“Hyundai Motor India Limited
Q4 and FY'25 Earnings Conference Call”

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MANAGEMENT: **MR. UNSOO KIM – MANAGING DIRECTOR, HYUNDAI MOTOR INDIA LIMITED**
MR. TARUN GARG – CHIEF OPERATING OFFICER, HYUNDAI MOTOR INDIA LIMITED
MR. WANGDO HUR – CHIEF FINANCIAL OFFICER, HYUNDAI MOTOR INDIA LIMITED
MR. GOPALA KRISHNAN C S – CHIEF MANUFACTURING OFFICER, HYUNDAI MOTOR INDIA LIMITED
MR. SARAVANAN T – FUNCTION HEAD, FINANCE HYUNDAI MOTOR INDIA LIMITED
MR. K S HARIHARAN – HEAD, INVESTOR RELATIONS, HYUNDAI MOTOR INDIA LIMITED

MODERATOR: **MR. RISHI VORA – KOTAK SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY'25 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 the presentation and management remarks. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rishi Vora from Kotak Securities. Thank you, and over to you.

Rishi Vora: Thank you. Good evening, and we welcome you all to the Q4 and FY'25 Earnings Call of Hyundai Motor India Limited. Today we have with us, Mr. Unsoo Kim - Managing Director, Mr. Tarun Garg - Chief Operating Officer, Mr. Wangdo Hur - Chief Financial Officer, Mr. Gopala Krishnan 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, and the audio call and the transcript will be available at the company's website. I would now like to invite Mr. K S Hariharan, Head of Investor Relations from Hyundai Motor India Limited. Over to you, Mr. Hari.

K S Hariharan: Thank you, Rishi. Good evening everyone, and welcome to the Q4 Financial Year’25 earnings call. 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 remarks on the performance and outlook, followed by a brief presentation by me on our fourth quarter and annual results for the financial year’25, after which we will be happy to receive your questions.

Now, I hand over to our MD. Over to you, Sir.

Unsoo Kim: Thank you, Hari!

Good evening, and welcome to the fourth quarter and financial year 2025 earnings conference call.

In financial year 2025, Hyundai Motor India scaled new heights, achieving remarkable milestones.

During the year, the Company successfully executed India’s largest ever IPO, a historic achievement that stands as a testament to Hyundai’s legacy of excellence and its deep-rooted commitment to the Indian market, paving the way for the next chapter of HMIL’s growth story.

The company remains firmly committed to delivering sustained value and long-term returns to our shareholders.

Within just 6 months of being listed, the Company secured inclusion in the Morgan Stanley Capital International (MSCI) Index. In the recent MSCI rejig, which took place in February 2025, HMIL was the only large cap from India to be included in this Global Index.

Further, by becoming part of the prestigious Indian capital market indices, such as NIFTY Next 50, BSE 500 and other Indices in March 2025, we have fortified HMIL's standing in the Indian stock exchanges, reinforcing its market presence and credibility.

Financial Year 2025 was a challenging and transformative year for the Indian automotive industry. The overall environment remained tough, with a combination of macro-economic uncertainties impacting consumer sentiment and purchasing decisions. On top of that, we were up against a high base from the previous years, which further amplified the impact.

Despite these headwinds, HMIL navigated the turbulence with agility with our quality of growth strategy, solidifying its position further in India.

Our versatile SUV line-up grew stronger, driven by growing customer preferences and continued product enhancements. The launch of bold new Hyundai Alcazar and the introduction of Creta Electric – our first indigenously developed EV, further strengthened our position in the segment.

The fact that two out of every third vehicle sold by us in India is an SUV, is a testament to our deep understanding of Indian customers and our commitment to delivering innovation, style and safety.

HMIL further set industry benchmarks by surpassing the milestone of 2.5 million SUV sales and 1.5 million CRETA sales cumulatively since inception (including domestic & exports).

The doubling of ADAS variant contribution and increasing popularity of sunroof-equipped models reflects the rising aspirations of our customers and the success of our premiumization strategy.

During the year, HMIL marked a significant milestone by completing 25 years of exports from India, re-affirming its position as the country's largest exporter of passenger vehicles, cumulatively till date.

