

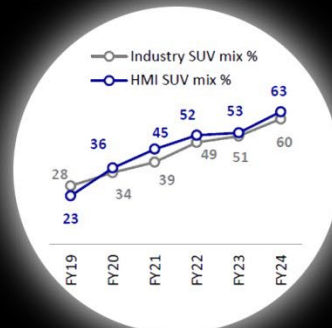
Hyundai Motor



Exports opportunity



Strong parent support



Aligned to industry trends



Quick adoption
of emerging tech



Superior financial metric



Strong brand in India



In tune with industry trends

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Well-positioned to reach greater heights

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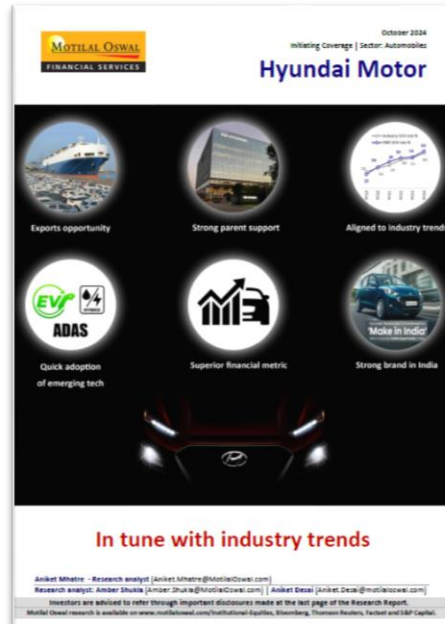
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HMI has a well-established ecosystem within Indian PV

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Exports- opportunities aplenty!



In tune with industry trends

- ❖ Hyundai Motors India (HMI) holds a diverse portfolio mix that covers almost 87% of India's passenger vehicle (PV) market. HMI boasts a healthy domestic market share in several fast-growing segments, with 34%/20%/18% share in the mid-size SUVs/compact SUVs/premium compact car segments. HMI is well-aligned with the domestic PV industry trends, as 63% of its mix comes from utility vehicles (UVs).
- ❖ HMI receives extensive support from its parent, Hyundai Motor Company (HMC), in the areas of management, R&D, design, supply chain, et al. HMC's inherent strengths in emerging mobility domains can be effectively leveraged for the Indian market, which remains one of HMI's core strengths.
- ❖ HMI has emerged as India's second-largest PV exporter, with significant growth opportunities on the horizon. Following a projected moderation in FY25, we anticipate HMI to report 17% EPS CAGR over FY25-27. We ascribe a slight premium to HMI over Maruti Suzuki (MSIL), given: 1) HMC's technological prowess in emerging technologies that can be adapted to domestic requirements; 2) superior financial metrics; 3) a relatively premium brand perception; and 4) better alignment with industry trends. We initiate coverage on HMI with a BUY rating and a TP of INR2,345, premised on 27x Sep'26E earnings (vs. 26x for MSIL).

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Financials and valuations

Hyundai Motor

BSE Sensex
81,151S&P CNX
24,781

CMP: INR1,960

TP: INR2,345 (+20%)

Buy



Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	709	778	882
EBITDA	93.6	106.6	121.6
Adj. PAT	55.8	64.8	76.3
EPS Gr. (%)	-7.9	16.2	17.7
BV/Sh. (INR)	172.5	220.3	276.7

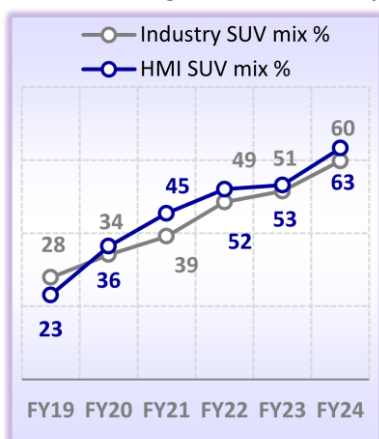
Ratios

RoE (%)	45.2	40.6	37.8
RoCE (%)	42.8	38.2	35.1
RoIC (%)	137.5	135.2	157.7

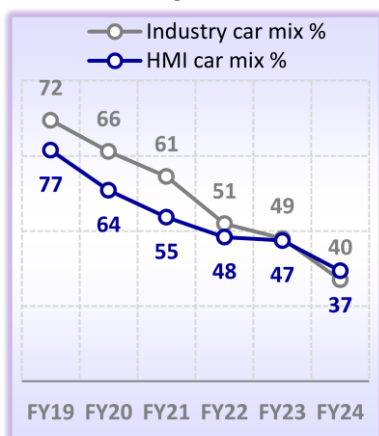
Valuations

P/E (x)	28.5	24.6	20.9
P/BV (x)	11.4	8.9	7.1
EV/EBITDA (x)	15.9	13.6	11.6
Div. Yield (%)	1.4	1.6	1.9

HMI UV mix rising in line with industry



HMI car mix falling in line with industry



In tune with industry trends

One of the few MNCs who has cracked the India PV segment

- Hyundai Motors India (HMI) holds a diverse portfolio mix that covers almost 87% of India's passenger vehicle (PV) market. HMI boasts a healthy domestic market share in several fast-growing segments, with 34%/20%/18% share in the mid-size SUVs/compact SUVs/premium compact car segments. HMI is well-aligned with the domestic PV industry trends, as 63% of its mix comes from utility vehicles (UVs).
- HMI receives extensive support from its parent, Hyundai Motor Company (HMC), in the areas of management, R&D, design, supply chain, et al. HMC's inherent strengths in emerging mobility domains can be effectively leveraged for the Indian market, which remains one of HMI's core strengths.
- HMI has emerged as India's second-largest PV exporter, with significant growth opportunities on the horizon. Following a projected moderation in FY25, we anticipate HMI to report 17% EPS CAGR over FY25-27. We ascribe a slight premium to HMI over Maruti Suzuki (MSIL), given: 1) HMC's technological prowess in emerging technologies that can be adapted to domestic requirements; 2) superior financial metrics; 3) a relatively premium brand perception; and 4) better alignment with industry trends. We initiate coverage on HMI with a BUY rating and a TP of INR2,345, premised on 27x Sep'26E earnings (vs. 26x for MSIL).

Well-positioned to reach greater heights

- HMI has a diverse portfolio of 13 PV models that cover all major segments, including sedans (14% of volumes), hatchbacks (23% of volumes), and SUVs (63% of volumes), accounting for up to ~87% of India's total PV addressable market for FY24. The company also has a presence across all fuel types, including petrol, diesel, CNG, and Electric Vehicles (EVs).
- HMI appears to be well-aligned with the evolving industry trends in India. Its UV mix has notably improved to 63% in FY24 from 13% in FY16, while the overall industry UV mix has risen to 60% in FY24 from 21% in FY16. Thus, HMI is well positioned for future growth.
- The company has a healthy presence in some of the fastest-growing segments in India. HMI is a market leader with 33% share in the mid-size SUV segment, 20% share in compact SUVs, 20% share in the compact sedan segment, and an 18% share in the premium compact car segment.
- Overall, HMI has now emerged as a trusted brand for its stakeholders in the Indian market.

HMI has a well-established PV ecosystem

- HMI has now established a robust ecosystem in India. It is to be noted that: 1) HMI's Chennai plant is among the few large single-location PV manufacturing plants in India with a capacity of 824,000 units p.a.; 2) HMC's largest supply chain outside of South Korea is located in India, comprising 194 tier-1 and 1,083 tier-2 suppliers; 3) the localized supply chain sources almost 93% of its materials from four adjoining districts of Chennai; and 4) HMI has the second-highest number of customer touchpoints in India.
- It is this strong manufacturing ecosystem that enables the company to launch feature-rich, reliable, innovative, and yet competitively priced PVs, thereby establishing HMI as a strong and trustworthy brand in India.

Strong backing from the parent

- HMI receives extensive support from its parent (HMC) in several aspects of its operations, including management, R&D, design, product planning, manufacturing, supply chain development, and quality control, et al.
- HMC's inherent strengths in emerging mobility domains, such as electrification, shared mobility, and autonomous driving, combined with the information flow within the Hyundai Motor Group on emerging global trends and the latest customer preferences, enable the timely identification of potential upcoming technology trends in India.
- HMI also benefits from the implementation of HMC's manufacturing practices and quality management systems in its operations
- HMI also maintains close connections with other group affiliates within the Hyundai Motor Group across the auto OEM value chain, fostering synergies in supply chain, manufacturing, and product development.

Exports – opportunities aplenty!

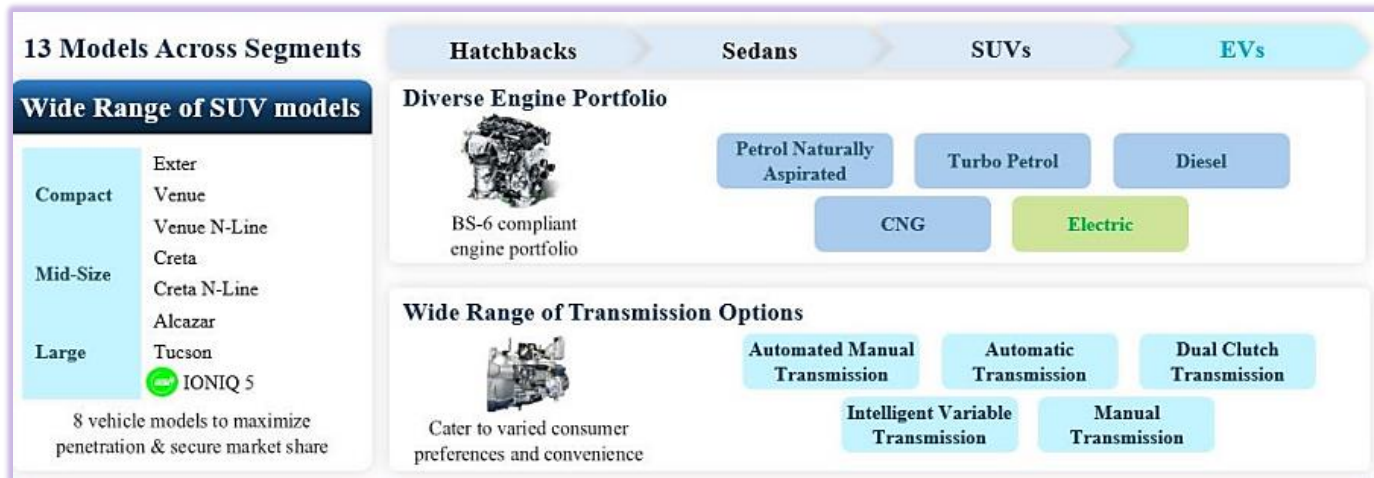
- On the back of its parent support, HMI is currently India's second-largest exporter of PVs, serving over 150 countries across Latin America, Africa, the Middle East, Asia, and beyond. In the past couple of years, HMI's export revenue has registered a 25% CAGR vs. overall revenue CAGR of 21%.
- The company aims to leverage its local manufacturing capabilities to establish HMI as the largest foreign production base for HMC for emerging markets, including Southeast Asia, Latin America, Africa, and the Middle East et al.
- Exports are likely to remain a key growth driver for HMI going forward due to two main factors: 1) the higher ASP for exports, which enhances its profitability vs. domestic sales, and 2) the natural hedge it provides against imports. Given these factors, we anticipate HMI's export volumes to report an 11% CAGR over FY25-27.

Warrants a slight premium to MSIL – Initiate coverage with a BUY

- While FY25 is likely to be a moderate year for PVs in India and consequently for HMI, we project the company to report an 8% volume CAGR over the next two years. Following a moderation in FY25E earnings, we expect HMI to post 17% earnings CAGR over FY25-27E.
- When comparing HMI with MSIL, which is its closest peer, we believe that while both OEMs are very close in competency and future growth potential, we can ascribe a slight premium to HMI over MSIL, given: 1) HMC's technological prowess in emerging technologies that can be customized to meet Indian customer requirements as needed; 2) superior financial metrics; 3) a relatively premium brand perception; and 4) better alignment with industry trends.
- We hence assign a 27x one-year Fwd PER multiple to HMI, relative to our target multiple of 26x currently assigned to MSIL. Therefore, we arrive at our TP of INR2,345 for HMI, based on 27x Sep'26E earnings. **We initiate coverage on HMI with a BUY rating.**
- **Key downside risks:** 1) lack of revival in domestic PV demand; 2) supply chain issues and logistic disruptions; 3) unfavorable regulatory changes; 4) a delay in the ramp-up of new facilities; and 5) rise in commodity prices.

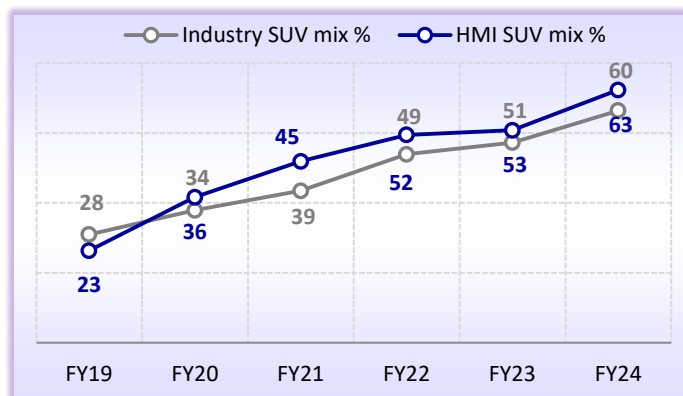
STORY IN CHARTS

Hyundai has a presence across all the segments, powertrains (ex-hybrid) and transmission



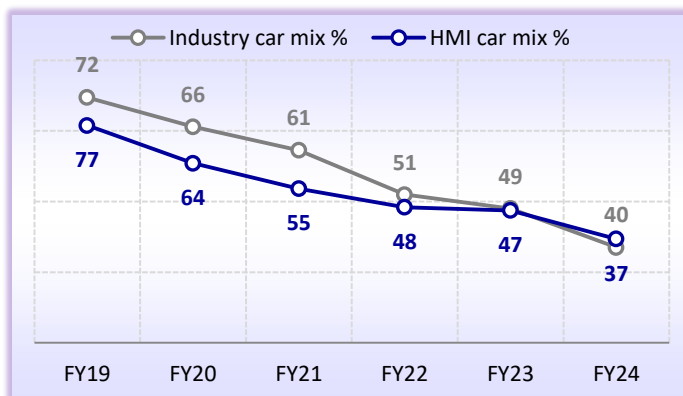
Source: Company, MOFSL

HMI UV mix rising in line with industry



Source: MOFSL, Company

HMI car mix falling in line with industry



Source: MOFSL, Company

HMI has the 2nd largest customer touchpoints among domestic PV players

OEMs	Sales outlet	Service Outlet	Total
MARUTI SUZUKI MSIL	3,480+	4,960+	8,440+
HYUNDAI Hyundai	1,360+	1,540+	2,900+
Tata Motors	1,450+	1,000+	2,450+
Mahindra & Mahindra	1,280+	1,020+	2,300+

Source: Company, MOFSL

5 key highlights of the 'robust parentage'



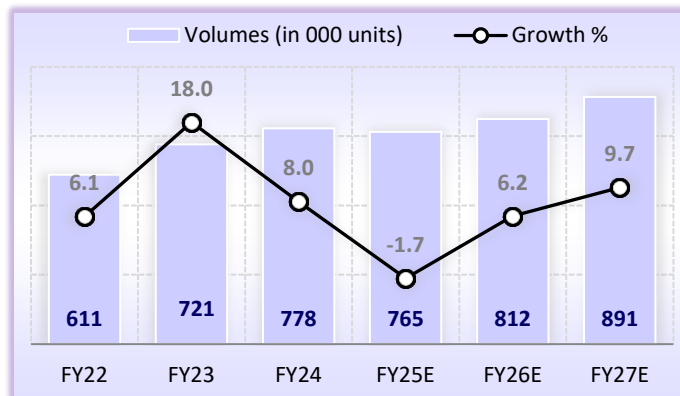
A comprehensive comparison of MSIL and HMI based on the key operating and financial metrics

Parameters	OEM that has an upper edge	Observations on relative strengths
Scale	HYUNDAI MARUTI SUZUKI	❖ MSIL is almost double the size of HMI in terms of production capacity.
Distribution reach	HYUNDAI MARUTI SUZUKI	❖ MSIL has the most extensive network of touchpoints in the country, with 3,480 sales outlets and 4,960 service outlets, totaling over 8,440 touchpoints. In comparison, HMI has 1,360 sales outlets and 1,540 service outlets, bringing their total to over 2,990 touchpoints.
Aligned to outperform industry growth	HYUNDAI MARUTI SUZUKI	❖ HMI has 63% of its domestic volumes coming from the SUV segment relative to 26% for MSIL. Given expectation that the SUV segment is likely to continue outperforming PVs, HMI appears better aligned to outperform industry growth.
Growth potential	HYUNDAI MARUTI SUZUKI	❖ We believe both HMI and MSIL have a decent growth potential from here. Both OEMs are yet to launch mass market EVs in India. Further, while MSIL does not have presence in the 7-seater segment (large UV), HMI lacks presence in the MPV segment. Similarly, both players have a good opportunity to grow in exports fueled by their respective parents.
Brand perception towards premium	HYUNDAI MARUTI SUZUKI	❖ We think HMI has a relative edge over MSIL here, especially in the INR1-2m segment. We do see several erstwhile MSIL customers upgrade to HMI/other brands for their repeat purchases.
Ability to launch upcoming new tech if and when market demands	HYUNDAI MARUTI SUZUKI	❖ We believe HMI has a relative edge over MSIL here. MSIL depends on Toyota for the strong hybrid technology. On the other hand, HMC has its own tech in both hybrids and EVs globally. They can customize the same and launch it in India as and when the Indian market is ready.
Financial metrics	HYUNDAI MARUTI SUZUKI	HMI outperforms MSIL in several financial parameters: ❖ Profitability: HMI has superior operating and PAT margins compared to MSIL. ❖ Return ratios: An analysis of key return ratios – ROE, ROCE, and ROIC – implies HMI is leading MSIL across all metrics. ❖ Cash flow performance: HMI demonstrates a stronger ability to generate cash flows, as evidenced by its better CFO to sales, FCF to sales, and accrual ratio.

