

**BUY**

TP: Rs 2,287 | ▲ 23%

HYUNDAI MOTORS INDIA | Automobiles

24 March 2026

## Shifting to top gears with safety belts on

- Capacity expansion to 1.1mn units by FY28 to help attain growth with focus on premiumisation, as SUV accounts 70% of domestic sales
- Strong focus on localisation and higher operating leverage to help maintain/improve margins; GM at ~28%, EBITDA margins at 13.5%
- Growth focus, no margin dent, steady cashflows in capex phase with FCF yield at 2-3% help value at 26x FY28 P/E with TP of Rs2,287. BUY

**Healthy launch pipeline to aid growth:** HMIL is geared for volume growth, helped by capacity expansion (~1.1mn units by FY28 with Pune facility capacity ramp-up). This will ensure a strong launch pipeline with 7 upcoming models. It reinforces premiumisation-driven growth as SUVs contribute ~70% of domestic sales (target 80% by 2030). Collectively, volume growth is positioned without impacting margins.

**Gaps filled across segments and powertrains:** Vacuum in MPVs, mass-market electric vehicles (EVs), hybrids and deeper rural penetration offer growth prospects. EV penetration is targeted at ~16%, hybrids ~15% and CNG ~20% by 2030 to align with statutory norms and consumer shift towards green fuel sources. This will derisk revenue streams and reduce concentration risk (Creta ~35%) in core UV segment.

**HMIL as strategic export hub:** HMIL is placed as a hub for the largest export base by its parent Hyundai Motor Corporation with focus on global growth markets. HMIL targets ~30% export share (~22% FY25), leveraging India's growing appetite and cost competitiveness for feature-rich and reliable vehicles. This provides a hedge during lull in home markets and helps enhance margins with higher ASPs.

**Localisation as key margin driver:** Domestic supply helped margins gain to 27.8% in FY25 from 25.3% in FY23 (localization at ~82% in FY25 vs 80.1% in FY23). It has improved to ~84% (3QFY26). HMIL targets 90% local supply by FY30, helping it to partially offset the 3.5% royalty and forex risks leading into earnings gains.

**Capacity expansion volume growth:** HMIL plans capex of ~Rs 450bn spread over FY26–FY30 with 60%/40% for R&D and capacity expansion. This will help capacity ramp up to ~1.1mn by FY28. GM unit acquisition (initial 170k from 2HFY26, to 250k by CY28) adds flexibility for 26 launches. This also helps diversification (MPVs, off-road) and a 30% target for exports; ensuring volume growth without margin erosion.

**Valuations & Recommendation:** We value HMIL at 26 P/E FY28 earnings (10% discount to MSIL) to arrive at a target price of Rs2,287. Assign BUY rating. Growth focus, no margin dent, steady cashflows with FCF yield of 2-3% are key positives.

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Ticker/Price	HYUNDAI IN/Rs 1,860
Market cap	US\$ 6.0bn
Free float	44%
3M ADV	US\$ 12.8mn
52wk high/low	Rs 2,890/Rs 1,542
Promoter/FPI/DII	56%/23%/16%

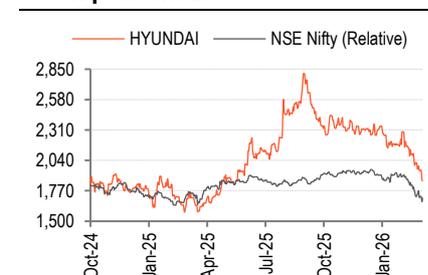
Source: NSE | Price as of 24 Mar 2026

### Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	6,91,929	7,03,514	7,41,334
EBITDA (Rs mn)	89,538	89,906	97,264
Adj. net profit (Rs mn)	56,402	56,270	60,530
Adj. EPS (Rs)	69.4	69.3	74.5
Consensus EPS (Rs)	69.4	71.2	79.9
Adj. ROAE (%)	34.6	28.0	25.1
Adj. P/E (x)	26.8	26.9	25.0
EV/EBITDA (x)	6.6	7.0	6.6
Adj. EPS growth (%)	(6.9)	(0.2)	7.6

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE

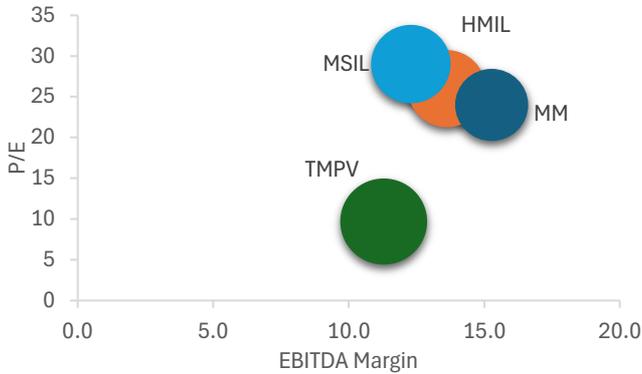


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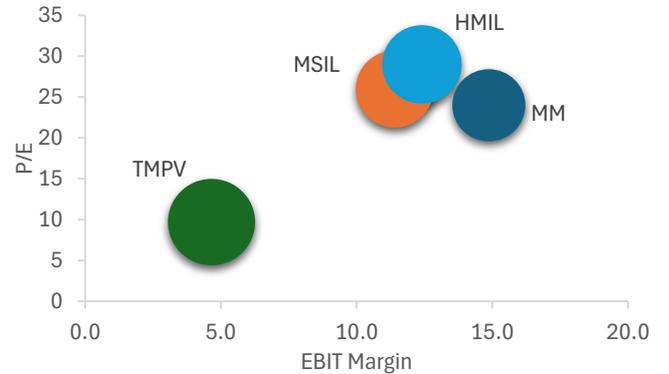
## Focus Chart

**Fig 1 – Preference on margins over growth by HMIL**



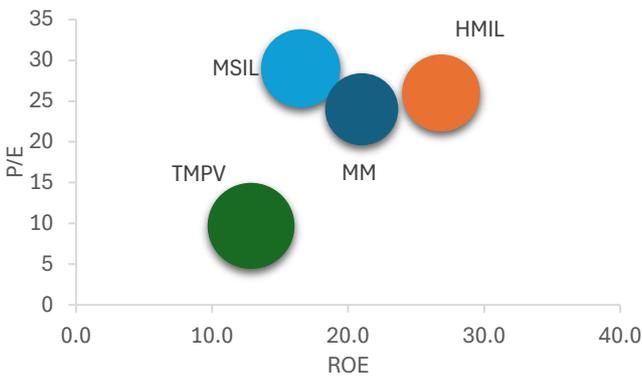
Source: Company, BOBCAPS Research

**Fig 2 – EBIT margin healthy in capex mode**



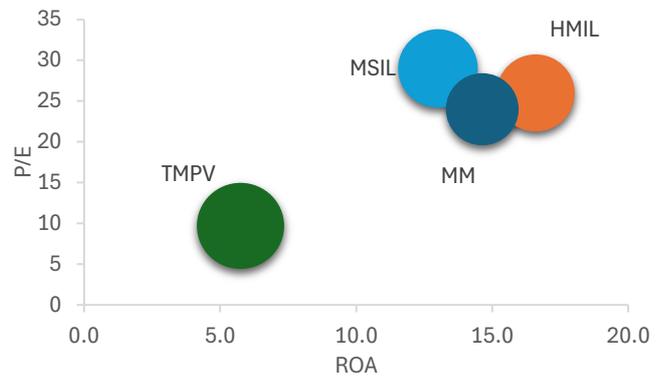
Source: Company, BOBCAPS Research

**Fig 3 – ROE profile stays healthiest among peers**



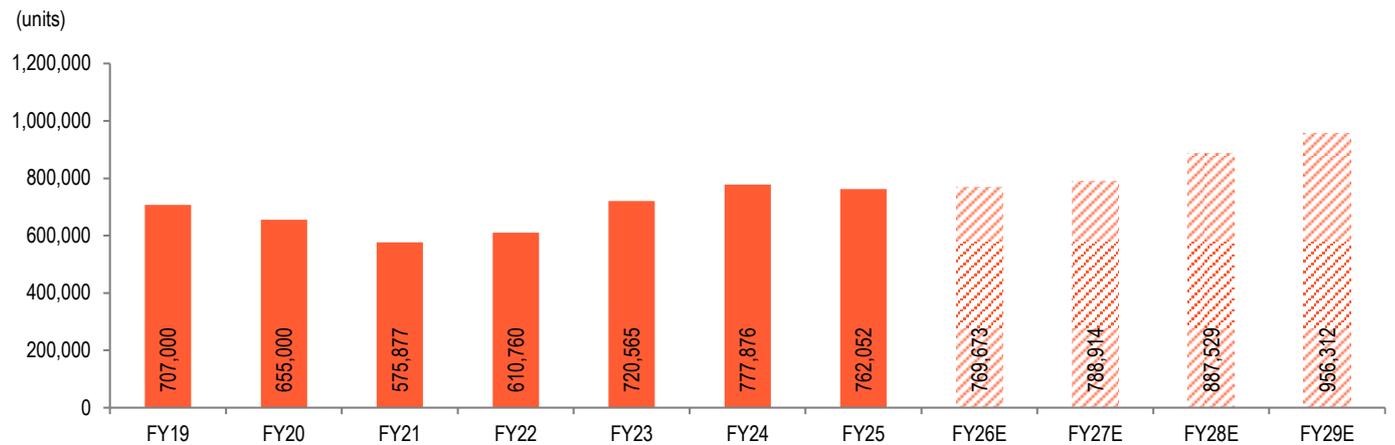
Source: Company, BOBCAPS Research

**Fig 4 – So does the ROA**



Source: Company, BOBCAPS Research

**Fig 5 – Volume growth will be the key trigger driven by a strong launch programme**



Source: Company, BOBCAPS Research

## Investment Rationale

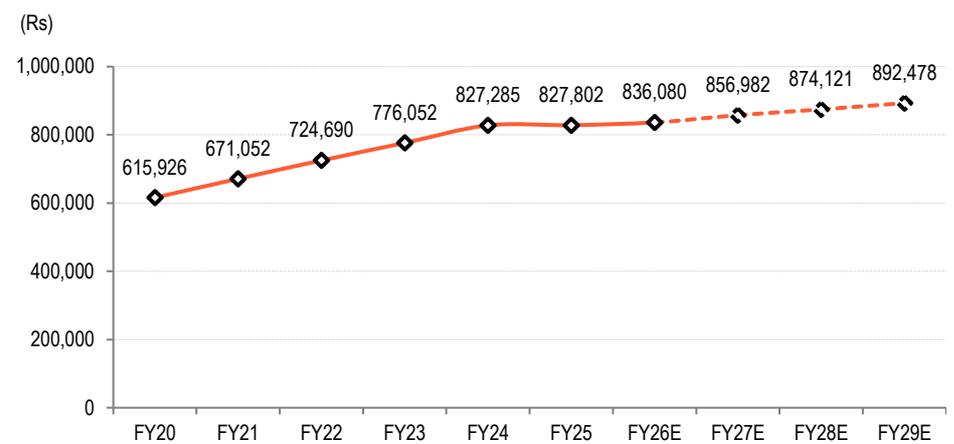
### Focus on margins sans major dent in market share

#### Pricing discipline and realisation-driven growth as key strategy

HMIL has demonstrated a structurally consistent pricing and margin strategy over medium-to-long term (past 10 years). Gross margin has expanded to ~27.8% in FY25 from ~20.1% in FY16, while gross profit has grown at ~13% CAGR over the same period. The growth has outpaced peers despite intense competitive pressure in the domestic passenger vehicle (PV) market. This underpins disciplined price actions, product-mix premiumisation, and an explicit prioritisation of profitability over market share (percentage value).

