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Healthy Q4'25, accelerating product launch wagon

About the stock: Hyundai Motors India (HML), is a part of South Korea based the "Hyundai Motor Group". HML has for long been the second largest auto OEM in the domestic passenger vehicle market in terms of sales volumes (market share: 13.9%)

- Its portfolio includes 13 models across major passenger vehicle segments including Grand i10, Aura, Verna, Exter, Venue & Creta among others

Q4FY25 Results: HML reported healthy Q4FY25 results. Sales volume for the quarter stood at 1.9 lakh units, down 1% YoY. Total operating income for Q4FY25 came in at ₹ 17,940 crore with ensuing ASPs at ₹9.14 lakh/unit, up 4.4% QoQ. SUV share of sales in total domestic PV sales volume stood at ~69% (unchanged QoQ). EBITDA margins for the quarter came in at 14.1%, up 280 bps QoQ. Consequent PAT in Q4FY25 came in at ₹1,614 crore, down 3.7% YoY but grew 39% QoQ.

Investment Rationale:

- Robust SUV mix position- HML to leverage PV premiumization trend:** The current shift in domestic consumer's preference toward upright seating position, advance tech features loaded safety-oriented vehicles has fuelled growth of the SUV segment. HML has been a clear beneficiary of this trend, with its SUV sales growing rapidly and accounting ~69% of its total sales, vs. ~65% share for the industry. Notably, its flagship model Creta, has led the sales in the mid-size SUV segment. Furthermore, with the introduction of new facelifts for Venue & Alcazar, as well as new product launches planned in tandem with ramp up of new plant, HML is well-positioned to capitalise on ongoing premiumization trend going forward. HML has guided for 26 product launches over FY26-30 (including refreshes), which includes 20 fossil fuel vehicles & 6 EV's. It will also bring Hybrids to India. It expects domestic volumes to grow in tandem with industry i.e. low single digit in FY26E while exports to grow 7-8% in FY26E.
- Strengthening presence in green mobility through parent's expertise:** With a stronger focus on alternate fuel vehicles through the introduction of dual cylinder technology, HML's CNG penetration has reached ~13% as of FY25. Moreover, with an evolving trend towards EV segment, HML aims to launch six new EV models domestically including recent launch of Creta EV. EV sales volume in FY25 stood at ~4k units i.e. ~1% of total mix. Furthermore, it will leverage the expertise of its parent HMC, which offers a diverse range of powertrain options including electric, hybrid and hydrogen. This is structurally positive for HML and bodes well for long run.

Rating and Target Price

- With fundamental levers of growth and healthy product launch pipeline, we have a positive view on HML. Financial strength of cash positive B/S, healthy Cash flow generation & robust RoCE profile at 30%+ remain unchanged. We assign Buy rating on HML and value at ₹ 2,130 i.e. 26x P/E on FY27E. We expect HML to benefit from rationalisation of personal income tax regime in FY26E and 8th pay commission payout in FY27E.

Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	FY24	FY25P	4 year CAGR (FY21-25E)	FY26E	FY27E	2 year CAGR (FY25E-27E)
Net Sales	40,972	47,379	60,308	69,830	69,193	14.0%	75,347	82,815	9.4%
EBITDA	4,246	5,486	7,549	9,133	8,954	20.5%	9,513	10,725	9.4%
EBITDA Margins (%)	10.4	11.6	12.5	13.1	12.9		12.6	13.0	
Net Profit	1,881	2,902	4,709	6,061	5,640	31.6%	5,799	6,654	8.6%
Reported EPS (₹)	23.2	35.7	58.0	74.6	69.4		71.4	81.9	
RoNW (%)	12.3	17.2	23.5	56.8	34.6		28.6	26.7	
RoCE (%)	13.1	17.7	24.2	55.0	37.7		32.1	30.6	
P/E (x)	79.9	51.8	31.9	24.8	26.7		25.9	22.6	

Source: Company, ICICI Direct Research



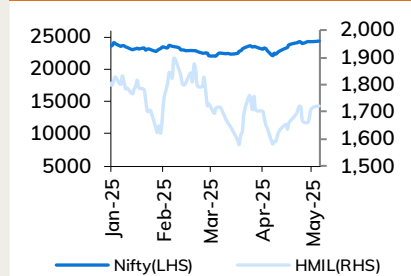
Particulars

Particulars	₹ crore
Market Capitalisation	1,50,320
Total Debt (FY25P)	792
Cash & Inv. (FY25P)	8,479
EV (₹ crore)	1,42,633
52 week H/L (₹)	1,970 / 1,542
Equity Capital (FY25)	813
Face Value (₹)	10

