



“Hyundai Motor India Limited
Q4 & FY’26 Earnings Conference Call”

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MODERATOR: **MR. CHIRAG JAIN – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY'26 Earnings Conference Call of Hyundai Motor India Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing (*) and then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chirag Jain from Emkay Global Financial Services. Thank you, and over to you.

Chirag Jain: Thank you. Good afternoon and we welcome you all to the Q4 and FY'26 Earnings Conference Call of Hyundai Motor India Limited. Today, we have with us Mr. Tarun Garg, Managing Director and Chief Executive Officer; Mr. Wangdo Hur, Chief Financial Officer; Mr. Gopalakrishnan C.S., Chief Manufacturing Officer; Mr. Saravanan T., Function Head, Finance; and Mr. K.S. Hariharan, Head of Investor Relations from Hyundai Motor India Limited. I would like to inform you that the call is being recorded. I would now like to invite Mr. K.S. Hariharan, Head of Investor Relations from Hyundai Motor India Limited. Over to you, Hari.

K. S. Hariharan: Thank you, Chirag. Good evening, everyone. Welcome to the Q4 & FY26 Earnings conference call.

Before we begin, I want to remind you of the safe harbour. 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 & CEO remarks on the overall business in FY26 and outlook for FY27, followed by a brief presentation by me on Q4 and FY26 performance, after which we will be happy to receive your questions. Now, I hand over to our MD & CEO, Mr. Tarun Garg, over to you sir.

Tarun Garg: Thank you, Hari, and good evening, everyone. As we complete our 30th year of operations in India, it feels like a moment to pause and reflect on the journey - one that has been shaped by resilience, adaptability and a relentless pursuit of opportunities. Over the years, we have consistently embraced evolving market dynamics and transformed challenges into avenues for growth.

For us, this 30-year milestone is not just a corporate achievement. It is a shared story of trust, pride and progress. Thirty years strong and the bond between Hyundai and its customers is only getting deeper.

In fiscal '26, we have further strengthened this legacy by laying a solid foundation for our next phase of progression, underpinned by the commencement of our third manufacturing facility and a pipeline of robust product launches. Together, these strategic initiatives position us strongly to usher in the next era of Hyundai's growth in India.

As you know, fiscal '26 marked a year of two distinct phases for the Indian automobile industry, driven by a shift in policy and demand dynamics. The first half remained largely underwhelming, primarily due to muted customer sentiments. However, the landscape shifted meaningfully in the second half following the GST rate rationalization in September, which acted as a strong catalyst for recovery.

This shift coincided well with the commissioning of our new plant and product launch cycle kicking in. Together, this created strong leverage and allowed us to respond to the improving demand environment, supporting a steady acceleration in growth in the latter half of the year.

Furthermore, this sustained momentum culminated in a strong Q4 fiscal '26 with our domestic volumes witnessing a growth of 8.5% on a year-on-year basis, marking our highest ever quarterly domestic sales since inception.

This growth was complemented by our agile product interventions across segments. The refreshed launch of Exter and Verna are poised to further accelerate volume momentum in the coming quarters.

The all-new Venue continues to be a strong growth driver, receiving an overwhelming customer response while consistently scaling up volumes since its launch. This has further reinforced our strong position in the compact SUV segment.

Also, we are extremely proud that the all-new Venue has secured 5-star safety rating under Bharat NCAP testing. We believe this shall strongly support the positive momentum going ahead.

Our business performance was also bolstered by impactful marketing initiatives. In this context, Hyundai's partnership with ICC marked a significant step which enhanced customer centricity by driving deeper engagement, leading to greater visibility.

On the regulatory front, we have fully met CAFÉ requirements for fiscal '26. For CAFÉ 3, based on the recent draft, we have calculated the requirements, and we remain fully confident of meeting the compliance backed by our strong powertrain strategy.