The financial year 2025 was marked by global uncertainties, including the Red Sea crisis in the Middle East and geo-political instability in Latin America. Despite these headwinds, our agile and strategic decision-making enabled us to sustain export volumes during the year.

Turning to margins, the market conditions were undeniably tough, yet we were able to exit the financial year 2025 on a strong note, with an EBITDA of nearly 13%, clocking in another year of healthy margins. This was made possible through optimized operations, disciplined cost management and relentless focus on value creation.

The company is in a pivotal phase, backed by aggressive strategies & robust investment plans in India over the next few years, particularly focusing on scaling up production capacity, accelerating our presence in the EV market & strengthening local manufacturing capabilities.

The financial year 2026 will mark a significant milestone in our growth journey, with the commencement of our third plant at Talegaon, coming in after more than 15 years since the establishment of our second plant in Chennai.

The Pune plant is being developed as a modern manufacturing hub, incorporating advanced global practices from our parent company. Designed with flexibility at its core, the facility will be capable of producing both internal combustion engine (ICE) and electric vehicles, enabling us to respond dynamically to market demand.

Mirroring our Chennai plant's focus on sustainability, the Pune plant is also expected to integrate energy-efficient technologies, aimed at reducing our carbon footprint, in alignment with Hyundai's global commitment to achieve carbon neutrality by 2045.

We are gearing up to start vehicle production in this new facility from the third quarter of the financial year 2026.

In parallel, while our dedicated localization team continues to enhance our localization efforts at Chennai plant, we also intend to deepen our localized supplier network by adopting an indigenization strategy at the Pune plant, further reinforcing our 'Make in India' vision.

With the increased capacity coming in from Pune plant, we will have additional headroom for expansion in both domestic and export markets.

The emerging markets have significant demand potential and HMI serves as the manufacturing hub for those markets.

Aiming to become Hyundai's largest export hub outside South Korea, we aspire to continue our growth trajectory in exports in the coming years. Aligned with our global vision of 'Progress for Humanity', our resolve to serve global customers with a wide range of smart mobility solutions will continue to grow stronger.

Exports have gained strong momentum in recent months, and we aim to sustain this trajectory going forward. For the financial year'26, we anticipate the growth in export volumes to be around 7% - 8%, supported by robust demand for our products in the emerging markets.

The demand environment in the domestic market continues to be challenging, but we remain optimistic in our strong fundamentals, which enables us to strategically pursue opportunities that can drive both growth & profitability.

While the recent rate cuts by RBI & income tax relief by government should support the demand sentiment, we remain cautiously optimistic on the backdrop of global trade & economic uncertainties.

With the growing aspirations of customers, we believe SUVs will continue to dominate the passenger vehicles segment and going forward, we will continue to focus on increasing our SUV contribution & premiumization.

Our rural contribution has seen consistent growth, and we are continuously strengthening our rural presence in high potential locations, both from sales & service perspective.

We are set to accelerate our presence in the EV market, building on the strong foundation laid in Financial Year 2025, with the launch of Creta Electric. This model has received an encouraging response from the customers, leveraging the trusted legacy and strong market presence of the Creta ICE model.

For financial year'26, our endeavor is to grow broadly in line with the industry, driven by our strong SUVization and premiumization strategy along with focus on rural markets, among others.

While the near-term market sentiment appears subdued, we remain confident in the underlying potential of the industry and expect a rebound in the near future. HMI is gearing up with aggressive product strategies, coupled with capacity expansion, while also expanding its footprints across the country.

We shall continue to march forward with focus on customer delight, offering products that are future-ready, feature-rich, and engineered for India.

We remain steadfast in expanding a well-balanced portfolio across ICE and eco-friendly technologies, to cater to diverse customer needs across segments.

In addition to ongoing product interventions and updates, we are excited to announce that we will be launching 26 products, which will include a mix of new models, full model changes & product enhancements, by the end of financial year 2030. This will comprise 20 from ICE and 6 from EV segment. Additionally, we shall be introducing new ecofriendly powertrains like Hybrids. These aggressive and strategic launch plans demonstrate our strong commitment to innovation, market responsiveness & delivering sustained value to our customers.