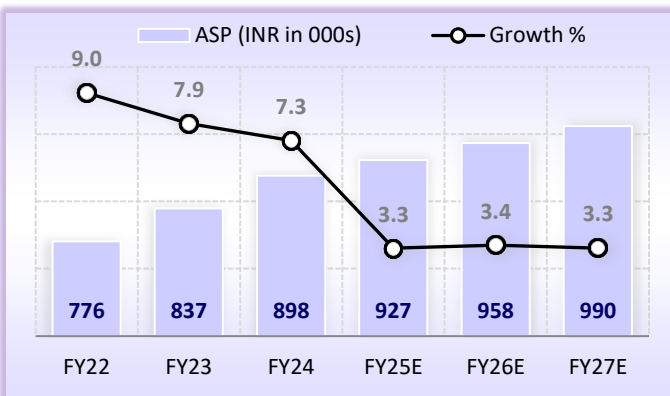
Source: Company, MOFSL

STORY IN CHARTS

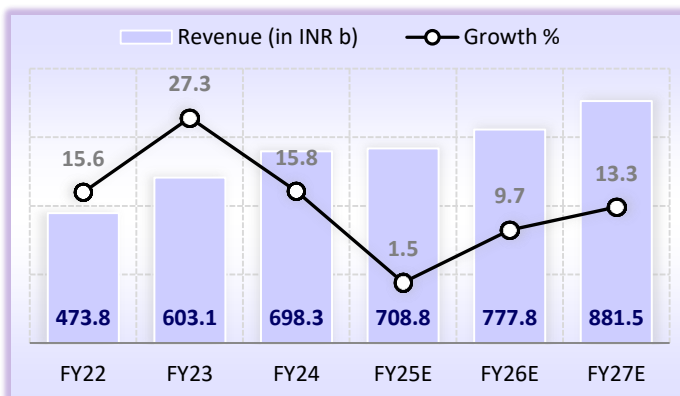
Volume CAGR of ~8% over FY25-FY27E...



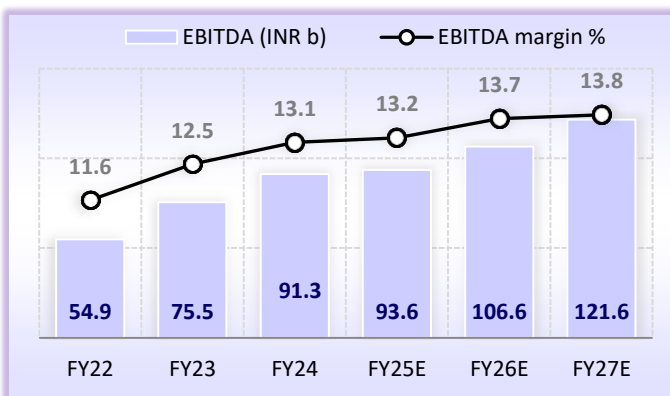
...coupled with ASP growth due to better mix...



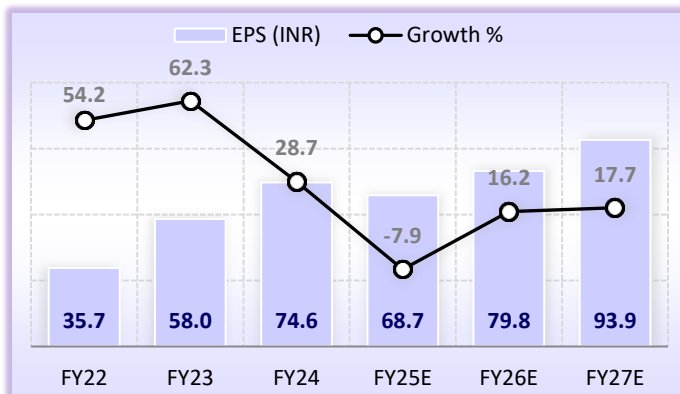
...leading to healthy revenue growth of ~12% CAGR



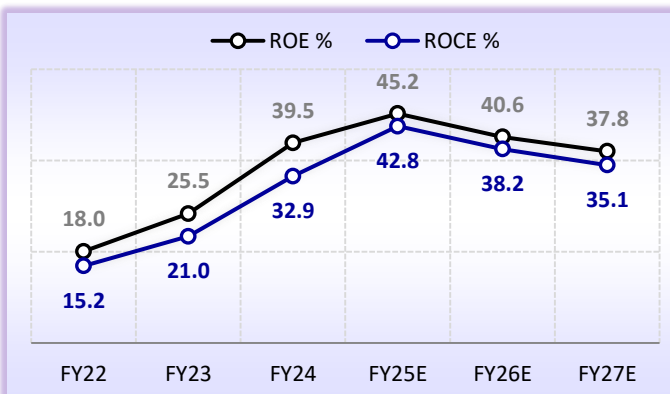
EBITDA margin expanding ~60bp over FY24-27E



Expect earnings CAGR of ~17% over FY25-27



HMI to continue to post healthy return ratios



Comparative valuation

Company	Reco	CMP (INR)	EBIT Margin (%)		EPS (INR)		EPS Gr. YoY (%)		P/E (x)		EV/ EBITDA (x)		ROE (%)	
			FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hyundai	Buy	1,960	10.0	10.5	68.7	79.8	-7.9	16.2	28.5	24.6	15.9	13.6	45.2	40.6
M & M	Buy	2,964	9.6	9.8	103.0	122.7	16.0	19.2	28.8	24.2	21.2	17.9	21.6	21.8
Maruti Suzuki	Buy	12,103	10.4	10.9	475.1	550.4	10.7	15.9	25.5	22.0	17.2	14.7	15.6	16.0
Bajaj Auto	Neutral	10,500	19.5	20.2	302.1	387.9	9.4	28.4	34.8	27.1	25.4	20.2	32.0	37.2
Eicher Motors (S/A)	Sell	4,764	24.1	23.4	153.6	167.5	12.0	9.0	29.6	27.1	19.6	17.6	22.6	21.4
Hero Motocorp	Buy	5,215	12.6	13.2	230.3	280.1	12.6	21.6	22.6	18.6	15.1	12.7	24.8	28.0
TVS Motor Co.	Neutral	2,715	9.3	10.3	52.5	67.9	19.6	29.4	51.8	40.0	31.8	25.7	28.4	29.0

Company overview

Hyundai Motor India (HMI) is part of the Hyundai Motor Group, recognized as the third-largest auto OEM globally, based on PV sales in CY2023. HMI has maintained its position as the second-largest auto OEM in the Indian PV market since FY09, based on domestic sales volumes.

- Hyundai Motor India (HMI) is part of the Hyundai Motor Group, recognized as the third-largest auto OEM globally, based on PV sales in CY2023. HMI has maintained its position as the second-largest auto OEM in the Indian PV market since FY09, based on domestic sales volumes.
- The company boasts a strong track record in manufacturing and selling PVs known for their reliability, safety, innovative features, and cutting-edge technology. HMI's diverse portfolio includes 13 models across various segments, such as sedans, hatchbacks, sports-utility vehicles (SUVs), and battery electric vehicles (EVs).
- Since its establishment in 1998, HMI has cumulatively sold over 12m PVs in India and through exports.
- HMI is also ranked as India’s second-largest exporter of PV. In CY23, HMI was among the top three contributors to Hyundai Motor Corporation’s (HMC) global sales volumes, with its contribution rising from 15.48% in CY18 to 18.19% in CY23.
- In addition to vehicle production, HMI manufactures essential components like transmissions and engines, which are utilized in its manufacturing processes.
- HMI has 2 subsidiaries- i) Hyundai Motor India Engineering Private Limited (HMIEPL) and ii) Hyundai India Insurance Broking Private Limited (HIIBPL).

Exhibit 1: HMI has 2 manufacturing plants in Chennai and is in the process of setting up a plant in Talegaon

PLANTS #1 and #2 – Chennai, Tamil Nadu

Inception in 1996 – 2 fully integrated plants across 536.54 acres



Passenger Vehicle	Plant 1	4 shops each
	Plant 2	
Powertrain	Engine	2 shops
	Transmission	2 shops
	Aluminum foundry	1 shop

PLANT #3 – Talegaon, Maharashtra

Integrated vehicle & engine manufacturing plant across approximately 300 acres;
Expected start of production in second half of Fiscal 2026



170,000 – 250,000
Expected annual production capacity post operationalization

Source: Company, MOFSL

Exhibit 2: HMI’s manufacturing process and technology

Integrated Plant Manufacturing - both Vehicles and Powertrains

Vehicle Plant – 2 Plants with 4 Shops each



824,000 Annual capacity	743 Robots for automation	2,000+ Critical machines
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Source: Company, MOFSL

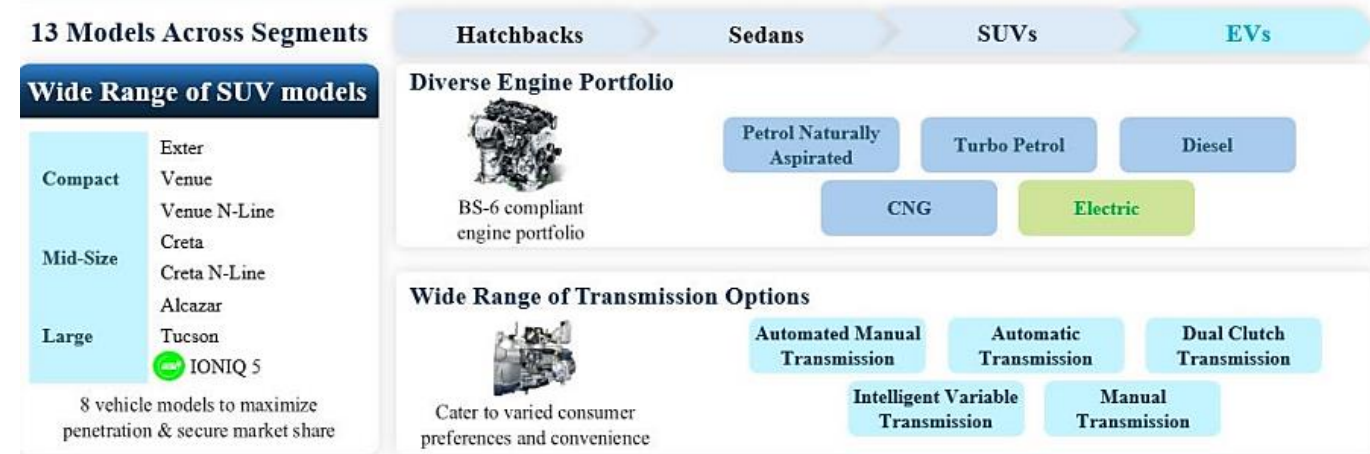
Well-positioned to reach greater heights

Enjoys a healthy presence in the fastest-growing segments in India

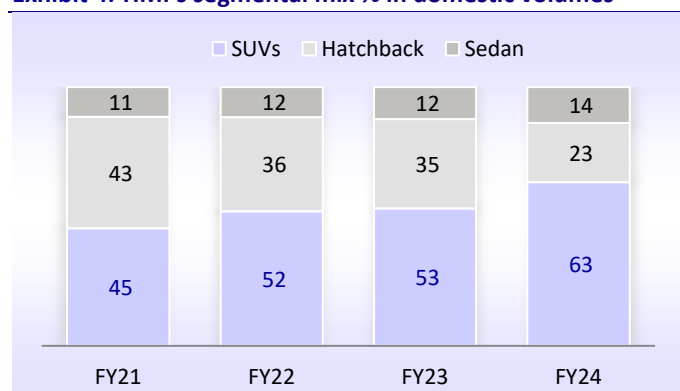
- HMI has a diverse portfolio of 13 PV models spanning all major segments, including sedans (14% of volumes), hatchbacks (23% of volumes), and SUVs (63% of volumes), accounting for up to ~87% of India's total PV addressable market for FY24. It also has a presence across all fuel types, including petrol, diesel, CNG, and EVs.
- Further, it is well positioned to emerge as one of the major beneficiaries of the premiumization trends in India. While the UV segment's contribution to PV industry in India has increased to 60% in FY24 from 21% in FY16, HMI's UV contribution in its domestic PV sales rose to 63% from 13% over the same period. Further, it has a healthy presence in some of the fastest-growing segments in India: it is a market leader with 33% share in the mid-size SUV segment, 20% share in compact SUVs, 20% share in compact sedan segment and a 18% share in the premium compact car segment.
- Overall, HMI has now emerged as a trusted brand for its stakeholders in the domestic market, with a strong NPS score and is among the top 3 companies in India as per the dealer satisfaction survey.

HMI has a diverse portfolio of 13 PV models spanning all major segments, including sedans (14% of volumes), hatchbacks (23% of volumes), and SUVs (63% of volumes), accounting for up to ~87% of India's total PV addressable market for FY24.

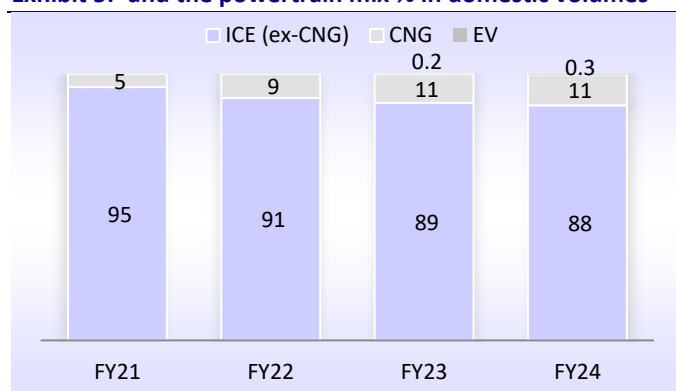
- **Diverse presence across powertrains and major PV segments:** HMI has a diverse portfolio of 13 PV models spanning all major segments, including sedans (Aura, Verna; 14% of volumes), hatchbacks (Grand i10 NIOS, i20, i20 N Line; 23% of volumes), and SUVs (Exter, Venue, Venue N Line, Creta, Creta N Line, Alcazar, Tucson, IONIQ 5; 63% of volumes). Its overall presence accounts for up to ~87% of India's total PV addressable market for FY24. While at a broader level, it has a 14.6% market share in cars and a 15.4% share in SUVs, HMI continues to be a strong brand in each of its respective sub-segments.
- Further, it enjoys a presence in most of the powertrain segments in India. These models offer a range of fuel options: petrol, diesel, CNG, and EV, along with various transmission types. It offers petrol powertrains across its range, with diesel options mainly for SUVs and CNG for models in the sub-INR1m segment to optimize ownership costs amid rising fuel prices. It currently has one premium EV in the >INR2m bucket, with a high battery range. The eco-friendly PV range, which includes CNG and EVs, contributed ~11.7% of FY24 volumes, up from 10.8%/9.1%/4.9% in FY23/FY22/FY21. It further aims to expand sustainably in the EV market, and its future investments in the same will be calibrated based on the expected EV penetration in India.

