADAS and automatics, which shall continue to benefit HMI. Overall, we build in a revenue CAGR of 9% over FY25–28E; EBITDA CAGR is likely to be higher at 12% with average RoIC of 57%.

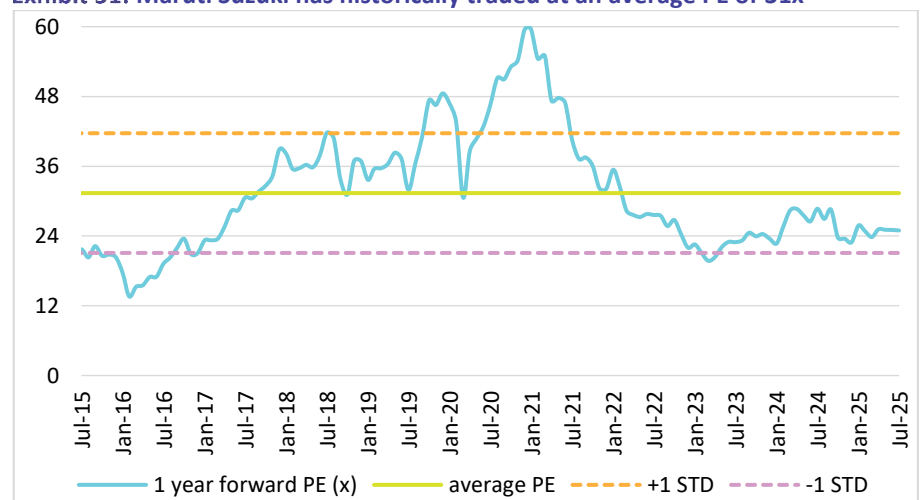
The stock is trading at a PE of 25x/21x based on FY27E/28E EPS. Our DCF-based TP works out to INR2,600, implying 30x Sep-27E core PE, plus net cash of INR117/share. We believe that the target multiple is justified owing to global parentco support, high UV exposure, a strong model pipeline and high RoIC. Furthermore, the larger peer Maruti Suzuki's stock has historically traded at an average PE of 31x over the past ten years.

Exhibit 50: DCF-based PE at 30x led by 10% EBITDA CAGR till FY37E, 5% thereafter

Parameter	Value (INR mn)	Parameter	Value
PV of FCF in Stage 1 (12 years)	809,500	Cost of equity	11.00%
PV of terminal value	1,185,638	Equity (%)	100.0%
Enterprise value	1,995,138	WACC	11.00%
Net debt	(92,742)	Terminal growth rate	5.0%
Equity value	2,087,881	No. of shares (mn)	813
Implied Core P/E			30

Source: Bloomberg, Nuvama Research

Exhibit 51: Maruti Suzuki has historically traded at an average PE of 31x



Source: Bloomberg, Nuvama Research

Exhibit 52: Peer comparison: HMI has healthy growth prospects and superior RoICs

OEMs	Revenue (INR bn)				EBITDA (INR bn)				RoIC (%)			PE (x)			EV/EBITDA (x)		
	FY25	FY26E	FY27E	CAGR FY25-27E (%)	FY25	FY26E	FY27E	CAGR FY25-27E (%)	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Hyundai (C)	692	725	813	8	90	96	111	11	115	55	52	30	29	25	18	17	14
Maruti Suzuki (P)	1,519	1,679	1,813	9	178	192	215	10	63	52	49	28	26	24	19	17	15
Tata Motors (C)	4,397	4,285	4,634	3	552	512	584	3	22	19	20	9	13	11	5	5	4

Source: Company, Nuvama Research

Financial Outlook

- Market share gains and robust exports to drive industry-beating revenue CAGR of 9% over FY25–28E
- EBITDA CAGR to outpace at 12% led by better scale, increasing share of exports, localisation and other cost-saving efforts
- Average FCF shall be ~INR43bn over FY26–28E, which would lift net cash from INR78bn in FY25 to INR172bn in FY28E

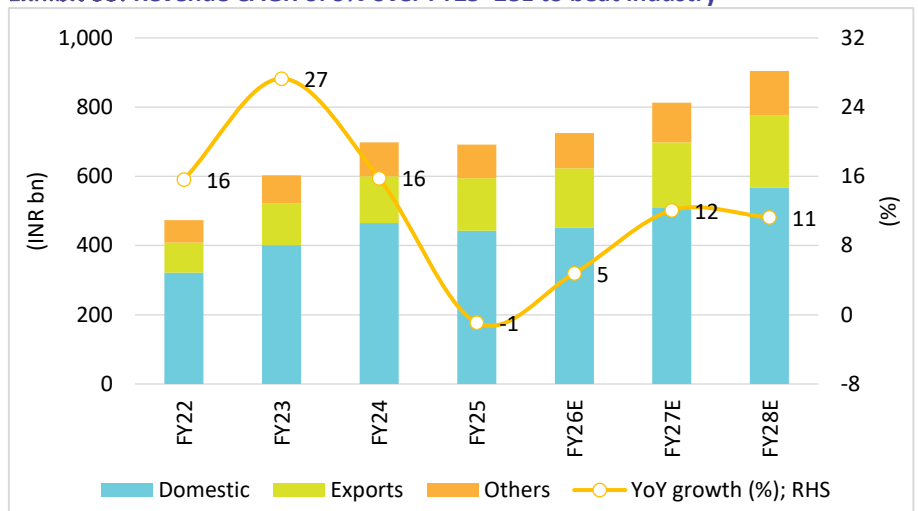
Healthy growth prospects with elevated RoICs

We reckon industry volume/revenue CAGR would be 4%/7% over FY25–28E supported by growth in SUVs. HMI, we argue, shall outgrow the industry riding the probable success of its new products; we forecast its domestic volume/revenue would expand at a CAGR of 6%/9% over FY25–28E.

