



**“Hyundai Motor India Limited
Q3 & 9M FY’26 Earnings Conference Call”
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MODERATOR: **MR. AMEY DARGUDE – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 and nine months FY'26 Earnings Conference Call of Hyundai Motor India Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the conclusion of presentation and management remarks.

I now hand the conference over to Mr. Amey Dargude from Ambit Capital. Thank you, and over to you.

Amey Dargude: Thank you. Good afternoon. We welcome you all to the Q3 and nine months FY'26 earnings conference call of Hyundai Motor India Limited. Today we have with us Mr. Tarun Garg – Managing Director and Chief Executive Officer, Mr. Wangdo Hur – Chief Financial Officer, Mr. Gopalakrishnan C S – Chief Manufacturing Officer, Mr. Saravanan T – Function Head Finance and Mr. K S Hariharan – Head of Investor Relations from Hyundai Motor India Limited. I would like to inform you that the call is being recorded.

I would now like to invite Mr. K S Hariharan, Head of Investor Relations from Hyundai Motor India. Over to you, Sir.

K S Hariharan: Thank you, Amey. Good evening, everyone. Welcome to the earnings call for the third quarter and nine months financial year 2025-26. Before we begin, I want to remind you of the safe harbor. We may be making some forward-looking statements that have to be understood in conjunction with the uncertainties and the risks that the company faces.

The conference call will begin with our MD and CEO remarks on the performance and outlook, followed by a brief presentation by me on Q3 and nine-month performance, after which we will be happy to receive your questions. Now, I am handing over to our MD and CEO, Mr. Tarun Garg. Over to you, Sir.

Tarun Garg: Thank you Hari !

Good evening everyone, and a very happy new year to you all. I hope this year has begun on a positive note for all of us.

Before I begin, I would like to express my sincere gratitude to Hyundai Motor Company as well as to all our shareholders, for the trust and confidence they have placed in me by entrusting me with this responsibility of being the first Indian MD and CEO of Hyundai Motor India Limited. I am both honored and energized to lead HMIL at this crucial juncture, and I look forward to building further on the strong legacy that my predecessors have left behind as we move ahead together.

Reflecting on calendar year 2025, the Indian automobile industry benefited from a series of supportive policy measures by the Indian government that strengthened consumer demand sentiments.

2025 started with government announcing Income tax cuts which acted as a direct catalyst for discretionary consumption. Further, the implementation of GST 2.0 reforms brought greater clarity and stability to the indirect tax framework. This coupled with interest rate cuts significantly improved consumer buying sentiments and brought in a renewed wave of optimism.

Importantly, structural shifts in consumer preferences continued to strengthen — with increasing adoption of SUVs, growing acceptance of new technologies, and a clear preference for higher value and feature-rich products.

We also achieved a significant milestone for our iconic mid-size SUV CRETA, which recorded its highest ever annual sales of 2 lakh+ units in a calendar year and reclaimed its position as the number 1 SUV sold in India. This milestone translates to an impressive average of 550 CRETAs being sold every day, reaffirming the model's undisputed leadership and enduring popularity in the Indian automotive market.

Overall, 2025 provided a constructive & supportive backdrop for the auto industry, creating a strong foundation for sustainable growth.

We also took a significant step forward by entering the commercial mobility space with the launch of the Prime Taxi range. Built on Hyundai's core strengths of trust, reliability, comfort, and low cost of ownership, the initial customer response has been extremely solid. This reinforces our confidence in expanding our presence in this fast-growing and attractive segment.

Moving on to domestic sales performance for the quarter, we delivered a healthy sequential volume growth of 5%, clearly reflecting a strong festive-led demand and sustained momentum following the GST reforms.

The quarter was further strengthened by the phenomenal response to the newly launched Hyundai Venue. Customer interest has been overwhelming, translating into strong bookings of nearly 80,000 units, reinforcing our presence in the compact SUV segment.

Rural markets continue to be a key growth driver for us. With sustained focus and targeted initiatives, we achieved our highest-ever quarterly rural contribution to domestic sales, exceeding 24%.

While our wholesale performance remained healthy, it was the underlying retail momentum that stood out. Retail demand was particularly strong in December, delivering a robust 16% growth year-on-year. Importantly, with streamlined channel inventory, we have created adequate headroom for stronger wholesale volumes going forward in Q4 of this fiscal.

Overall, the quarter reflects strong demand momentum, excellent execution, and the sustained relevance of our business strategies.

Exports continued to play a pivotal role in supporting our overall volume and profitability during the quarter. We delivered a robust year-on-year growth of 21%, driven by sustained demand

momentum across key markets. Our major export regions, Middle East & Africa and Latin America recorded robust volume growth of 30% and 13% respectively.

Looking ahead, we remain optimistic about the export outlook and see exports as a meaningful growth engine both in volume as well as profitability.

We continue to deliver strong operating and financial performance across all metrics including volumes, revenue, and profitability. We achieved healthy topline growth of 8% in this quarter on a year-on-year basis.