Exhibit 3: Hyundai has a presence across all the segments, powertrains (ex-hybrid) and transmission

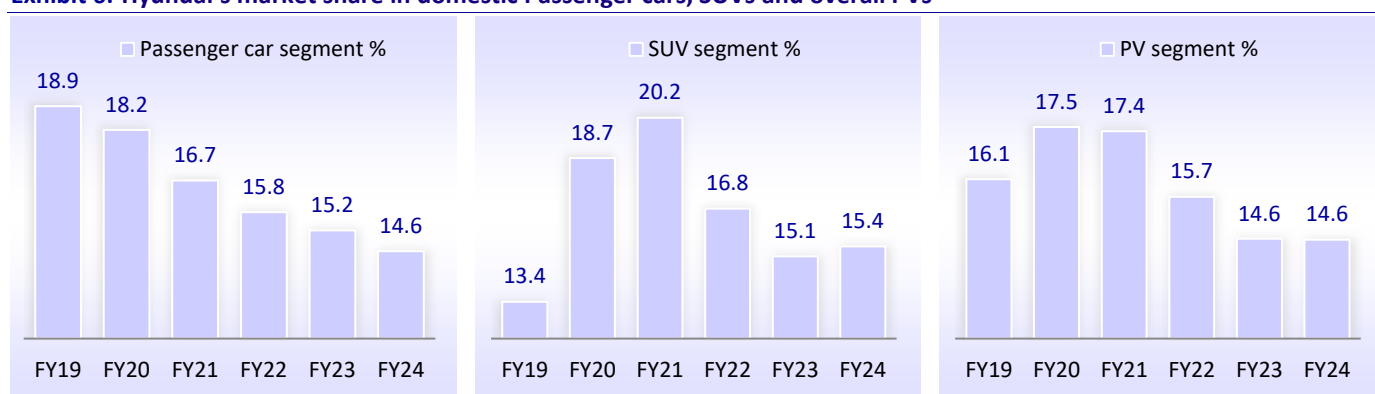
Source: Company, MOFSL

Exhibit 4: HMI's segmental mix % in domestic volumes

Source: Company, MOFSL

Exhibit 5: and the powertrain mix % in domestic volumes

Source: Company, MOFSL

Exhibit 6: Hyundai's market share in domestic Passenger cars, SUVs and overall PVs

- Focused positioning with a healthy presence in growing segments in India:** The Indian consumers are increasingly transitioning from traditional, budget-friendly small cars to higher-priced, feature-rich vehicles that offer more space, enhanced connectivity, and improved performance. This trend is evident in the rise of UVs, which jumped to 60% of domestic volumes in FY24 from ~28% in FY19. In addition to the shift towards UVs, there has been a notable trend towards higher trims within segments. HMI has been at the forefront of this shift, with its UV mix improving materially to ~63% in FY24 from 23% in FY19, driven by a healthy UV-

In line with the industry trend, HMI's UV mix has improved to 63% in FY24 from 23% in FY19.

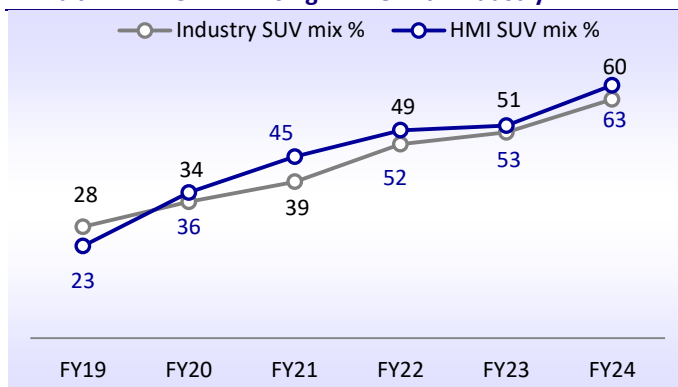
focused product lineup. With eight UV models, including one EV, HMI also improved its market share in UV's to 15.4% in FY24 from 13.4% in FY19. The company has also been pivotal in introducing new features across various segments. For instance, it introduced sunroofs in its i10 and i20 hatchbacks as early as in FY09. Since then, sunroofs have become a common option in several of their models, underscoring HMI's notable role in popularizing modern features in India.

Given this rising trend of premiumization in India, the contribution of PVs – with an ex-showroom ASP exceeding INR1m – to HMI's domestic sales has increased to 48.6% in FY24 from 43.4% in FY22. Similarly, the contribution of PVs – with an ex-showroom ASP of greater than INR1.5m – to HMI's domestic sales has risen to 19.8% in FY24 from 13.9% in FY22.

Further, the company has garnered a healthy market share in most of the sub-segments where it is present:

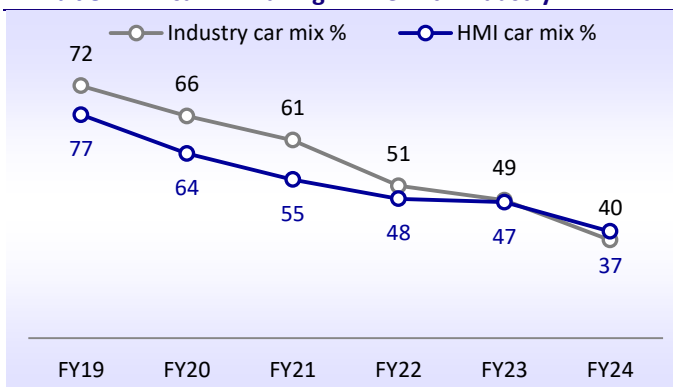
- It was the first OEM to launch a premium compact vehicle i-20 in India. It holds a healthy 18% market share in this sub-segment in FY24 and it is the joint No 2 player in this sub-segment.
- HMI has also been the first player to launch the mid-size SUV model, Creta. Despite heightened competition in this segment, with as many as six new product launches over the last five years, Creta has continued to be a market leader in this segment. Creta commanded a share of 33% in FY24.
- Following its recent upgrade, Hyundai Verna dislodged the long-time market leader Honda City and became the market leader in the sedan segment with 31% market share in FY24.
- Even in the compact sedan segment, Hyundai Aura has now emerged as the second-largest player with a market share of 20%
- In the compact SUV segment, Hyundai enjoys a 20% market share in FY24, and is the third largest player in this category
- Among the key categories, it is only in the large SUV segment that HMI still has a relatively low market share – its market share in the large SUV segment stood at about 9% as of FY24.

Exhibit 7: HMI UV mix rising in line with industry



Source: MOFSL, Company

Exhibit 8: HMI car mix falling in line with industry



Source: MOFSL, Company

HMI: Healthy presence in most of the segments

		Segmental FY19-24 CAGR %	Contribution % to domestic industry mix	HMI- Contribution % to domestic volumes	HMI's segmental market position (Rank #)
	Compact (Grand i10)	0	15	12	
	Premium compact (i20)	2	9	11	
	Compact Sedan (Aura)	-9	7	9	
	Sedan (Verna)	-18	2	5	
	Compact SUV (Venue, Exter)	31	33	33	
	Premium Compact SUV (Creta)	34	13	26	
	Mid-size SUV (Alcazar)	36	5	3	
	Hyundai Tucson	29	2	0.5	

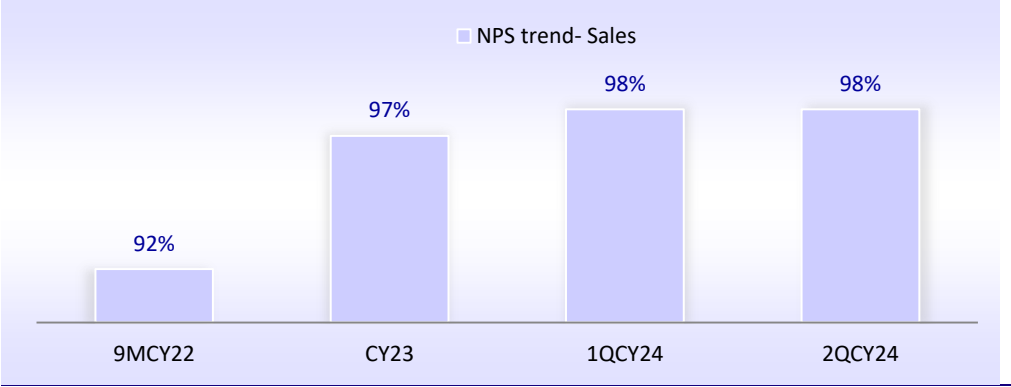
Source: SIAM, MOFSL

As a testament to its customer-centricity, HMI has emerged as a trusted brand in the domestic PV industry.

- **HMI emerging as a trusted brand in India:** Over the years, HMI has been able to establish Hyundai as a trusted brand in India. The company has received the highest number of Indian Car of the Year (ICOTY) awards over the years. The eight PV models that have received this accolade are: i10 (2008), Grand i10 (2014), Elite i20 (2015), Creta (2016), Verna (2018), Venue (2020), i20 (2021), and Exter (2024). Further, IONIQ 5 also won the Green Car of the Year award in 2024. Further, as a testament to its customer-centricity, HMI's net promoter score ("NPS") rating – which measures customer satisfaction and indicates the recommendation level of PV sales or services among its customers – has been consistently improving. HMI's NPS for PV sales was 97%, and for services, it was 92% in CY23, up from 92%/90% CY22. Further, in the "2024 India Dealer Satisfaction Study" conducted by FADA, HMI secured a score of 834 (out of 1,000) compared to the four-wheeler mass market average score of 785,

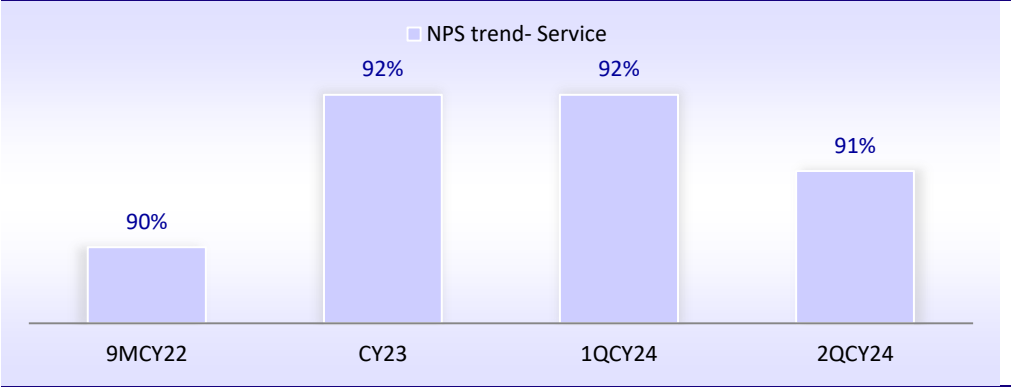
thereby scoring a rank in the top three mass market PV OEMs in India. Thus, Hyundai has now emerged as a trusted brand for its stakeholders in the Indian PV market.

Exhibit 9: HMI’s NPS trend for PV sales



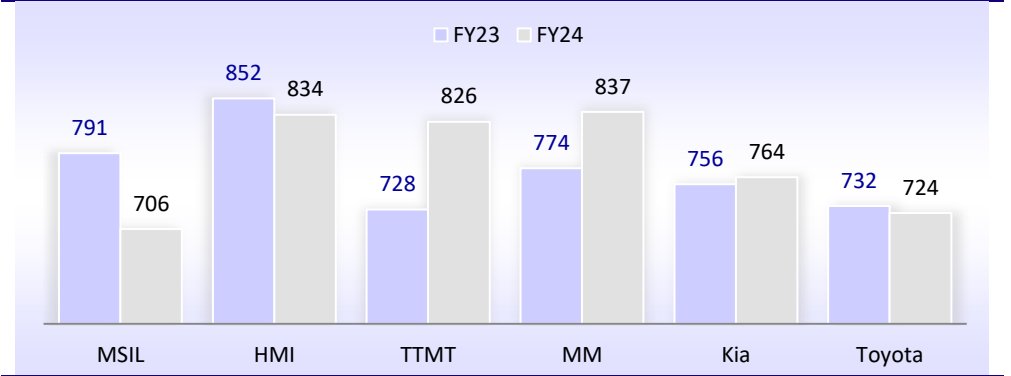
Source: Company, MOFSL

Exhibit 10: HMI’s NPS trend for Services



Source: Company, MOFSL

Exhibit 11: HMI has been ranked among Top-2 as per PV dealer rankings released by FADA



Source: Company, MOFSL

HMI has a well-established ecosystem within Indian PV...

...helps launch various feature-rich products at competitive price points

- HMI has now developed a solid ecosystem in India, which includes: 1) a large production capacity, 2) an established supplier network, and 3) a strong distribution reach. It is to be noted that: 1) HMI's Chennai plant is among the few large single-location PV manufacturing plants in India with a capacity of 824k units p.a.; these can manufacture 13 PV models from five different platforms that are highly automated; 2) HMC's largest supply chain outside Korea is in India and comprises 194 tier-1 and 1,083 tier-2 suppliers in India; 3) a localized supply chain that has almost 93% of its domestic sourcing coming from four adjoining districts of Chennai; and 4) HMI has the second-largest customer touchpoints in India.
- It is this strong manufacturing ecosystem that helps HMI launch PVs that are feature-rich, reliable, innovative and yet competitively priced and has helped it establish HMI as a strong and reliable brand in India.

HMI's Chennai plant is among the few large single-location PV manufacturing plants in India with a capacity of 824k units p.a.; these can manufacture 13 PV models from five different platforms that are highly automated

- **HMI has among the largest single-location manufacturing plants:** HMI's Chennai manufacturing plant has an annual production capacity of 824,000 units as of June 30, 2024. This plant was among the few large single-location PV manufacturing plants in India in terms of production capacity as of Jun'24. HMI's manufacturing operations are highly automated, and the Chennai Manufacturing Plant is optimized to manufacture its full range of 13 PV models. The entire range of HMI's product mix comes out of five different platforms (four for ICE and one for EVs). HMI's plant operates in three shifts over 293 working days per year and manufactures 131 PVs per hour on an average. HMI is now in the midst of expanding its manufacturing capacity in India with the recent acquisition of a manufacturing plant in Talegaon (Maharashtra). This plant is expected to commence commercial operations partly in 2HFY26. Post-commercialization of phase 1 of the Talegaon plant, HMI's capacity will increase to 994k units p.a. by 2HFY26 and will further ramp up to 1,074k units by 2028.
- **Established supplier network with healthy localization levels:** Hyundai Motor Group's largest supply chain outside Korea is in India and comprises 194 tier-1 and 1,083 tier-2 suppliers by location. HMI's value proposition to customers is to manufacture PVs that are feature-rich, reliable, and innovative at a competitive price point. To achieve this and enhance its profitability, the company focuses on localization of parts and materials. Under its localized supply chain ecosystem, it sources the majority of parts and materials from suppliers based in India. In FY24, HMI sourced approximately 93% of its domestic parts and materials in terms of purchase value from the four adjoining districts close to its Chennai Manufacturing Plant. This leads to operational and cost efficiencies in the supply chain, helping HMI enhance its profitability and build flexibility in the manufacturing process.
- **Second-highest customer touchpoints among domestic PV players:** Customer touchpoints are vital for OEM sales as they directly connect brands with consumers, facilitating vehicle purchases, service, and support. A strong network enhances market reach, customer satisfaction, and brand loyalty by providing personalized experiences, post-purchase services, and a seamless connection between the brand and its buyers. This has been one of the driving

HMI has the second highest customer touchpoints in PVs in India, trailing only to MSIL.

forces behind HMI's success in India. As of FY24, HMI had 1,360 sales outlets, which is the third largest behind MSIL (3,480+), and TTMT (1,450+). Of this, 720 outlets are in urban regions and 643 in rural regions. In terms of service network, HMI had the second-highest presence with over 1,540 locations, following MSIL, which had over 4,960. HMI's service-to-sales touchpoint ratio was 1.1x, just behind MSIL (1.4x), and Renault (1.14x).