Over the next 18 months, our checks/media reports indicate the possibility of a new-gen Venue, a Verna facelift, an Exter facelift, a new Compact SUV based on the Bayon platform (watch out Maruti Fronx) and a new micro E-SUV (face-off with Tata Punch EV). This should drive up HMI's domestic market share from 14% in FY25 to 15% in FY28E.

Exports growth shall be driven by continuing growth in Latin America and Africa, and recovery in Asia and the Middle East. HMI leverages HMC's global distribution network with a presence in 200-plus countries. Additionally, HMI is well-placed to benefit from an increasing share of SUVs and premiumisation given the uptrend in adoption of sunroofs, ADAS and automatics.

Exhibit 53: Revenue CAGR of 9% over FY25–28E to beat industry

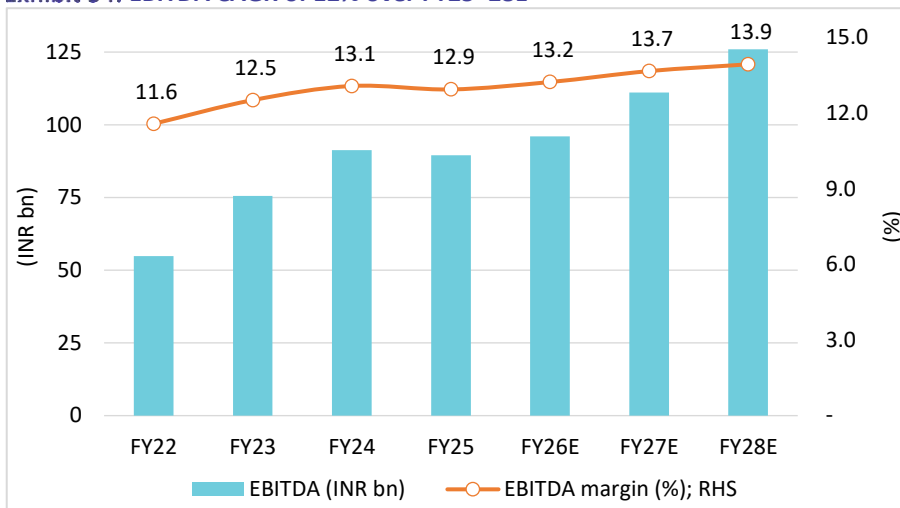


Source: Company, Nuvama Research

EBITDA CAGR of 12% over FY25–28E would be led by better scale, an increasing share of exports, localisation and other cost-saving efforts. The localisation level reached 82% in FY25, up from 78% in FY24 owing to focus on automatic transmissions, powertrain parts, ADAS systems and EV batteries.

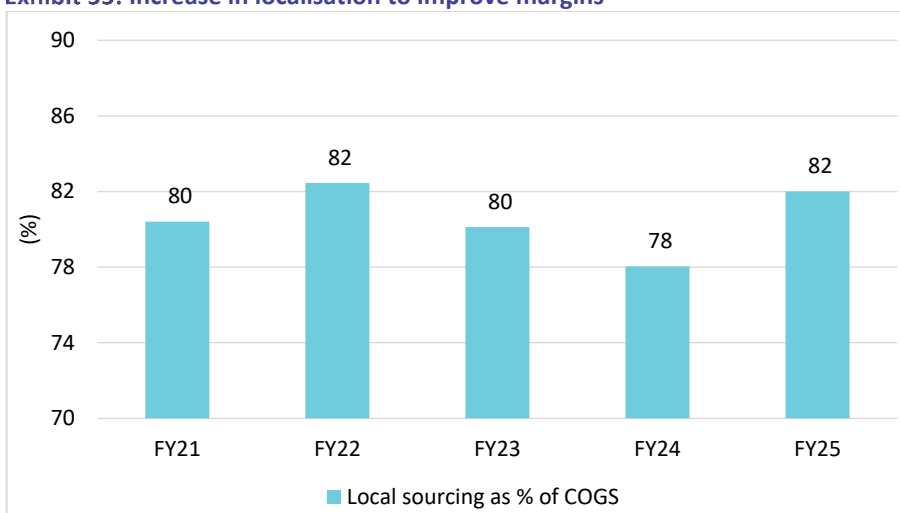
In the EV segment, the company has already localised its battery packs and is in the process of localising battery cells in collaboration with Exide Industries.

Exhibit 54: EBITDA CAGR of 12% over FY25–28E



Source: Company, Nuvama Research

Exhibit 55: Increase in localisation to improve margins



Source: Company, Nuvama Research

Historically, HMI has been able to register gross profit/unit and EBITDA/unit at elevated levels, outpacing peers; we expect this trend to sustain.