Beyond regulatory compliance, our focus extends to building sustainable and responsible business. ESG principles are embedded across our operations, supported by robust frameworks. As a key milestone in this journey, during the fiscal year, we have achieved RE100 across facilities, reinforcing our commitment to clean energy adoption.

On exports, despite the ongoing geopolitical headwinds, our volumes grew by 9.4% year-on-year in Q4.

For full year, our export performance witnessed strong volume growth driven by robust demand for our products across emerging markets and our continued focus on expanding into new geographies. This enabled us to register a growth of 16.4%, significantly outperforming our initial guidance of 7% to 8%.

Our overall volumes during the year registered a growth of 1.7% with a healthy balance between domestic and exports.

Moving on to financial performance, we delivered a top-line growth of 5% on both year-on-year and quarter-on-quarter basis in Q4 fiscal '26, led by better volumes and prudent pricing actions.

On the profitability front, the ongoing commodity pressures, along with seasonality in export business have impacted the margins on a sequential basis. That said, we were able to partly offset these through calibrated price increases, along with continued focus on cost control efforts.

In line with our margin guidance of 11% to 14%, we concluded fiscal '26 with a strong EBITDA margin of 12.2%, reflecting solid execution despite costs associated with capacity addition and commodity price pressures.

This resilient performance was supported by robust volume growth in exports, calibrated pricing strategy in the domestic market and our proactive cost reduction efforts.

Moving on to fiscal '27, we have begun the new financial year with a solid performance in April with domestic volumes registering growth of 17% year-on-year. As we move forward, we are well positioned to capitalize on the supportive demand environment while strategically unlocking the incremental opportunities arising from upcoming product launches.

We feel very excited to inform you that during this financial year, we shall be introducing two completely new nameplates, which have been keenly awaited by all of you. Both these launches are expected to meaningfully boost our volumes and act as powerful catalyst for our next phase of growth.

Of these two new launches, one will mark the debut of our new localized dedicated EV in the compact SUV space, accelerating our transition towards electrification and strengthening our future-ready portfolio. The other one will further expand our presence in the ICE SUV segment.

Notably, both these launches are positioned in high-demand segments aimed at broadening our portfolio and deepening our presence. The upcoming EV will mark our entry into a new segment, while the ICE SUV will further reinforce our position in the mid-SUV category. When I say mid-SUV, I mean more than 4 meters.

Backed by these product actions and other initiatives, we remain confident of delivering domestic volume growth of 8-10% in fiscal '27. Having said that, our enhanced plant capacity and flexible operations position us to swiftly respond to any further growth opportunities even beyond 8% to 10% should they arise during the year.

On exports, while the current macro environment is uncertain, the demand for our products remains intact across key markets, providing us confidence to recover export volumes as the market conditions improve. Even in an extremely uncertain environment, we are determined to go the extra mile and deliver volume growth of 8% to 10% in exports as well in fiscal '27.

We will be continuously strengthening our export resilience through market diversification and product launch actions.

- 1) In Q4 fiscal '26, we commenced exports of new Venue, and we will continue to expand into newer geographies, further solidifying our presence. HMIL will, in fact, serve as a global manufacturer for the new Venue for HMC.

- 2) We will be launching Verna PE and Exter PE in the export markets as well. Further, the volumes will be strengthened by introduction of Exter LHD in the LHD markets.
- 3) Also, the two new nameplates, which we indicated, are not only planned for the domestic market, but will be considered for export markets as well in due course.

Our growth ambition plans will be fuelled by aggressive investments of approximately INR 7,500 crores in fiscal '27, marking the highest ever capex in recent years.

On margin front, despite the near-term headwinds, including inflationary pressures and geopolitical uncertainties, our endeavor would be to deliver margins within the guided range.

We will be taking calibrated actions to support margins going forward.

As the upcoming two new models will be manufactured at our Chennai plant, it will bring back utilization to healthy levels in Chennai. And of course, we are continuously evaluating ways to increase production of Venue in Pune.

Goes without saying that we will continue to focus on proactive cost optimization measures, including localization and value engineering efforts.