Thus, in terms of overall customer touchpoints, it has over 2,900 locations, trailing only to MSIL, which had over 8,440 touchpoints.

Moreover, it supports the resale of its PVs through the "Hyundai Promise" program, which allows for the certification and warranty backing of vehicles up to 10 years old. As of end-CY23, 586 dealer outlets across 349 cities and towns in India were part of this program.

Exhibit 12: HMI's manufacturing capacity trend

Manufacturing capacity (in 000s)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Chennai plant 1	354	396	410	410	410	410
Chennai Plant 2	416	415	414	414	414	414
Talegaon				170	170	250
Total installed capacity	770	811	824	994	994	1,074

Source: Company, MOFSL

Exhibit 13: HMI has a well-established supply chain in India

Supplier details	FY21	FY22	FY23	FY24	1QFY25
Top-5 suppliers as % of cost to purchase of parts and materials	45.5	41.1	44.0	43.7	42.6
Top-10 suppliers as % of cost to purchase of parts and materials	60.7	55.1	58.8	58.4	58.0
% of materials sourced from related parties	37.2	34.6	34.0	38.3	37.1
% of materials sourced from India	80.4	82.5	80.1	78.0	81.0
% of materials sourced from South Korea	17.5	14.1	16.8	16.6	14.2

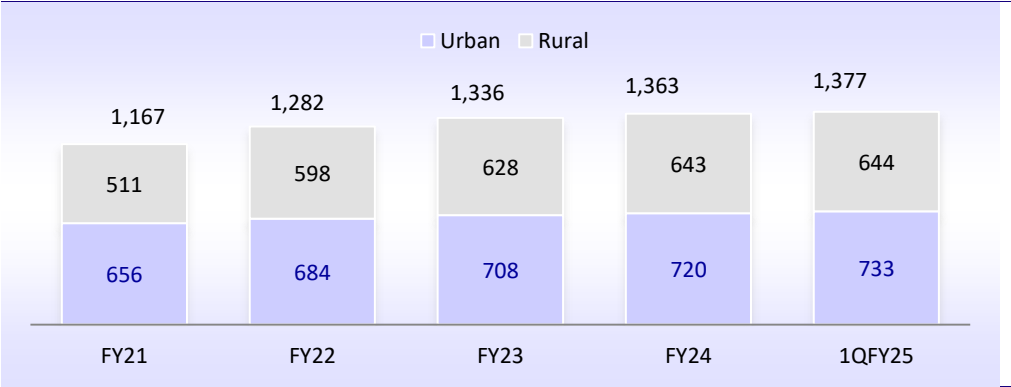
Source: Company, MOFSL

Exhibit 14: HMI has the 2nd largest customer touchpoints among domestic PV players

OEMs	Sales outlet	Service Outlet	Total
MSIL	3480+	4960+	8440+
Hyundai	1360+	1540+	2900+
TTMT	1450+	1000+	2450+
MM	1280+	1020+	2300+
Kia			520+
Toyota			615+
Honda Cars			400+
Skoda			260+
MG Motor			380+
Renault	430+	490+	920+
VW	210+	140+	350+
Nissan			270+

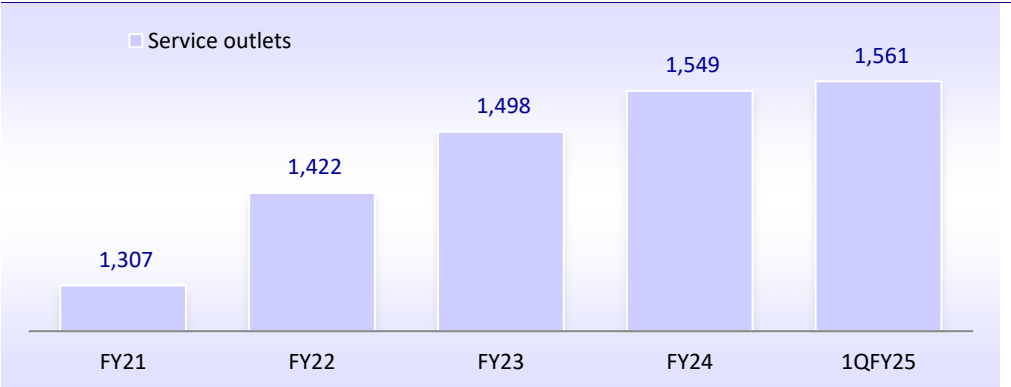
Source: Company, MOFSL

Exhibit 15: Hyundai’s dealer network has been increasing...



Source: Company, MOFSL

Exhibit 16: ... along with the increase in service outlets



Source: Company, MOFSL

Exports- opportunities aplenty!

Exports likely to remain a growth driver fueled by multiple tailwinds

- HMI is currently India's second-largest PV exporter, serving over 150 countries across Latin America, Africa, the Middle East, Asia, and beyond. The company aims to leverage its local manufacturing capabilities to establish HMI as the largest foreign production base for HMC in Asia. This move will position India as a key export hub for emerging markets, including Southeast Asia, Latin America, Africa, and the Middle East, with the potential to export to other global markets.
- In the last couple of years, HMI's export revenue has registered a 25% CAGR vs. HMI's overall revenue CAGR of 21% over the same period. Exports are likely to remain a key growth driver for HMI going forward due to two main factors: 1) the higher ASP for exports, which enhances its profitability vs. domestic sales, and 2) the natural hedge it provides against imports. Given these factors, we expect HMI's export volumes to report a 11% CAGR over FY25-27E.

HMI is currently India's second-largest PV exporter, serving over 150 countries across Latin America, Africa, the Middle East, Asia, and beyond.

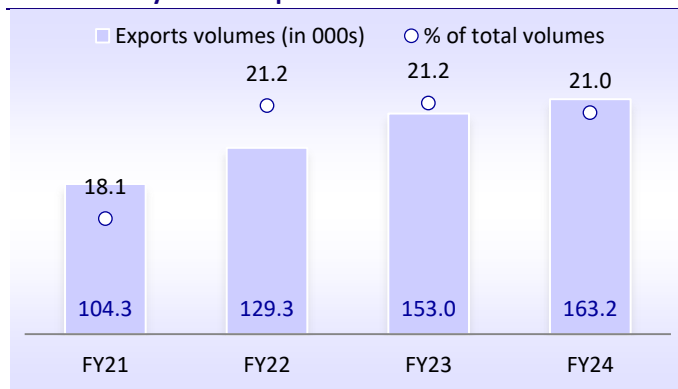
- **HMI has emerged as the second-largest exporter in India:** HMI is currently India's second-largest PV exporter, serving over 150 countries across Latin America, Africa, the Middle East, Asia, and beyond. HMC's extensive export network across 190+ countries supports HMI's pursuit of ramping up its presence in key export markets. HMI aims to leverage its local manufacturing capabilities to establish itself as the largest foreign production base for HMC in Asia. HMI's aim is to be the global manufacturer and supplier of cost-optimized PVs, including Grand i-10 Nios, i-20, Aura, Venue, Verna, Creta, and Alcazar. This move will position India as a key export hub for emerging markets, including Southeast Asia, Latin America, Africa, and the Middle East, with the potential to export to other global markets. Additionally, the company plans to collaborate with stakeholders in its export markets to develop innovative sales strategies. For instance, in response to incentives offered by Nepal, HMI recently partnered with a local distributor to establish a PV assembly line and agreed to supply materials and parts for assembling the Venue model.
- **The Middle East and Europe remain HMI's key export growth drivers:** In the last couple of years, HMI's export revenue has registered a 25% CAGR vs. HMI's overall revenue CAGR of 21% over the same period. As a result, export's contribution to overall revenue has increased to 22% from 19% in FY21. The company's exports have been driven by a robust 71% CAGR in the Middle East and Europe over recent years. Even Latin America has experienced a steady 12% revenue CAGR during the last two years. On the other hand, the export momentum has been pulled down by Africa, which has reported a 9% compounded decline in revenue over this period. In terms of export contribution, given their strong outperformance, the Middle East and Europe's contributions to exports have now jumped to 50% (from 27% in FY22). On the other hand, the same for Africa has sharply reduced to 16% from 30% over the same period.
- **HMI finds traction for multiple models in its key export regions**
Verna, Grand i10, and Aura are the top export models for HMI. These 3 models contributed to almost 79% of HMI's exports in FY24. Since its launch, Verna has always maintained a strong position in the export market. With the launch of

the sixth generation Verna in FY23, HMI has started exports of the same to Latin America and South Africa. As a result, Verna has emerged as the largest exported model for HMI from India and contributes to 34% of its exports. Within SUVs, while Venue contributes to 8% of exports, Alcazar adds up another 7%.

Expect exports to be a key growth driver for HMI; HMI likely to post 11% volume CAGR in exports over FY25-27E.

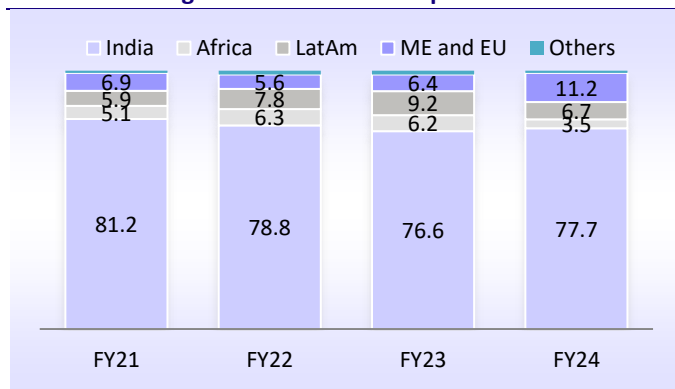
- **Expect export volumes to clock ~11% CAGR over FY25-27E:** Several models that HMI manufactures in India are suitable for emerging markets such as Africa, the Middle East, LatAm, Central America, and Asia. This provides massive export growth opportunities for the company. Further, the Government of India has introduced multiple incentives to promote local manufacturing, including FAME, PLI, et al., which is likely to help evolve India as a global export hub for several companies. Exports is likely to remain a key growth driver for HMI going forward due to two main factors: 1) the higher ASP for exports, which enhances its profitability vs. domestic sales, and 2) the natural hedge it provides against imports. Given these factors, we expect HMI's export volumes to report a 11% CAGR over FY25-27, after posting flat growth in FY25.

Exhibit 17: Hyundai's exports volume trend and...



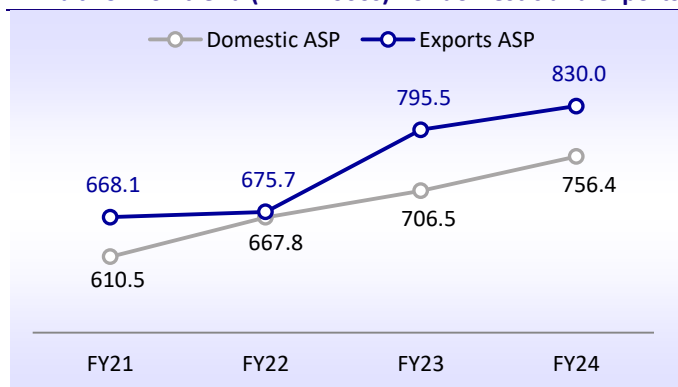
Source: Company, MOFSL

Exhibit 18: ...Region wise sales breakup % over FY21-FY24



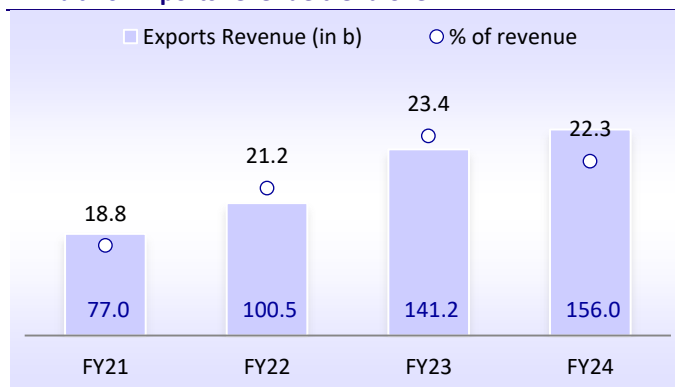
Source: Company, MOFSL

Exhibit 19: ASP trend (in INR 000s) for domestic and exports



Source: Company, MOFSL

Exhibit 20: Exports revenue trend over FY21-FY24



Source: Company, MOFSL

Strong backing from the parent

HMI is able to leverage strong technological capabilities of its parent

HMI has the support of HMC in many aspects of its operations including management, R&D, design, product planning, manufacturing, supply chain development, quality control, etc.

- HMI receives extensive support from its parent (HMC) in several aspects of its operations, including management, R&D, design, product planning, manufacturing, supply chain development, quality control, marketing, distribution, brand, human resources and financing, et al. HMI benefits from HMC's centralized R&D hub, which oversees global R&D initiatives for the Hyundai Motor Group.
- HMC's inherent strengths in emerging mobility areas, such as electrification, shared mobility, and autonomous driving, combined with the information flow within the Hyundai Motor Group on emerging global trends and the latest customer preferences, enable timely identification of potential upcoming technology trend in India.
- HMI also benefits from the implementation of HMC's manufacturing practices and quality management systems in its operations. HMC's sales network, which spans over 190 countries, provides HMI with valuable export opportunities, serving as a significant driver of revenue and profitability. HMI also maintains close connections with other affiliates within the Hyundai Motor Group across the auto OEM value chain, fostering synergies in supply, manufacturing, and product development.

5 key highlights of the 'robust parentage'



- **Benefits from HMC's centralized R&D hub:** HMI is a part of the Hyundai Motor Group, which is the third-largest auto OEM globally based on PV sales in CY23. HMI benefits from HMC's centralized R&D hub that oversees global R&D initiatives for the Hyundai Motor Group. During CY14-CY23, HMC has invested a total of INR1,756.5b in global R&D, including significant resources towards emerging mobility areas such as electrification, shared mobility, and autonomous driving. We believe that HMC's advanced R&D capabilities, combined with the flow of information within the Hyundai Motor Group regarding global trends and evolving customer preferences, enables timely identification of upcoming technology trends in India. HMI's Hyderabad R&D center collaborates with the central R&D hub in South Korea. Additionally, Hyundai Motor India Engineering Private Limited provides technical expertise for local customization. This capability facilitates the rapid introduction of new models, technologies, and features in India for HMI.

HMI's PVs are based on designs developed within the Hyundai Motor Group to ensure a globally consistent design quality. They then reorient and customize these technologies and features to meet local tastes, design, and aesthetics.

On the back of HMC's support, HMI has been able to drive numerous innovations in the Indian PV industry. We highlight below a few such innovations from HMI over the last few years.

- The company introduced the Santro with a "tall boy" hatchback design, offering superior headroom and seating height compared to other hatchbacks available at the time.
- HMI was also among the pioneers to launch CRDi diesel engine technology in India.
- In 2006, HMI became the first mass-market OEM to offer power steering as an option on the Santro.
- The company furthered its innovation with the launch of the Kona EV in 2019, India's first long-range EV (452 km range) within the under INR3m price bracket. Additionally, Hyundai introduced the Ioniq5, one of the first premium EVs (priced above INR3m) in India.
- The company was early adopters of connected car technology with Bluelink and introduced a range of new-age features, including Daytime Running Lights (DRLs), an Air Purifier, and a Dash Cam with recording capability.
- HMI was also the first to offer a panoramic sunroof in the mid-sized SUV segment.

In addition to its extensive feature set, HMI also implemented safety-first measures, including the standardization of key safety features.

- Hyundai Verna achieved a 5-star safety rating from Global NCAP in 2023, evaluated with standard features, including six airbags and ESC, ensuring high protection for both adult and child passengers.
- HMI became the first mass-market OEM in India to standardize six airbags, three-point seatbelts, and seatbelt reminders across all models and variants under its "safety-for-all" mission in Oct'23.