Our blended ASP this quarter improved by 5% year-on-year, reflecting our strong sales mix & prudent pricing strategy. Notably, the improvement in ASP was seen in both domestic & exports with a growth of 4% & 8% respectively. Further, we were able to maintain our ASP on QoQ basis, despite the seasonal nature of the quarter & competitive intensity with price wars prevailing in the industry.

On the profitability front, we remained firmly committed to our “Quality of Growth” strategy. Despite costs associated with capacity stabilization and surge in commodity prices, we successfully maintained margins at levels comparable to last year, without compromising on pricing discipline.

Importantly, on a year-to-date basis, EBITDA margin expanded to 12.8% vs 12.5% last year. This was achieved through better sales mix and cost optimization measures including our localization efforts.

This underscores the resilience of our business and our ability to protect profitability while continuing to invest in long-term growth.

On the domestic front, we are well positioned to drive stronger wholesales in the coming quarters with optimum dealer inventory levels driven by our disciplined approach and favorable GST tailwinds.

The momentum is already evident, with January recording highest ever monthly domestic sales registering a 9.5% year-on-year growth alongside highest-ever total monthly sales with a robust year-on-year growth of 11.5%.

On exports front, while global uncertainties continue to evolve, our focus remains clear. By leveraging opportunities from the New Venue and exploring new markets, we are confident of sustaining growth momentum in Q4 & beyond.

Complementing the positive outlook on both the domestic and export fronts, our margin trajectory remains on track. As iterated during our Investor Day, we expect to close FY26 within the guided EBITDA margin range of 11% to 14%. Our continued emphasis on operating efficiencies, disciplined cost management coupled with our quality of growth strategy, gives us confidence in delivering healthy double-digit EBITDA margins even in the upcoming years.

Before I conclude, I would like to highlight the recent visit of our Executive Chair, Mr. Euisun Chung to India, during which he reaffirmed Hyundai's commitment to pursue a home brand strategy in India - anchored in the belief that India will be central to Hyundai's global growth journey. In line with this long-term vision and supported by our strong investment plans in India, we are committed to further strengthening our on-ground capabilities, deepening local relevance, and capturing the many opportunities that lie ahead.

Thank you for your patient listening and now I hand it back to Hari.

K S Hariharan:

Thank you, Sir. During the quarter, we witnessed various business highlights, as already mentioned by our MD and CEO in his opening remarks. Now, I will continue with our sales performance during the quarter. We achieved total sales of 195,436 vehicles in Q3 financial year 2026, as compared to 186,408 vehicles in the corresponding quarter, reporting a growth of 4.8% year-on-year.

In the domestic market, we sold 146,548 vehicles compared to 146,022 vehicles in the same quarter last year. Exports played a pivotal role in overall volumes during the quarter. Our exports grew by 21.1% year-on-year driven by strong demand in emerging markets. Sequentially, domestic volumes grew by 5% driven by the positive impact of GST reforms. Exports contribute a healthy mix of 25% to the overall volumes in Q3 financial year 2026.

Moving to the domestic volume mix for the quarter, SUV segment continued to witness strong momentum led by the successful launch of the all-new Venue. Hatchback volumes declined on a year-on-year basis, while sedan volumes saw an increase. On a sequential basis, all segments recorded growth supported by GST-related tailwinds.

Turning to the fuel mix, CNG continued to see strong traction, contributing 16% to domestic volumes, while diesel penetration was at 21% during the quarter. Now, coming to financial highlights for the quarter, our revenue from operations stood at INR 179,735 million in Q3 financial year 2026 as against INR 166,480 million in the corresponding quarter. EBITDA stood at INR 20,183 million as compared to INR 18,755 million in Q3 financial year 2025. EBITDA margin was at 11.2% as compared to 11.3% in Q3 financial year 2025.

EBIT stood at INR 14,496 million for the quarter as against INR 13,482 million in Q3 financial year 2025. EBIT margin was stable at 8.1%. PAT for the quarter was INR 12,344 million as against INR 11,607 million in the corresponding quarter with a PAT margin of 6.8% in Q3 financial year 2026 as against 6.9% in Q3 financial year 2025.

We delivered healthy year-on-year performance in both revenue and profitability despite the impact of costs associated with capacity stabilization and surge in commodity prices. For the nine months of current financial year, revenue from operations stood at INR 518,472 million as against INR 512,526 million in the corresponding period. EBITDA stood at INR 66,325 million as compared to INR 64,211 million in nine months financial year 2025.

EBITDA margin expanded to 12.8% as compared to 12.5% in nine months financial year 2025. EBIT stood at INR 50,181 million for nine months financial year 2026 as against INR 48,462

million in nine months financial year 2025. EBIT margin improved to 9.7% as compared to 9.5% in nine months financial year 2025.

PAT for the 9 months financial year 2026 was INR 41,759 million as against INR 40,259 million in the corresponding period. We delivered a PAT margin of 7.9% as against 7.8% in nine months financial year 2025. Year-on-year growth across parameters was mainly driven by better sales mix and cost control measures.

