

Steady execution amid structural tailwinds...

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

- Its portfolio includes 14 models across major passenger vehicle segments including Grand i10, Aura, Verna, Exter, Venue & Creta among others

Q3FY26 Results: Hyundai Motor India reported steady performance in Q3FY26. Sales volume for the quarter stood at 1.95 lakh units, up 5% YoY. Total operating income for Q3FY26 came in at ₹ 17,973 crore with ensuing ASPs at ~₹ 9 lakh/unit, up 3% YoY, flat QoQ. SUV share of sales in total domestic PV sales stood at ~70% (vs. 69% in Q3FY25). EBITDA margins for the quarter came in at 11.2%, down 270 bps QoQ. Consequent PAT in Q3FY26 came in at ₹1,234 crore, up 6% YoY.

Investment Rationale:

- GST Rationalization driving volume resilience in otherwise soft Q3:** GST 2.0 have had a positive influence on the auto industry and have resulted in improved sentiments in the domestic market. In Q3FY26 PV volumes delivered a record-breaking performance, with sales hitting an all-time high of 1.27 million units, up 20.6% YoY, making it the strongest Q3 on record on the back of festive demand and GST 2.0. Exports also scaled new highs, with PV shipments rising 11.7% YoY to 2,25,000 units in Q3FY26, supported by steady demand across geographies. 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. HMIL has been a clear beneficiary of this trend, with its SUV sales growing rapidly and accounting ~70% of its total sales, vs. ~66% share for the industry.
- Unveils Blueprint to expand topline by 1.5x with sustained double-digit margins:** During its Analyst Day held in the recent past, HMIL announced strategic investment plan of ₹45,000 crores through FY2030 aimed at transforming India (HMIL) into Hyundai's second-largest global region. The company plans 26 new product launches, including seven new nameplates, with entries into MPV and off-road SUV segments, alongside India's first locally manufactured dedicated electric SUV by 2027 and the launch of the luxury brand Genesis in India in the same year. HMIL targets a 15%+ domestic market share with over 80% of its portfolio contribution from utility vehicles and more than 50% powered by eco-friendly technologies like CNG, EV, and hybrids. Additionally, HMIL aims for up to 30% export contribution, crossing ₹1 lakh crore in revenues with sustained double-digit EBITDA margins in the range of 11%-14% by 2030.

Rating and Target Price

- HMIL stands out for its strategic investments aimed at scaling revenue & product diversification. Given, it's roadmap to achieve 1.5x revenue growth, combined with disciplined margin management and expanding market share, we maintain our **BUY** rating on the stock & continue to value HMIL at ₹ 2,550 i.e. **30x P/E on avg. of FY27-28E EPS**.

Key Financial Summary

Key Financials (₹ crore)	FY21	FY22	FY23	FY24	FY25	4 year CAGR (FY21-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	40,972	47,379	60,308	69,830	69,193	14.0%	72,555	81,037	90,181	9.2%
EBITDA	4,246	5,486	7,549	9,133	8,954	20.5%	9,159	10,130	12,265	11.1%
EBITDA Margins (%)	10.4	11.6	12.5	13.1	12.9		12.6	12.5	13.6	
Net Profit	1,881	2,902	4,709	6,061	5,640	31.6%	5,721	6,217	7,611	10.5%
Reported EPS (₹)	23.2	35.7	58.0	74.6	69.4		70.4	76.5	93.7	
RoNW (%)	12.3	17.2	23.5	56.8	34.6		28.2	25.2	25.4	
RoCE (%)	13.1	17.7	24.2	55.0	37.7		31.4	29.2	30.8	
P/E (x)	95.0	61.6	38.0	29.5	31.7		31.2	28.8	23.5	

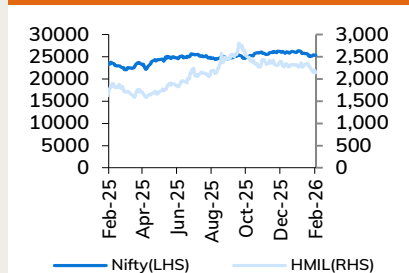
Source: Company, ICICI Direct Research

**Particulars**

Particulars	₹ crore
Market Capitalisation	1,78,759
Total Debt (FY25)	792
Cash & Inv. (FY25)	8,579
EV (₹ crore)	1,70,972
52 week H/L (₹)	2,890 / 1,542
Equity Capital (FY25)	813
Face Value (₹)	10

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	82.5	82.5	82.5	82.5
FII	7.2	7.1	7.3	6.4
DII	7.0	7.8	7.7	8.6
Other	3.3	2.7	2.4	2.5

Price Chart**Recent event & key risks**

- New plant commissions, margins moderate to 11.2%.
- Key Risk: i) lower than anticipated sales volume growth over FY25-FY28E and consequent O/p leverage ii) lower than anticipated margins recovery amidst volatile commodity prices

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Q3FY26 Earnings Conference Call highlights