Highlighting HMC's alternate technology capabilities globally

Hybrid – A strategic response to the near-term slowdown in EVs: HMC is strategically responding to the near-term slowdown in EV demand by strengthening its focus on HEVs. The company sees growing demand for hybrids, driven by its in-house developed TMED hybrid technology, which is leading the markets globally. To further boost competitiveness, HMC plans to introduce TMED-II in January 2025, offering improved performance and fuel efficiency. Additionally, HMC aims to expand its hybrid model line-up from 7 to 14, targeting the sub-mid and mid-size segments. By 2028, the company expects to more than double hybrid sales to 1.33 million units, with significant growth across North America, Europe, South Korea, and other regions. In parallel, HMC is developing Extended Range Electric Vehicles (EREV) to address concerns over EV charging range. These vehicles will offer a driving range of up to 900 km per charge, providing both gasoline and electric fueling options. It plans to prioritize deploying D-SUV EREVs in North America,

targeting 80,000+ units by 2027. In China, the goal is 30,000+ units by 2027, focusing on extended range solutions to meet growing demand for hybridized EVs.

HMC aims to become the top 3 global companies in EVs by 2030; to have a total lineup of 31 EV models: Earlier in 2023, the group announced its plans to become a top 3 global EV manufacturer by 2030, combining Hyundai, Kia, and Genesis sales. At the groundbreaking ceremony of Kia's PBV plant, the group also committed to investing KRW24t in South Korea's EV industry by 2030. It plans to significantly expand the annual EV production in Korea to 1.51m units and global volume to 3.64m units by 2030. To enable such plans, HMI and Kia, along with Hyundai MOBIS, target to invest KRW24t (~USD18b) in the EV sector domestically. HMC plans to launch 31 EV models by 2030, leveraging its diverse brand portfolio, which includes: 1) the affordable Casper; 2) mass-market EVs; 3) a luxury lineup with six models; and 4) high-performance vehicles such as the Hyundai N Vision 74 and Genesis Magma. The company aims for ~2m EV sales by 2030, targeting 36% of its total sales, a significant increase from 0.3m in CY24 (7% of volumes), with regional contributions projected at 46% from North America, 62% from Europe, and 31% from South Korea.

HMI: Prepared to adopt a multi-powertrain approach as and when required

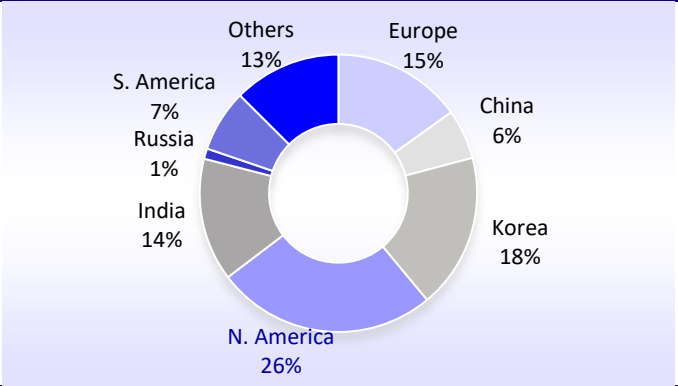
We believe HMC's diversified xEV portfolio across battery EVs, hybrid EVs, plug-in hybrid EVs, mild hybrid EVs, and fuel cell EVs will be a key enabler for HMI's long term EV strategy for India. Given HMI's experience in India and backed by its parent, we expect HMI to be able to develop localized EV solutions that are suited to Indian conditions. To maximize the price competitiveness of its EV models, HMI intends to focus on securing local production capabilities for key parts such as cells, battery packs, power electronics, and drivetrains and building a localized EV supply chain. Similarly, HMI is also exploring different avenues for purchasing lithium-ion prismatic battery cells through strategic collaborations. Further, HMI aims to increase localization in the near term to secure production-linked-incentive (PLI) subsidies and transition to a dedicated EV platform to optimize costs.

HMI seeks to calibrate its EV strategy and plan its EV timelines in line with market demands in India by launching the appropriate EV models within each price segment. Given that the EV market in India for PVs is not yet ready for mass-market vehicles, the company is following a transition strategy having started with the launch of high-end and premium EVs (Kona and Ioniq5). It further plans to transition towards the mass market as the EV market and ecosystem scale up in India. In line with the same, HMI aims to launch four EV models in future, including Creta EV in 4QFY25. Notably, as per media articles, the other launches include Kona Electric 2024 and Hyundai Inster.

Initiatives taken by HMI in the domestic EV space so far

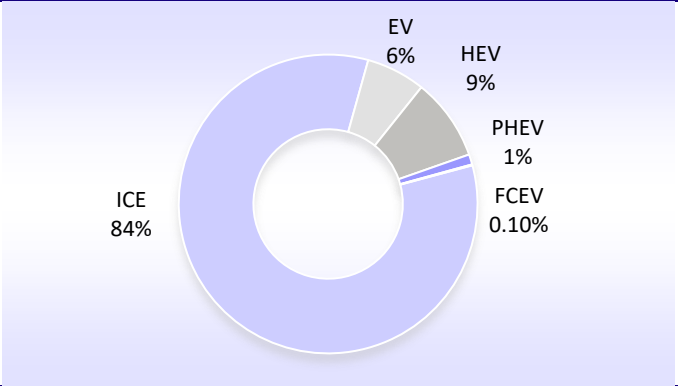
- HMI launched Kona Electric, the nation's first mass-market electric SUV, in 2019, followed by the Ioniq 5 in 2023. With the development of the E-GMP platform and adapted EV platforms, they plan to introduce four more EVs in India.
- It has entered into an agreement with the Tamil Nadu government to invest INR200b over the next decade, from 2023 to 2032.
- The investment aims to introduce new EV models, expand EV production capacity at the Chennai plant, establish a battery assembly unit, and install charging stations along major highways and key cities.
- In 2024, HMC and Kia signed a Memorandum of Understanding with Exide Energy Solutions for strategic collaboration to support battery localization efforts for their upcoming EVs.

Exhibit 21: HMC- CY23 global geography mix



Source: HMC, MOFSL

Exhibit 22: HMC- CY23 powertrain mix globally



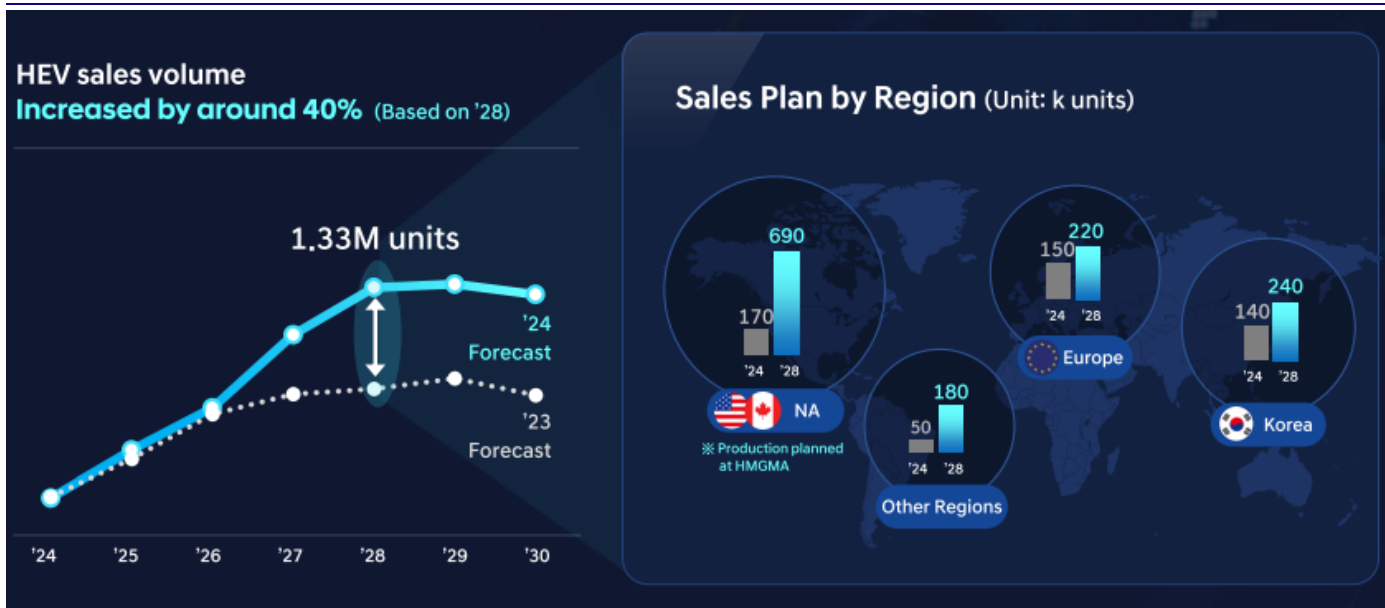
Source: HMC, MOFSL

Exhibit 23: HMC is strengthening its competitiveness through expansion of HEV lineup and performance improvement



Source: Hyundai, MOFSL

Exhibit 24: HMC: Regional HEV revised target



Source: Hyundai, MOFSL

Exhibit 25: HMC: EREV deployment plan



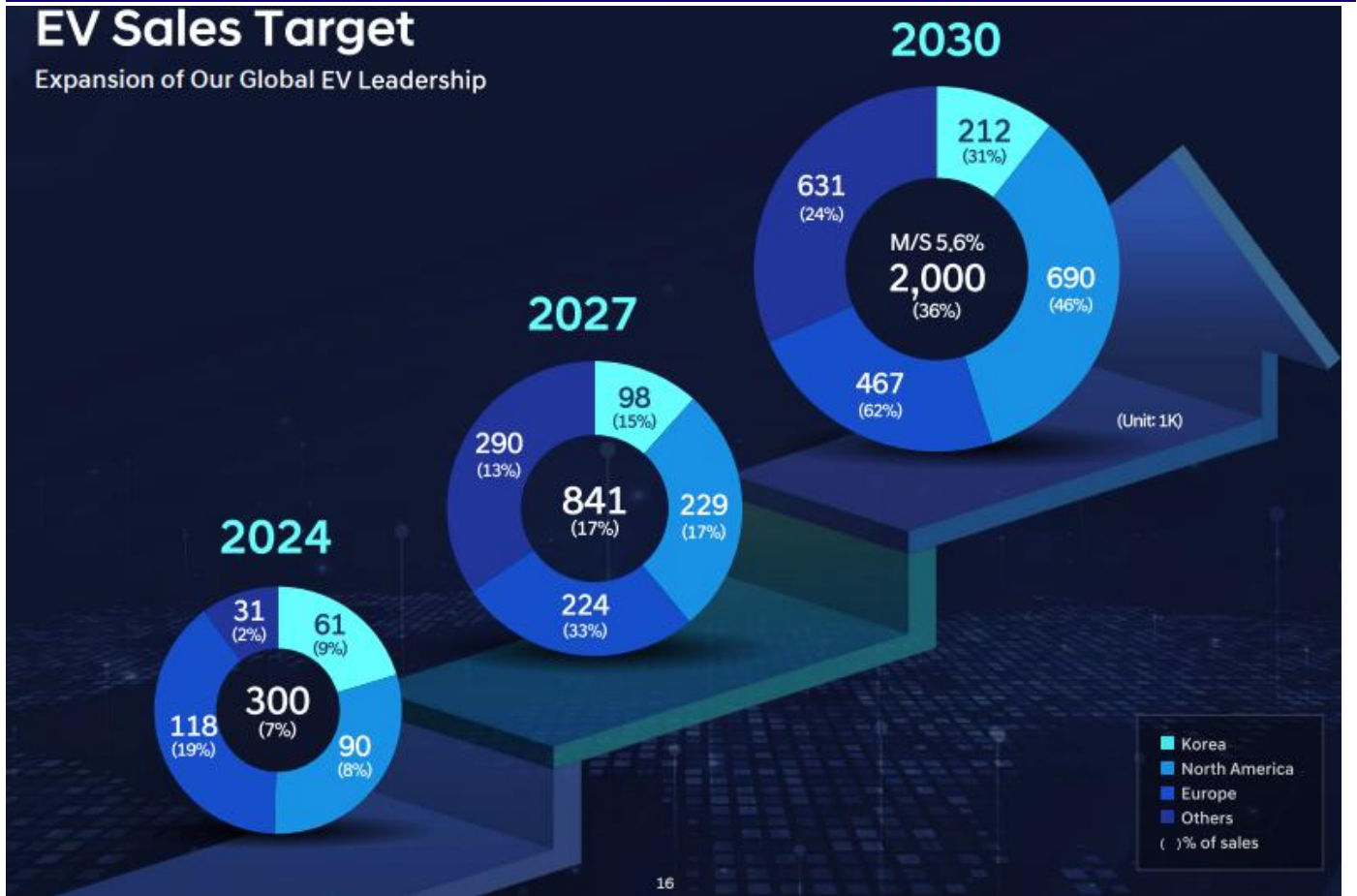
Source: Hyundai, MOFSL

Exhibit 26: HMC plans to launch a full EV lineup of 21 models by 2030 across multiple segments



Source: Hyundai, MOFSL

Exhibit 27: HMC’s global EV growth ambition

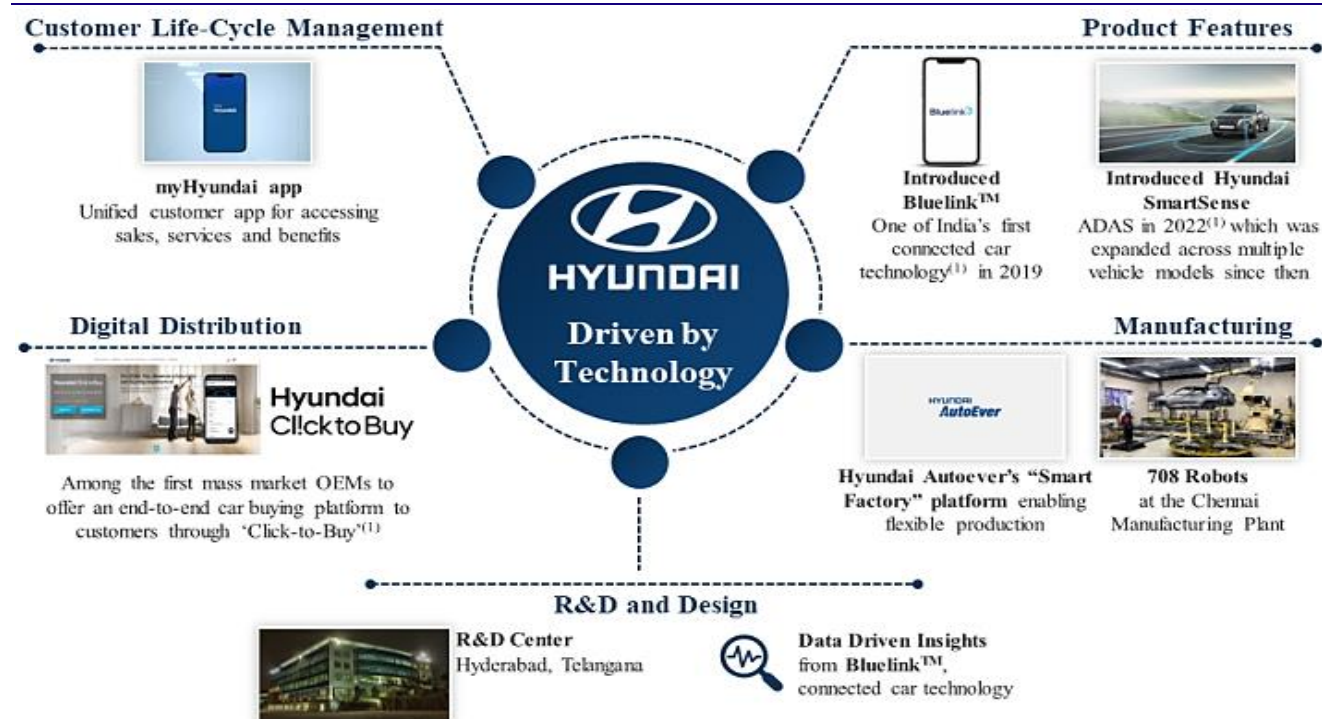


Source: Hyundai, MOFSL

■ Implementation of HMC's world-class manufacturing practices

The Chennai manufacturing plant is one of India's largest single-location manufacturing plants in terms of production capacity for CY23, with five different platforms – four for ICE and one for EV. Leveraging Hyundai Autoever – HMC's 'smart factory' platform – HMI is able to produce flexibly customized PVs and parts using automated manufacturing processes.