The highlight is that the net realisations have grown consistently over the period, rising from ~Rs 0.5 mn per vehicle in FY16 to ~Rs 0.91 mn in FY25, a ~7% CAGR. Notably, there has been no year of negative realisation growth, even during the periods when industry demand weakened or volumes declined. This underlines HMIL's ability to pass through the cost inflation in full, rather than absorbing it.

**Fig 6 – Increasing trend of NSR thanks to prudent product mix**



Source: Company, BOBCAPS Research

#### Annual price hikes: Proactive and Measured

HMIL has hiked prices virtually every year since FY16, with ~70% being proactive (to offset commodity inflation, forex movements, and rising input costs) and ~30% reactive that is policy-driven (BS-VI transition, safety regulations, cess hikes). However, the price hikes have been measured to avoid any impact on volumes.

Furthermore, HMIL has iterated that discounts have been kept calibrated meaningfully lower than the industry. While the company has participated in discounting cycles only to be in sync with the industry, it has kept a keen watch over margins. This approach has allowed guarding volumes without structurally diluting the pricing power or margin profile.

**Fig 7 – Price hikes a mix of proactive and reactive response**

Type	Date applicable from	Amount	Note
Voluntary	Jan-16	Up to Rs 30k	Across model applicable due to marketing conditions
Policy driven	Mar-16	Up to 83k	Union Budget direct levy
Voluntary	Jan-17	Up to Rs 100k	Increase in commodity cost and fluctuating forex
Voluntary	Jan-18	Up to 2%	
Policy driven	Sep-18	Up to 85k	Cess hike by 2-7%
Policy driven	Aug-19	Up to 9.2k	Cost rises due to new safety regulations
Voluntary	Jan-20	Up to 50k	Rise in input material cost
Policy driven	Apr-20		BS VI cost pass on in phases
Voluntary	Jan-21	Up to Rs 33k	
Voluntary	Jan-22	Up to Rs 22k	
Voluntary	Jan-23	Up to Rs 81k	
Voluntary	Jan-24		Input cost and forex fluctuation
Voluntary	Jan-25	Up to 25k	Increase in input cost
Voluntary	Apr-25	Up to 3%	Increase in input cost
Voluntary	Jan-26	~-0.6%	Increase in input cost

Source: Company, BOBCAPS Research

### Margins reflect pricing discipline amid competitive intensity

HMIL's profitability trend shows consistent guarding of average selling price (ASP) to adjust pass-through of commodity inflation, regulatory cost increase and competitive intensity. The trajectory shows limited margin impact (judicious price hikes) during periods of cost inflation on the other hand have well managed sustained rationalisation in prices (lower than industry discounts/sops) despite competitive intensity. This points towards no risk of structural deterioration in margins while keeping an eye on the market share.

In comparison with peers, HMIL has managed to expand margins steadily, narrowing the gap with market leaders like Maruti Suzuki India Ltd (MSIL) at ~28%/29% and peers like MM; reflecting consistent realisations strategy.

**Fig 8 – Gross margin**

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
HMIL	25.0	24.2	23.5	24.4	25.3	26.1	27.8	28.2	29.3	29.3
MSIL	30.8	29.7	27.7	25.2	29.7	28.6	28.6	29.9	30.2	30.4
MM	28.6	30.5	29.8	26.3	24.0	27.0	27.2	25.8	25.8	25.6

Source: Company, BOBCAPS Research

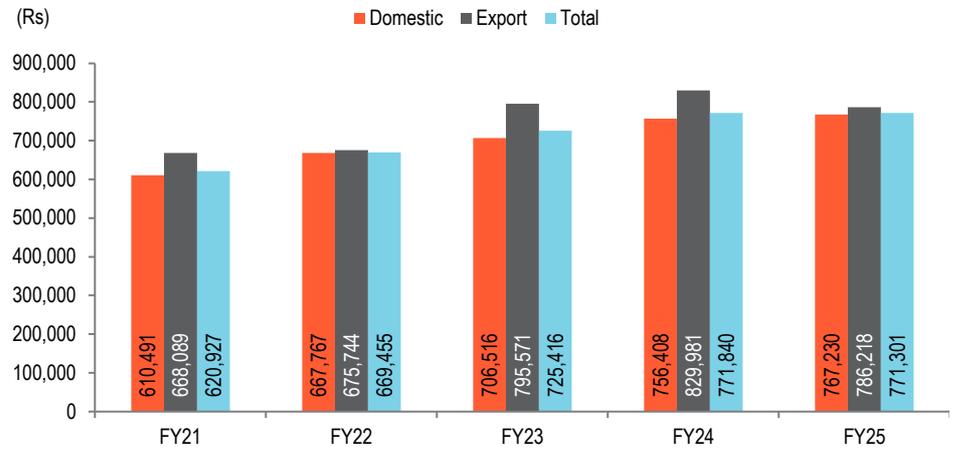
### Profitability over market share a strategic choice

HMIL's domestic market share declined from 17.6% in FY20 to 13.9% in FY25, amid aggressive competition. However, the company has consciously refrained from price-led volume gains. Instead, the strategy has focused on improving product mix, increasing feature penetration, and moving customers up the value curve through higher trims and SUVs.

This approach has resulted in a portfolio increasingly skewed towards premium segments, supporting sustained ASP expansion (~5.0% CAGR from FY20-25) and

margin improvement. Evidently gross profit margins expanded steadily from ~24.3% in FY20 to ~27.8% in FY25, barring temporary moderation during the pandemic years.

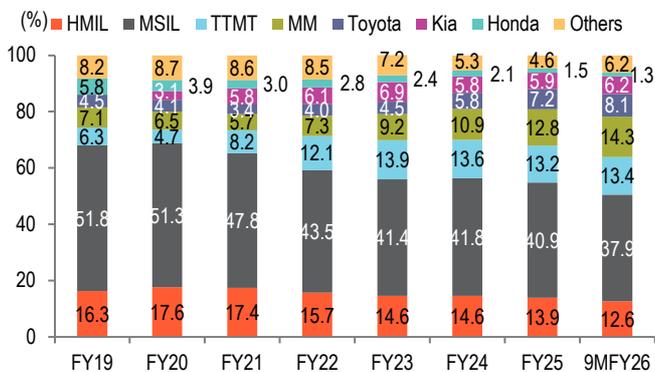
**Fig 9 – Export focus helps add strength to realisation**



Source: Company, BOBCAPS Research

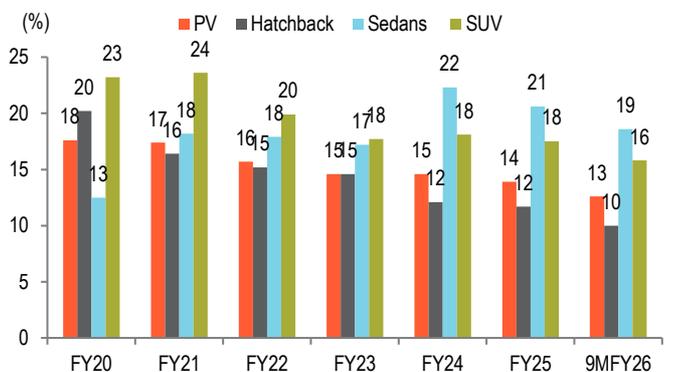
The data indicates that HMIL’s pricing actions have not been demand-destructive, reinforcing the view that its brand positioning allows balancing the affordability with profitability. In contrast, competitors have grown market share primarily through new model launches, but lacked margin accretion, resulting in volume gains without meaningful margin improvement.

**Fig 10 – Domestic market share to gain traction with strong launch program**



Source: Company, BOBCAPS Research, SIAM

**Fig 11 – HMIL’s market share and margins stay focused with equal stake**



Source: Company, BOBCAPS Research, SIAM

## Portfolio Positioning — SUV-led portfolio with focused segment coverage

HMIL’s current portfolio offers an array compact hatchback, a mid-size and compact sedan, a wide SUV ladder, and a limited premium EV presence. In the compact segment, HMIL offers the Grand i10 Nios and i20 in the price range of Rs. 0.55-1.17 mn, primarily catering to entry- and mid-level petrol and CNG demand. The Verna remains HMIL’s sole mid-size sedan offering, positioned in the Rs.1.1–1.8 mn range; while Aura targets fleet operators, efficiency and practicality-focused consumers. However, the core lies in urban compact UVs and mid-size SUVs, with Exter and Venue

addressing the entry SUV segment. Creta and Alcazar anchor higher-volume and higher-value SUV space. Ioniq 5 is positioned as a premium EV to create a brand position and demonstrate advanced technology. Entry in the mass market EV commenced with the launch of Creta EV in 2025.

**Fig 12 – Wide price-point coverage across well spread product portfolio**

Segment	Product	Price (Rs mn)	Powertrain Options
Compact	Grand i10 Nios	0.55-0.8 mn	Petrol, CNG
Compact	i20	0.69-1.17 mn	Petrol
Compact	Aura	0.6-0.85 mn	Petrol, CNG
Mid-size	Verna	1.1-1.8 mn	Petrol
UVC	Exter	0.55-0.96 mn	Petrol, CNG
UVC	Venue	0.79-1.57 mn	Petrol, Diesel
UV1	Creta	1.1-2.5 mn	Petrol, Diesel, Electric
UV2	Alcazar	1.5-2.1 mn	Petrol, Diesel
UV5	Ioniq 5	4.6 mn	Electric

Source: Company, BOBCAPS Research

HMIL's portfolio structure aligns closely with the paradigm shift in Indian PV demand toward SUVs. Over FY21–FY25, SUVs increased contribution in the domestic sales from ~52% to ~69%, while hatchbacks declined sharply from ~36% to ~20%. Over the same period, the SUV industry contribution jumped from ~34% to ~55%. Sedan's contribution has remained broadly stable in the low-teens range, reflecting a niche but resilient demand base in a shrinking market. Data clearly indicates that HMIL's growth and revenue expansion over the last few years have been driven primarily by a calibrated increase in SUV mix, lifting up ASPs and reflecting a focused, segment-led strategy rather than a broad-based volume growth.

### Launches and Competitive landscape:

Launch cadence has been an important structural driver of pricing power, but the competitive landscape has become progressively more intense. Key HMIL launches include:

- **2016–2019:** Creta (2016), Venue (2019), Grand i10 Nios (2019) - foundational SUV and compact portfolio.
- **2020–2023:** New Creta (2020), Alcazar (2021), Verna (2023), Exter (2023) - premiumisation and entry-level UV push.
- **2024–2025:** Creta facelift (2024), Alcazar facelift (2024), Creta Electric (2025) – refreshes to sustain momentum and increase electrification.

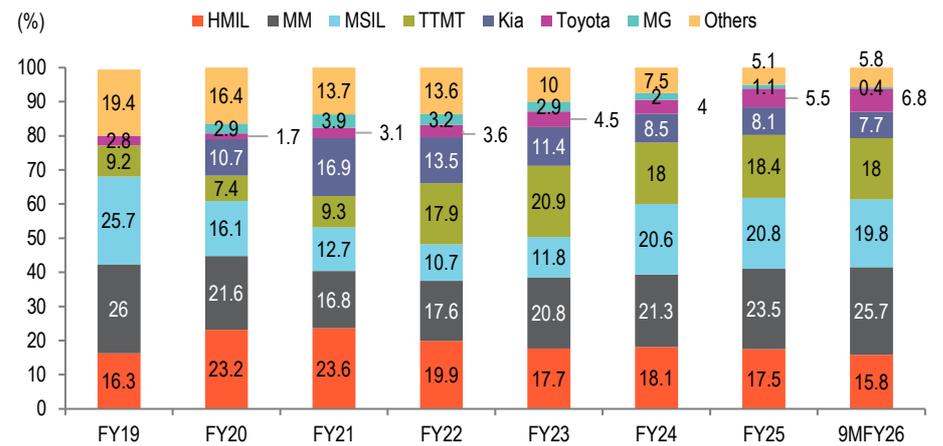
In contrast, competitors have pursued more aggressive launch programmes:

- **MSIL:** Brezza (2016), XL6 (2019), Grand Vitara (2022), Fronx (2023), Jimny (2023), Invicto (2023), Swift (2024), Dzire (2024), Victoris (2025) - broad coverage across SUV, MPV, and hatchback segments.
- **TMPV:** Nexon (2017), Harrier (2019), Safari (2021), Punch (2021), Curvv (2024), Sierra (2025) - strong SUV and EV push.