- **Domestic Sales Performance:** Domestic volumes delivered 5% sequential growth in Q3, aided by festive demand and GST-led sentiment improvement. Retail momentum was particularly strong, with December retail sales up 16% YoY, even as wholesales were moderated to manage channel inventory prudently. Rural markets emerged as a key growth driver, with record-high rural contribution exceeding 24% of domestic sales, highlighting deeper market penetration beyond urban centers.
- **Product Highlights & Segment Trends:** The quarter was marked by exceptional performance of Hyundai's SUV portfolio. The midsize SUV Creta achieved its highest ever annual sales of over 2 lakh units, reclaiming the position of India's best-selling SUV. The newly launched Venue received a strong market response with ~80,000 bookings, reinforcing Hyundai's strength in compact SUVs. Hatchbacks declined YoY, while sedans showed sequential improvement, aided by GST benefits and taxi segment demand.
- **Export Performance:** Exports remained a key growth and profitability driver, growing 21% YoY in Q3 and accounting for 25% of total volumes. Growth was led by Middle East & Africa (+30%) and Latin America (+13%). Management reiterated confidence that exports will continue to be a meaningful engine for both volume growth and margin support, with Venue exports to be explored gradually after stabilizing domestic demand.
- **Margin drivers & Cost pressure:** Sequential margins were impacted by commodity inflation (~40 bps), new Pune plant processing costs (~60–70 bps), and an unfavorable mix. Management clarified that total Pune plant-related cost impact could be ~100 bps for about a year as volumes ramp up. Importantly, discounts declined sequentially (from 3.2% to 2.6% of ASP), and YoY margins improved due to better mix and pricing actions taken earlier.
- **Capacity Expansion & Utilization:** The new Pune plant, operational since October, is already running at over 90% utilization on a two-shift basis, primarily producing Venue. Chennai utilization has dipped temporarily due to production realignment. Management expects utilization and operating leverage to improve over the next year as volumes ramp up and new models are introduced across both facilities.
- **Growth Outlook & Guidance:** Industry growth for FY27 is expected at 5–6%, with SUVs expected to outpace other segments. Hyundai reiterated confidence in outperforming industry growth, backed by a strong SUV-heavy pipeline, GST tailwinds, taxi segment expansion, and export growth. Management reaffirmed EBITDA margin guidance of 11–14% for FY26, with sustained double-digit margins targeted over the medium term.

Key tables and charts

Exhibit 1: Quarterly Analysis

	Q3FY26	Q3FY25	YoY (Chg %)	Q2FY26	QoQ (Chg %)
Total Operating Income	17,973	16,648	8.0	17,461	2.9
Raw Material Expenses	12,831	12,169	5.4	12,249	4.8
Employee Expenses	699	607	15.2	618	13.1
Other expenses	2,425	1,997	21.4	2,165	12.0
Operating Profit (EBITDA)	2,018	1,876	7.6	2,429	-16.9
EBITDA Margin (%)	11.2	11.3	-4 bps	13.9	-268 bps
Other Income	244	244	-0.3	231	5.4
Depreciation	569	527	7.8	518	9.9
Interest	27	30	-9.0	17	63.3
Total Tax	432	402	7.4	554	-22.0
PAT	1,234	1,161	6.3	1,572	-21.5
EPS	15	14	6.3	19	-21.5
Key Metrics					
Sales Volume	1,95,436	1,86,408	4.8	1,90,921	2.4
ASP (₹)	9,01,462	8,75,665	2.9	8,98,583	0.3

Source: Company, ICICI Direct Research

HMIL saw margin moderation as guided earlier due to costs from commissioning of new plant.

Exhibit 2: Assumptions

	Current							
	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Volumes (lakh units)	5.8	6.1	7.2	7.8	7.6	7.9	8.6	9.3
Average ASPs (₹ lakh/unit)	7.0	7.6	8.2	8.8	8.9	9.0	9.2	9.5
RMC/Unit (₹ lakh/unit)	5.4	5.9	6.2	6.6	6.6	6.5	6.7	6.9

Source: ICICI Direct Research


Exhibit 3: Change in headline estimates

	FY26E			FY27E			FY28E		
(₹ Crore)	Old	New	% Change	Old	New	% Change	Old	New	% Change
Total Op. Income	73,968	72,555	-1.9	82,073	81,037	-1.3	91,237	90,181	-1.2
EBITDA	10,087	9,159	-9.2	11,326	10,130	-10.6	12,773	12,265	-4.0
EBITDA Margin (%)	13.6	12.6	-101 bps	13.8	12.5	-130 bps	14.0	13.6	-40 bps
PAT	6,405	5,721	-10.7	7,096	6,217	-12.4	8,009	7,611	-5.0
EPS (₹)	79.0	70	-10.7	87.0	77	-12.4	94	94	-5.0

Source: ICICI Direct Research


Exhibit 4: HMIL – Business Highlights

Business Highlights




Vehicle Production
Commencement at Pune Plant

Foundation of Future Growth



The all-new **Hyundai VENUE**


Nearly 80K bookings*
48% First Time Buyers



Launched on 4th Nov'25 | As of 3rd Feb'26

The King is **No. 1* Again**,
10th year in a row!