- **Common platform architecture:** To improve their operational efficiency, HMI's Chennai manufacturing plants use a common platform architecture, allowing the company to produce eight models in one plant and six in the other, with one model in both. This setup enables parallel production of selected models based on market demand, reducing product development costs, accelerating time-to-market, streamlining manufacturing, enhancing capacity utilization, and increasing agility in introducing new models.
- **Automation:** The Chennai manufacturing plant is highly automated, producing all 13 passenger vehicle models with over 2,000 machines and 708 robots connected to advanced systems. These plants operate in three shifts over 293 working days per year and, on average, produce 131 PVs/hour.
- **Quality control:** HMI's quality control systems are based on HMC's Global Quality Management System, which monitors the quality throughout the phases of the value chain, from development, production, and sales to after-sales services of new PVs. HMI has also established the India Quality Centre in Faridabad, Haryana, to support its quality control initiatives. HMI has a separate final inspection line for quality checks for all assembled passenger vehicles. The company conducts system-wise checks to ensure function and appearance quality of the products. Its Digital Vehicle Inspection System integrates the quality assurance process digitally by capturing quality assessment data and verifying it against established standards, involving multiple inspection checkpoints before final clearance. HMI conducts real-time road tests for each passenger vehicle manufactured, covering various road types, a shower test, and a drive evaluation. The company also uses technologies such as 3D scanners, dynamo test beds, and digital processes, among others, to test the products.
- **Other examples of advanced manufacturing technology include** a vision system for verifying sealer application, boosting efficiency and accuracy, and a four-layer painting process with electro-deposition, surface coating, and a premium topcoat finish.
- Further, to digitize the sales network, HMI has launched end-to-end digital platforms, such as the "myHyundai" app for customers and the "H-Smart" app for dealers in India.

Exhibit 28: Hyundai launched end-to-end digital platforms such as 'myHyundai' for customers and 'H-Smart' app for dealers

Source: Company, MOFSL

- **HMI has secure access to HMC's global supply chain:** HMI depends on a combination of Indian and global suppliers, including HMC, to provide body parts, trims, engines & transmission, and materials such as steel for its manufacturing operations. These suppliers in turn source their own supplies, such as steel, rubber, plastic, aluminum, and petroleum products, from domestic and global suppliers. For example, Hyundai Steel India supplies steel to HMI, which in turn gives it to its suppliers for further processing. Depending on the requirements and the availability of parts in India, or in circumstances where HMI intends to introduce a new feature or part in India, the company may look to import parts such as engine components, engine & transmission assemblies, and molds and dies from suppliers outside India, primarily from HMC or other companies from within the Hyundai Motor Group. Among other parts and materials, HMI procures semiconductor chips primarily from HMC, which sources these chips for the entire Hyundai Motor Group from a limited number of suppliers outside India. In FY24, HMI collectively sourced 94.64% of its parts and materials from India and South Korea.

Exhibit 29: Top-10 suppliers contributed ~58% of its total raw material supplied for 1QFY25

Name of supplier	% of total parts and materials supplied
Mobis India Limited*	17.91
Hyundai Motor Company*	7.45
Hyundai Steel India Private Limited	6.78
Hyundai GLOVIS Co., Ltd.	6.21
Kia India Private Limited*	4.26
Hyundai Transys Lear Automotive India Private Limited*	3.99
Seoyon E-Hwa Summit Automotive India Private Limited	3.48
S L Lumax Limited	3.48
BASF Catalysts India Private Limited	2.41
PT Hyundai Motor Manufacturing Indonesia	2.01

*Related parties for HMI; Source: Company, MOFSL

HMI Vs Maruti Suzuki

HMI has a superior financial matrix when compared to market leader

Parameters	Hyundai		MSIL	
	FY23	FY24	FY23	FY24
Performance				
Annual sales (mn units)	0.72	0.78	1.97	2.14
Market coverage (%)	87	87	90	90
PV market share (%)	14.6	14.6	41.3	41.7
UV mix (%)	53.2	63.2	22.3	33.5
Financial parameters				
ASP (INR)	7,70,863	8,33,751	5,72,184	6,31,932
Emp cost (% to net sales)	2.9	2.8	3.9	3.9
R&D (% to net sales)	0.1	0.2	0.8	0.8
Royalty (% to net sales)	2.4	2.2	3.6	3.5
Import (% of COGS)	16.8	16.6	4.0	4.0
EBIT margin (%)	8.9	9.9	7.0	9.5
PAT margin (%)	7.8	8.7	6.8	9.4
Capex (% of net sales)	3.7	4.6	5.3	4.9
EBITDA per unit	1,04,762	1,17,405	55,986	76,809
PAT per unit	65,355	77,905	40,939	61,861
Ratios				
RoE (%)	25.5	39.5	14.1	18.3
RoCE (%)	21.0	32.9	11.2	14.3
PER (x)	33.8	26.3	45.7	29.1
EV / EBITDA (x)	18.9	16.5	30.1	19.8
FCF yield (%)	2.7	3.8	0.7	2.0

Summary thoughts

Scale and distribution reach

It remains an undisputable fact that when it comes to scale and distribution reach, MSIL continues to have an advantage relative to Hyundai and all other peers by a margin.

Technology

Given higher automation levels, HMI has relatively lower employee costs (% to sales) despite lower scale of operations.

Imports

Given its dependence on multiple group companies for key raw materials, HMI has a much higher percent of imports relative to MSIL.

Product gaps

Following the discontinuation of Santro and Eon, HMI does not have any product below Grand i-10. It also does not have a product in the MPV segment (like Innova). For MSIL, it doesn't have a proper own 7-seater product in its mix. In EVs, while Hyundai has launched a premium EV and would launch the Creta EV in Q4FY25, MSIL is also expected to launch its first EV by FY25 end.

EBIT margin

Despite a highly superior mix, it is important to note that HMI's EBIT margin is only slightly better than MSIL. This is possibly due to scale benefits that MSIL enjoys.

Capex

HMI's capex to sales have been lower than MSIL at 3.7% and 4.6% for FY23/24 vis-à-vis 5.3% and 4.9% for MSIL.

Return ratios

As highlighted in the table, returns for HMI are superior to MSIL. Returns have also been boosted post the one-time special dividend paid by HMI in FY24 (INR 108bn, 178% payout).

Key financial assumptions

Expect HMI to post 17% EPS CAGR over FY25-27 post correction in FY25

Key assumptions

- In FY25, the PV industry appears to be taking a breather over a high base of last year. Given the weak demand environment, we expect HMI to report a 2% YoY decline in domestic volumes in FY25. After that, we expect HMI to deliver a 7% volume CAGR over the next two years on the back of its new launches. For exports also, we expect this segment to post a much better 11% CAGR over FY25-27E. Resultant, we expect HMI to post 8% CAGR in total volumes over FY25-27.
- As highlighted in the RHP and according to the new agreement of HMI with its parent, we have factored in royalty rate to increase to 3.5% of revenue from 2.2% in FY24.
- This is likely to be partially offset by the benefits of operating leverage and improving mix.
- Hence, we factor in EBITDA margin to remain stable YoY for FY25E and then improve 60bp over FY26-27E.
- Given the moderation in demand, stable margin and lower other income, we expect HMI's earnings to decline 8% YoY in FY25. However, we factor in HMI to post 17% earnings CAGR over FY25-27E on the back of pick-up in volumes and margin expansion highlighted above.

Exhibit 30: HMI's overall volumes CAGR is expected to be ~5% over FY24-27

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Domestic volumes	471,535	481,500	567,546	614,717	601,464	632,200	689,657
YoY %		2	18	8	-2	5	9
Exports volumes	104,342	129,260	153,019	163,155	163,155	1,79,471	201,007
YoY %		24	18	7	0	10	12
Total volumes	575,877	610,760	720,565	777,872	764,619	811,670	890,664
YoY %		6	18	8	-2	6	10

Exhibit 31: In terms of profitability, MSIL and HMI stands largely similar

Profitability ratios	MSIL		Hyundai	
	FY21-24	FY25-27E	FY21-24	FY25-27E
EBITDA margin %	8.8	12.7	11.9	13.5
EBIT margin %	5.8	10.7	7.8	10.3
PAT margin %	6.6	10.3	6.8	8.4
PAT margin % (ex of other income)	3.9	7.7	5.2	7.2

Exhibit 32: HMI has been generating better return ratios vis-à-vis peer

Return ratios %	MSIL		Hyundai	
	FY21-24	FY25-27E	FY21-24	FY25-27E
ROE	12.0	16.8	24.0	41.2
ROCE	8.4	13.6	20.1	38.7
ROIC	43.2	63.3	84.3	143.5

Exhibit 33: HMI's cash flow position also stands better with respect to the peer

Cash flow performance	MSIL		Hyundai	
	FY21-24	FY25-27E	FY21-24	FY25-27E
CFO to sales	8.3	9.8	12.1	11.1
FCF to sales	4.0	4.9	7.7	7.1
Accrual ratio	1.2	1.0	1.4	1.1

Valuation and View

We believe HMI deserves a slight premium to MSIL

We believe HMI warrants a slight premium to MSIL, given: 1) the technological prowess of its parent; 2) a superior financial metric; 3) a relatively premium brand perception and 4) better alignment with changing industry trends.

- In India, HMC is very well-positioned to benefit from the premiumisation trend given that 63% of its mix comes from SUVs. It also has a healthy presence in some of the fastest growing segments in India. Additionally, HMI has a well-developed ecosystem in India that facilitates the launch of PVs that are feature-rich, reliable, and innovative at competitive price points. HMI's strong parental support from HMC enables timely identification of upcoming technology trends in India, which can be introduced on a need-basis within a short time-to-market. Further, HMC's global presence offers significant export growth opportunities for HMI in the long-run.
 - While FY25 is likely to be moderate for PVs in India and consequently for HMI, we project the company to report a 8% volume CAGR over the next two years. Following a moderation in FY25E earnings, we expect HMI to post 17% earnings CAGR over FY25-27E on the back of new model launches and improved mix. We believe HMI warrants a slight premium to MSIL, given: 1) the technological prowess of its parent in emerging technologies that can be customized to meet Indian customer requirements as needed; 2) a superior financial metric; 3) a relatively premium brand perception and 4) better alignment with changing industry trends.
 - We initiate coverage on HMI with a BUY rating and a TP of INR2,345, based on 27x Sep'26E earnings (relative to 26x for MSIL).
-
- In the domestic market, HMI is well positioned to benefit from the premiumization trends in India given that 63% of its mix is from the SUV segment. Further, it has a healthy presence in some of the fastest-growing segments in India: it is a market leader with 33% share in the mid-size SUV segment, 20% share in compact SUVs, 20% share in compact sedan segment and a 18% share in the premium compact car segment. Overall, HMI has now emerged as a trusted brand for its stakeholders in the domestic market.
 - HMI has now developed a solid ecosystem in India, which includes: 1) a large production capacity; 2) an established supplier network; and 3) a strong distribution reach. It is this manufacturing ecosystem that helps HMI launch PVs that are feature-rich, reliable, innovative and yet competitively priced and has helped it establish HMI as a strong and reliable brand in India.
 - As highlighted in the previous section, HMI enjoys strong support from its parent (HMC) in several aspects of its operations, including management, R&D, design, product planning, manufacturing, supply chain development, quality control, marketing, distribution, brand, human resources, and financing, et al. This enables timely identification of upcoming technology trends in India which can be introduced on a need-basis within a short time-to-market. Further, given that HMC is strong globally in both hybrids and EVs, HMI can launch those technologies in India customized to Indian conditions, as and when market demands.
 - HMC's sales network across more than 190 countries helps HMI pursue export opportunities, which is an important revenue and profitability driver. The company aims to leverage its local manufacturing capabilities to establish HMI as a key export hub for emerging markets, including Southeast Asia, Latin America, Africa, and the Middle East, with the potential to export to other global markets.

- While FY25 is likely to be moderate year for PVs in India and consequently for HMI, we project the company to report a 8% volume CAGR over the next two years. Following a correction in FY25E earnings, we expect HMI to post 17% earnings CAGR over FY25-27E.
- While determining the appropriate valuation, MSIL serves as an ideal OEM to establish a benchmark. Therefore, we compare key parameters of MSIL with those of HMI to ascertain the valuation that can be attributed to HMI in relation to this benchmark.

Exhibit 34: A comprehensive comparison of MSIL and HMI based on the key operating and financial metrics

Parameters	OEM that has an upper edge	Observations on relative strengths
Scale	 HYUNDAI  MARUTI SUZUKI	❖ MSIL is almost double the size of HMI in terms of production capacity.
Distribution reach	 HYUNDAI  MARUTI SUZUKI	❖ MSIL has the most extensive network of touchpoints in the country, with 3,480 sales outlets and 4,960 service outlets, totaling over 8,440 touchpoints. In comparison, HMI has 1,360 sales outlets and 1,540 service outlets, bringing their total to over 2,990 touchpoints.
Aligned to outperform industry growth	 HYUNDAI  MARUTI SUZUKI	❖ HMI has 63% of its domestic volumes coming from the SUV segment relative to 26% for MSIL. Given expectation that the SUV segment is likely to continue outperforming PVs, HMI appears better aligned to outperform industry growth.
Growth potential	 HYUNDAI  MARUTI SUZUKI	❖ We believe both HMI and MSIL have a decent growth potential from here. Both OEMs are yet to launch mass market EVs in India. Further, while MSIL does not have presence in the 7-seater segment (large UV), HMI lacks presence in the MPV segment. Similarly, both players have a good opportunity to grow in exports fueled by their respective parents.
Brand perception towards premium	 HYUNDAI  MARUTI SUZUKI	❖ We think HMI has a relative edge over MSIL here, especially in the INR1-2m segment. We do see several erstwhile MSIL customers upgrade to HMI/other brands for their repeat purchases.
Ability to launch upcoming new tech if and when market demands	 HYUNDAI  MARUTI SUZUKI	❖ We believe HMI has a relative edge over MSIL here. MSIL depends on Toyota for the strong hybrid technology. On the other hand, HMC has its own tech in both hybrids and EVs globally. They can customize the same and launch it in India as and when the Indian market is ready.
Financial metrics	 HYUNDAI  MARUTI SUZUKI	HMI outperforms MSIL in several financial parameters: ❖ Profitability: HMI has superior operating and PAT margins compared to MSIL. ❖ Return ratios: An analysis of key return ratios – ROE, ROCE, and ROIC – implies HMI is leading MSIL across all metrics. ❖ Cash flow performance: HMI demonstrates a stronger ability to generate cash flows, as evidenced by its better CFO to sales, FCF to sales, and accrual ratio.