To conclude, we remain optimistic about the road ahead and are confident in our ability to strengthen our position in the market. With a sharp focus on a quality-driven growth strategy, we are committed to delivering sustainable performance - laying a strong foundation to regain momentum and reinforce our leadership in the industry.

I am happy to share that the Board has recommended a dividend of ₹21 per share for the financial year 2025 which translates to a payout ratio of 30%.

We are also in the process of formulating a dividend payout policy aimed at enhancing transparency and delivering consistent value to our shareholders. We look forward to sharing the details in the near future.

Lastly, we are pleased to announce that HMI will host its First Investor Day in September this year, covering near- to mid-term growth strategies. Further details on the upcoming product launches and other key initiatives will be shared during the event.

Thank you for listening.

Now I hand over to Hari.

K S Hariharan: Thank you, Sir. Let me now begin with the key business highlights. Financial year 2025 has emerged as a truly defining year for Hyundai in India - one that reflects the strength of our vision by underscoring our strong market positioning with strategic foresight.

We continue to witness strong traction in the SUV segment, which now accounts for 69% of our domestic sales volumes, thereby reaffirming our deep understanding of the evolving needs and aspirations of Indian customers across rural and urban markets. With the launch of Creta Electric and Alcazar facelift, HMI further reinforced its position in the SUV segment.

At HMI, we are committed to delivering superior customer experience by introducing innovative and value-enhancing features.

The presence of 6.75 lakh connected cars on the roads since 2019, along with the growing adoption of ADAS at 14% and Sunroof at 53% for the financial year 2025, underscores the strength of our quality of sales strategy. Our newly launched, Creta Electric has been receiving good customer response, particularly for its long-range and high-end variants, further affirming the market's preference for Hyundai's premium offerings.

The introduction of dual-cylinder technology significantly enhanced our CNG penetration during the year, reaching 13% in the financial year 2025. Additionally, the launch of our first locally manufactured mass-market EV, bolstered our position towards the electrification journey.

HMI's localization efforts are deeply in sync with Government's ‘Make in-India’ drive and our localization strategy strives to constantly leverage India's rich resources, skilled workforce, and advanced engineering prowess to develop world-class technology domestically. As part of this commitment, we have successfully localized over 1,200 components in the last five years to strengthen our supply chain ecosystem.

We are proud to mark 25 years of our export journey, a significant milestone that reflects HMI's growing global presence and strategic expansion across key emerging markets. HMI also continues to hold the Number 1 position as India's leading passenger vehicle exporter on a cumulative basis. Key export milestones during the year include the launch of Exter in South Africa, Creta Electric in Nepal, and recognition of Exter as the ‘Bargain of the year 2024’.

Moving on to the sales performance for the quarter.

We achieved total sales of 191,650 vehicles in Q4 financial year 2025, compared to 193,717 vehicles in the same period last year.

In the domestic market, we sold 153,550 vehicles compared to 160,317 vehicles in the same period last year. The moderation in domestic volumes was due to softness in overall demand sentiment. However, HMI focused on quality of sales strategy to navigate the challenging environment.

During the quarter, our exports grew by 14.1% to 38,100 vehicles, as compared to 33,400 vehicles in the same quarter last year. Our agile market response enabled us to realign efforts towards regions with stronger demand dynamics, contributing meaningfully to the overall export momentum.

Coming to the annual sales performance, HMI achieved domestic sales volume of 598,666 vehicles in the financial year 2025 as compared to 614,721 vehicles in the financial year 2024. Volumes during the year were impacted due to the high base of last year and demand moderation in urban markets owing to the overall macro-economic conditions.

On exports, we could sustain our volumes despite global headwinds. HMI exported 163,386 vehicles in the financial year 2025 as compared to 163,155 vehicles in the financial year 2024.

Our continued focus on both domestic and export markets enabled us to sustain healthy capacity utilization during the year.

HMI continues to drive quality of sales strategy by enriching its portfolio with regular product interventions to offer superior customer experience. The SUVization and premiumization strategy has helped us to garner higher volumes in the SUV segment and also improved our domestic ASP.