Turning to profitability drivers for the quarter. Profitability was mainly impacted by increase in processing costs associated with capacity stabilization. On a sequential basis, profitability was further impacted by unfavorable mix and increased marketing spends during the quarter. However, on a year-on-year basis through favorable export mix and prudent pricing, we were able to offset the impact and deliver profit growth during the quarter.

For the nine months financial year 2026, increase in profitability on a year-on-year was driven by favorable product mix, export mix and cost optimization efforts which helped overcome many headwinds during the period.

This concludes my presentation. Thank you all for your time and attention. Now we open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We will take our first question from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah: Hi, good evening and thank you for taking my questions. I have three questions. The first one is just around the product mix. Suppose the GST cuts, you would have thought that the compact SUV segment should get a reasonably good fillip? There seems to be some relatively flattish trends on the EXTER this quarter versus on the Aura. There has been meaningful growth both in domestic as well as export markets. So just trying to understand rationale behind that and what is driving Aura strength but not so much EXTER strength yet in this environment?

The second question is just around the comments you made around Venue. Venue seems to be doing in the domestic market close to about 30,000 units a quarter. You mentioned that you have got 80,000 bookings at this stage. I am assuming the Venue is being manufactured in the new plant. So, I just want to understand what the current quarterly manufacturing capacity is on the Venue and how long it might take to potentially clear out this existing backlog on the Venue orders?

The last question is just around gross margin. This quarter, we understand there has been a pickup in commodity costs. In your case, I think there is roughly 130 basis points contraction in gross margin versus 2Q. If you could just help us understand what part of that is because of raw material pressures, what part of that is because of export mix being lower, and what part of that could be because of the Venue, which might have been launched at an introductory price? Thank you.

Tarun Garg: I will take the first two questions. Like you said, the Venue response has been fabulous. As you know, Pune plant started operations on 1st of October. We launched the Venue on the 4th of

November. Last quarter was all about Venue getting into the groove. And in January, you would have seen the Venue has recorded the highest ever numbers.

To answer your question, 12,400 units were done in Venue domestic, which tells you about the Pune plant's production levels. We are evaluating if we can further increase the production. That is being done because the response has been fabulous.

On the Aura, again, a very very good response is coming. In fact, in January, 7,900 Aura has been sold. If you see, the average so far has been about 6,000. Suddenly, we are seeing the response coming to Aura. GST has a lot to do with it.

Plus, as you know, on the 1st of January, we launched the PRIME Taxi range. I think that is also helping the Aura numbers. Going ahead, we believe that Aura will continue to do well and we are looking for opportunities to see if we can further increase the Aura volumes.

On the EXTER, just one quarter of October to December wholesale numbers do not really justify. Because you talked about Q2 versus Q3, and this is for everybody's benefit, I think we have to understand the underlying nature of seasonality of the Indian market. This is, of course, my 33rd year in the industry. If you see, October to December quarter is all about retails. It is not about wholesales.

If you see, even at an industry level, just to give you numbers, retail for the TIV was almost 15.69 lakhs and wholesale was 12.98 lakhs. Even for Hyundai, retail was 1.71 lakhs and wholesale was 1.46 lakhs. When you see the profit and you try to see the sequential, I do not think it is doing justice. That is why year-on-year is very important, especially for this quarter when all the expenses relating to sales promotion are on retails, whereas the profit is limited to the wholesales you do.

Everybody tries to minimize their stocks because it is very expensive to sell the 2025 stock in 2026. We also did that. We had a great retail in December and that is why we were able to make room and we were able to sell in January a very good wholesale at a very less promotion expenditure as well. So, I think this is inherent and that is why you have to be very careful when you are doing sequential profit analysis.

Over to Hari for the other part of the question.

K S Hariharan:

Hi, Chandru. Just to give some more clarity on the gross margin front, year-on-year, actually our gross margin has improved. This was mainly supported by a favorable model and export mix and also to some extent the price increase, which we did last year, January. But sequentially, as Mr. Tarun has already explained broadly, this is more of a seasonal nature we need to consider, not just for domestic market, even for export market as well.

If you see sequentially the main reasons, one is the commodity inflation which we have been seeing in the recent times, and export volumes also have come down sequentially, again due to seasonality, and to some extent I would say there is an unfavorable product mix also. So, all these things put together have actually impacted the gross margins on a sequential basis.

Commodity, of course, what we try to do, we try to absorb some of the cost pressure, but for some portion we have done the price increase in January 2026. And we will be continuously monitoring this commodity price trend. We will try to take all the cost optimization efforts to mitigate this impact on the margins as much as possible.

Hope I have answered your question, Chandru.

Chandramouli Muthiah: Yeah. Thanks, Tarun. Thanks, Hari. Thank you very much and all the best.

Moderator: Thank you. We will take our next question from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Yeah, hi. Thanks for taking my question. Just continuing from the prior question, can you just give us a little bit more color on the margin bridge, if you can specifically call out the impact of commodity headwind that you really saw in this quarter? What were the new plant startup costs?

The reason I am trying to just get a hand on these numbers is because the new plant startup cost is probably in the base now. And from here on, we will start to see the revenue realization and Venue ramp up as you sort of spoke about. So, a little bit more color on margin bridge in terms of commodity headwind, new plant startup cost and discounts.