Source: Company, MOFSL

Exhibit 35: Comparative valuation

Company	Reco	CMP (INR)	EBIT Margin (%)		EPS (INR)		EPS Gr. YoY (%)		P/E (x)		EV/ EBITDA (x)		ROE (%)	
			FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Hyundai	Buy	1,960	10.0	10.5	68.7	79.8	-7.9	16.2	28.5	24.6	15.9	13.6	45.2	40.6
M & M	Buy	2,964	9.6	9.8	103.0	122.7	16.0	19.2	28.8	24.2	21.2	17.9	21.6	21.8
Maruti Suzuki	Buy	12,103	10.4	10.9	475.1	550.4	10.7	15.9	25.5	22.0	17.2	14.7	15.6	16.0
Bajaj Auto	Neutral	10,500	19.5	20.2	302.1	387.9	9.4	28.4	34.8	27.1	25.4	20.2	32.0	37.2
Eicher Motors (S/A)	Sell	4,764	24.1	23.4	153.6	167.5	12.0	9.0	29.6	27.1	19.6	17.6	22.6	21.4
Hero Motocorp	Buy	5,215	12.6	13.2	230.3	280.1	12.6	21.6	22.6	18.6	15.1	12.7	24.8	28.0
TVS Motor Co.	Neutral	2,715	9.3	10.3	52.5	67.9	19.6	29.4	51.8	40.0	31.8	25.7	28.4	29.0

Exhibit 36: P/E band for Automobile sector

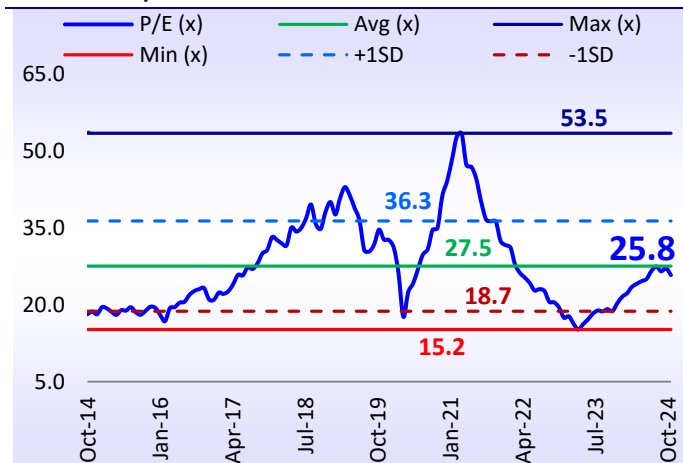
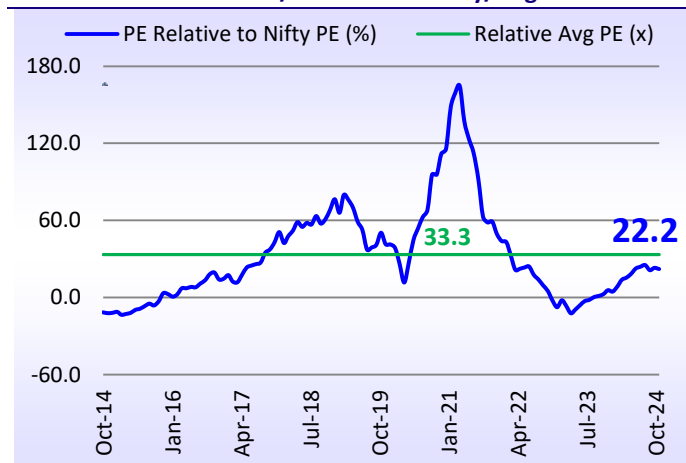


Exhibit 37: Auto sector P/E relative to Nifty/Avg



Given the above comparative analysis, we believe that while both OEMs are very close in competency/future growth potential, we can ascribe a slight premium to HMI over MSIL, given: 1) the technological prowess of its parent in emerging technologies that can be customized to meet Indian customer requirements as needed; 2) a superior financial metric; 3) a relatively premium brand perception; and 4) better alignment with changing industry trends. Any material premium over MSIL is well avoided given MSIL's significant scale and distribution prowess. We hence assign a 27x one-year Fwd PER multiple to HMI, relative to our target multiple of 26x that we have currently assigned to MSIL. Therefore, we arrive at our TP of INR2,345 for HMI, based on 27x Sep'26E earnings. **We initiate coverage on HMI with a BUY rating.**

Key risks

- **Dependence on Parent Company:** Hyundai India's operations are closely tied to the parent company's strategies and decisions, including technology transfer, global supply chains, and investment allocations. Any shift in the parent's priorities or financial health could impact local operations.
- **Business Growth Slowdown:** A slower-than-expected ramp-up in business, whether due to weak consumer demand or operational inefficiencies, may affect market share and long-term profitability.
- **Unfavorable Regulatory Changes:** Sudden shifts in regulations around new technologies (like EVs, hybrids, or CNG) or emissions standards may require rapid adaptation, potentially increasing compliance costs or disrupting product rollouts.
- **Geopolitical Challenges Impacting Exports:** Geopolitical tensions, trade restrictions, or unfavorable tariffs could disrupt Hyundai India's exports business, limiting access to key international markets and creating supply chain disruptions.
- **Commodity Cost Volatility:** Fluctuating prices of raw materials like steel, aluminum, and lithium can increase production costs, squeezing margins and affecting profitability, especially in a competitive market.

ESG initiatives



Environment

- **Renewable energy commitment:** The Chennai manufacturing plants source 63% of the energy from renewable sources, aiming for 100% utilization by the end of 2025 through the “RE100” plan.
- **Sustainable practices:** The plants implement sustainable processes such as LED lighting, waste heat recovery, and energy-efficient equipment to reduce fuel consumption.
- **Circular economy focus:** HMI is committed to ‘Extended Producer Responsibility’; the company prioritizes recycling in vehicle design and operates a battery recycling program for end-of-life EV batteries.
- **Community engagement:** Through the “EcoGram” initiative, HMIF promotes sustainable waste management and biogas production, alongside launching 100 reverse osmosis systems in schools under the ‘H₂OPE’ project.

Social

- **Mission Chennai:** A health and road safety initiative providing free health check-ups and counseling for drivers, along with road safety sessions and collaboration with authorities for survey solutions.
- **Sparsh Sanjeevani Project:** Launched mobile medical vans and telemedicine clinics to deliver healthcare services in underserved rural areas, including five new telemedicine clinics inaugurated in 2025.
- **Vidya Vahini Program:** A mobile science library initiative providing educational resources and trained instructors to schools in Uttar Pradesh, expanded to 14 districts with the addition of "Lab on Bike" projects.
- **Drive4Progress Initiative:** A skill development program launched in partnership with an NGO to train and provide employment opportunities for youth, including women, across multiple states.

Governance

- As of the date of RHP, the Board comprised eight Directors, which included one Managing Director, three Whole Time Directors and four Independent Directors, including Two Women Directors.
- None of the directors are related to each other.

Bull and Bear cases



Bull Case

- ✓ Revenue is projected to grow at a 16% CAGR from FY24-27, driven by strong volume growth, particularly from a recovery in entry-level demand and sustained growth in UVs, along with higher export growth.
- ✓ Adjusted margins are expected to improve by approximately 170bp, reaching 14.8% by FY27, supported by a favorable product mix and operational leverage.
- ✓ EPS is forecasted to grow at a 20% CAGR over the same period, benefiting from strong revenue growth and margin expansion.



Bear Case

- ✓ Revenue is projected to decline 3% CAGR over FY24-27, driven by sustained weakness in the entry-level category and subdued demand even in SUVs.
- ✓ Margins are expected to contract by 80bp, declining to 12.3% by FY27, due to pressure from commodities and an unfavorable product mix.
- ✓ EPS is anticipated to show a negative CAGR of 11% over FY24-27, reflecting weaker revenue growth and margin compression.

Scenario analysis: Base | Bull | Bear

INR m	Base				Bull			Bear		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	6,98,291	7,08,792	7,77,823	8,81,515	7,29,741	8,73,786	10,77,649	6,73,877	6,38,427	6,27,771
Gr (%)		2	10	13	5	20	23	-3	-5	-2
EBITDA	91,326	93,561	1,06,562	1,21,649	98,515	1,28,447	1,59,492	86,256	77,888	77,216
EBITDA Margin (%)	13.1	13.2	13.7	13.8	13.5	14.7	14.8	12.8	12.2	12.3
Dep+Int-OI	8,927	18,151	18,953	18,511	18,151	18,953	18,511	18,151	18,953	18,511
Tax rate (%)	26	26	26	26	26	26	26	26	26	26
PAT	60,600	55,803	64,830	76,322	59,470	81,025	1,04,326	50,398	43,612	43,441
EPS (INR)	74.6	68.7	79.8	93.9	73.2	99.7	128.4	62.0	53.7	53.5
Gr (%)		-8	16	18	-2	36	29	-17	-13	0
RoE (%)	56.8	45.2	40.6	37.8	47.5	47.6	45.0	41.8	30.1	26.7
Target PE (x)				27			28			26
TP (Sep'26E EPS)				2,345			3,195			1,395
Upside (%)				20			63			-29

SWOT analysis

- ✓ Strong brand recognition and consumer loyalty.
- ✓ Diverse product portfolio across multiple segments.
- ✓ Extensive distribution and service network nationwide.
- ✓ Strong support from parent.
- ✓ Robust local manufacturing capabilities in India.

S

STRENGTH



- ✓ Limited presence in the INR 2mn+ segment in India
- ✓ No presence in the mini segment in India
- ✓ Limited offerings in the electric vehicle segment or hybrid.

W

WEAKNESS



- ✓ Well aligned to industry trends given strong SUV mix
- ✓ MPV segment remains an open white space
- ✓ Strong Export potential
- ✓ EV and hybrids to emerge as long term opportunity

O

OPPORTUNITY



- ✓ Intense competition from domestic and global brands.
- ✓ Group company Kia ramping up presence in India
- ✓ Increasing regulatory compliance hurting accessibility of its brands

T

THREATS



Management team



Unsoo Kim

Chairman and Managing Director

Unsoo Kim is the Managing Director and Chairman of the Board. He has been associated with the company since January 1, 2022, and also serves as the head of the India, Middle East & Africa Strategic Region for HMC. With over 30 years of experience at Hyundai, Mr. Kim holds a bachelor's degree in engineering from Seoul National University and is responsible for the overall operations and business of the company.



Gopalakrishnan Sivaramakrishnan

Whole Time Director and CEO

He has been with HMI since 12th Sep'97, and holds a master's degree in business administration from ICAI University, Dehradun. An associate of the Institute of Engineers (India), he oversees the entire manufacturing process, focusing on strategic planning, resource optimization, and production targets. He was previously associated with Maruti Suzuki India Limited.



Tarun Garg

Whole time Director and COO

Tarun Garg has been associated with HMI since 4th Dec'19. He holds a bachelor's degree in mechanical engineering from the University of Delhi and a postgraduate diploma in management from the Indian Institute of Management, Lucknow. Mr. Garg oversees sales, service, dealer management, product strategies, marketing, and customer relationships. He previously worked with Maruti Suzuki India Limited.



Wangdo Hur

Whole time Director and Chief Financial Officer

He has been with HMI since 1st Jan'23, overseeing all finance activities and performance. He holds a bachelor's degree in economics from Yeungnam University, Korea, and brings over three decades of experience with Hyundai Motor Group, where he has worked since 1st Dec'91.



Senthil Kumar R

Functional Head- Production Support

He has been associated with the company since 1997. He holds a bachelor's degree in engineering (electrical & electronics) from the PSG College of Technology, Bharathiar University, a master's degree in business administration from the Indian Institute of Management, Tiruchirappalli and a master's degree in science from the Birla Institute of Technology & Science. Previously with Bajaj Auto, he oversees production control, maintenance, and material management.

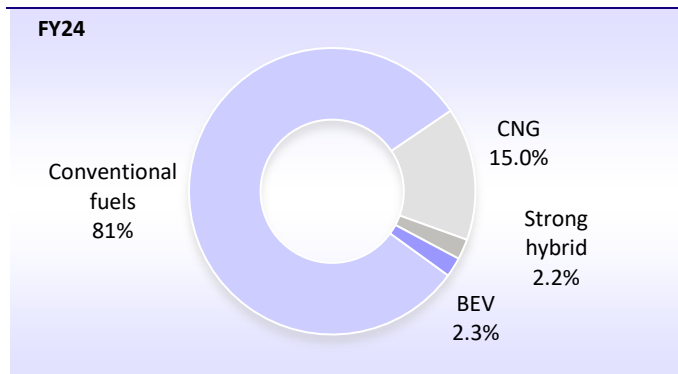


Rupesh Kapoor

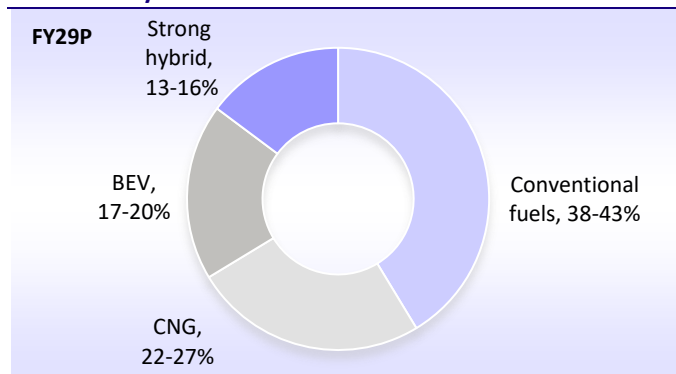
Vertical Head- Channel strategy

He has been associated with the company since 2007. He has completed a post graduate diploma in business administration (operations management) from Symbiosis Centre for Distance Learning, Pune. He was previously associated with Moser Baer India Ltd., Delphi Automotive Systems Limited and Motherson Sumi Systems Limited. He is responsible for devising various strategies and policies, in line with market potential and optimizing the dealer network.

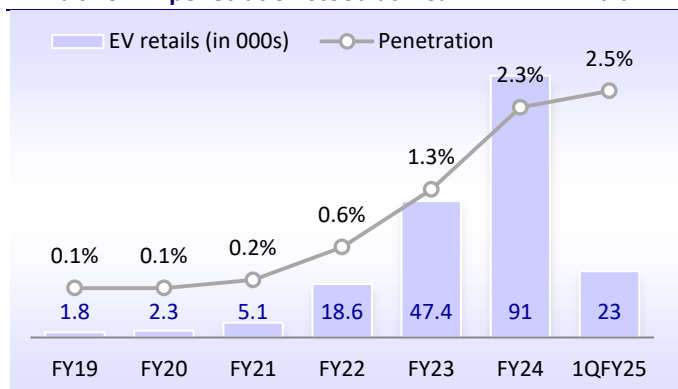
Annexure

Exhibit 38: Non-conventional fuel mix for the domestic PV contributed 19% of volumes in FY24

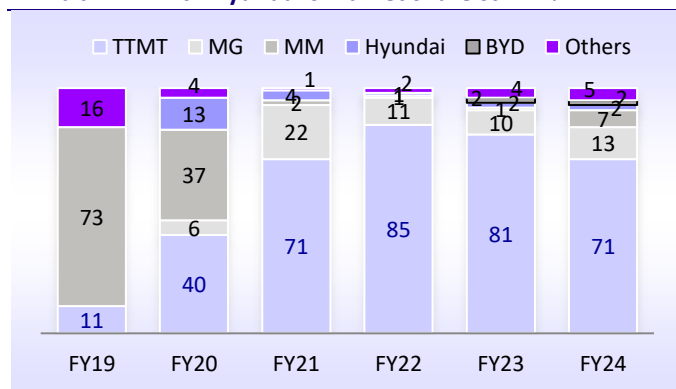
Source: Company, MOFSL

Exhibit 39: ...and the share is likely to increase in the range of 57-62% by FY29