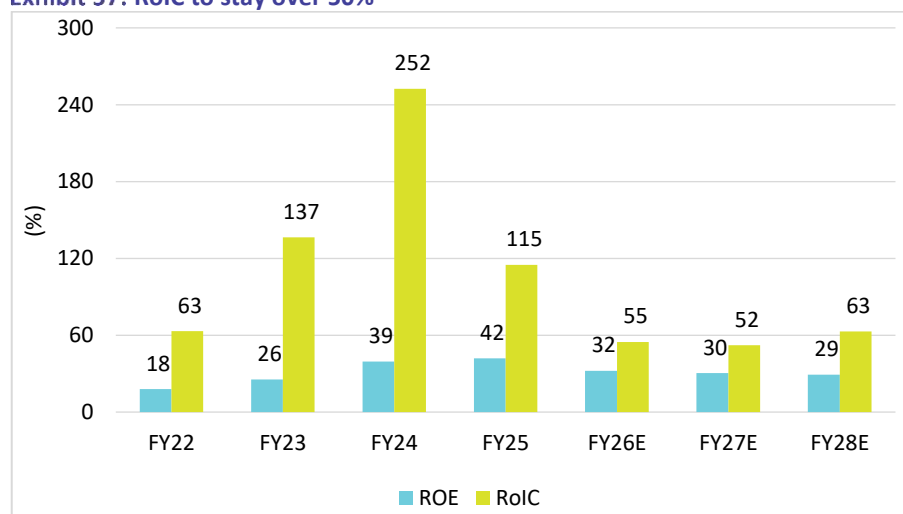
Exhibit 56: Peer comparison; EBITDA/unit above peers

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E
Capacity (units/annum)						
Hyundai	758,000	770,000	811,000	824,000	994,000	994,000
Maruti Suzuki	2,250,000	2,250,000	2,250,000	2,350,000	2,600,000	2,600,000
Tata Motors - PV	480,000	480,000	720,000	720,000	720,000	720,000
Utilization (%)						
Hyundai	81	94	96	92	78	86
Maruti Suzuki	73	87	95	95	91	94
Tata Motors - PV	78	114	80	77	83	87
Revenue (INR/unit)						
Hyundai	775,729	836,949	897,703	907,981	938,047	950,978
Maruti Suzuki	534,186	597,736	660,120	680,880	712,249	740,788
Tata Motors - PV	868,285	893,399	888,914	880,307	908,557	916,430
Gross profit (INR/unit)						
Hyundai	189,163	212,023	234,438	252,247	262,149	266,971
Maruti Suzuki	134,662	159,091	188,884	194,668	200,381	210,043
Tata Motors - PV	131,401	144,065	158,884	153,828	172,626	183,286
Employee cost (INR/unit)						
Hyundai	26,977	24,512	25,396	30,329	31,992	30,965
Maruti Suzuki	24,334	23,422	25,661	27,509	28,006	28,871
Tata Motors - PV	26,038	23,922	25,323	28,296	28,749	28,998
Other expenses (INR/unit)						
Hyundai	72,363	82,750	91,636	104,422	106,008	106,019
Maruti Suzuki	75,836	79,682	86,402	87,439	90,814	93,386
Tata Motors - PV	80,972	69,204	71,642	72,788	74,536	75,353
EBITDA (INR/unit)						
Hyundai	89,824	104,762	117,406	117,495	124,149	129,987
Maruti Suzuki	34,492	55,987	76,822	79,721	81,560	87,786
Tata Motors - PV	24,391	50,939	61,918	52,744	69,340	78,934
FCF (INR mn)						
Hyundai	32,973	31,859	45,469	(18,180)	3,263	57,109
Maruti Suzuki	(33,250)	6,179	43,475	6,658	52,112	61,110
Tata Motors - PV	10,521	9,860	5,921	5,090	(2,354)	(2,364)
RoIC (%)						
Hyundai	63	137	252	115	55	52
Maruti Suzuki	24	52	71	63	52	49
Tata Motors	(11)	9	18	10	24	24
Cash conversion cycle (in days)						
Hyundai	(3)	(7)	(9)	(7)	(5)	(3)
Maruti Suzuki	(17)	(13)	(15)	(14)	(11)	(8)
Tata Motors	(28)	(19)	(20)	(35)	(31)	(30)