- **MM:** XUV300 (2019), Thar (2020), XUV700 (2021), Scorpio N (2022), XUV3XO (2024), Thar Roxx (2024), BE 6E/XEV 9e (2025) - rapid SUV and EV expansion.

In recent years, HMIL has lagged peers in terms of new launches, which has created pressures in the key compact and mid-size SUV segment. This is visible in the decline in domestic PV market from the high of ~17.6% in FY20 to ~13.9% in FY25, alongside a drop in SUV market share from ~23.2% in FY20 to ~17.5% in FY25.

**Fig 13 – Market share and margins; well-balanced by HMIL**



Source: Company, BOBCAPS Research, SIAM

### Sales mix evolution: Premiumisation with concentrated product mix

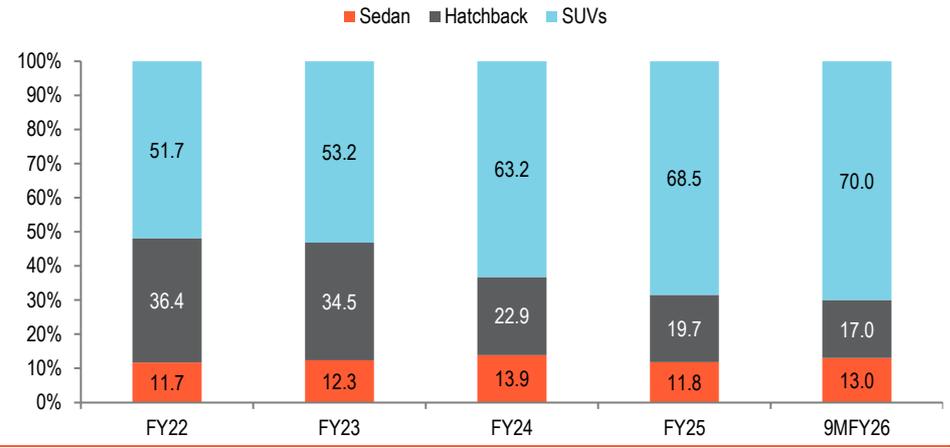
Steady increase in SUV contribution has supported ASP expansion and margin improvement, as the higher-priced SUVs increasingly dominate dispatches. Evidently gross margin has expanded from 23.8% in FY21 to 27.8% in FY25. However, this shift has also resulted in growing concentration risk.

By FY25, ~69% of HMIL’s domestic volumes were contributed by SUVs, with Creta and Venue accounting for a large share within this mix (~52%). In comparison, SUVs accounted for ~55% (~23% in FY19) of the overall domestic PV industry mix, as per SIAM data — highlighting HMIL’s above-market penetration in the SUV segment.

Evidently, the sharp contraction in hatchback volumes indicates a deliberate de-prioritisation of the entry-level segment by HMIL over and above the cyclical slowdown in the segment (hatchback). Though SIAM data indicates that the industry-wide share of hatchback almost halved to ~24% in FY25; the overall contribution is higher vs HMIL’s ~20%. (from where it halved).

While this strategy has delivered near-term value accretion, the FY26 YTD mix (~70%) suggests that the pace of premiumisation is stabilising, with SUV share nearing saturation levels. This implies the medium/long term HMIL ASP-driven growth will be contributed by incremental volume rather than structural changes (segment mix). This necessitates portfolio breadth and entry into underrepresented segments critical for sustaining growth.

**Fig 14 – Strong shift toward premiumization with increasing SUV contribution**

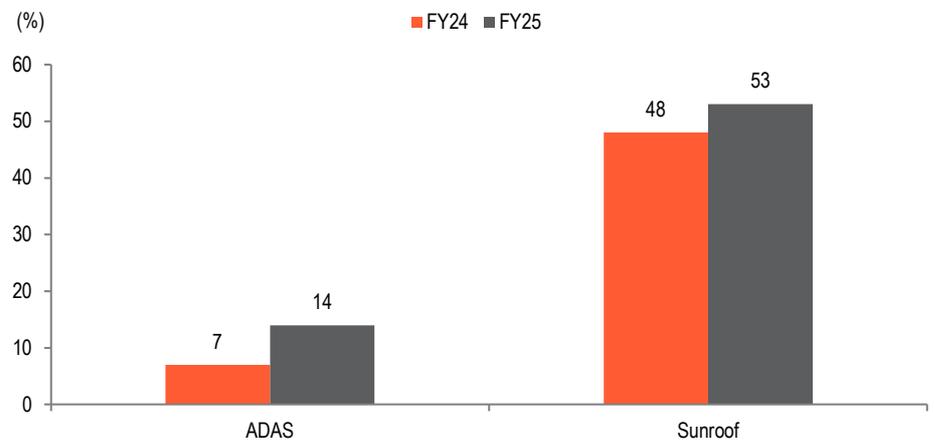


Source: Company, BOBCAPS Research, SIAM

### Feature Penetration as a Value Lever

HMIL’s portfolio evolution in the recent past reflects a push towards higher value-added feature penetration, reinforcing its premiumisation strategy beyond pure segment mix. ADAS penetration across the portfolio doubled from ~7% in FY24 to ~14% in FY25, while sunroof penetration increased from ~48% to ~53% over the same period. This sharp rise underscores HMIL’s ability to integrate these features in higher trim variant of lower end model beyond the top end.

**Fig 15 – Feature penetration remains key for ASP gains and volume trigger**



Source: Company, BOBCAPS Research

Rapid increase in the value-add feature supports higher realisations without proportional hikes in material costs. ADAS content tends to be more software- and sensor-driven while sunroofs are perceived as premium by customers though the cost increment is proportionately low. The clear ability to capitalise this is visible in the price differential of sunroof variant in the range of ~Rs 25-115k from the preceding trim. This enables better margin retention once the initial integration costs are absorbed and volumes scale up (synergies of scale/volume).

Effectively, as blended ASP growth moderated in FY25 (-0.1%), continued enrichment of feature mix has supported gross margin expansion, indicating that value extraction is

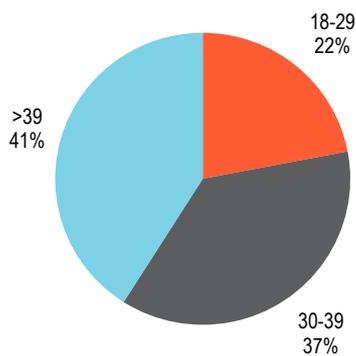
increasingly driven by content vs headline price hikes. This trend reduces reliance on frequent price revisions and creates a more sustainable earnings profile.

Feature penetration and advance technology (Software defined Vehicle) penetration will be a key pillar of HMIL’s launch strategy. New launches are likely to include increasing number of comfort and safety features, pushing penetration levels higher over the medium term. This, along with entry into new segment (multi-purpose vehicles, which is currently a white space) will be the anchor to pursue volume growth; while preserving ASP momentum and operating leverage.

**HMIL’s customer demographics and profile:**

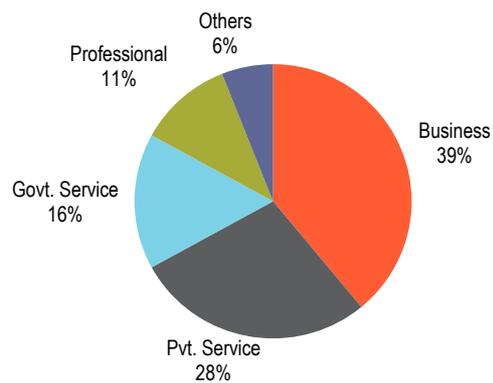
HMIL’s domestic customer base is skewed towards active workforce, especially in mid-career stage, reinforcing premiumisation strategy. Customers aged 30 years and above account for ~78% of HMIL’s buyer base, with the 30–39 age group alone contributing ~37% of sales. The highlight of the customer profile is that ~ 40% are first-time buyers. This demographic typically exhibits higher willingness to pay for comfort, safety, and connectivity features, aligning with HMIL’s emphasis on sunroofs, ADAS, and feature-rich variants.

**Fig 16 – 75%+ age profile above 30 years with 40% first-time buyers**



Source: Company, BOBCAPS Research

**Fig 17 – Working profile of customers across spectrums**



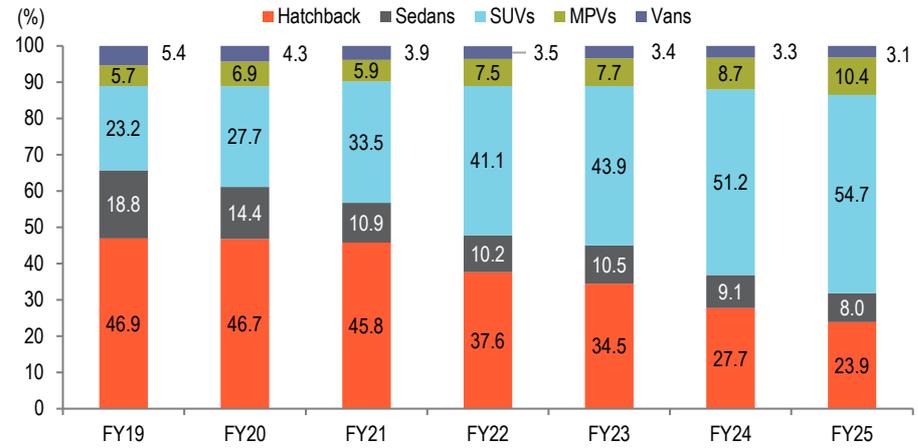
Source: Company, BOBCAPS Research

**White spaces in current portfolio addressed**

Currently, HMIL has no presence in the Multi-Purpose Vehicle segment, which continues to account for a meaningful share of industry volumes (~10% in FY25 vs ~5% in FY19 based on SIAM data). MPVs offer a blend of practicality, family-oriented demand and longer refreshment cycle.

Additionally, HMIL lacks a mass-market EV positioned below ~Rs 1.0 mn, (Tiago EV available at Rs0.8mn), limiting participation in the growing EV cohort (~2.2% in FY25 vs ~0.1% in FY19, according to Vahan data). While Creta EV is HMIL’s first step towards an accessible EV, it is placed in the higher price range (Rs1.8mn), categorised as mid/high-end vehicle limiting widespread adoption.

**Fig 18 – MPV industry has nearly doubled over the past 7Y period**



Source: Company, BOBCAPS Research, SIAM

### Launch pipeline targeted to fill gaps over incremental refreshes

Introduction of new MPV, a dedicated compact SUV (EV) and off-road SUV nameplates represent a strategic expansion into entirely new segments vs mere portfolio refreshes. HMIL’s sharper focus on electrification as a portfolio enabler rather than a standalone bet. The planned introduction of a dedicated compact EV SUV, alongside EV derivatives of existing nameplates, signals intent to build scale in mass-market EVs. Competitive products available in this segment are ~1.0mn.

These launches aim to broaden HMIL’s customer base, while reducing dependence on a narrow set of SUV models and diversifying volume streams. Along with new launches, the roadmap included multiple full model changes, facelifts and derivatives to support ASP and margin resilience through feature upgrades and trim enrichment. To complement the launch strategy, HMIL will also introduce multi powertrain option across models to better aligns its portfolio with the tightening CAFÉ norms. This approach of modular architecture helps achieve flexibility without significant investment.