In many ways, we see fiscal '27 as a year of building strong momentum, as we are gearing up with a lot of intent and energy.

As we complete 30 years of operations in India and enter the next phase of growth, we do so with strong conviction and a well-defined growth agenda, committed to capturing the opportunities ahead.

As you know, we already announced our capacity expansion plans of reaching 250,000 units in Pune by calendar year '28.

I am pleased to announce that following the completion of the Phase 2 expansion in calendar year '28, we will undertake further capacity expansion of 70,000 units at the Pune plant to support our future growth aspirations. This will take our total capacity in Pune to about 320,000 units and overall capacity to more than 1.1 million units by 2030.

In order to be future ready, we are also leveraging AI across our operations, and we have a clear AI roadmap in place aimed at unlocking opportunities across manufacturing efficiency, quality enhancement, supply chain optimization and enhanced customer experience, among others.

Finally, we feel confident that Hyundai will continue to be part of your lives for the next 30 years and beyond, embracing a future that is greener, smarter and more inspiring.

I am happy to share that the Board of Directors have recommended a dividend of INR 21 per share for fiscal '26, which translates to a payout ratio of 31.4% on the consolidated profit.

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

K. S. Hariharan:

Thank you, Sir. Starting with the highlights, this quarter clearly reflects how we are steering HMIL into the next phase of growth, while simultaneously scaling our reach and deepening market presence.

During the quarter, we have enhanced our existing models - Verna and Exter by reigniting the design, technology, safety and comfort, which resonate well with today's young Indians. The new Venue continues to garner new milestones and recognitions. Recently, it has been crowned the "Compact SUV of the Year" by Autocar. All these demonstrate our consistent focus on agile product execution, which aligns well with the evolving market needs.

Our efforts to scale reach while growing deeper are yielding tangible results. We achieved an all-time high rural penetration, underpinned by our strong product offerings and on-ground efforts to strategically enhance our network reach.

Our CNG penetration, which was 13% in Q4 financial year '25 has been steadily growing, now reaching 18% in Q4 financial year '26. Aura recorded its highest ever quarterly sales in Q4 financial year '26. Notably, the sales for this model were the highest on full year as well. Creta continues its reign as the segment leader, led by strategic product enhancements in line with evolving consumer needs.

Moving on to our sales performance during the quarter. We achieved total sales of 208,275 vehicles in Q4 financial year '26 compared to 191,650 vehicles in the corresponding quarter, reporting a healthy 8.7% year-on-year growth. In the domestic market, we sold 166,578 vehicles compared to 153,550 vehicles in the same quarter last year, a growth of 8.5%.

On exports, we had an incredible year with a strong performance across all quarters. Though Q4 was impacted by geopolitical disruptions, we were still able to deliver a growth of 9.4% for this quarter on a year-on-year basis.

This performance reflects our export resilience supported by diversified market presence and operational flexibility.

On a full year basis, our overall volumes grew by 1.7%, majorly supported by strong export growth of 16.4% for the year and rebound in domestic volumes in H2.

With respect to domestic segment mix, SUVs continue to be the major contributor to our volumes. Notably, hatches and sedans showed growth during the quarter, aided by GST benefits and our product actions.

Talking about the fuel mix, a clear shift is visible away from traditional fuel options towards more eco-friendly powertrains and our multi-powertrain strategy positions us well to capture diverse needs of the market.

Now coming to financial performance for the quarter. Our revenue from operations stood at INR 189,162 million in Q4 financial year '26 as against INR 179,403 million in the corresponding quarter. Revenue grew by 5.4% year-on-year due to better volumes and prudent pricing actions.

EBITDA stood at INR 19,660 million as compared to INR 25,327 million in Q4 financial year '25. EBITDA margin stood at 10.4% as compared to 14.1% in Q4 financial year '25.

EBIT stood at INR 13,824 million for the quarter as against INR 20,023 million in Q4 financial year '25. EBIT margin stood at 7.3%. PAT for the quarter was INR 12,556 million as against INR 16,143 million in the corresponding quarter. We delivered a PAT margin of 6.5%.