K S Hariharan: Hi, Gunjan. Commodity impact during the quarter was roughly 40 basis points. And then you asked about the new plant cost. The overall processing cost impact, both on a sequential basis as well as year on year was roughly 60 to 70 basis points. That is the impact.

Discounts per se, actually, we have reduced the discounts sequentially. In Q2, our domestic discount was 3.2% on ASP. And now in Q3, we have already moderated to 2.6%.

Gunjan Prithyani: Got it. And just on the plant startup cost, the 60 to 70 basis points that you all have absorbed in this quarter, is it fully in the base or is there more cost to go in the coming quarters?

K S Hariharan: If you see the plant, we have commenced the operations from October. As such, currently, we have seen cost increase in labor, overheads and depreciation. And if you look at all these costs, most of the costs are broadly in line with the guidance what we gave earlier, except that there might be some increase in depreciation.

As we ramp up the capacity and the operations in the near future, some increase in depreciation is expected. So broadly speaking, I would say roughly 100 basis points would be the impact from the Pune plant processing cost, which we expect should continue at least for a year.

Gunjan Prithyani: So, it is a 100 basis point. Of that 60-70 is already absorbed in this quarter. That is the way to think through it, right?

K S Hariharan: Yes. Because for depreciation, we expect some increase in the near future.

Gunjan Prithyani: Got it. And just last clarification on margin, I think, is there anything to call out from a Venue launch cost, which were bunched up in this quarter and may not recur going into the next quarter? Any meaningful number to call out there?

Tarun Garg:

Look, there are two issues here. One is, as you know, the launch cost, obviously, as per our principles, the entire launch cost is taken up in that quarter, which we have done. At the same time, you must understand the model lifecycle. Whenever a model is launched, obviously, it is launched at the lowest level of profit, and then it continues to grow, because then we have headroom to increase price, then more localization also happens.

So, I think this was the first quarter of the Venue launch and introductory price was there. Already, we took some action on the 1st of January by increasing prices. Going forward, we will see the opportunities ahead. So, I think we have to see it from that perspective that yes, not only advertising, but also from a pricing point of view, the opening or the introductory price is always the lowest. And this is not only for this Venue, it has been there for all products across the industry.

Gunjan Prithyani:

This is very helpful. Now, just again, your thoughts on Venue, because in your opening remarks, you did mention that Venue will eventually start catering globally as well. Can you give us some color on what the overall Venue sales are globally? And is it fair to assume that a lot of that now will start coming to India for production because the new venue is being launched first in India. So, some color or numbers how big Venue can really be outside of India as well?

Tarun Garg:

Look, I mean, it's too early to say. Our principles have always been first establish the product in the domestic market and then look at the export markets. The old Venue was exported to 27 countries. The new Venue, I think Chile and other markets we are exploring. But it will take time, so we need to be patient.

And our first priority, of course, will be the domestic market. As we mentioned, because so many orders have come in, the waiting period is increasing, which we don't like. We want to really satisfy the customers. So, we are really focusing big time on the domestic market. And slowly, gradually, you will see that opportunities from the export markets will also be taken. But the actual focus will be on the domestic market.

Gunjan Prithyani:

Got it. This last question, that I'm just trying to get your thoughts on this whole memory chip and RAM prices. I mean, they've just been a big talking point in the industry, given we do have a pretty high share of ADAS in our portfolio. Is that something that we should worry about in terms of either the availability or the price going through the roof and affecting the supply chain? You know, some thoughts around that will help?

K S Hariharan:

Gunjan, generally, if you look at from a supply chain point of view, we have been quite aggressive here in terms of localization. Even if you see during this quarter, our localization level is already at 84% as compared to 82% on a year-on-year basis. I think there are many components, many high technology parts, we are continuously working to localize. So, we feel that we can definitely manage the supply chain without any hindrance.

Gunjan Prithyani:

Got it. Thank you so much. I will join back the queue.

Moderator:

Thank you. We'll take our next question from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yeah, good evening, Sir. And my best wishes for the CEO role that you have taken. May I know, Sir, what would be the top three priorities for you now as we look ahead over the next few years?

Tarun Garg: That's a tough one. Okay. So, as you know, in the Investor Day, Mr. Jose, our HMC CEO, has already laid down a very strong five-year plan for us to execute. That plan included, of course, a CAGR growth of more than 7% over the next five years, aiming for a market share of 15% plus, a INR 45,000 crore investment, 26 products, hybrids, EVs, CNG, you know. So, I think my job is, of course, to make sure that we execute it to perfection.

The Pune plant has just started operations. How to stabilize the operations, how to make sure that we can leverage it. Then, of course, Phase 2 will come in, where the capacity will increase to 1.1 million. Because the model cycle is coming up, we have seen what only a new Venue has done. I know that the expectations are high. So, we need to prepare well. We need to really prepare well. And when I say prepare well, I need a preparation internally in terms of our employee capabilities, grooming them for quality and excellence. We need preparation in the network, in terms of dealers. We need preparation in terms of our customer satisfaction to take it to the next level.