**Fig 19 – Filling the gaps; making a strong well-spread bouquet of power trains**

	Number of models
ICE	13
EV	5
HEV	8
CNG	6

Source: Company, BOBCAPS Research

HMIL’s outlined launch plan aims to address these portfolio gaps, and enable entry into new segments. Between FY26 and FY30, HMIL plans to introduce 26 products, including 7 all-new nameplates. Most launches are slated for a later period (FY27–FY30), signaling heavy upfront investment (~Rs 180bn guidance out of the total Rs450bn investment) and an aggressive rollout thereafter.

**Fig 20 – Maintaining customer sentiment with robust and well-diversified launch plan**

	FY26	FY27-28	FY29-30	Total
New Nameplates	0	2	5	7
Full model changes	1	3	2	6
Derivatives	1	2	3	6
Facelifts/Enhancements	2	1	4	7
<b>Total</b>	<b>4</b>	<b>8</b>	<b>14</b>	<b>26</b>

Source: Company, BOBCAPS Research

## Entry into Luxury segment with Genesis

As part of the long-term expansion strategy, the launch of Genesis brand is slated for CY27, marking HMIL's direct entry into the domestic luxury market. The business model is expected to be low-volume, high ASP models targeting affluent customers. The brand will compete with the established European luxury brands. With Genesis HMIL aims to create brand laddering and value perception to serve a wide spectrum of customers.

The Genesis brand entry is underpinned by the steady growth in the affluent and HNI consumer base. As per Wealth Report 2025 by Knight Frank, India's HNI population increased by 6% in 2024 while representing 3.7% of the world's population. This expanding affluent base translates directly into addressable market for luxury automobiles.

Based on the industry retail data Luxury PV retail volumes were ~36-38k units from FY24-FY25 accounting for ~1% of the overall PV retail volumes.

Globally, Genesis has 9 offerings under the portfolio — of which — 6 are ICE and 3 are EV. Genesis is positioned as a design-led and technologically loaded brand with focus on customer experiences via bespoke program.

**Fig 21 – Strong entry in the Luxury space backed by know of global customer needs**



LUXURY IS AROUND THE CORNER

**ELEVATED LUXURY**  
For Indian consumers

**MADE IN INDIA**

**2027**  
LAUNCH IN INDIA

The advertisement features a dark background with a glowing car silhouette in the center. The text is arranged in a clean, modern layout, emphasizing the brand's commitment to luxury and its Indian market focus.

Source: Company, BOBCAPS Research

**Value translation: Driven by portfolio expansion facilitating volume growth**

Launch pipeline lays the foundation for a shift from ASP-led growth to a more holistic volume and mix driven growth. Entry into MPVs and lifestyle SUVs expands the addressable market. While derivatives and full model changes keep the portfolio fresh and sustains pricing power. As volumes scale across a broader base of nameplates, fixed costs can be absorbed more efficiently, enhancing the operating leverage.

Furthermore, new platforms developed with export compatibility help maintain higher utilisation rates and smoother production planning, reinforcing India’s role as a regional and global manufacturing hub. Over time, the increased scale should also accelerate localisation, improve cost competitiveness and partially offset higher royalty and technology-related outflows associated with the advanced powertrains and features.

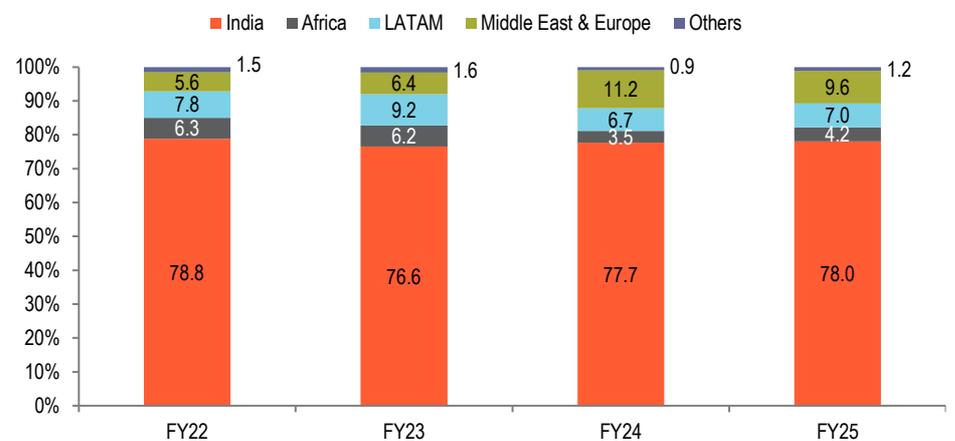
**Portfolio expansion driving growth**

In essence, HMIL’s current portfolio portrays a successful execution of the SUVs and feature-rich premiumisation trend. The outlined launch roadmap is strategically aligned to address the current gaps in portfolio, diversify revenue streams, and reduce concentration risk. Effective execution of the product pipeline will enable HMIL to shift from premiumisation-led growth toward sustained volume expansion and deeper export integration.

**Global Export hub: Positioning India as HMC’s global export hub**

Leveraging India’s cost competitiveness, HMIL is strategically positioned to be the global export hub for Hyundai Motor Company (HMC). HMIL is already the largest production base outside South Korea, with cumulative exports surpassing 3.7mn units. Currently, 60+ international markets are served while integration into HMC’s global network provides access to over 150 markets. HMIL targets ~30% export contribution to revenue up from ~22% in FY25 supported by a capex guidance of ~Rs 450bn.

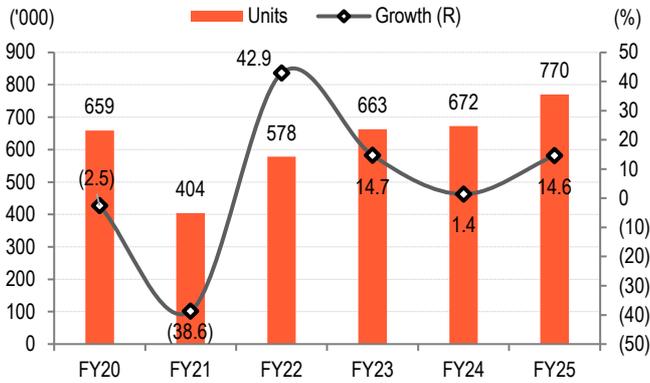
**Fig 22 – Quality of export earnings improving with shift to the Middle-East & Europe**



Source: Company, BOBCAPS Research

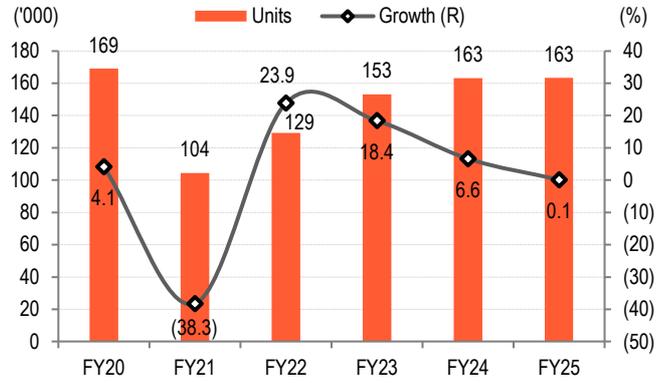
While HMI’s exports grew at a CAGR of ~12% from FY21-FY25, this underperformed the broader industry at 17.5% CAGR (major share contribution by MSIL). Consequently, India PV export share also declined to 21.2% in FY25 from 25.8% in FY21. This reflects heightened competitive pressure in the export market.

**Fig 23 – Industry export growth erratic**



Source: Company, BOBCAPS Research

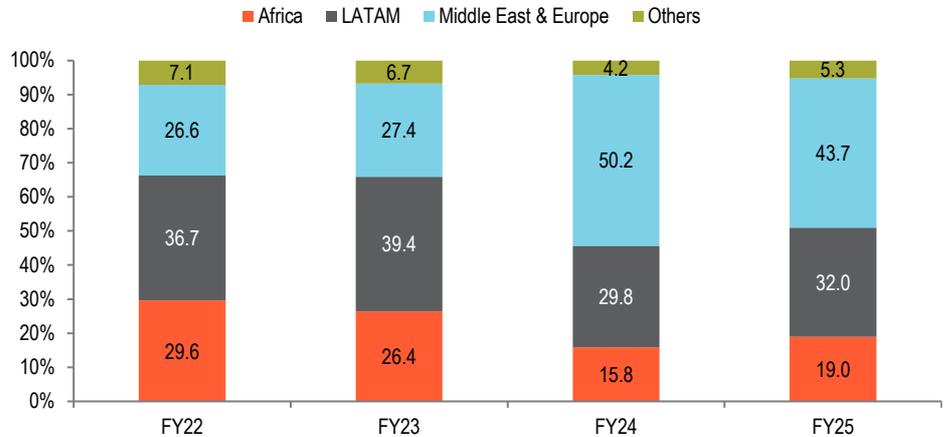
**Fig 24 – HMI regaining pre-pandemic strength**



Source: Company, BOBCAPS Research

HMI’s export sales have increasingly tilted towards the Middle East and Europe (~44% of 21% total exports revenue contribution), while LATAM has stayed steady ~30%, driven by healthy demand from Mexico, Chile and Peru.

**Fig 25 – Export revenue focus amongst the highest in the 4-W OEM industry**



Source: Company, BOBCAPS Research

### Strategic enablers for export acceleration

#### Increased presence into emerging markets with India-like demand profiles:

Markets across Africa (South Africa), LATAM (Mexico, Chile, Peru), Middle East (Saudi Arabia) and parts of ASEAN with similar affordability thresholds, powertrain preferences, and body-style demand (compact SUVs, sedans). These regions provide similar dynamics and scale potential without significantly different vehicle platforms.

**Development of globally focused models engineered in India:**

The “Make in India, Made for the World” strategy underscores the importance of globally focused models engineered in India. Upcoming launches (e.g., Bayon crossover, MPVs, localised EV SUVs) are designed for global adaptability, improving scale economics and reducing domestic dependency.

**Powertrain and regulatory alignment across regions:**

Multi-powertrain strategy (13 new ICE, 8 hybrids, 6 CNG, 5 EVs) ensures flexibility for diverse emission/fuel standards. This enhances HML’s ability to serve both developing markets and emerging markets without fragmenting its manufacturing significantly.

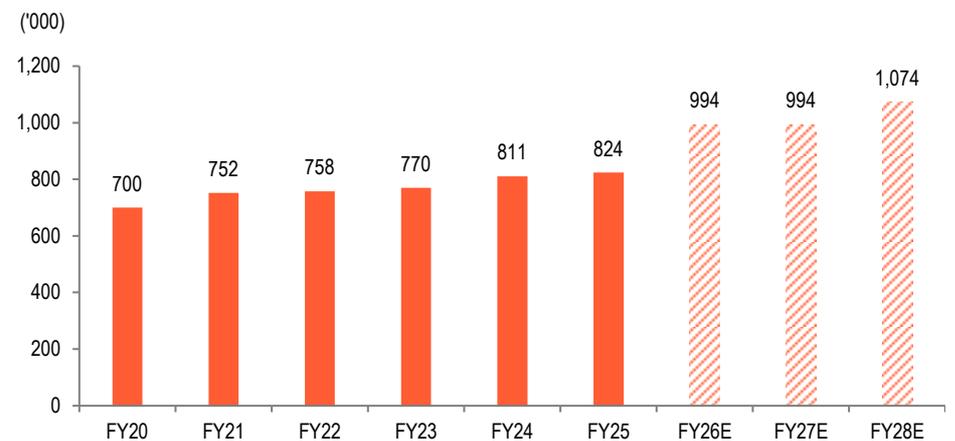
**Manufacturing capacity: Supporting growth trajectory**

HML operates flexible manufacturing plants to support the multi-model portfolio, diverse powertrain option and export demand. The Chennai plant is the core operational hub with global standard manufacturing capabilities. Current capacity of the plant stands at 824k units. The body build line supports simultaneous production of 4 different models and the integrated engine line support petrol and diesel powertrains on the same line. Along with this, the plant has capabilities to produce ICE and EV, enabling smoother transition without significant greenfield investment.