Shareholding pattern

	Oct-24	Dec-24	Mar-25
Promoter	82.5	82.5	82.5
FII	7.4	6.7	7.2
DII	5.8	7.1	7.0
Other	4.4	3.7	3.3

Price Chart



Recent event & key risks

- Reports healthy performance in Q4FY25 with Margins at 14.1%.
- Key Risk: i) lower than anticipated sales volume growth over FY25-27E ii) volatile commodity prices impacting EBITDA margins in the near term.

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Key tables and charts

Exhibit 1: Quarterly Variance Analysis

	Q4FY25	Q4FY24	YoY (Chg %)	Q3FY25	QoQ (Chg %)
Total Operating Income	17,940	17,671	1.5	16,648	7.8
Raw Material Expenses	12,779	12,628	1.2	12,169	5.0
Employee Expenses	602	497	21.1	607	-0.8
Other expenses	2,027	2,024	0.1	1,997	1.5
Operating Profit (EBITDA)	2,533	2,522	0.4	1,876	35.0
EBITDA Margin (%)	14.1	14.3	-15 bps	11.3	285 bps
Other Income	210	333	-37.1	244	-14.3
Depreciation	530	558	-4.9	527	0.6
Interest	36	37	-2.6	30	22.1
Total Tax	561	582	-3.7	402	39.6
PAT	1,614	1,677	-3.7	1,161	39.1
EPS	20	21	-3.7	14	39.1
Key Metrics					
Sales Volume	1,91,650	1,93,717	-1.1	1,86,408	2.8
ASP (₹)	9,14,545	8,93,990	2.3	8,75,665	4.4

Source: Company, ICICI Direct Research

Domestic sales were down 4% YoY at 1.5 lakh units for Q4'25 while export volumes were up 14% at 0.38 lakh units.

In terms of fuel mix for FY25: Petrol share stood at 68%, followed by Diesel at 18%, CNG at 13% and EV at 1%

HML guided for ~₹7,000 crore of capex for FY26E; large part is earmarked for new plant in Maharashtra and rest on product development

It shall share more details of the launches in upcoming investor day in September 2025

It guided for 8 new product launches (incl. refreshes) over FY26-27E.

It expects exports revenue share to steadily increase from present 22% to 30% by FY30.

Exhibit 2: Assumptions

	Current						
	FY21	FY22	FY23	FY24	FY25P	FY26E	FY27E
Total Volumes (lakh units)	5.8	6.1	7.2	7.8	7.6	7.9	8.4
Average ASPs (₹ lakh/unit)	7.0	7.6	8.2	8.8	8.9	9.4	9.7
RMC/Unit (₹ lakh/unit)	5.4	5.9	6.2	6.6	6.6	6.9	7.1

Source: ICICI Direct Research

Exhibit 3: Change in headline estimates

	FY26E			FY27E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Total Op. Income	74,854	75,347	0.7	83,101	82,815	-0.3
EBITDA	8,982	9,513	5.9	10,429	10,725	2.8
EBITDA Margin (%)	12.0	12.6	63 bps	12.6	13.0	40 bps
PAT	5,600	5,799	3.6	6,731	6,654	-1.1
EPS (₹)	68.9	71	3.6	82.8	82	-1.1

Source: ICICI Direct Research

Exhibit 4: Business Highlights – HML – FY25

Business Highlights

Focus on "Quality of Growth" strategy by maintaining optimum balance between Volumes, Market share & Margins

HYUNDAI



Source: ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Total operating Income	69,830	69,193	75,347	82,815
Growth (%)	18.1	(0.9)	8.9	9.9
Raw Material Expenses	51,539	49,929	54,627	60,041
Employee Expenses	1,975	2,311	2,543	2,774
Other Expenses	7,182	7,999	8,665	9,275
Total Op. Expenditure	60,696	60,239	65,835	72,090
EBITDA	9,133	8,954	9,513	10,725
Growth (%)	44.0	(2.0)	6.2	12.7
Depreciation	2,208	2,105	2,411	2,567
Interest	158	127	117	104
Other Income	1,473	870	799	878
PBT	8,240	7,591	7,784	8,932
Total Tax	2,180	1,951	1,985	2,278
Reported PAT	6,061	5,640	5,799	6,654
Growth (%)	28.7	(6.9)	2.8	14.7
Reported EPS (₹)	74.6	69.4	71.4	81.9