Quality, Pune plant also gives us a lot of opportunity to maybe look at some of the good things, not only good things carried over from the Chennai plant, but some of the good things which we learn in the Pune plant and then make sure that we imbibe them in the Chennai plant as well. So, this is, I think, one of the main long-term priorities for me.

The second thing in terms of short-term, of course, is that there are some opportunities which have come up because of the GST 2.0. How do we leverage these opportunities? How do I make the organization more flexible and more agile? We have already seen, you know, in January, the kind of numbers we could get. And I think these days, it is more about really collaborating and looking at these new opportunities, which we can capitalize on.

So, I think as CEO, external as well as internal, I like to see how we make the vision of being a home brand in India, how we continue with our CSV activities, how can we really contribute meaningfully to the growth of the economy and the growth of the country. And of course, lead Hyundai to be a smart mobility provider and look for really good opportunities and continuously scan the environment for those new opportunities which can come in.

Of course, one very big thing which we have is, leveraging the power of the group. Like, for example, you would have heard from Mr. Jose that Hyundai Capital is coming in. How do we leverage those finance opportunities which will come up and the other opportunities as well. So, the legacy has already been set. This is our 30th year in India. Now, my job is to ensure that how the 30 years have been very successful, how in the next five years we prepare for the next 30 years, so that they are even more successful and we lead Hyundai's second growth phase in India. I hope I've answered your question, Kapil.

Kapil Singh: Yeah, thank you, Sir. That's a great answer. Thank you so much. The second question I had was on growth outlook. You know, when we look at the next year, what kind of growth, just a range, if you are expecting? And within that, you had earlier predicted that compact SUVs as a category

would probably benefit more, whereas, some other expectations were, that maybe hatchbacks or entry segment cars could benefit more? So, I'm hoping you have some data now or ground feedback. So, as you look forward, first of all, between the segments, hatchbacks, compact SUVs, larger SUVs, how should we look at the growth over the next, let's say, two to three years and overall industry growth and for Hyundai, how to think about growth for next year? And is the Hyundai portfolio aligned to this growth outlook?

Tarun Garg:

Absolutely. I think if you see, we had the SIAM "Looking Ahead Conclave", where as an industry, the consensus was that next fiscal 2026-27, the growth could be 5% to 6% for the industry. We are well aligned to that as well. Answering your questions on the compact SUV, just let me share with you some interesting data. January to August 2025, if you see, hatch contribution was 22.4% to the overall industry. September to December 2025, it reduced to 21.4%. This is a 1% reduction. And all this was taken by the compact SUVs, because compact SUVs January to August 2025 was 22.1%. And September to December 2025, it is 23.0%. And mind you, this was a time when Venue was changing. So, we actually lost some of the sales opportunity. Despite that, this is what has happened to the industry. So, very clearly compact SUV with the Venue now, coming in full force, and of course, more and more models coming up, more and more facelifts coming up, it seems that this will be a segment which will grow faster.

Of course, the advantage of GST has been that all segments have started growing. Earlier, the hatchbacks were degrowing, but now hatchbacks are growing, but compact SUVs are growing much faster, even mid SUVs 12.8% contribution, it has increased to 13.7% contribution for the TIV January to August 2025 versus September to December 2025.

So, you can see that more growth is coming in SUVs. And that is why overall SUV contribution has gone up from 54% in January to August 2025 to 56.2% in September to December 2025. So, very clearly, higher growth is coming in SUVs and we are well aligned to that. I cannot share with you all the models, but I think we gave you a very good flavor in terms of the 26 models, the segments, etc. And we are well on our way to year wise meeting those numbers which we had promised in terms of the models, derivatives, facelifts, etc. and the powertrains which we had promised in the Investor Day. So, we are well aligned to take care of this growth opportunity, which seems to be coming our way.

And taxi and other segments have really helped us. Aura sales, like I mentioned, 7,900 Aura sales, frankly speaking, would not have been imagined in the pre-GST era. So, this is one to do with taxi and second to do with GST. So, these opportunities also we are not going to miss and will capitalize on. Thank you.

Kapil Singh:

Thanks, Sir.

Moderator:

Thank you. The next question is from the line of Amyn Pirani from J.P. Morgan. Please go ahead.

Amyn Pirani:

Hi, and thanks for the opportunity. My first question was on royalty. Could you help us with what was the royalty rate for or the royalty number for the quarter?