During the quarter, we registered record-high SUV sales of 106,182 vehicles, while the annual SUV sales were recorded at 410,200 vehicles, representing 69% SUV contribution to the total domestic sales. Hatchback and Sedan contributed 20% and 12% respectively in financial year 2025, reflecting the broader industry shift in customer preference towards SUVs.

On the fuel mix, the introduction of dual cylinder technology helped us to increase our CNG contribution during the year to 13.2% as compared to 11.5% last year. Our EV share inched up to nearly 1% in the overall fuel mix with the recent launch of Creta Electric, thereby reiterating our commitment towards sustainable mobility.

Let me now share the quarterly financial highlights. Our revenue from operations stood at INR179,403 million in Q4 financial year 2025, as against INR176,711 million in the same quarter last year. Favorable product mix along with pricing actions contributed to the top line growth. On a sequential basis, the overall revenue grew by 7.8%. EBITDA for the quarter stood at INR25,327 million, as compared to INR25,218 million in Q4 financial year 2024. EBITDA margin was at 14.1% as compared to 14.3% in Q4 financial year 2024. EBITDA for the quarter improved sequentially by a significant 280 basis points. EBIT was INR20,023 million in Q4 financial year 2025 as against INR19,640 million in Q4 financial year 2024. EBIT margin was at 11.2% as compared to 11.1% in the same quarter last year. EBIT margins expanded by more than 300 basis points over the sequential quarter.

PAT for the quarter was INR16,143 million as compared to INR16,772 million in the same quarter last year. The PAT margin was 8.9% as against 9.3% in Q4 of the last financial year. On a sequential basis, PAT saw phenomenal growth of 39.1%. On a year-on-year basis, the impact of macro-economic headwinds was mitigated by our cost reduction efforts and additional government incentives, enabling us to sustain margins in line with the same quarter last year.

However, on a sequential basis, our Q4 profitability witnessed sharp improvement primarily due to better operating leverage, pricing strategy, cost optimization efforts and higher government incentives.

Let me now share the annual financial numbers for 2024-25. HMI recorded revenue of INR691,929 million as against INR698,291 million in the same period last year, a marginal drop of 0.9%, despite challenging market conditions and multiple demand headwinds during the year.

Through our proactive planning, operational efficiency and strong product mix, we could effectively navigate the challenging environment while maintaining our competitive edge. EBITDA for the year was INR89,538 million as against INR91,326 million in financial year'24. EBIT for the year came in at INR68,485 million as against INR69,247 million in financial year'24. We were able to maintain healthy EBITDA and EBIT margins during the year at 12.9% and 9.9% respectively. PAT for the period stood at INR56,402 million against INR60,600 million last year. PAT margin was at 8.1% in comparison to 8.5% in the financial year'24.

Moving on to the outlook for financial year 2026. As highlighted by our MD in his opening remarks, for domestic, our endeavor is to grow broadly in line with the industry, while for exports, we are targeting 7% - 8% growth for the financial year'26. We have planned for a capex of around INR7,000 crores in the financial year'26, in line with our vision of driving sustainable mid-to long-term growth.

As you are aware, HMI consistently strives to maintain industry-leading margins. For the upcoming financial year as well, our aspiration is to maintain healthy double-digit EBITDA margins.

With the commencement of Pune plant from Q3 financial year'26, additional depreciation amid low-capacity utilization in the initial period, may weigh on near-term profitability. However, with our continued focus on optimized operations and our quality of growth strategy, we remain confident of securing healthy margins going forward.

Lastly, this slide highlights our upcoming launches. I will not go into the details, as our MD has already covered this in his opening remarks. With this, I conclude my presentation. Thank you all for your time and attention.

Now, we open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Rishi Vora from Kotak Securities. Please go ahead.

Rishi Vora: Congratulations team for a great set of numbers. My first question is regarding the quarter itself. On a sequential basis, excluding other operating income, our ASPs have gone up by almost 4.4%. So, can you just give us what were the drivers of this? It was just mix or something else was also contributing to such a sharp increase on a sequential basis?