Key drivers of operational flexibility are Chennai plant’s ability to support over combination of powertrain and over 470 variants configuration providing wide variety of features and trims across the market. Plant infrastructure includes 8 vehicle shops and 5 powertrains shops capable of handling domestic model variety and export specifications.

Adding to this, commissioning of the Talegaon manufacturing facility gives the necessary boost to the HML’s capacity trajectory. With an initial commissioned capacity of ~170k units from October 2025 and a planned ramp-up by additional 80k to ~250k units at full scale in FY28. The Talegaon plant has 4 vehicle shops and 1 engine shop. This expansion provides flexibility for the widening portfolio and frees up space to accommodate export volumes.

**Fig 26 – Capacity addition thru GM Talegaon plant acquisition key growth driver**



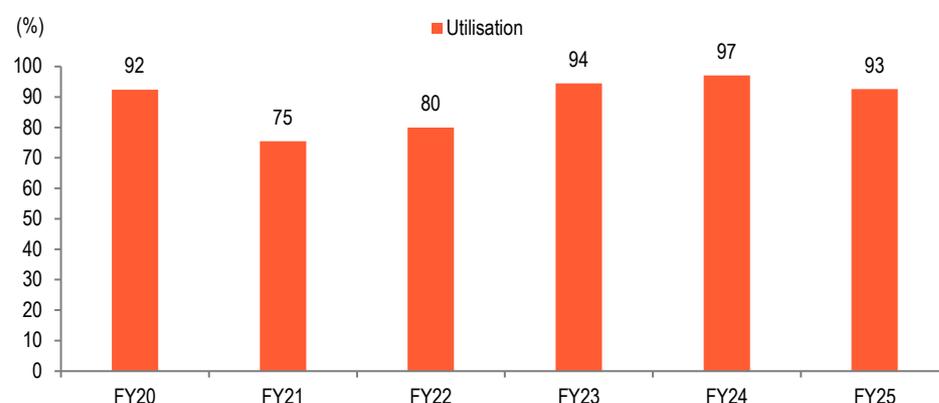
Source: BOBCAPS Research, Company

## Utilisation and export scalability

Since FY20, production utilisation stayed above ~90% till FY25 with few exceptions (FY21 at ~76% due to pandemic). Utilisation rates stayed near optimal in FY23/FY24 at ~95%/97%, though mildly dropping to ~93% in FY25. This indicates a tightly run manufacturing base with limited headroom for incremental growth without fresh capacity additions. This necessitated the planned Talegaon expansion taking the total capacity to ~1.1mn units/annum by FY28.

The expansion is also critical for positioning HMIL as HMC's global export hub. HMIL has allocated ~Rs180bn for capacity upgradation (Rs270bn for R&D). Current plant infrastructure provides flexible capabilities to handle variant complexity and multiple powertrain production to provide the foundation for this strategy.

**Fig 27 – Utilisation rate amongst the healthiest in the industry exceeding 90%**



Source: Company, BOBCAPS Research

## Localisation core to margin resilience

Capacity expansion is primarily aimed at supporting volume growth and export scalability. However, supplier localisation remains a fundamental driver of cost competitiveness and margin resilience for HMIL. Domestic suppliers accounted for ~82% of raw material consumption in FY22, moderated to ~78% in FY24, before recovering to ~82% in FY25.

Localisation has further improved to ~84% level (YTD FY26), while Talegaon unit has currently achieved ~85% level. HMIL currently manufactures ~1,200 parts locally, including battery packs, providing meaningful cost insulation and supporting margin resilience, with gross margins reaching ~27.8% in FY25 (vs 26.1% in FY24 when localisation moderated to 78%).

Higher domestic sourcing reduces exposure to currency volatility, lowers logistics and freight costs, and improves supply chain flexibility. It also partially offsets royalty outflows linked to imported technology or components. Furthermore, localisation strengthens operating leverage as volumes scale, fixed supplier ecosystems and domestic vendor networks that allow for proactive production ramp-up without significant cost inflation.

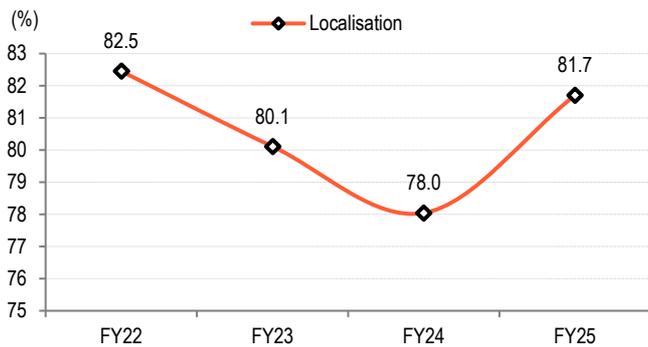
This is further visible in HMIL’s margin trajectory. After pandemic-driven compression to ~23.8% in FY21, gross margins have steadily expanded to ~27.8% by FY25. The gradual recovery, though aided by premiumisation and pricing discipline, is supported by structural cost improvement despite commodity volatility (% of RM to sales 76.5%/73.9%/72.2% in FY21/FY24/FY25).

Stable localisation penetration has alleviated the margin recovery by stabilising the cost base, even as product complexity and technology imports rise. Localisation 2.0 will target deeper integration with tier 2/3 vendors to try and narrow the gap with leading peers like MSIL.

MSIL’s localisation has been ~93-95% level over FY22-25, significantly higher than HMIL’s ~82% range. This deeper localisation has supported higher margin levels though HMIL’s margin expansion has narrowed the gap with MSIL’s 28.6%. The convergence underpins stable localisation with scale efficiencies.

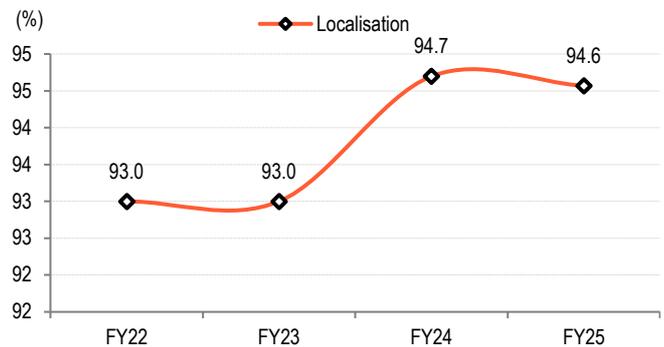
Noticeably, MSIL’s higher localisation demonstrates potential headroom for margins achievable through deeper penetration. HMIL’s ~90% localisation target by FY30 therefore reflects a competitive necessity and a pathway to sustaining margin expansion even as technology intensity (EVs, electronics, safety systems) increases.

**Fig 28 – HMIL localisation focus will be the key margins driver**



Source: Company, BOBCAPS Research

**Fig 29 – MSIL localisation amongst the highest in industry**

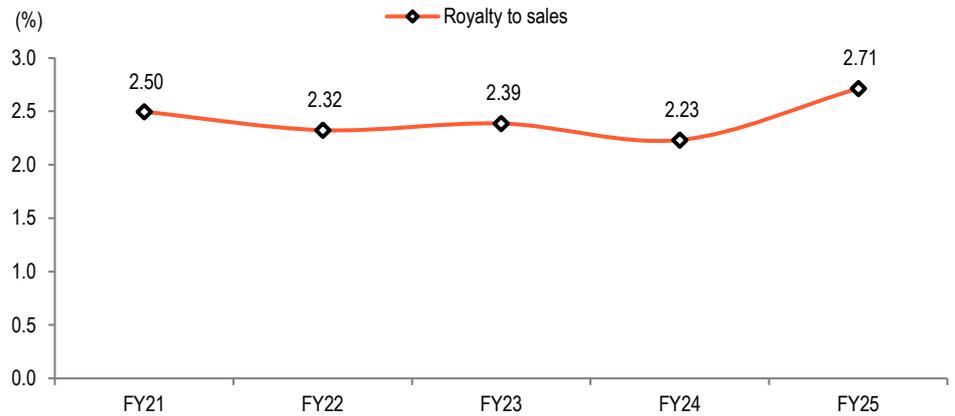


Source: Company, BOBCAPS Research

## Royalty framework and trend analysis

HMIL operates under a royalty agreement and pays royalty and technical service fees to Hyundai Motor Company (HMC), Korea, according to the long-term licensing and technology-transfer arrangements. These agreements are the foundation as they grant HMIL the use of HMC’s global vehicle platforms, R&D, powertrains, design IP, safety systems, and connected-car software that underpin HMIL’s locally manufactured models. Under the current agreement (w.e.f. 10th June 2024) HMIL shifted from a fragmented royalty payment structure, under which payment fees were paid on a per model basis in the range of 2.3%-2.5%. The current structure is a streamlined flat rate of 3.5% of sales revenue arising from sale of PVs and parts simplifying the process, however this increases the outgo as experienced by the trajectory.

**Fig 30 – HMIL royalty structure at flat 3.5%; actual payout stays lower**

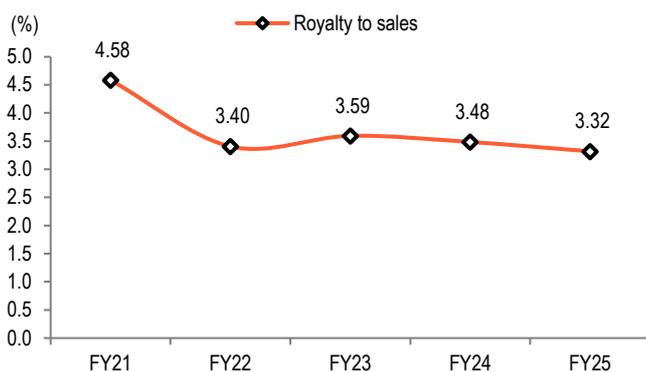


Source: Company, BOBCAPS Research

Over FY21–FY25, Hyundai’s royalty expense increased from Rs 10.2bn to Rs. 18.8bn, increasing at 16% CAGR. While a portion of growth is attributed to ramp up in volumes and higher realisations, the jump from FY24 to FY25 indicates that the increase is not solely driven by revenue expansion. Royalty-to-sales ratio increased to 2.7% after being in the 2.2%-2.5% range; reflecting a partial year impact of the new agreement rollout.

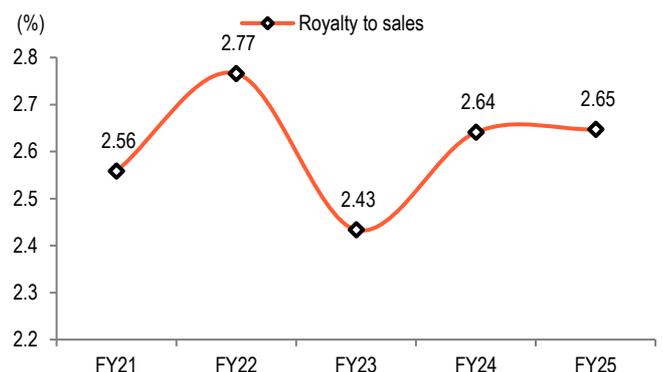
In comparison with peers, HMIL operates in a “mid-royalty band.” MSIL’s royalty framework (ranging from 4.6%-3.3% over FY21-FY26) is structured to incentivise scale and localisation over a model’s lifecycle. New model introductions royalty rate is higher at ~5%. However as cumulative production volumes cross predefined thresholds, the effective royalty rate tapers down progressively, allowing MSIL to benefit from operating leverage and localisation over time. This structure explains the declining trend in MSIL’s royalty-to-sales ratio despite sharp increases in absolute royalty expense.