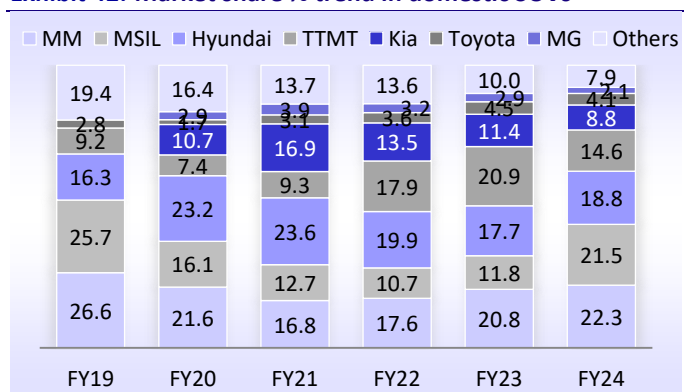
Source: Company, MOFSL

Exhibit 40: EV penetration stood at 2.3% in FY24 in India

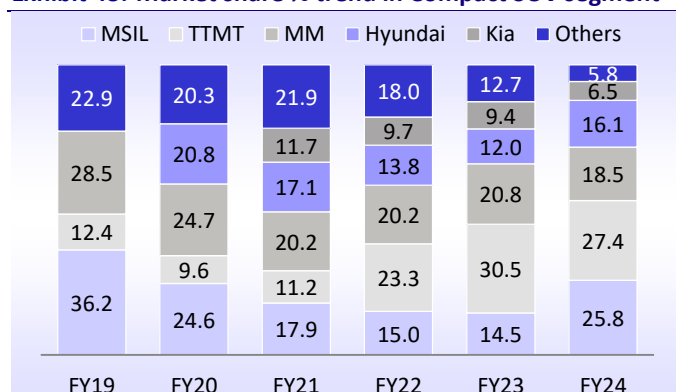
Source: SIAM, MOFSL

Exhibit 41: ...with Hyundai's market share still ~2%

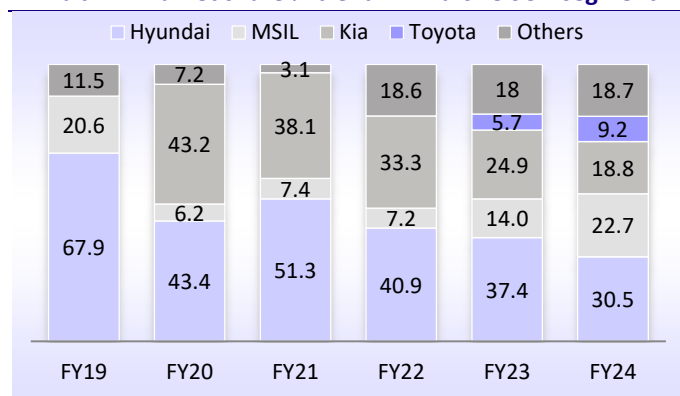
Source: SIAM, MOFSL

Exhibit 42: Market share % trend in domestic SUVs

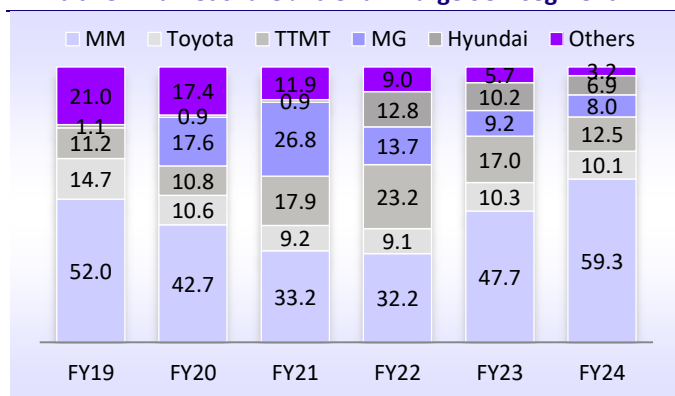
Source: Company, MOFSL

Exhibit 43: Market share % trend in Compact SUV segment

Source: Company, MOFSL

Exhibit 44: Market share % trend in Mid-size SUV segment

Source: Company, MOFSL

Exhibit 45: Market share % trend in large SUV segment

Source: Company, MOFSL

Related party transactions**Exhibit 46: Sale of motor vehicles, parts and raw materials (INR m)**

	FY24	% of total
Hyundai Motor De Mexico S DE RL DE CV	14,847	2.3
Hyundai Motor Company, South Korea	66	0.0
Kia India Private Limited	30,078	4.7
Mobis India Limited	2,285	0.4
Hyundai Transys Lear Automotive India Private Limited	1,220	0.2
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	3,965	0.6
Hyundai Transys India Private Limited	1	0.0

Source: Company, MOFSL

Exhibit 47: Sale of service (INR m)

	FY24	% of total
Hyundai Motor Company, South Korea	2,683	6.3
Kia Corporation	1,929	4.6
Kia India Private Limited	116	0.3

Source: Company, MOFSL

Exhibit 48: Purchase of raw materials, components and spare parts

	FY24	% of total
Hyundai Motor Company, South Korea	45,164	8.8
Hyundai Motor Group (China) Ltd	3,277	0.6
Hyundai KEFICO Corporation	1,276	0.2
Hyundai Transys Lear Automotive India Private Limited	20,146	3.9
Hyundai Transys India Private Limited	3,685	0.7
Hyundai Wia India Private Limited	315	0.1
Hyundai Wia Automotive Engine (shandong) Company	1,865	0.4
Kia India Private Limited	21,348	4.1
Mobis India Limited	90,628	17.6
Mobis India Module Private Limited	1	0.0
Kia Motors Slovakia s.r.o.	-	0.0
Hyundai Rotem Company	0	0.0
PT Hyundai Motor Manufacturing Indonesia	9,432	1.8

Source: Company, MOFSL

Financials and valuations

Consol. Income Statement

					INR m		
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Volumes	5,75,877	6,10,760	7,20,565	7,77,872	7,64,619	8,11,670	8,90,664
Change (%)	(12)	6	18	8	(2)	6	10
ASP	7,11,476	7,75,729	8,36,949	8,97,693	9,26,987	9,58,299	9,89,727
Change (%)	8	9	8	7	3	3	3
Net Op Income	4,09,723	4,73,784	6,03,076	6,98,291	7,08,792	7,77,823	8,81,515
Change (%)	(5)	16	27	16	2	10	13
Raw Material	3,13,298	3,58,251	4,50,299	5,15,929	5,10,330	5,60,033	6,34,691
RM (% of Net Sales)	76.5	75.6	74.7	73.9	72.0	72.0	72.0
Employee Cost	14,649	16,476	17,662	19,755	20,555	21,779	24,682
Staff Cost (% of Net Sales)	3.6	3.5	2.9	2.8	2.9	2.8	2.8
Other operating cost	39,319	44,196	59,626	71,280	84,346	89,450	1,00,493
Other Cost (% of Net Sales)	9.6	9.3	9.9	10.2	11.9	11.5	11.4
EBITDA	42,457	54,861	75,488	91,326	93,561	1,06,562	1,21,649
Change (%)	-0.9	29.2	37.6	21.0	2.4	13.9	14.2
EBITDA Margins (%)	10.4	11.6	12.5	13.1	13.2	13.7	13.8
Depreciation	19,732	21,696	21,899	22,079	22,925	24,703	26,473
EBIT	22,725	33,165	53,589	69,247	70,636	81,858	95,176
% of revenue	5.5	7.0	8.9	9.9	10.0	10.5	10.8
Interest	1,646	1,319	1,424	1,581	1,208	1,083	1,083
Other Income	4,324	5,876	11,291	14,733	5,982	6,833	9,045
PBT	25,402	37,722	63,456	82,399	75,410	87,609	1,03,138
Tax	6,591	8,706	16,363	21,798	19,607	22,778	26,816
Effective tax Rate (%)	25.9	23.1	25.8	26.5	26.0	26.0	26.0
Adj. PAT	18,812	29,016	47,093	60,600	55,803	64,830	76,322
Change (%)	-20.1	54.2	62.3	28.7	-7.9	16.2	17.7

Consol. Balance Sheet

					INR m		
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	8,125	8,125	8,125	8,125	8,125	8,125	8,125
Reserves	1,44,988	1,60,437	1,92,423	98,531	1,32,013	1,70,911	2,16,705
Net Worth	1,53,113	1,68,563	2,00,548	1,06,657	1,40,139	1,79,037	2,24,830
Loans	13,539	11,777	11,893	8,332	8,332	8,332	8,332
Deferred Tax Liability	(4,494)	(6,157)	(8,266)	(9,478)	(9,478)	(9,478)	(9,478)
Capital Employed	1,62,159	1,74,183	2,04,176	1,05,511	1,38,993	1,77,891	2,23,685
Gross Fixed Assets	1,66,175	1,81,084	1,96,380	2,31,918	2,66,447	3,01,447	3,36,447
Less: Depreciation	93,296	1,14,372	1,34,876	1,55,774	1,78,699	2,03,402	2,29,875
Net Fixed Assets	72,878	66,712	61,504	76,144	87,748	98,045	1,06,572
Capital WIP	8,175	5,291	13,366	6,528	7,000	7,000	7,000
Investments	-	-	-	-	-	-	-
Curr.Assets, Loans	1,81,758	2,05,420	2,62,597	1,71,342	1,92,993	2,41,087	2,99,049
Inventory	25,633	28,811	34,224	33,156	34,575	38,358	43,472
Sundry Debtors	24,649	21,824	28,972	25,100	27,315	29,834	33,812
Cash & Bank Balances	1,15,676	1,41,388	1,77,411	90,173	1,08,650	1,48,254	1,93,840
Loans & Advances	255	155	659	-	-	-	-
Others	15,544	13,242	21,330	22,912	22,453	24,640	27,925
Current Liab & Prov.	1,00,653	1,03,241	1,33,292	1,48,503	1,48,748	1,68,241	1,88,936
Sundry Creditors	60,654	54,054	74,408	74,931	76,734	85,241	96,604
Others	28,230	37,417	46,307	60,577	59,019	70,004	79,336
Provisions	11,769	11,770	12,577	12,996	12,996	12,996	12,996
Net Current Assets	81,105	1,02,179	1,29,305	22,838	44,245	72,847	1,10,113
Appl. of Funds	1,62,159	1,74,183	2,04,176	1,05,511	1,38,993	1,77,891	2,23,685

E: MOFSL Estimates

Financials and valuations

Consol. Financial Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)							
Adjusted EPS	23.2	35.7	58.0	74.6	68.7	79.8	93.9
EPS Growth (%)	-	54.2	62.3	28.7	(7.9)	16.2	17.7
Cash EPS	47.4	62.4	84.9	101.8	96.9	110.2	126.5
Book Value per Share	188	207	247	131	172	220	277
DPS	17	18	57	133	27	32	38
Div. payout (%)	72.3	51.5	98.8	177.9	40.0	40.0	40.0
Valuation (x)							
Adj. P/E	84.7	54.9	33.8	26.3	28.5	24.6	20.9
Cash P/E	41.3	31.4	23.1	19.3	20.2	17.8	15.5
EV/EBITDA	35.1	26.7	18.9	16.5	15.9	13.6	11.6
EV/Sales	3.6	3.1	2.4	2.2	2.1	1.9	1.6
P/BV	10.4	9.4	7.9	14.9	11.4	8.9	7.1
Dividend Yield (%)	0.9	0.9	2.9	6.8	1.4	1.6	1.9
Profitability Ratios (%)							
RoIC	22.3	45.5	92.1	177.3	137.5	135.2	157.7
RoE	13.2	18.0	25.5	39.5	45.2	40.6	37.8
RoCE	11.1	15.2	21.0	32.9	42.8	38.2	35.1
Turnover Ratios							
Debtors (Days)	18	18	15	14	14	14	14
Inventory (Days)	24	21	19	18	18	18	18
Creditors (Days)	48	44	39	39	40	40	40
Work. Cap. (Days)	-6	-5	-4	-7	-8	-8	-8
Asset Turnover (x)	2.7	2.7	3.2	3.3	2.8	2.7	2.8
Leverage Ratio							
Net Debt/Equity (x)	-0.7	-0.8	-0.8	-0.8	-0.7	-0.8	-0.8

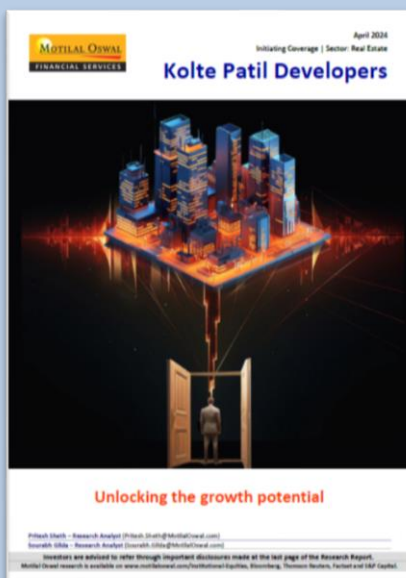
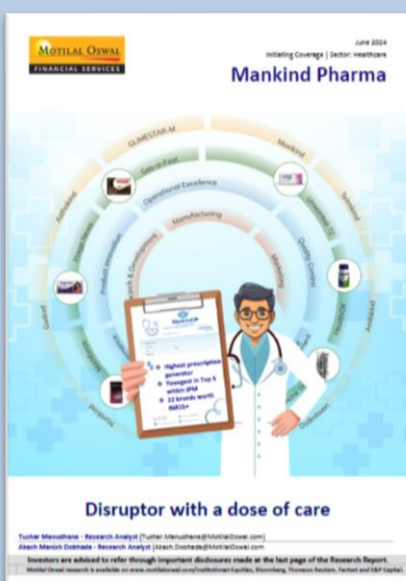
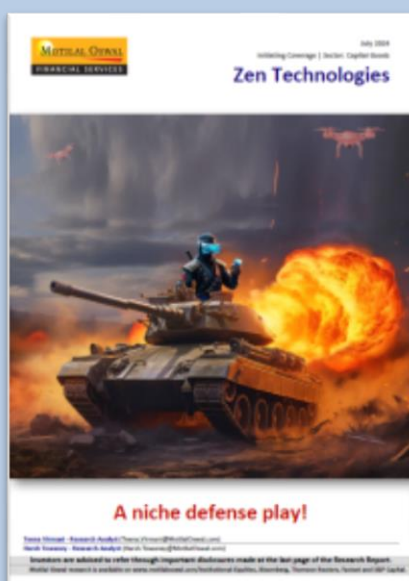
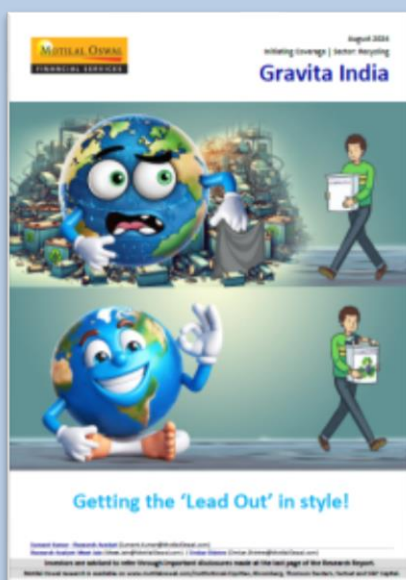
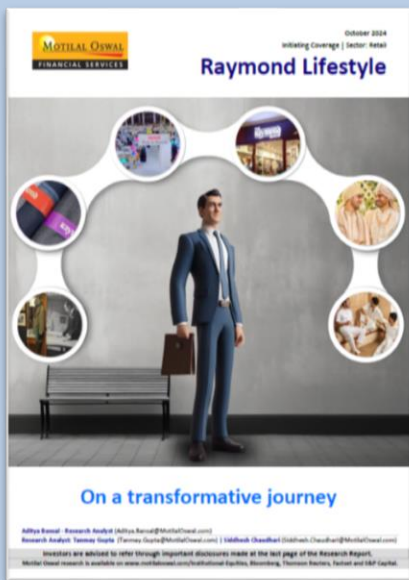
Consol. Cash Flow Statement

INR m

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before Tax	25,402	37,722	63,456	82,399	75,410	87,609	1,03,138
Interest	1,646	1,319	1,424	1,581	1,208	1,083	1,083
Depreciation	19,732	21,696	21,899	21,989	22,925	24,703	26,473
Direct Taxes Paid	-9,233	-7,668	-21,328	-22,998	-19,607	-22,778	-26,816
(Inc)/Dec in WC	20,129	3,303	9,838	22,149	-2,930	11,003	8,320
Other Items	-3,451	-4,989	-9,646	-12,601	-5,982	-6,833	-9,045
CF from Oper. Activity	54,225	51,384	65,643	92,520	71,023	94,786	1,03,153
CF after EO Items	54,225	51,384	65,643	92,520	71,023	94,786	1,03,153
(Inc)/Dec in FA	-25,785	-12,535	-22,493	-32,318	-35,000	-35,000	-35,000
Free Cash Flow	28,441	38,849	43,150	60,202	36,023	59,786	68,153
Interest/dividend received	0	3,482	8,378	8,451	5,982	6,833	9,045
(Pur)/Sale of Invest.	3,817	0	-1	-77,038	0	0	0
CF from Inv. Activity	-21968.06	-9,053	-14,116	-1,00,905	-29,018	-28,167	-25,955
Inc/(Dec) in Debt	1,875	-2,799	-529	-4,648	0	0	0
Interest Paid	-441	-228	-329	-294	-1,208	-1,083	-1,083
Dividends Paid	0	-13,594	-14,935	-1,54,358	-22,321	-25,932	-30,529
CF from Fin. Activity	1434.47	-16,621	-15,792	-1,59,301	-23,530	-27,015	-31,612
Inc/(Dec) in Cash	33,692	25,711	35,734	-1,67,686	18,476	39,605	45,586
Exchange rate fluctuation	12	1	289	7	0	0	0
Add: Op. Balance	81,973	1,15,676	1,41,388	2,57,853	90,173	1,08,650	1,48,254
Closing Balance	1,15,676	1,41,388	1,77,411	90,173	1,08,650	1,48,254	1,93,840

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