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Profit before Tax	8,240	7,591	7,784	8,932
Add: Depreciation & Interest	2,366	2,232	2,528	2,671
(Inc)/dec in Current Assets	514	(346)	(754)	(813)
Inc/(dec) in CL and Provisions	1,328	(1,850)	1,111	1,206
Others	(2,180)	(1,951)	(1,985)	(2,278)
CF from operating activities	10,268	5,676	8,685	9,718
(Inc)/dec in Investments	-	-	-	-
(Inc)/dec in Fixed Assets	(3,033)	(5,749)	(7,000)	(5,000)
Others	39	(253)	(40)	(40)
CF from investing activities	(2,994)	(6,002)	(7,040)	(5,040)
Proceeds from Issuance of Equity	-	-	-	-
Borrowings, leases & interest	(562)	1,593	(187)	(164)
Dividend paid & dividend tax	(15,436)	(1,706)	(1,788)	(2,031)
CF from financing activities	(15,998)	(114)	(1,975)	(2,195)
Net Cash flow	(8,723)	(439)	(330)	2,483
Opening Cash	17,742	9,018	8,579	8,250
Closing Cash	9,018	8,579	8,250	10,732

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Liabilities				
Equity Capital	813	813	813	813
Reserve and Surplus	9,854	15,484	19,495	24,118
Total Shareholders funds	10,667	16,297	20,308	24,931
Total Debt	768	792	722	662
Deferred Tax Liability	-	-	-	-
Minority Interest / Others	2,008	1,951	1,971	1,991
Total Liabilities	13,442	19,040	23,001	27,584
Assets				
Gross Block	21,881	23,564	34,783	39,783
Less: Acc Depreciation	14,549	16,654	19,065	21,633
Net Block	7,332	6,910	15,717	18,150
Capital WIP	653	4,718	500	500
Total Fixed Assets	7,985	11,628	16,217	18,650
Goodwill & Investments	283	195	205	215
Inventory	3,316	3,404	3,716	4,084
Debtors	2,510	2,389	2,684	2,950
Other Current Assets	1,281	1,660	1,807	1,986
Cash	9,018	8,579	8,250	10,732
Total Current Assets	16,125	16,032	16,456	19,752
Creditors	7,493	7,086	7,844	8,622
Provisions	453	497	542	595
Other current liabilities	4,962	3,474	3,783	4,158
Total Current Liabilities	12,908	11,058	12,169	13,375
Net Current Assets	3,217	4,974	4,287	6,377
Others	1,958	2,242	2,292	2,342
Application of Funds	13,442	19,040	23,001	27,584

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY24	FY25P	FY26E	FY27E
Per share data (₹)				
EPS	74.6	69.4	71.4	81.9
Cash EPS	101.8	95.3	101.0	113.5
BV	131.3	200.6	249.9	306.8
Cash Per Share	111.0	105.6	101.5	132.1
Operating Ratios (%)				
EBITDA Margin	13.1	12.9	12.6	13.0
PBT / Net sales	9.9	9.9	9.4	9.9
PAT Margin	8.7	8.2	7.7	8.0
Inventory days	17.3	18.0	18.0	18.0
Debtor days	13.1	12.6	13.0	13.0
Creditor days	39.2	37.4	38.0	38.0
Return Ratios (%)				
RoE	56.8	34.6	28.6	26.7
RoCE	55.0	37.7	32.1	30.6
RoIC	236.8	140.7	53.1	52.8
Valuation Ratios (x)				
P/E	24.8	26.7	25.9	22.6
EV / EBITDA	15.6	15.9	15.0	13.1
EV / Net Sales	2.0	2.1	1.9	1.7
Market Cap / Sales	2.2	2.2	2.0	1.8
Price to Book Value	14.1	9.2	7.4	6.0
Solvency Ratios				
Debt/EBITDA	0.1	0.1	0.1	0.1
Debt / Equity	0.1	0.0	0.0	0.0
Current Ratio	0.9	1.0	1.0	1.0
Quick Ratio	0.5	0.5	0.5	0.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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