Highest-Ever Annual Sales
of 200K+ Units in a
Calendar Year




*No. 1 in SUV-Mid category

Foray into **Commercial Mobility Segment**

With Prime HB & Prime SD

Unlocking Growth Avenues



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Total operating Income	69,193	72,555	81,037	90,181
Growth (%)	(0.9)	4.9	11.7	11.3
Raw Material Expenses	49,929	51,488	57,941	64,029
Employee Expenses	2,311	2,625	2,836	3,066
Other Expenses	7,999	9,284	10,130	10,822
Total Op. Expenditure	60,239	63,396	70,907	77,917
EBITDA	8,954	9,159	10,130	12,265
Growth (%)	(2.0)	2.3	10.6	21.1
Depreciation	2,105	2,213	2,431	2,570
Interest	127	98	81	60
Other Income	870	866	727	582
PBT	7,591	7,713	8,345	10,217
Total Tax	1,951	1,992	2,128	2,605
Reported PAT	5,640	5,721	6,217	7,611
Growth (%)	(6.9)	1.4	8.7	22.4
Reported EPS (₹)	69.4	70.4	76.5	93.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit before Tax	7,591	7,713	8,345	10,217
Add: Depreciation & Interest	2,232	2,311	2,512	2,630
(Inc)/dec in Current Assets	(346)	(449)	(924)	(996)
Inc/(dec) in CL and Provisions	(1,850)	660	1,370	1,477
Others	(1,951)	(1,992)	(2,128)	(2,605)
CF from operating activities	5,676	8,243	9,175	10,722
(Inc)/dec in Investments	-	-	-	-
(Inc)/dec in Fixed Assets	(5,749)	(7,000)	(9,000)	(9,000)
Others	(253)	(40)	(40)	(40)
CF from investing activities	(6,002)	(7,040)	(9,040)	(9,040)
Proceeds from Issuance of Equity	-	-	-	-
Borrowings, leases & interest	1,593	(168)	(231)	(210)
Dividend paid & dividend tax	(1,706)	(1,706)	(1,869)	(2,275)
CF from financing activities	(114)	(1,875)	(2,100)	(2,485)
Net Cash flow	(439)	(671)	(1,965)	(803)
Opening Cash	9,018	8,579	7,908	5,943
Closing Cash	8,579	7,908	5,943	5,141

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Liabilities				
Equity Capital	813	813	813	813
Reserve and Surplus	15,484	19,499	23,847	29,183
Total Shareholders funds	16,297	20,311	24,659	29,996
Total Debt	792	722	572	422
Deferred Tax Liability	-	-	-	-
Minority Interest / Others	1,951	1,971	1,991	2,011
Total Liabilities	19,040	23,004	27,222	32,429
Assets				
Gross Block	23,564	34,283	43,283	52,283
Less: Acc Depreciation	16,654	18,867	21,298	23,869
Net Block	6,910	15,415	21,984	28,414
Capital WIP	4,718	1,000	1,000	1,000
Total Fixed Assets	11,628	16,415	22,984	29,414
Goodwill & Investments	195	205	215	225
Inventory	3,404	3,578	3,996	4,447
Debtors	2,389	2,584	2,886	3,212
Other Current Assets	1,660	1,740	1,944	2,163
Cash	8,579	7,908	5,943	5,141
Total Current Assets	16,032	15,810	14,769	14,963
Creditors	7,086	7,554	8,437	9,389
Provisions	497	522	583	648
Other current liabilities	3,474	3,643	4,069	4,528
Total Current Liabilities	11,058	11,718	13,088	14,565
Net Current Assets	4,974	4,092	1,681	398
Others	2,242	2,292	2,342	2,392
Application of Funds	19,040	23,004	27,222	32,429

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS	69.4	70.4	76.5	93.7
Cash EPS	95.3	97.6	106.4	125.3
BV	200.6	250.0	303.5	369.2
Cash Per Share	105.6	97.3	73.1	63.3
Operating Ratios (%)				
EBITDA Margin	12.9	12.6	12.5	13.6
PBT / Net sales	9.9	9.6	9.5	10.8
PAT Margin	8.2	7.9	7.7	8.4
Inventory days	18.0	18.0	18.0	18.0
Debtor days	12.6	13.0	13.0	13.0
Creditor days	37.4	38.0	38.0	38.0
Return Ratios (%)				
RoE	34.6	28.2	25.2	25.4
RoCE	37.7	31.4	29.2	30.8
RoIC	140.7	52.6	39.7	38.2
Valuation Ratios (x)				
P/E	31.7	31.2	28.8	23.5
EV / EBITDA	19.1	18.7	17.1	14.2
EV / Net Sales	2.5	2.4	2.1	1.9
Market Cap / Sales	2.6	2.5	2.2	2.0
Price to Book Value	11.0	8.8	7.2	6.0
Solvency Ratios				
Debt/EBITDA	0.1	0.1	0.1	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.0	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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