K S Hariharan: Hi Rishi, thanks for the question. Yes, our ASP has improved on a sequential basis. In fact, there are different contributing factors here. If you look at the domestic especially, we have done the price increase in the month of January. Plus, we have also moderated our discount levels in domestic on a sequential basis.

Apart from that, we also had a favorable product mix. Even on the export market, the product mix was quite positive this quarter. So, all these factors have actually supported us for the improvement in ASP. In fact, our ASP has improved by more than 5% on a sequential basis. I hope I have answered your question, Rishi.

Rishi Vora: Yes, and a second question just on the industry side. The hatchback segment as well as the Sedan segment for us, as well as for the industry has been in a consistent downtrend. So, I just wanted to get a sense from the management on what will change this and when should we expect some recovery, some bounce back from these two segments?

Tarun Garg: Thank you for your question. This is a question we have been getting every year, but the segment continues to reduce. Please understand, it is not about only affordability. I think it is also about the clear change in the customer preference. So, what is happening is, if you see the micro-SUV segment, which did not exist 3 years back, suddenly that has become a very substantial part of the market. Almost 5.7% of the market was micro-SUV in 2024. In fact, it is 6.3% now. Many of these hatchback customers, in the same price range, are going to the micro-SUV segment. So, I think it is more about the body type than affordability. That is point number one.

Point number two is, earlier the hatchback segment used to depend a lot on the first-time buyers. But now the first-time buyers are very clearly moving towards SUVs, which is very clear even in Hyundai's first-time buyer percentage, which continues to go up. In fact, it has now reached almost 40%. So, what I am trying to say is, it does not appear that there will be a bounce back in this segment.

In fact, many of the players are leaving that segment. Also, you talked about Sedan segment. Many of the players have left the premium Sedan segment. So, it appears that SUV is the way forward. I think the only thing which can change is, probably EVs. Maybe some opportunities may come in the EVs, but it is too early to comment on that as well.

But in the near term, I do not see the segment bouncing back. At the same time, it is still substantial, 23% hatch and even 9%- 10% Sedan, is still a good 30% of the market. So, I do not think we can ignore it. We still need to be present and I think Hyundai's strategy is very good that we are very strongly present there. And, of course, we have no intention of leaving these segments because they are really, really very good for us even going forward. I hope I have answered your question.

Rishi Vora: Yes. Thank you, Tarun.

Moderator: Thank you. We will take our next question from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Hi, team. Thanks for the opportunity. I will just go back to the gross margin question. Could you quantify what was the Jan price hike? What was the discount thing? And also, we have seen in most of the companies that when EV share goes up, margins go down. So, was there a drag that electric vehicles rise had on margins? So, that is the first question.

K S Hariharan: Hi, Binay. Thanks for the question. So, the first one is on the price increase. The price increase was around 0.6%, which we did in January. And point number two is on the discount. Yes, as I mentioned earlier, discounts in the domestic especially, has reduced on a sequential basis. In Q3, the discount was 2.6% and in Q4, it has reduced to 2%. So, there is a reduction of 0.6% on the discount as well. And point number three is on the EV profitability. Today, if you look at Creta EV, if you exclude the launch-related marketing expenses and the test drive discounts, we are margin positive on Creta EV. And going forward, if you look at even the penetration level currently, for the industry and for HMI as well, the EV penetration is still at a very low level. So, whatever is the margin impact should not have any material impact on our total profitability. Having said that, we are working on an aggressive localization strategy for the EVs especially. You already know that we have localized the battery pack assembly with Creta Electric. We are also working with a local partner to localize the battery cells as well. So, there are a lot of opportunities for us to localize the components, especially on the EV side. When we do that, I think that should really support us to bring down the cost and support for the margins going forward.

Binay Singh: That is helpful. And the second question again on EVs, I noticed that you've increased the number of electric vehicle launches from 4 earlier to 6 now. So, what's the thought behind that? Are we seeing more opportunity in EV than we anticipated? What is driving that change?

Tarun Garg: So, just to clarify, 4 was the new models, but this six includes refreshments as well because we have said very clearly, this 26 model launches include refreshments as well. So, that is what we are talking about. More details, of course, we'll be sharing during the investor day.

Binay Singh: Great. Thanks, team.