- K S Hariharan:** Amyn, the royalty was 2.8%.
- Amyn Pirani:** 2.8%. Okay, thank you. Secondly, for you, Mr. Tarun, you talked about the taxi growth and obviously, this is a category which has been growing, and you are one of the two players which are doing quite well. Just want to understand for our sense, does it matter from a profitability or margin point of view if you sell a vehicle in the personal segment or in the taxi segment?
- Tarun Garg:** I cannot give you the details, but I will say there's not much of a difference.
- Amyn Pirani:** Okay. So, this is also a profitable business segment, even if it starts to grow?
- Tarun Garg:** Yes, it is a profitable segment.
- Amyn Pirani:** Okay. And lastly, you know, on the Investor Day, you had laid out, a year-wise as well as a product launch pipeline till 2030. Now, in fiscal year 2027, obviously, you know, as per that presentation, we are expecting one new nameplate at least. And maybe it's early days, but any broad sense as to the timing, like, would it come before festive or would it come towards the end of the year? Any broad timeline, if you can help us with?
- Tarun Garg:** No, I mean, we'll stick to the Investor Day. And like I said, we are fully committed to meeting all those promises, that I can assure you, we are fully on track for that. Beyond that, I would not like to give any further guidance.
- Amyn Pirani:** Sure, no problem, sir. All the best. I'll come back in the queue.
- Tarun Garg:** Thank you.
- Moderator:** Thank you. Next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.
- Binay Singh:** Hi, team. Thanks for the opportunity. My first question is on capacity utilization. You know, Hyundai has always had very high utilization rate of capacity. Now, obviously, it has come off with a new plant coming up. How do you see that? Like, when do you see Hyundai going back to that 90% kind of utilization rate? Because I assume as you hit there, a lot of the costs that we've talked about will get absorbed by then?
- K S Hariharan:** Binay, if you look at the Pune plant, we have started in October. Already we are running two shift operations, and we are having more than 90% utilization rate. Of course, Chennai capacity utilization has come down a bit because we have shifted the Venue to this new plant.
- See, the thing is that one is the existing models, we are continuously working to improve the volumes. Already, January numbers we have discussed. So, this will be a continuous process. Second thing, when the new models start filling our product portfolio, I think that should also strongly support us in order to improve the capacity utilization at a healthy level.
- Binay Singh:** Thanks for that, Hari. Then the point that you made, 100bps, which is coming from the Pune plant ramp up and remaining there for a year, is that also linked to that, in a way you guys are saying that in the next one-year, new models will come up, utilization rate will go up. Is that why you said one year time frame for that cost to continue?

K S Hariharan:

No, whatever the margin impact, which I mentioned, is basically to do with the overall operating leverage, how we can recover the fixed cost impact from the Pune plant, and also because Chennai capacity utilization is also down now. So, there also my processing cost has actually increased. So, if you have to see in total, for me to recover the total cost, whatever I am incurring from this new facility, I need to increase my volumes, both in Chennai and Pune. Of course, Pune is doing well already with Venue and that is not a major challenge for me. But mainly for Chennai, if you look, my existing models will start giving me additional volumes with all the efforts we are making, including the taxi segment as well.

Plus, of course, the new models, once they start coming, we have not announced the new models, where it will come, Chennai or Pune, but hopefully, these new models, wherever it comes, it will support me at a total level.

Binay Singh:

And this 100 basis point hit lasting for a year, does it also include the second ramp up in Pune plant, for you to go up to 1.1 million, because that will also be another layer of cost increase, right? So, does this include that, in your calculation of incremental volume versus cost, you sort of believe this sort of balances it out?

K S Hariharan:

No, as of now, the figure indicated is mainly for the phase one capacity only. Phase two, still we are some time away. So, I think we can discuss that a little later only. But generally, at a broader level, if you understand, normally the initial capacity expansion generally calls for huge capex investments, right? But the second phase ideally shouldn't incur that much of a capex, it is a broader understanding. But anyway, as I mentioned, we are still some time away. We will come to know the details, in due course of time.

Binay Singh:

And any timeline on phase two? When are we planning to ramp that up?

Tarun Garg:

Calendar Year 2028.

Binay Singh:

And lastly, team, just on Mexico, it is an important market for us. We know about the tariff increase. If you could talk a little bit about, interplay of price increase, demand, post the tariff hike, how has that played out? That's it. Thank you.

K S Hariharan:

Binay, if you see, exports have been pretty good for us in recent times, especially for the last one year or so. Even during this year's beginning, we gave a guidance of 7% to 8% growth for this fiscal year. But already we are at 18% growth for the nine months period. The momentum is pretty strong. I think for the emerging markets, wherever we are supplying, we are continuously seeing a strong demand for the products. So, the growth momentum should continue, is what we understand. See all these tariff issues, if you take Mexico or even South Africa, there is some news, right? So, all these things we are evaluating. But if you see our broader strategy, what we are trying to do is, we are continuously exploring opportunities in new markets, in order to overall de-risk our export operations. This is a broader strategy. I think that should definitely help us on the export front.

Binay Singh:

Great. Thanks, team. Best wishes for future quarter.

Moderator:

Next question is from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar: I wanted to understand your thoughts on CRETA because that's a key model for us, a big profit center. And given when costs are rising up for us and we're going to be operating a new plant under low utilization and costs are going to be higher?

And the fact that the segment is seeing intense competition with multiple launches. So, we just want to understand your thoughts between now and when the new CRETA comes in. How much is your confidence on sustaining CRETA without any discounts? Because that model has been a standout since launches have not been on discount, which is a record in itself. But just want to understand for the next few quarters till you get the new model, what is your strategy going to be to keep it away from discounts?