Source: Company, Nuvama Research

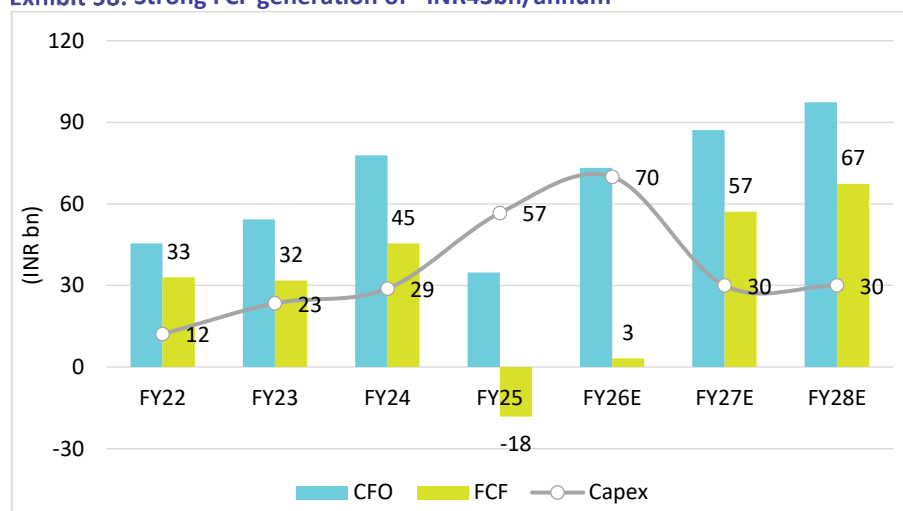
Return ratios are likely to stay elevated with RoIC (post-tax) expected at 57% over FY26–28E. Average FCF shall be ~INR43bn over FY26–28E, which would lift net cash from INR78bn in FY25 to INR172bn in FY28E.

Exhibit 57: RoIC to stay over 50%



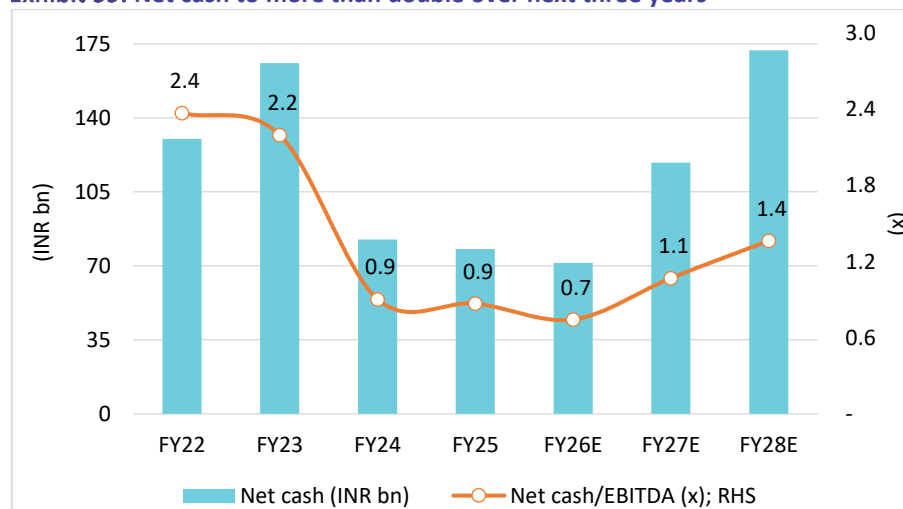
Source: Company, Nuvama Research

Exhibit 58: Strong FCF generation of ~INR43bn/annum



Source: Company, Nuvama Research

Exhibit 59: Net cash to more than double over next three years



Source: Company, Nuvama Research

HMI has outlined FY26E capex of INR70bn. Of this, 40% shall be allocated to the Talegaon plant expansion and 25% to product-related investments. Production at this plant is likely to start by Q3FY26E, with Phase I capacity of 170,000 vehicles. HMI's long-term capex plan is to incur INR320bn by FY32E to expand production capacity, and fund launches and R&D initiatives.

Key Risks

Slower-than-expected domestic growth

PV industry growth has been moderating post-strong growth over the last few years. Positive growth is expected in FY26E/27E on better rural demand, income tax reforms and implementation of the 8th Pay Commission for government employees.

The PV industry is cyclical in nature and is influenced by customer sentiment and broader economic trends. For every 3% cut in FY26 domestic revenue assumption, our EPS assumption reduces by 2%.

Slower overseas demand

HMI will focus on launches and improving penetration in existing overseas markets. However, broader macro variables—such as currency, crude prices and inflation—can impact customer sentiment and demand. For every 3% cut in FY26 exports' revenue assumption, our EPS assumption reduces by 1%.

Market share pressures

HMI has a robust pipeline of products. However, peers such as Mahindra & Mahindra, Tata Motors and Maruti Suzuki are also planning several launches. Assuming higher competitive intensity or failure of launches such as upcoming compact SUV and micro E-SUV, there can be a cut in revenue/EPS assumptions. For every 50bp loss in domestic market share in FY27, our revenue/EPS assumption reduces by 4%/3%.

Margin pressures

Higher discounting or adverse currency/ commodity prices can adversely affect the company's cost structure. Furthermore, if the parentco increases royalty rates any further, costs can rise. For every 50bp cut in FY26 margin assumption, our EPS assumption reduces by 5%.

Promoter selling likely to increase float

Considering that promoter holding is at 82.5%, an additional 7.5% stake needs to be diluted in the next three–five years. This is in line with SEBI's minimum public shareholding guidelines. This stake sale by promoter can temporarily affect the stock price performance.

ESG

HMI's ESG initiatives reflect strong planning with a focus on ethical business practices, sustainability, resource conservation, societal well-being, rural upliftment and a well-diversified board.