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

Kapil Singh: Good evening, Sir. Congratulations on a strong performance. My first question is on market share. We can see that quality of sales strategy is working quite well and your margins have been better than peers this quarter. But at the same time, there is some pressure on market share also that we see. So, how are you thinking about the balance of these? Are we going market share and margins and will there be any new nameplates this year which can drive up your market share from where you are in quarter 4? And then on the exports also, recently we have seen some pickup. So, any more detailed color if you can share what has happened that has caused the growth rates to pick up there?

Tarun Garg: Thank you for your question. Look, no company wants to lose market share. Even we don't want to lose market share. At the same time, I think being listed brings in much more responsibility in terms of profitability and volume. You would have also seen the results today. You have seen the discount levels. So, obviously, we are passing through a phase where industry is under stress. SIAM has projected 1%-1.5% growth in this financial year and companies are having a strategy where price cuts and rampant discounts are there. We have already announced a very aggressive model plan and obviously it has been married to the Pune plant capacity expansion.

So, I think what is important is how do we navigate this period. So, our challenge is that opportunity. Of course, we are one company which has both export leverage as well as domestic leverage. What we are doing is, one, put the accelerator up on the exports both in terms of trying to look new markets, also the existing models in the current markets and also instead of reducing price, what we are doing is, we are introducing higher features in the lower trims also.

I think there is a question on ASP. One reason why we have been able to increase our ASP, especially the domestic ASP, is because we have been able to give, say sunroofs in the lower trims, automatics in the lower trims. I think this is a very smart strategy because it prevents the need for higher discounts, it prevents the need for any price cuts, it gives more opportunity to the customer.

So, I think to answer your question, we will continue on this path until this new model cycle kicks in. Out of these 26 models in the next 5 years, 8 of them will be in the immediate next 2 financial years, starting April'25. So, 8 of them will come. So, I think we are a few time away from this new model cycle kicking in and I think until then we have to make sure that our core competence of brand, network, technology stays and then of course we do not lose too much of market share.

I think, this is what we are doing, maintaining quality of sale and a balance between domestic and export as well as between volume, market share and profit. I hope I have answered your question.

Kapil Singh: Yes, sir. Thank you so much. The second question is on the capex plan. We have talked about INR7,000 crores. Could you give us a breakdown of what area this is going and is this higher than the average level that we will see over the next few years because earlier we have talked about something like INR32,000 crores over 10 years. Linked to this we have also talked about some costs. So, if you could give us some indication like will this drag down your margins this year or the EBIT margins or should we expect that you have other cost levers to offset that?

K S Hariharan: Hi Kapil, Hariharan here. Number one on the capex INR7,000 crores which we mentioned, the major portion would go for Pune expansion, roughly around 40% we expect, followed by 25% for product-related investments. See again, this is the guidance which we are giving for the financial year'26. We will be sharing more details about the long-term capex plan in due course of time. Regarding whatever we have discussed on the MOU, these are all some of the MOU commitments we have given to the State Governments like the Tamil Nadu and Maharashtra also. But as I mentioned, specific guidance on the long-term capex plan we will be sharing in some time. Hope I answered the question, Kapil.

Kapil Singh: Sure, and sir the cost part also if you can give some direction?

K S Hariharan: As we mentioned, we will be starting this Pune capacity from Q3 financial year'26. You can understand, with a plant of such scale, initially the utilization level will be little low only and especially considering the overall weakness in the demand sentiment in the domestic market. So, that may have some impact on the margins.

But what we are planning to do is that, as we have indicated, we are planning with aggressive product launches in the next five years. With that strategy, we are very much confident. Apart from that, even the export also we are going to focus on improving our volumes strongly going forward. So, these strategies, we believe, should give us a lot of support to maintain and secure the margins even going forward.

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. Thank you team for taking my questions. First one is quick clarification. You mentioned eight of them in next two years. So, eight models in fiscal'26 and 27. Is that understanding right?

Tarun Garg: Yes. Fiscal'26 and 27 put together, eight models.

Gunjan Prithyani: And any breakup on ICE and EV in that?

Tarun Garg: Overall, we have given, out of those 26 models by fiscal'30, 20 will be ICE and 6 will be EVs. But please wait for the investor day for more clarity on the immediate plans.