Tarun Garg: I've been answering this question now for three years, because whenever new competition comes in, everybody asks what will happen to CRETA. We already shared, Hari already shared that last year was the best ever for CRETA, 200,000 plus units, number one SUV. January, where all the so-called new models have been launched, again, close to 18,000 numbers.

Look, I cannot predict the future. But what I can tell you is that we have been able to manage CRETA because we never sit, we always create, for example, we had the Knight edition. It has received some great responses. So, we keep on making small changes, creating excitement for the customer. CRETA has always been on waiting period. So, I think this was a great opportunity in last three, four, five months. In the rural areas, we have started a major thrust on CRETA. So, we don't want to get into discount mode or something. I think CRETA has a very strong brand. And as long as we can utilize and leverage the huge brand equity, the network, the customers, so many customers who take CRETA to CRETA, I think we are fairly confident about the CRETA numbers. But if you want that quarter by quarter, how many CRETA I will sell, I think it is very difficult for me. But we also understand that CRETA is very important. And like we have been doing over the past so many years with all the competition coming in, we will continue to make those efforts, to sustain the CRETA numbers.

Pramod Kumar: Thank you. So, I was talking more about keeping it away from discounting, Sir, and sustaining this record what you have built with the brand till the new CRETA comes in. My focus was more on that?

Tarun Garg: Future guidance on discounts is very difficult to give. But, whatever steps we are taking helps us to really prevent us from really going into discounts and all. I think network leverage and brand equity is very strong and we want to leverage on that. Another thing I want to tell you is now ICC cricket is happening, T20. Now CRETA is the key model there. You will see across the stadiums, CRETA being displayed. Already in the showrooms, you can see the material being sent and the contest around the CRETA, to our own dealer teams, customers. So, I think we are taking various steps to ensure that CRETA remains the flag bearer for Hyundai, both in terms of volume and profit.

Pramod Kumar: Okay. Thanks a lot for that. And second question is on the export outlook, Sir, because you talked about the next year industry growth number, what you're looking at SIAM, as a company, but any thoughts on the export market in terms of what the growth could look like there for FY 2027?

K S Hariharan: Pramod, for FY 2027, we have not yet given the guidance. Maybe we'll give it in some time. But for FY 2026, as I already mentioned, pretty solid numbers we have seen. And even in Q4, we expect this momentum to continue.

Pramod Kumar: Okay. Fair enough. Thanks a lot. Best of luck.

Moderator: Thank you. Next question is from Raghunandan NL from Nuvama. Please go ahead.

Raghunandan: Thank you very much, Sir. And congratulations on the strong response of Venue. Sir, my first question was on the commodity inflation part. Can you indicate what is the kind of increase expected in Q4?

And based on that, how much has been the blended price hike? And what are the under-recoveries? And also, if you can talk about whether you hedge your commodities, what is the policy there?

K S Hariharan: Raghu, Hari here. Commodity, as I already called out, in Q3, the impact was roughly 40 basis points on the margins. And Q4, what we are seeing is continuous volatility in some of the commodities, especially the precious metals, right? One day it is decreasing, one day we are seeing some increase. So, we are continuously monitoring the price trends. We don't do hedging, but generally we try to manage this commodity exposure through other strategies, like we have some long-term supplier contracts, we engage in diversified sourcing strategies. So, these are all some of the measures we take to manage the commodity impact. And we also try to reduce the impact as much as possible through other efforts, like, for example, the cost optimization efforts, which we discussed, like localization, value engineering. These efforts continue to help us in terms of cost optimization. As far as price increase is concerned, as I already mentioned, we have already announced the price increase we have implemented in January, that was nearly 60 basis points. We have done the price increase that was largely for Venue. So, going forward, as I mentioned, we will continuously monitor the price trends on the commodity front and we will take the necessary actions.

Raghunandan: Thank you, Hari. Can you also indicate how much was the labor code impact in employee cost this quarter?

K S Hariharan: Raghu, we have also disclosed in the financials as well. What we have done is, in the last few years, we have proactively changed our policies and compensation structures to a larger extent, which is more or less aligned with the emerging labor code requirements. So, whatever was the financial impact, we have already recognized in the financials, then and there. So, today, if you look at, based on the latest guidance, we have assessed this impact, which came out to be very minimal, and we have reflected in the Q3 financials as well. Going forward, we will anyway look at the final State and Central rules in this regard. If at all any additional impact will come, we will also recognize in the books of accounts.

Raghunandan: Understood. And can you also share that, at the end of Q3, given that the channel inventory had gone down, how much would have been the inventory days in the channel that is end of December?