Exhibit 60: ESG initiatives by HMI

ESG	Initiatives
Environment	- In FY24, 63% of total energy needs at the Chennai plant were sourced from renewable sources. HMI is in the process of implementing a "RE100" plan, the vision to improve the renewable energy utilisation rate to 100% by the end of 2025—through renewable energy generated in-house and sourced from third parties. - Water used at the plant is sourced primarily from six rainwater harvesting ponds and the plant had a green belt of 33% as of Q1FY25. Additionally, the company has its own reverse osmosis water treatment plant and effluent and sewage treatment plants. - HMI has a dedicated environmental and energy team overseeing the implementation of an Environmental Management System that adheres to ISO 14001 standards. Additionally, it has established an Energy Management System in accordance with ISO 50001 criteria. - The company is committed towards carbon neutrality and has initiated the Integrated Solutions to Climate Change to achieve carbon-neutrality by 2045. - Under the 'H₂OPE' project, 100 water reverse osmosis systems across schools in Gadhchiroli were inaugurated in FY25.
Social	- In FY23, Hyundai Motor India Foundation (HMIF) initiated "Mission Chennai", a health and road safety project targeting both public and private transport drivers. This initiative included providing free health check-ups for drivers along with counselling by medical experts; conducting road safety sessions; and collaborating with authorities to conduct surveys addressing road use issues and proposing solutions. "Sparsh Sanjeevani – Mobile Medical Van" project, launched in 2021, is a doorstep healthcare service in underserved rural areas, specifically in Laxmangarh, Rajasthan. Additionally, HMIF has established Sparsh Sanjeevani Telemedicine Clinics, extending healthcare access to other rural areas. In FY25, it inaugurated five telemedicine clinics in Talegaon, and two mobile medical vans in Nagpur and Aurangabad districts. - Launched the "Vidya Vahini" programme in 2022 through which a mobile science library visits schools in Uttar Pradesh. The project inventory includes books, apparatus for experiments and trained instructors. In Aug-24, it deployed "Mobile Science library" and "Lab on Bike" across 14 districts of Uttar Pradesh and Haryana as part of the Vidya Vahini programme. - Launched an agroforestry project in Andhra Pradesh for the Chenchu tribe. As a part of the project, HMIF supports the tribe by fencing the land, planting trees, delivering organic manure, supplying mechanised support for tilling, ploughing and conducting trainings on intercropping practices. - Launched the "Hyundai Hope scholarship programme" to help underprivileged aspirants preparing for competitive exams.
Governance	As of Oct-24, HMI's Board comprises eight directors: Managing Director & Chairperson, Chief Operating Officer, Chief Manufacturing Officer, Chief Financial Officer and four independent directors, including two women.

Source: Company, Nuvama Research

Managerial remuneration is reasonable, reflecting prudent governance and a balanced approach towards rewarding leadership performance.

Exhibit 61: Managerial remuneration

Name	Designation	FY24 (INR mn)
Mr Unsoo Kim	Chairman and Managing Director	74.9
Mr Tarun Garg	Whole-time Director and Chief Operating Officer	42.4
Mr Wangdo Hur	Whole-time Director and Chief Financial Officer	43.7
Mr Gopalakrishnan Chathapuram Sivaramakrishnan	Whole-time Director and Chief Manufacturing Officer	24.1
Total		185.1
% of Employee cost		0.9
% of Reported PAT		0.3

Source: Company, Nuvama Research

Purchase of raw materials/spares from related parties (Mobis India, HMC, Kia India, etc) is high at 28% of revenue. The purchase of parts from global entities is expected to reduce in the future as localisation efforts continue to bear fruit.

Exhibit 62: Major related-party transactions

Nature of the transaction (INR mn)	FY22	FY23	FY24	Q1FY25
Sale of motor vehicles, parts and raw materials	38,157	48,285	52,462	11,797
% of revenue	8	8	8	7
Purchase of raw materials, components and spare parts	128,447	161,592	197,173	44,574
% of revenue	27	27	28	26
Royalty	10,973	14,358	15,668	4,770
% of revenue	2	2	2	3
Dividend paid	13,594	14,935	154,358	-
% of revenue	3	2	22	-

Source: Company, Nuvama Research

Exhibit 63: Contingent liabilities

Particulars (INR mn)	FY22	FY23	FY24	Q1FY25
Customs duty (#)	1,195	1,195	1,195	1,195
Duty drawback	9	-	-	-
Excise duty	82	82	82	82
Service tax	190	190	190	190
GST	2,869	2,614	590	1,081
Income tax draft assessment orders received and pending disposal with DRP	4,472	-	1,446	1,446
Total contingent liabilities	8,817	4,082	3,503	3,994
% of net worth	5.2	2.0	3.3	2.5*

Source: Company, Nuvama Research

Note: # The Group had received show cause notices from the DRI demanding an amount of INR1,194.76mn in connection with various matters. The department has also mentioned that the goods, which are a subject matter of the demand of customs duty, are also liable for confiscation under Section 111 of the Customs Act, 1962. The Group has filed/is in the process of filings replies for the same and expects a favourable outcome on the matter.

*net worth as on Mar-25

Over the last three years, there has been no change in the company's statutory auditor. Furthermore, the remuneration paid to the auditor is immaterial in relation to the company's revenue, other expenses and PAT.