Gunjan Prithyani: Okay. And the other clarification was on that you did speak about the operating income being higher. Can you quantify what was the government incentive in this and how should we be thinking about it on a full year? There does tend to be a little bit of bunching up in second half, right? So, if you can just give some color how much was it in quarter four and how should we directionally think on the incentive for fiscal'26?

K S Hariharan: Hi Gunjan. If you look at our current Tamil Nadu MOU incentive, we have three different types of incentives. The first one is the tax incentive. The tax incentive is something which we have been getting for a long time. And that incentive basically starts coming from the third quarter or sometimes in the second quarter also. Second is the clean energy vehicle subsidy. The amount is INR25 crore, which generally comes in fourth quarter.

And this year, we also have a new subsidy called as capital subsidy. Since we achieved the MOU conditions, both on the investment side and manpower in last financial year, this particular incentive has accrued for us from financial year'25 onwards. The amount is INR75 crores.

This is the bifurcation. So, if you see sequentially, Q3 versus Q4, the additional incentive from the Tamil Nadu MOU is around INR100 crores. So, going forward obviously in the next year, every year, as I mentioned, the tax incentive will follow a separate timeline. But the CEV subsidy and the capital subsidy mostly accrue in the last quarter.

Gunjan Prithyani: Okay, got it. That's very clear. The second question I had is more from the point that you made, using India as an important export market, right? Is there any rethink on what are the markets that we can still add in terms of exporting out of India? I mean Middle East and Africa you've touched upon earlier. But given the overall changes, noise around tariff, is there a rethink that we could have more markets which could get added which India services from an export perspective? And I'm not thinking next 12-18 months, little bit next 3-5 years, how should we think about the potential of export? Because 7% - 8% is great but I do think there are more markets which can get added. So, some thoughts around that.

Unsoo Kim: Yes, thank you for the question. This is Unsoo. We are positioning Hyundai Motor India as an export hub for emerging market, especially Middle East and Africa, South Asia and Latin America. Currently, we have access to 80+ export markets, where we have distributors.. And then we are very optimistic for the export market - current market and also we are exploring some advanced countries like Australia and other regions.

And then, in terms of tariff conflict, it will not affect us. It is between the US and other countries. So, regardless of the tariff, we will improve our export volume. With expansion of Pune plant, we will reach 1.1 million units capacity. Last year, our export portion was 21% which we will increase to 30%. Our current model is very suitable for emerging market. So, we are very confident about the export market. Thank you.

Tarun Garg: So, basically, you mentioned about some new opportunities. So, within Middle East also, like for example, in financial year 2025, we started Venue in Indonesia, we started Venue in Yemen, we restarted Bhutan, we started Exter in South Africa, Creta EV we started in Nepal. We are exploring other RHD markets. Alcazar facelift to Middle East and Africa.

So, you know, while primarily it is emerging markets, at the same time, different models in emerging markets, I think, itself gives us a lot of opportunities to grow our export volume. So, I think this is important. And on tariffs and all of course, we will continue to study, because going forward with India-UK trade agreement etcetera, maybe some new opportunities will come, especially with the EVs coming in from the HMI plants.

So, I think we are very open and we'll be discussing that what are the opportunities which can come to further increase the exports. And that is why we are saying, by 2030 the export penetration can go up and maybe reach 30%.

Moderator: We'll take our next question from the line of Amyn Pirani from JP Morgan. Please go ahead.

Amyn Pirani: So, my first question is on your comment, that you expect to grow broadly in line with domestic industry in this year. Given that the new plant is coming up in the second half and, we probably will have some refresh or product launch, is it a bit of conservative guidance or are you expecting some headwinds? Because ideally, we would have expected that you could actually outperform the market this year, after a bit of underperformance last year.

Tarun Garg: So, look, the year is divided into H1 and H2. Obviously, the new plant will come in the H2 of the financial year. I think this you have to keep in mind. I hope this also answers the question.

Amyn Pirani: Okay. Understood. And secondly, just this clarification on the previous point, did I hear correctly that, by the time the full ramp up happens to 1.1 million, you are expecting exports to become close to 30% of volumes?