**Fig 31 – MSIL royalty stays amongst the lowest in the domestic OEMs**



Source: Company, BOBCAPS Research

**Fig 32 – TKM royalty linked to local procurement over direct sales**



Source: Company, BOBCAPS Research

Toyota Kirloskar Motor’s (TKM reportedly pays a flat royalty rate on the local value added, rather than on full net sales. This design incentivises localisation as increase through deeper sourcing of components, assemblies, and subsystems the absolute royalty base expands, resulting in higher royalty payments. However, TKM’s heavy reliance on imported hybrid technology, including power-split devices, battery systems and control software, has limited the scope for royalty expansion in recent years. This explains the steady royalty-to-sales ratio in the 2.4–2.7% range.

HMIL's agreement structure is more straightforward, though lacks the self-correcting features in the peer's model. The outgo is directly linked to net sales with charges increasing in tandem with technology upcycles. As the transition to software and feature heavy vehicles increase reliance on imported IP will continue for HMIL.

Overall, while the shift to a flat 3.5% royalty structure prima-facie raises HMIL's absolute royalty outgo during periods of ASP expansion, it does not, in isolation, represent a deterioration in the company's long-term margin framework. As HMIL continues to premiumise portfolio through feature-rich SUVs, connected technologies, and electrified powertrains, higher ASPs will mechanically expand the royalty base.

However, this impact is expected to be partially offset by operating leverage benefit if the scale, improved capacity utilisation, and deeper localisation targets are achieved. Importantly, as localisation improves, incremental ASP increases should translate more meaningfully into gross margin expansion with higher leverage and cost pass-through, allowing EBITDA growth to outpace royalty growth over the medium term.

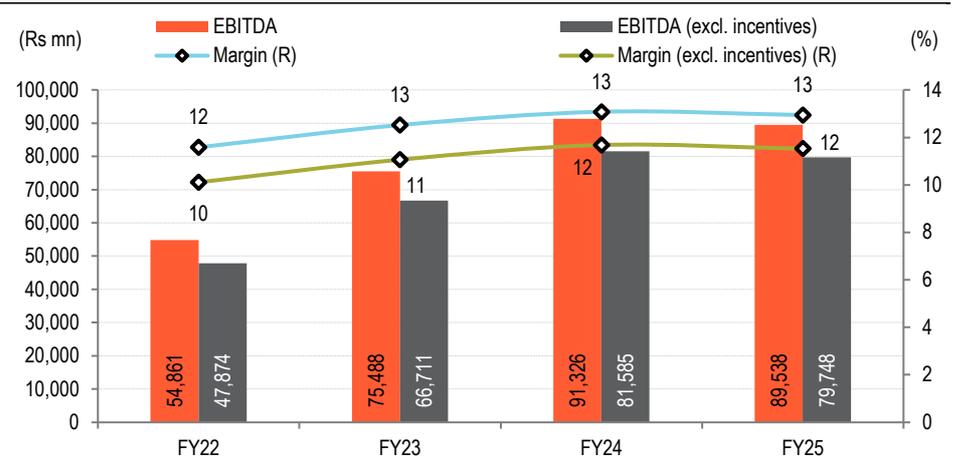
Effectively, the reliance on imported technology and software due to higher exposure to premiumisation will continue the scalability and mass manufacturing of these components locally will aid cost reduction and hence improve margins.

### **Incentives and duty drawbacks: Earnings sensitivity attributed to risk of withdrawal**

Incentives in the form of duty drawbacks and tax exemption from the government form a modest but meaningful component of HMIL's total operating income. Over FY22–FY25, the income from duty drawback, RoDTEP/MEIS, and other government incentives ranged between Rs 7.0bn and Rs 9.8bn p.a., accounting for ~1.4–1.5% of the total operating revenue. These incentives almost entirely flow through to operating profit thereby providing incremental support to reported margins (11.5% in FY25 excl. incentives).

Though incentives are a minute chunk and not a core profit driver, their contribution is non-trivial at the margin. A partial reduction or rationalisation of export-linked incentives (~50% of total incentives) would have a direct impact on operating profitability, particularly in years of higher export mix. All else equal, a 100bps reduction in incentive income as a percentage of revenue would translate into an equal compression in operating margins, underscoring the sensitivity of near-term earnings to policy continuity.

**Fig 33 – Incentives withdrawal less impactful on HMIL earnings**



Source: Company, BOBCAPS Research

All the incentives come with an inherent sunset risk, mostly policy driven that are subject to periodic review, recalibration, or replacement. Export incentives such as RoDTEP and duty drawbacks are typically reassessed based on fiscal priorities and WTO-compliance considerations. The state-level subsidies and GST reimbursements are contingent upon ongoing compliance with investment commitment, employment generation, and production output thresholds. While HMIL has demonstrated a consistent track record of meeting eligibility criteria, the non-permanent nature of these schemes introduces an element of uncertainty.

However, the relatively stable contribution of incentives as a percentage of revenue over FY22–FY25 suggests limited volatility in earnings quality to date. Furthermore, the miniscule quantum of incentive support remains insufficient to significantly distort the underlying profitability of the business. As HMIL’s strategy increasingly pivots toward higher ASPs, deeper localisation, and operating leverage from scale, the company’s dependence on incentives for margin support is expected to further decline.

Overall, the incentives exhibit moderate influence on the earnings. However, any abrupt withdrawal of the policies can create margin headwind in the short term. Though HMIL’s increasing focus on cost rationalisation should provide support in the long run.

### Impact of CAFÉ norm Phase III

Corporate Average Fuel Efficiency (CAFÉ) phase III is expected to be implemented by April 2027 significantly tightening the compliance target. The compliance threshold will be reduced from ~113g/km (Phase II) to initial threshold of ~92.5g/km tightening further to ~77g/km by FY32. The resultant stringency makes traditional ICE efficiency improvements alone insufficient, accelerating the need for adoption of low emission powertrains.

For HMIL, compliance will be addressed by powertrain diversification (13 new ICE, 8 hybrids, 6 CNG, 5 EVs) rather than over reliance on single technology pathway. The company’s powertrain roadmap indicated multi-energy strategy. The diversification highlights a balanced approach of maintaining ICE for sale and expanding Hybrid and EV for reducing the average fleet emission.

**Fig 34 – Well balanced power train portfolio to help adhere to emission norms**

Powertrain	Relative CO <sub>2</sub> Intensity	CAFE Impact	Strategic Role
ICE (Petrol/Diesel)	High	Negative	Margin & volume driver
CNG	~20–25% lower vs petrol	Moderately positive	Affordable compliance lever
Hybrid	~30–40% lower	Strongly positive	Premium compliance lever
EV	Zero tailpipe emission	Maximum positive	Fleet offset anchor

Source: Company, BOBCAPS Research

Unlike earlier phases, Phase III demands improvement through significant engineering changes raising upfront R&D intensity and model development cost. HMIL has set aside ~Rs 270bn for Product R&D investments over FY26-30.

Regulatory tightening usually exhibits near term margin pressures as higher technology content is used. Though regulatory cost increases are passed through either in upfront price increases or phased manner. Furthermore, as the electrified powertrain scales component cost decreases and localisation enhances.

## Cannibalisation risk from Sister Brand Kia

Kia India operates as a separate brand, alongside HMIL as part of the same parent HMC. This creates a potential intra-group competition, specifically in the fast-growing UV segment. Kia India's strategy is heavily focused on UV (SUV and MPV). Kia Seltos and Sonet compete directly with Creta and Venue. While Kia Carens occupies the MPV segment currently a whitespace for HMIL. This overlap might be intentional by HMC to dominate the UV space through two credible brands but creates internal competition for same customer base.

Kia India has steadily gained market share from 3.1% in FY20 to ~6% in FY25. The growth has been driven by success in UV space, which underpins domestic mix of HMIL (Creta and Venue ~50-55% of volume). Besides a pure competitive relationship, HMIL supplies petrol engines to Kia while Kia supplies diesel engines to HMIL. This enables scale efficiencies but also leads to cost convergence.

A key drawback of this arrangement is that product differentiation is limited and only design preferences and pricing can influence the customer preference; increasing the cannibalisation risk.

## Macro policy tailwinds

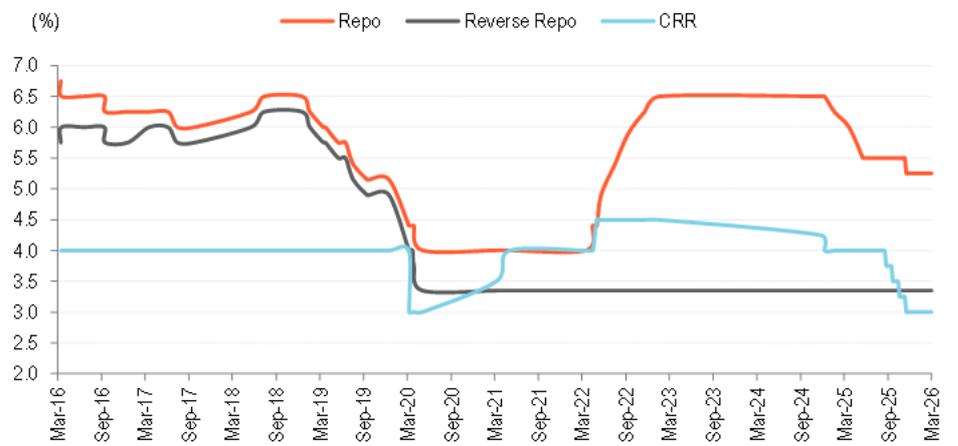
Government's recent macro initiatives: income tax reform, eighth pay commission and GST rate rationalisation provide significant stimuli to consumer spending. Income tax reforms increased the disposable income for middle income households and GST rate rationalisation helped price moderation. This formed the core demand base of HMIL.

Under the Union Budget 24-25 income tax deduction limit was increased to Rs 75k from Rs 50k and adjustments to slab. These changes increase the disposable income, driving up discretionary spending. Furthermore, the implementation of the Eighth Pay Commission is expected to raise salaries and pensions of central government employees; driving demand for aspirational goods like cars.

The GST 2.0 reforms, effective September 22, 2025, simplified the multi-slab structure for automobiles, reducing rates on small cars from effective 29–31% to a flat 18%. For HMIL, 5 out of 9 models (Grand i10 Nios, i20, Aura, Exter, Venue) now qualify for the 18% slab, with price reductions up to Rs1.24 lakh (e.g., Venue savings ~Rs83,000–Rs1.24 lakh). Collectively, this has helped lower on-road prices for entry segment car reversing the price increase impact of earlier policy led (BS6) and commodity inflation.

The larger SUVs/cars moved to 40% (net reduction from 45–50% effective) tax slab. Larger models like Creta and Alcazar benefit from the 40% slab (net 5–10% effective reduction), potentially stimulating demand in mid-premium segments.

**Fig 35 – Softer rate regime bolsters strong financing options**



Source: RBI, BOBCAPS Research

In addition to fiscal stimulus, RBI has taken several rate cuts in 2025 in response to easing CPI inflation. Reductions have totalled to 125bps over the year. This has reduced the financing cost for customers as auto loan interest rates get lower. This effectively lowers the total cost of ownership and supports demand across both entry and mid-premium segments.

Overall, these policy stimuli increase the disposable income and reduce vehicle costs, potentially benefitting the auto sector demand.

### HMC strong parentage and strategic backing for HMIL

HMIL derives strategic strengths and benefits from its parent HMC (Hyundai Motor Company) which is part of the Hyundai Motor Group (HMG) currently world’s third largest automotive group by global sales volume. HMC’s global presence, diversified technology portfolio and significant R&D investments provide HMIL with competitive edge across the entire automotive value chain.

HMIL operates as HMC’s largest production base outside Korea, contributing meaningfully to the group’s global output. Furthermore, HMIL can leverage HMC’s worldwide supply chain, quality standards, and distribution network across 190+ countries. HMIL also benefits from HMC’s centralised global R&D ecosystem, enabling faster technology transfer and product development aligned with global standards.