Exhibit 64: Auditor details

Particulars	FY22	FY23	FY24	Q1FY25
Firm name	B S R & Co. LLP	B S R & Co. LLP	B S R & Co. LLP	B S R & Co. LLP
Remuneration (INR mn)	18.7	20.6	20.9	1.7
% of revenue	0.00	0.00	0.00	0.00
% of other expenses	0.04	0.03	0.03	0.01
% of reported PAT	0.06	0.04	0.03	0.01

Source: Company, Nuvama Research

Company Overview

Exhibit 65: Company overview

Particulars	Details
Company background	Incorporated in 1996, Hyundai Motor India (HMI) is a subsidiary of Hyundai Motor Company (HMC), South Korea. HMI has been the second-largest PV player in India since FY09 and currently offers 14 models in its product portfolio. Since incorporation, the company has sold over 12mn vehicles in both domestic and export markets. The company forms a critical part of HMC's global exports hub with exports to Africa, the Middle East and other countries, including Bangladesh, Nepal, Bhutan and Sri Lanka.
About the Promoter	HMC was incorporated in 1967 in Seoul, South Korea. Hyundai Motor Group is the third-largest PV OEM in the world by CY23 sales according to a Crisil Report.
Products	14 models (including N-line and EV): Grand i10 NIOS, i20, Aura, Verna, Exter, Venue, Creta, Alcazar, Tucson, Ioniq 5
Partnerships	HMI does not have any significant financial or strategic partners.
R&D	HMI operates an R&D centre in Hyderabad under its subsidiary Hyundai Motor India Engineering Private Limited (HMIEPL). It works closely with HMC's centralised R&D hub at Namyang, South Korea. The India centre is being expanded into a global R&D hub for compact passenger vehicles, including a proposed automotive test track for EVs.
Plants	The company has three manufacturing plants—two operating in Chennai, Tamil Nadu, and one plant at Talegaon, Maharashtra. The Chennai plants have installed capacity of 824,000 vehicles in total.
Network	As on Mar-25, HMI had a network of 1,419 sales outlets and 1,606 service points across India.
Employees	As of Jun-24, HMI had 5,672 full-time employees and 10,171 off-roll employees
Credit rating	Long-term rating: AAA/Stable; short term rating: A1+ (CRISIL)
Auditor	B S R & Co. LLP, Chartered Accountants

Source: Company, Nuvama Research

Exhibit 66: Domestic volumes dominated by UVs – Creta, Venue and Exter

Volumes	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
i10/ Grand i10	136,433	153,692	160,617	151,113	126,041	99,592	100,611	88,440	108,841	70,764	62,415
i20/ Elite i20	88,483	127,962	126,304	136,182	140,225	108,091	79,607	62,769	82,612	69,988	55,513
Xcent/ Aura	62,555	50,070	47,614	41,339	37,982	27,652	34,573	35,854	50,232	55,215	54,945
Verna	31,319	17,897	14,924	36,081	39,568	20,894	19,063	20,052	19,769	30,017	15,593
Exter	-	-	-	-	-	-	-	-	-	71,299	77,412
Venue	-	-	-	-	-	93,624	92,972	105,091	120,653	128,897	119,113
Creta	-	63,836	96,899	107,136	124,300	82,074	120,035	118,092	150,372	162,773	194,871
Alcazar	-	-	-	-	-	-	-	25,894	26,696	20,753	17,132
Tucson	-	-	1,340	1,775	1,538	699	980	1,222	2,985	2,883	1,319
Ioniq 5	-	-	-	-	-	-	-	-	54	1,400	352
Discontinued models#	101,965	70,867	62,007	62,614	75,589	52,683	23,694	24,086	5,332	720	1
Total domestic volumes	420,755	484,324	509,705	536,240	545,243	485,309	471,535	481,500	567,546	614,709	598,666

Source: SIAM, Nuvama Research

Note: # Discontinued models include Santro, Eon, Elantra, Sonata, Santa FE and Kona

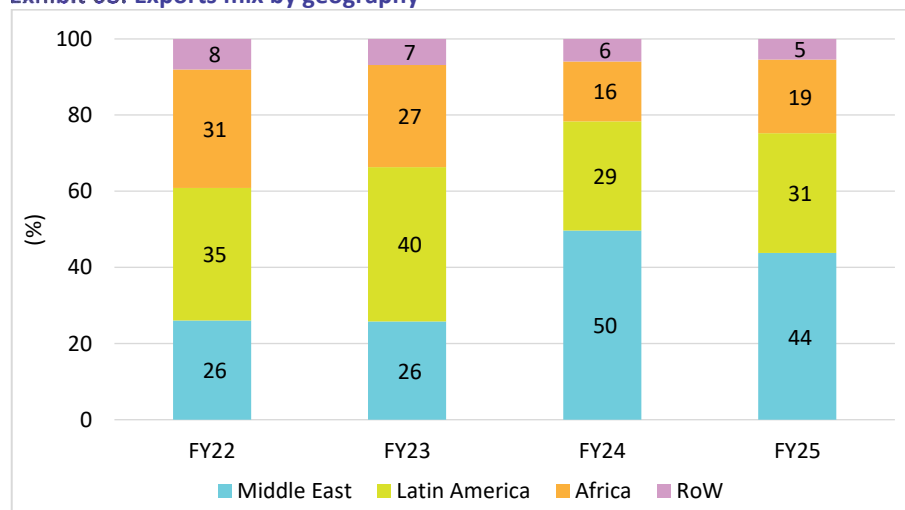
Exhibit 67: Exports volumes dominated by cars – Verna, Grand i10 and Aura