- Tarun Garg:** So, end of December, the inventory was 2 to 3 weeks. So, even now, inventory is less than 4 weeks. So, we had very good retails in January. Normally, at the end of January, inventory goes up to 5 weeks, but we are working on less than 4 weeks inventory. So, these are good signs for the future, but we have to see how the momentum continues going forward.
- Raghunandan:** Got it, Sir. Thank you so much.
- Moderator:** Next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.
- Mukesh Saraf:** Yes. Good evening and thank you for the opportunity. My first question is with regard to the industry. I think last quarter, you mentioned that there is a lot of upgrades that's happening, even say within the model, the higher-end variants are seeing a lot of demand. So, now that it's been about 3-4 months since the GST cut, if you could give some sense on how this has played out maybe for you and in terms of variant mix, have you kind of seen any material shift there?
- Tarun Garg:** I already gave this thing about SUVs and all. Now, on the variant level, it is very difficult. ASP trends already Hari has given that on a year-on-year basis, how ASP moved up by 5% or so. We gave you domestic as well as export separately. Now, beyond that, it is very difficult to give you how variants are moving.
- Mukesh Saraf:** So, basically nothing material as such to call out over the last say quarter on quarter?
- Tarun Garg:** Nothing as of now.
- Mukesh Saraf:** Got it. And I think one of the answers you had mentioned about the industry growth of 5%-6% expected in FY 2027. Any additional color you can provide with respect to what growth is hatchback expected within this 5%-6% and SUVs?
- Tarun Garg:** Very difficult. Things are changing. I think, if we want to have growth, first thing we need to do is not to set a target. We have to be flexible. And I think when we are flexible, we will definitely end up with higher numbers. So, let's see how things progress. And I think all of us are gearing up for that. So, right now, very difficult to say how much will be hatch, how much will be SUV.
- Mukesh Saraf:** Yes. Okay. And just lastly, any update on the CAFÉ III norms that we have had, say on discussions with the ministry, etc.?
- Tarun Garg:** No, we are also waiting for the final norms to come. No additional update after the draft. Thank you.
- Mukesh Saraf:** All right, great. Thank you so much.
- Moderator:** We'll take our next question from the line of Yash Agarwal from Nirmal Bang Securities. Please go ahead.
- Yash Agarwal:** Thank you for the opportunity. I just wanted to know, like in the domestic portfolio, SUV mix is around 70% while in export, it's on the lower side. Is there a trend where we are seeing the SUV penetration increasing in the export portfolio as well?

Tarun Garg: I think this is an opportunity very well pointed out by you. We already mentioned that India will be the sole supplier of New Venue going forward. So, this is an opportunity. Then EXTER right now, we don't have LHD. Going forward, we'll look at the LHD option. So, I think you will see that the mix is shifting in favor of SUV also going forward. We are looking at some of the opportunities in Alcazar as well.

So, let's see how things progress. But you're right, as of now, the focus has been on the Sedan, Verna and the Aura and of course, the hatch like NIOS. But I think now we are seeing green shoots in the SUVs, which we'd like to definitely leverage with the Venue and the Exter especially, and of course, with the other models as well. And also, the new models that are going to come, of course, mostly will be SUVs. So, we will look at all those opportunities also, wherever we can for exports.

Yash Agarwal: And the second question is on the India-EU FTA deal with its phase reduction in the import duties. How will it impact our Genesis plan for portfolio expansion in India?

Tarun Garg: India FTA is only five days old. And still we have to get all the details, etcetera. I think it's too early. As far as Genesis is concerned, it's a very strong brand globally. And we are very confident and will be very well prepared, as and when we launch the Genesis. But I think it's too early to comment on how will the FTA affect the Genesis. Both are very hypothetical. So, please bear with us. At the right time, we'll announce our Genesis strategy and the future plan as well.

Yash Agarwal: Thank you, Sir. And all the best for the future.

Tarun Garg: Thank you.

Moderator: Next question is from Jinesh Gandhi from Oaklane Capital. Please go ahead.

Jinesh Gandhi: My question is again on the EU FTA. Given that Europe is one of the important markets, which is getting currently sold from Indonesia for products like CRETA, do you think there is a case to be made if duties on exports of cars from India to EU reduces to zero? Is there a case for India to eventually be production hub for Europe for some of these models which are made in India?

Tarun Garg: We are awaiting the details. Prima facie, it appears to be an opportunity. But until we get the details of what is there, it's very difficult to comment. So please bear with us. And as and when we get more details, we will chalk out our strategy. We've already mentioned that we have a very strong production ecosystem in India. And we would like to really increase the exports from India going ahead as well. Eventually, by 2030, we have to take the export contribution to 30%. So, I think all these FTAs are presenting new opportunities. But we still have to study in detail what it means, what kind of changes will have to be done in our product, what kind of regulations are going to be there, for example, currently, FTA mentions that maybe EVs will not be a part in the first few years. So, I think all those details will have to be seen. And what are the opportunities, but we will definitely like to utilize those opportunities to export vehicles to Europe as well from India. But it is too early to comment on that at this stage. Thank you.

Jinesh Gandhi: Sure. Any sense of what would be the total exports today from India? How much would be going to Europe currently?

Tarun Garg: No, we are not exporting to Europe. We are the hub for the emerging markets, Middle East, Africa, Latin America, Asia, etc. We are not exporting to Europe currently.

Jinesh Gandhi: Great. Thanks and all the best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. With this, we conclude today's conference call. On behalf of Hyundai Motor India Limited, we thank you for joining us and now you may disconnect your lines.

Note: Edited for brevity and inadvertent errors