HMC offers one of the most diversified global powertrain portfolios spanning ICE (petrol & diesel), CNG, BEV, HEV, PHEV and FCEV providing a strong platform to adapt to tightening emission norms and evolving consumer preferences. This technological depth is supported by significant capital deployment, with HMC planning 17.8 trn KRW (~12bn USD) investment in 2026, including:

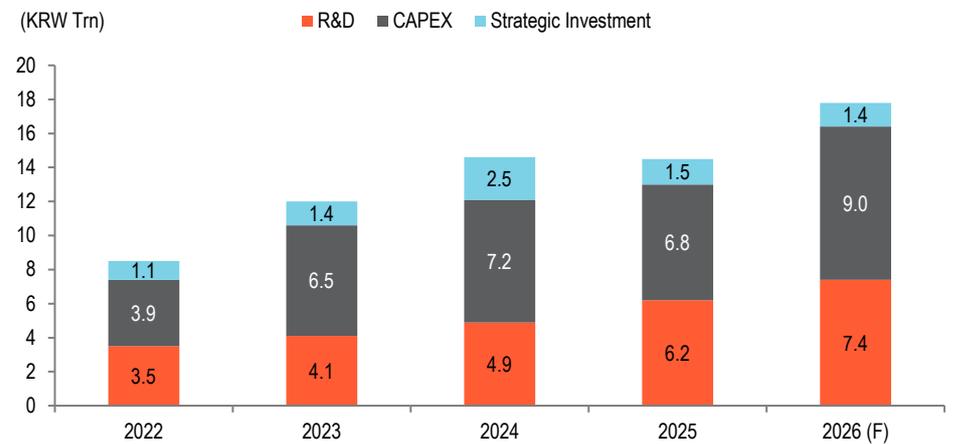
- 7.4trn KRW (~5bn USD) in R&D
- 9trn KRW (~6.2bn USD) in capex
- 1.4trn KRW (~972mn USD) in strategic investments

Electrification remains a key long-term strategy, with plans to launch 21 EV models globally and 18+ hybrid models by 2030. This pipeline augments HMIL’s access to future technologies and platform sharing opportunities.

To draw parallel if we compare with Suzuki Motor Corporation (SMC) parent company of MSIL. SMC has committed Rs 700bn (~7.7bn USD) over FY25–30 to scale Indian capacity to 4mn units (3mn domestic + 1mn exports), with plans to launch 4 BEVs by FY30 and position India as its global export hub.

Both OEMs are leveraging cost competitiveness of manufacturing and technology deployment in India driven substantial investment in capacity and product pipeline. HMC’s edge lies in its diverse multi powertrain portfolio and central global R&D provide the much-needed agility for responding to regulatory shift and accelerating product development.

**Fig 36 – HMC capex focuses on mix of expansion and value addition (R&D)**

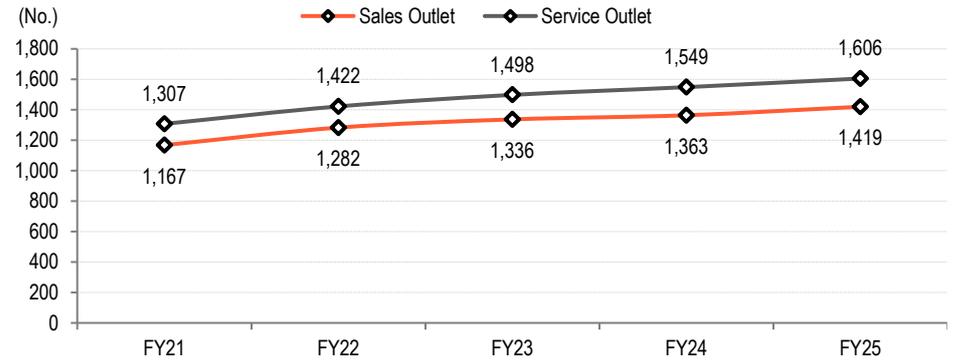


Source: Company, HMC, BOBCAPS Research

**Customer Service Network: Expanding Reach and Enhancing Experience**

HMIL has built a robust and steadily growing sales and service network that supports its premium positioning, rural penetration, and long-term customer loyalty. The network has expanded gradually over the past five years, with Sales Outlets growing from 1,167 in FY21 to 1,419 in FY25 (CAGR of ~5%) and Service Outlets increasing from 1,307 to 1,606 (CAGR of 5.3%) over the same period. This consistent expansion has enabled deeper penetration into Tier-2/3 cities and rural markets, aligning with HMIL’s target to cover 85% of districts by 2030.

**Fig 37 – Dealership network added judiciously**



Source: Company, BOBCAPS Research

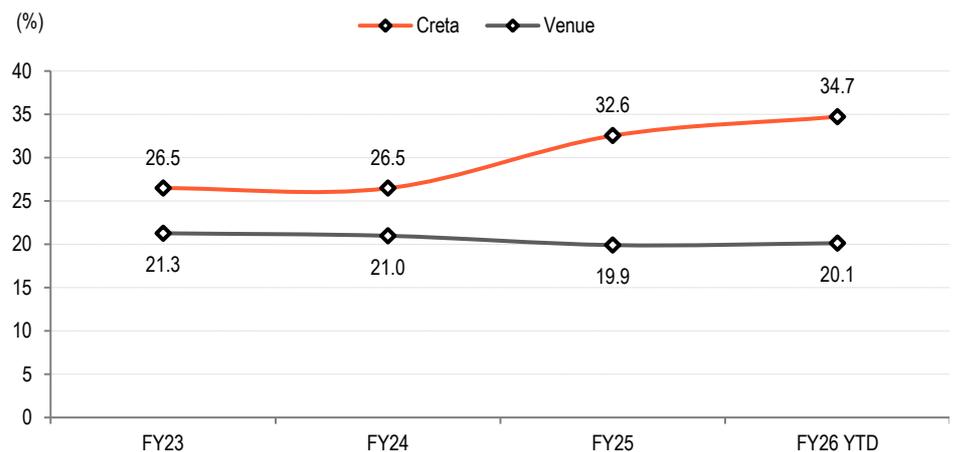
### Key Risks:

#### Product Concentration Risk

Domestic volumes for HMIL have become increasingly concentrated in a few high-volume models, particularly in the compact and mid-size SUV segments. The combined contribution of Creta and Venue has risen from ~48% of domestic sales in FY23 to ~55% currently. Within this, Creta alone accounts for majority of concentration (~35%), while Venue remains a meaningful (20%) secondary volume driver.

Creta continues to be HMIL’s best-selling model and has consistently ranked among the top-selling UVs in India (per SIAM data), even securing the #1 position in the UV segment in FY26 YTD. Venue also remains a strong performer in the compact SUV space.

**Fig 38 – 2 key models anchoring growth for HMIL**



Source: Company, BOBCAPS Research

While this concentration has been a key driver of profitability and premiumisation (both models enjoy healthy ASPs and strong feature penetration such as sunroofs and ADAS), it also introduces material concentration risk. Any slowdown in the mid-size or compact SUV segments due to economic cycles, fuel price spikes, or competitive pressure could disproportionately impact HMIL’s overall volume and revenue growth.

## Increase in competitive intensity

Additionally, the UV market itself is relatively fragmented, with no single player enjoying a dominant lead. Competitive pressure within the segment is increasing as peers strengthen the products namely Tata Sierra, Kia Seltos (new generation) and Maruti Suzuki Victoris. All these models are equipped with advanced features like Level-2 ADAS and aggressive pricing, directly challenging Creta.

## Cost inflation driven by commodity and mandatory cost:

Any increase in cost driven by commodity inflation and additionally receiving a leg-up from compliance related cost can be detrimental to sales. Though HMIL has managed to pass-thru the same to end users this may be challenging in down-cycles.

## Management Profile

**Fig 39 – Management Profile**

Personnel	Designation	Description
Mr. Tarun Garg	MD & CEO	Leads HMIL's strategic direction, responsible for product portfolio, marketing strategies, brand strategies, sales, dealer network strategy and market share resilience. Appointed effective from 1st Jan 2026, he has been associated with the company since Dec 4, 2019. Previously, he was associated with Maruti Suzuki India Limited.
Mr. Wangdo Hur	CFO	Overseas financial planning and compliance; brings global Hyundai expertise in financial management and capex execution. He has been associated with Hyundai Motor company since Dec 1, 1991, and joined HMIL from Jan 1, 2023.
Mr. Gopalakrishnan CS	CMO	Associated with HMIL since Sept 12, 1997. Responsible for the overall manufacturing processes, strategic planning, optimal resource utilization, agile procurement practices, and driving production targets. Previously associated with Maruti Udyog Limited.
Mr. Amitabh Lal Das	CLO	Manages regulatory compliance, legal strategy and secretarial functions. He joined the company in FY25, prior to which he was associated with Bajaj Auto as General Counsel.

Source: Company, BOBCAPS Research

## Valuation Methodology

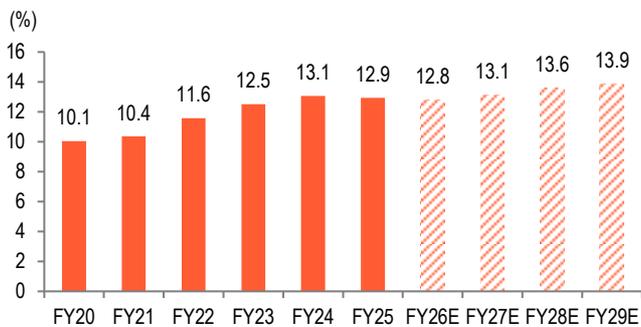
We believe HMIL’s timely capacity expansion to 1.1mn units by FY28 will help the company attain growth and retain market share. This, along with a focus on premiumisation (SUV accounts for 70% of domestic sales) and healthy export strategy, will imply revenue gains with a mix of volume and realisations. Additionally, strong focus on localisation and higher operating leverage will help maintain/improve margins. We expect gross margins at ~28% and EBITDA margins at 13.5%, to be maintained or improved by FY28/29.

With fixed royalty rates (3.5%) to the parent company HMC, the actual payout comes out to be lower as the mix stays healthy. With strong parent backing, sound technology and presence in 100+ markets, the parent’s role mostly is that of a facilitator for the Indian entity.

HMIL has earmarked Rs45bn over the next 4-5 years with a judicious mix of R&D spend and capacity expansion. Despite this, the company maintains healthy cashflow. This has helped revenue CAGR of 8% over FY25-29E though the EBITDA/PAT CAGR is 10%/9% over the same period. However, the margin profile is robust at 13% despite the variants that it plans to introduce.

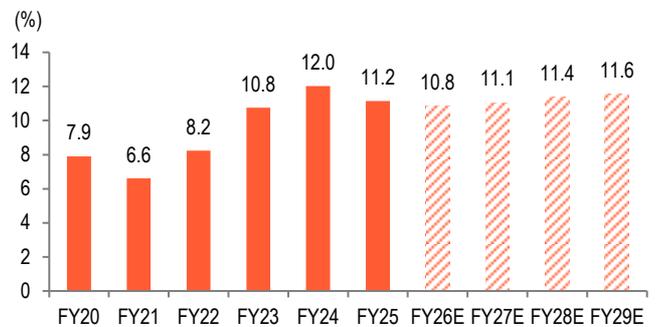
Effectively, focus on growth, no margin dent, steady cashflows in the capex phase with FCF yield at 2-3% versus 1% for peers and leaders only helps valuation at 26x FY28 P/E (giving 10% discount to the market leader MSIL) we arrive at target price of Rs2,287 with an upside of 23% to CMP. We assign a BUY rating on the stock.