Tarun Garg: Answer is yes. We already reached 22% this year. And the plan is that, if there is an opportunity, I think, we're looking at reaching 30% by 2030.

Amyn Pirani: By 2030. Okay. But that would involve even more expansion, I'm assuming, beyond FY '30 ?

Tarun Garg: Okay. 1.1 million will happen But I think the intent is to really continue to increase export as a percentage of total sales.

Amyn Pirani: Understood. Okay. Thank you. I'll come back in the queue. Thank you.

Moderator: We'll take our next question from the line of Arvind Sharma from Citi. Please go ahead.

Arvind Sharma: Hi, good evening, sir. Thank you for taking my question. On the Pune plant, when the commercialization starts, would there be a change in the vendor base? I'm talking both on the perspectives of localization as well as group company? That will be the first question.

Gopala Krishnan: This is Gopalakrishnan here. We are trying to develop a whole lot of vendor ecosystem in Pune also. And the whole plant will be, in terms of automation and manufacturing practices, similar to the world-class manufacturing as per HMC global standards. And all the preparation works are going on.

Arvind Sharma: So, sir, the supply from group companies would remain at the current level?

Gopala Krishnan: We'll be leveraging their capability, both the Chennai plant as well as the Pune plant.

Arvind Sharma: Thanks, sir. Second question would be just for accounting purpose. Was there any PLI benefit that you accrued in the fourth quarter, which is there in the reported top line?

K S Hariharan: Creta EV is the product we have launched recently. But since there are some minimum domestic value addition conditions to be met, which currently, there is some gap.

But we are continuously evaluating the localization opportunities in EV segment, as we have already indicated, one is the battery pack we have already done and there are other plans on the component side for EVs to localize going forward. So, going forward, I think, the strategy is to avail the PLI incentive. But yes, currently, we are not eligible.

Arvind Sharma: All right. Thanks, sir. That's all from my side. Thanks so much.

Moderator: Thank you. We'll take our next question from the line of Nitish Mangal from Jefferies. Please go ahead.

Nitish Mangal: Hi, good evening, and thanks for taking my question. On the Pune plant, can you share which all models are you planning to manufacture there, and how many of your existing models will also be made there versus just the new models?

Unsoo Kim: Thank you for your question. This is Unsoo. We will produce the SUV model. I cannot specify the model names, but we will announce those shortly. And then, in the coming years, we will add another SUV model in the Pune plant. I hope I answered your question.

Nitish Mangal: Okay, sure. Thanks. And secondly, I want to ask you about the operating cash flow. So, the EBITDA for the full year was almost flat YoY, but the operating cash flow, there is quite a bit of decline, and it seems there are some changes in other liabilities. Can you elaborate what happened on the other current liabilities?

K S Hariharan: So, if you see the cash flow, operating cash flow, mainly this year beginning, we had paid TDS on special dividend which we paid to HMC in last financial year. The TDS was remitted in the current financial year, that is financial year'25. Plus also, there has been some increase in the MOU incentive receivables from the Tamil Nadu government. So, these are all some of the major factors which have actually impacted the operating cash flow.

Nitish Mangal: Okay, thanks very much. And if I can ask just one last question, how long are these Tamil Nadu incentives valid for you? Thank you.

K S Hariharan: The Tamil Nadu incentive, the tax incentive under current MoU, is valid till 2032. And the other subsidies, the CEV subsidy and the capital subsidy, they are valid for 20 years from the commencement date. One point I would like to add is that, all these subsidies are subject to fulfilling the MOU conditions, every year we need to achieve some conditions. So, the incentive eligibility is subject to that.

Nitish Mangal: Okay, thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Rishi Vora for closing comments. Over to you.

Rishi Vora: Yes, thank you everyone. And we'd like to thank the management for giving us an opportunity to host the call. With this, we conclude today's conference call. On behalf of Hyundai Motor India Limited, we thank you for joining the call and you may now disconnect from your lines. Thank you.

Moderator: Thank you, ladies and gentlemen. You may now disconnect your lines. Thank you.

Note: Edited for brevity and inadvertent errors.