Volumes	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
i10/ Grand i10	29,359	42,301	61,974	44,907	45,823	24,482	18,572	23,877	32,394	39,021	44,760
i20/ Elite i20	16,873	12,411	13,571	17,168	16,679	12,436	6,141	4,917	8,366	6,459	5,592
Xcent/ Aura	5,208	16,780	28,833	19,465	19,376	17,078	11,989	15,705	20,176	35,310	32,253
Verna	98	58	20	14,769	40,279	60,065	32,213	31,099	40,988	55,177	52,615
Exter	-	-	-	-	-	-	-	-	-	96	6,114
Venue	-	-	-	-	-	6,607	5,407	8,125	7,990	12,408	8,609
Creta	-	4,993	47,597	50,820	37,308	40,994	24,304	29,747	26,759	3,859	4,314
Alcazar	-	-	-	-	-	-	-	2,887	11,334	10,825	9,129
Discontinued models#	14,996	16,481	15,125	6,813	2,640	8,199	5,716	12,903	5,012	-	-
Total export volumes	66,534	93,024	167,120	153,942	162,105	169,861	104,342	129,260	153,019	163,155	163,386

Source: SIAM, Nuvama Research

Note: #Discontinued models include Santro, Eon and Accent

Exhibit 68: Exports mix by geography



Source: Shipping database, Nuvama Research

Exhibit 69: A drive down HMI's history

Year	Events
1996	Incorporation of Hyundai Motor India
1998	Commences production at Chennai plant
	Launches Santro (Atos) in India
1999	First sedan offering by the company—launches Accent
2000	Roll out of 150,000 th car in India
2001	Luxury sedan launch – Sonata
2003	Launches Santro Xing
	Premium SUV, Terracan launched
	Rolls out of 500,000 th car in India
2004	Launches Getz and Elantra
	Crosses 100,000 export vehicle shipments, emerging as the largest exporter in the automobile industry
2005	Launches SUV – Tucson
2006	Launches of Verna
	Produces 1,000,000 th car in India
2007	Production starts at second plant at Chennai
	Launches i10
2008	Launches premium hatchback i20
	Achieves milestone of fastest production of 2,000,000 cars in India
2010	Fastest exports of 1,000,000 cars
	Launches Sante Fe
2011	Global launch of Eon
2013	Rolls out 5,000,000 th car
	Launches Grand i10
2014	Launches Xcent and Elite i20
2015	Global launch of SUV Creta
2019	Launches India's first mass-market E-SUV Kona and a fully connected SUV Venue with Global BlueLink Connectivity Technology
	Launches compact sedan Aura
2020	Accomplishes export of over three million vehicles
	Launches "Click to Buy" platform to facilitate online car purchase experience for customers
2021	Introduces the N-Line brand in India
	Produces "10 millionth" car in India
	Launches Alcazar
2023	Launches Hyundai Ioniq – 5 in India
	Acquires plant at Talegaon, Pune from General Motors India
	Launches entry-level SUV Exter
2025	Enters mass market EV segment with launch of Creta EV

Source: Company, Nuvama Research

HMI's board (as of Oct-24) comprises eight directors: Managing Director & Chairperson, Chief Operating Officer, Chief Manufacturing Officer, Chief Financial Officer and four independent directors, including two women independent directors.