**Fig 40 – Margins are intact despite portfolio diversification**



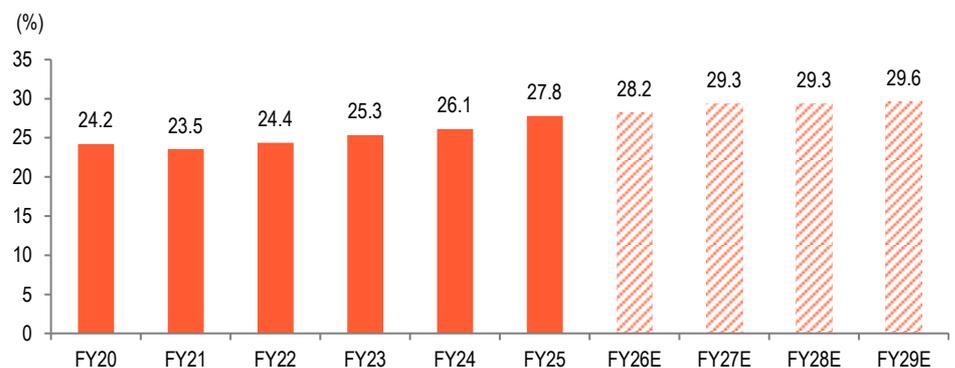
Source: Company, BOBCAPS Research

**Fig 41 – EBIT margins follow the trend**



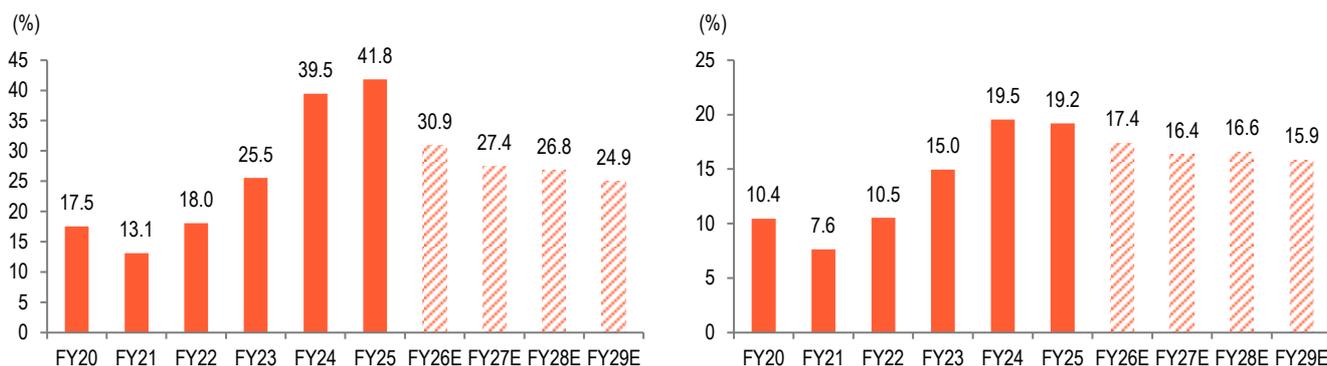
Source: Company, BOBCAPS Research

**Fig 42 – Prudent product mix and focus on cost control helps GM improvement**



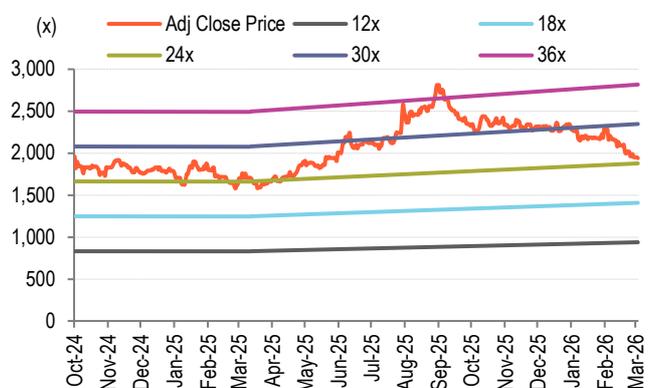
Source: Company, BOBCAPS Research

**Fig 43 – Return ratios stay healthy in the growth phase**



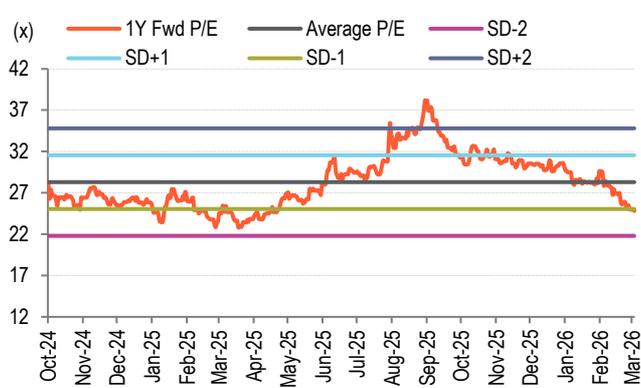
Source: Company, BOBCAPS Research

**Fig 44 – We value HMIL at 26x FY28 P/E marginal discount to the market leader MSIL**



Source: Company, BOBCAPS Research

**Fig 45 – Valuations to revert back to mean in near-term**



Source: Company, BOBCAPS Research

**Fig 46 – Key assumptions**

Parameter	FY26E	FY27E	FY28E	FY29E
Volume (nos)	7,69,673	7,88,914	8,87,529	9,56,312
ASP (Rs)	8,36,080	8,56,982	8,74,121	8,92,478
Revenues (Rs mn)	7,03,514	7,41,334	8,46,779	9,30,846
EBITDA (Rs mn)	89,906	97,264	1,15,288	1,28,931
Operating margin (%)	12.8	13.1	13.6	13.9
Adjusted Net Profit (Rs mn)	56,270	60,530	71,474	79,873
Adjusted EPS (Rs)	69.3	74.5	88.0	98.3

Source: Company, BOBCAPS Research

**Fig 47 – Peer Comparison; HMIL leads in return ratios by margin**

Company	Rating	EPS (Rs)			ROE (%)		
		FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
HMIL	Buy	69.3	74.5	88.0	30.9	27.4	26.8
MSIL	Buy	508.1	592.0	668.0	16.0	16.5	16.5
MM	Buy	134.5	154.2	175.8	23.6	22.2	21.0

Source: Company, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>6,91,929</b>	<b>7,03,514</b>	<b>7,41,334</b>	<b>8,46,779</b>	<b>9,30,846</b>
EBITDA	89,538	89,906	97,264	1,15,288	1,28,931
Depreciation	21,053	20,799	21,922	25,852	30,240
EBIT	77,185	76,312	81,978	96,545	1,07,694
Net interest inc./(exp.)	(1,272)	(1,285)	(1,272)	(1,246)	(1,197)
Other inc./(exp.)	8,700	7,206	6,636	7,109	9,003
Exceptional items	0	0	0	0	0
EBT	75,913	75,027	80,706	95,299	1,06,497
Income taxes	19,511	18,757	20,177	23,825	26,624
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>56,402</b>	<b>56,270</b>	<b>60,530</b>	<b>71,474</b>	<b>79,873</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>56,402</b>	<b>56,270</b>	<b>60,530</b>	<b>71,474</b>	<b>79,873</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	70,862	75,894	81,394	93,564	1,03,413
Other current liabilities	32,717	31,678	33,145	38,355	42,818
Provisions	17,820	19,602	21,563	23,719	26,091
Debt funds	5,834	6,418	7,059	7,765	8,542
Other liabilities	10,775	10,775	10,775	10,775	10,775
Equity capital	8,125	8,125	8,125	8,125	8,125
Reserves & surplus	1,54,839	1,92,621	2,33,042	2,83,602	3,40,942
Shareholders' fund	1,62,964	2,00,746	2,41,167	2,91,727	3,49,067
<b>Total liab. and equities</b>	<b>3,00,973</b>	<b>3,45,113</b>	<b>3,95,103</b>	<b>4,65,905</b>	<b>5,40,706</b>
Cash and cash eq.	85,792	81,294	85,172	97,163	1,32,809
Accounts receivables	23,891	24,988	26,603	30,663	32,669
Inventories	38,616	39,668	42,603	48,887	54,951
Other current assets	23,345	25,135	27,384	32,155	35,206
Investments	774	1,374	1,974	2,574	3,174
Net fixed assets	69,100	73,301	1,06,379	1,45,526	1,67,286
CWIP	47,184	88,000	92,500	95,200	99,500
Intangible assets	1,951	0	0	0	0
Deferred tax assets, net	10,321	11,353	12,488	13,737	15,111
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>3,00,974</b>	<b>3,45,113</b>	<b>3,95,103</b>	<b>4,65,905</b>	<b>5,40,706</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>44,205</b>	<b>70,416</b>	<b>76,672</b>	<b>93,392</b>	<b>1,05,477</b>
Capital expenditures	(56,615)	(63,865)	(59,500)	(67,700)	(56,300)
Change in investments	(150)	(600)	(600)	(600)	(600)
Other investing cash flows	8,700	7,206	6,636	7,109	9,003
<b>Cash flow from investing</b>	<b>(48,064)</b>	<b>(57,260)</b>	<b>(53,464)</b>	<b>(61,191)</b>	<b>(47,897)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(951)	583	642	706	777
Interest expenses	(1,272)	(1,285)	(1,272)	(1,246)	(1,197)
Dividends paid	(17,063)	(18,688)	(20,313)	(21,125)	(22,750)
Other financing cash flows	(1,059)	(1,032)	(1,135)	(1,249)	(1,374)
<b>Cash flow from financing</b>	<b>(20,345)</b>	<b>(20,421)</b>	<b>(22,078)</b>	<b>(22,915)</b>	<b>(24,544)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(24,205)</b>	<b>(7,266)</b>	<b>1,129</b>	<b>9,287</b>	<b>33,036</b>
<b>Closing cash &amp; cash eq.</b>	<b>85,792</b>	<b>81,294</b>	<b>85,172</b>	<b>97,163</b>	<b>1,32,809</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	69.4	69.3	74.5	88.0	98.3
Adjusted EPS	69.4	69.3	74.5	88.0	98.3
Dividend per share	21.0	23.0	25.0	26.0	28.0
Book value per share	200.6	247.1	296.8	359.0	429.6

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	0.9	0.9	0.9	0.8	0.7
EV/EBITDA	6.6	7.0	6.6	5.7	5.4
Adjusted P/E	26.8	26.9	25.0	21.1	18.9
P/BV	9.3	7.5	6.3	5.2	4.3

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.3	75.0	75.0	75.0	75.0
Interest burden (PBT/EBIT)	98.4	98.3	98.4	98.7	98.9
EBIT margin (EBIT/Revenue)	11.2	10.8	11.1	11.4	11.6
Asset turnover (Rev./Avg TA)	454.6	354.0	310.9	297.5	274.3
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.1	1.1	1.1
<b>Adjusted ROAE</b>	<b>41.9</b>	<b>30.9</b>	<b>27.4</b>	<b>26.8</b>	<b>24.9</b>

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	(0.9)	1.7	5.4	14.2	9.9
EBITDA	(2.0)	0.4	8.2	18.5	11.8
Adjusted EPS	(6.9)	(0.2)	7.6	18.1	11.8
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	12.9	12.8	13.1	13.6	13.9
EBIT margin	11.2	10.8	11.1	11.4	11.6
Adjusted profit margin	8.2	8.0	8.2	8.4	8.6
Adjusted ROAE	34.6	28.0	25.1	24.5	22.9
ROCE	37.7	28.8	25.8	25.4	23.8
<b>Working capital days (days)</b>					
Receivables	13	13	13	12	12
Inventory	20	20	20	20	20
Payables	53	53	55	53	55
<b>Ratios (x)</b>					
Gross asset turnover	0.3	0.4	0.4	0.4	0.5
Current ratio	1.4	1.3	1.3	1.3	1.5
Net interest coverage ratio	(60.7)	(59.4)	(64.5)	(77.5)	(90.0)
<b>Adjusted debt/equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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