Exhibit 70: Board of directors

Name	Designation	Brief profile
Mr Unsoo Kim	Chairman and Managing Director	Mr Kim has been associated with HMI since 2022 and with the Hyundai Motor Group (HMG) since 1991. He also serves as the head of the India, Middle-East & Africa Strategic Region of HMC. Mr Kim is a BSc in Engineering from the Department of Naval Architecture and Ocean Engineering of the College of Engineering at Seoul National University, Korea.
Mr Tarun Garg	Whole-time Director and Chief Operating Officer	Mr Garg has been with HMI since 2019. He is a BE in Mechanical Engineering from the University of Delhi and a PGDM from IIM, Lucknow. He is responsible for driving sales, service, dealer management, product strategies, marketing, profitability, customer relationship, brand and media management at the company. Mr Garg was previously associated with Maruti Suzuki.
Mr Wangdo Hur	Whole-time Director and Chief Financial Officer	Mr Hur has been associated with HMI since 2023 and with HMG since 1991. He is a BA in Economics from Yeungnam University, Korea. He oversees the finance activities and performance of the company.
Mr Gopalakrishnan Chathapuram Sivaramakrishnan	Whole-time Director and Chief Manufacturing Officer	Mr Gopalakrishnan has been associated with HMI since 1997. He is an MBA from ICFAI University, Dehradun. He is also an associate of the Institute of Engineers (India). He is responsible for the overall manufacturing process, leading strategic planning, ensuring optimal resource utilisation and agile procurement practices for sustained growth and driving production targets at the company. He was previously associated with Maruti Suzuki.
Mr Ajay Tyagi	Independent Director	Mr Tyagi has been associated with HMI since 2024. He is an M Tech in Computer Science from IIT, Kanpur and a Master of Public Administration from Harvard University, Massachusetts. He served as the chairman of SEBI for five years.
Mr John Martin Thompson	Independent Director	Mr Thompson has been associated with HMI since 2024. He is a Bachelor of Science in Electronic and Electrical Engineering from the University of Birmingham. He was previously associated with Bain & Company, Malaysia, Inc., Cable & Wireless Worldwide, Inligo Networks Holdings Pte. Ltd, Vodafone Group Services Limited and PT XL Axiata, Tbk.
Ms Shalini Puchalapalli	Independent Director	Ms Puchalapalli has been with HMI since 2024. She is a B Tech in Civil Engineering from IIT, Madras and holds a PG Diploma in Personnel Management & Industrial Relations from XLRI, Jamshedpur. Ms Puchalapalli has experience in sales and is associated with companies in technology and FMCG industry. She is currently associated with Google India Private Limited (since 2021) as Director (sales) and is currently a Director on the Board of Directors of Miracle Foundation India, Godrej Consumer Products Limited and Aarti For Girls, USA.
Ms Sree Kirat Patel	Independent Director	Ms Patel has been with HMI since 2024. She is a BBM from the H.R. College of Commerce and Economics, University of Bombay and LLB from Government Law College, Mumbai. She has worked in companies with operations in the food, pharmaceuticals and FMCG industry and has experience in the field of legal, regulatory and corporate affairs. Miss Patel was previously employed with The Tata Oil Mills Company Limited and Glaxo India Limited. She is currently a director on the Board of Directors of Greaves Cotton Limited and Mondelez India Foods Private Limited.

Source: Company, Nuvama Research

Additional Data

Management

Chairman & MD	Unsoo Kim
COO	Tarun Garg
CFO	Wangdo Hur
CMO	Gopalakrishnan Chathapuram Sivaramakrishnan
Auditor	B S R & Co. LLP

Holdings – Top 10*

% Holding		% Holding	
HDFC AMC	2.66	Franklin Resources	0.55
LIC	1.21	Capital Group	0.47
Nippon Life India	0.88	Aditya Birla Sun Life	0.35
BlackRock Inc.	0.67	Goldman Sachs Group	0.31
ICICI Prudential AMC	0.66	UTI AMC	0.23

*Latest public data

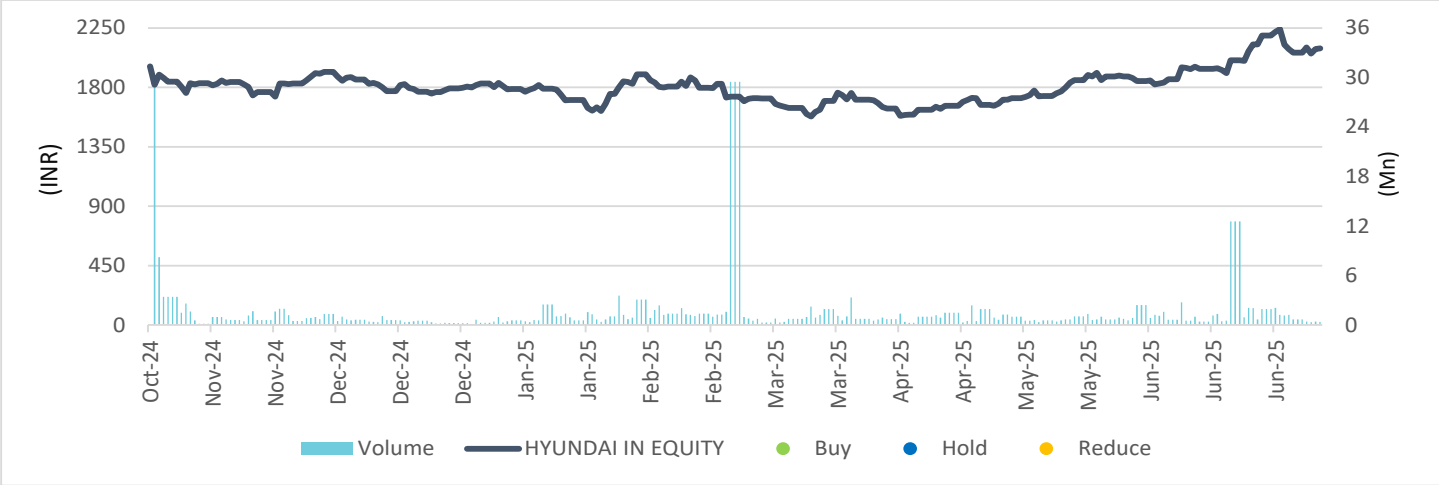
Recent Company Research

Date	Title	Price	Reco

Recent Sector Research

Date	Name of Co./Sector	Title
04-Jul-25	Automobiles	Sales growth to sustain; margin to taper; <i>Sector Update</i>
01-Jul-25	Hero Motocorp	Strengthening presence in E-2Ws; <i>Nuvama Flash</i>
27-Jun-25	Automobiles	2W and tractors to log positive growth; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	203
Hold	<15% and >-5%	63
Reduce	<-5%	36

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