Let me now explain the reasons for the margin movement. On year-on-year comparison, if you see, PBT for Q4 financial year '26 reflects elevated commodity prices, costs associated with capacity addition and unfavourable product mix. Though volumes were better, the cost pressures outweighed the benefits, leading to a decline in margins on a year-on-year basis.

On sequential basis, better volumes, calibrated pricing actions and higher government incentives helped to partially offset the impact of commodities and unfavourable sales mix during the quarter.

On a full year basis, revenue from operations stood at INR 707,633 million in financial year '26 as against INR 691,929 million in the corresponding period. EBITDA stood at INR 85,985 million as compared to INR 89,538 million in financial year '25. EBITDA margin was at 12.2%, well within the guided range. EBIT stood at INR 64,005 million for financial year '26 as against INR 68,485 million in financial year '25. EBIT margin was at 9% as compared to 9.9% in financial year '25. PAT for financial year '26 was INR 54,315 million as against INR 56,402 million in the corresponding period. We delivered a PAT margin of 7.6% as against 8.1% in financial year '25.

While H1 was very strong for us, the margin softened in H2 due to a combination of factors such as costs associated with capacity addition and elevated commodity prices.

Coming to the outlook, as highlighted by our MD and CEO, we are entering financial year '27 with a strong conviction and clear strategic direction to translate the momentum into sustainable and measurable growth. We believe we are well positioned to strengthen scale, enhance competitiveness and drive the next phase of growth.

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

Moderator: Thank you very much. We will take the first question from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Hi, good evening, sir and thank you so much for your opening remarks, which was very helpful. Good to hear such energetic commentary given the tough conditions. Sir, my question is just a follow-up on the guidance you have given. So firstly, on the margin side, if you can articulate, we are currently at about 10.5% margins, and we are guiding for a range of 11% to 14%.

There seems to be further commodity pressure. So, what are the margin levers we are thinking of from here and also in the current quarter, how much commodity pressure did we face? And

when we look at next quarter, what is the commodity pressure and how much is the pricing action that we have taken?

K. S. Hariharan:

First of all, on commodity, last quarter, the impact on margins was roughly 120 basis points if you compare on a sequential basis. I would say that out of this 120 basis points, roughly 50 to 60 basis points would be kind of a one-off, which might not recur in the upcoming quarters.

In terms of price increase, as you know that already we did a price increase in January to the tune of 60 basis points followed by a selective price increase for Venue in the month of March, and we will be doing one more price increase in May.

In terms of the overall margin outlook, in Q4 profitability, we had some headwinds which we clearly explained in our presentation as well. The commodity prices were at an elevated level. Additionally, we also had a few one-off impact, in terms of Labor Code and other factors. So near-term, the commodity headwinds are expected to continue. I think we need to admit that. At the same time, we also have some positive levers for us to drive the margins in financial year '27. I would like to just give a little bit more details on this.

Number 1 is the volume growth itself, we have already guided 8% to 10% growth, both in domestic as well as export markets. Number 2 is the price increases, multiple price increases, which we have done and that should also support the margins to some extent and third important lever is the Chennai plant utilization level. As you know, Chennai plant utilization has come down a bit after we shifted "Venue" to the Pune plant. But now, upcoming two model launches, both will be coming from the Chennai plant, that should improve the overall output and capacity utilization of the Chennai plant and that should support margins as well. Number 4, there are a few one-offs, which we indicated, in terms of commodity and Labor Code impact in this quarter, therefore that should not ideally repeat in the upcoming quarters.

Last but not the least, the cost optimization measures, whatever we have been doing in terms of localization and value engineering efforts, these efforts should continue even going forward as well. So, all these factors are clearly giving us the confidence that we can still deliver margins within the range of 11% to 14% in the upcoming year.

Kapil Singh:

Thanks for the helpful and detailed answer. Sir, second question is on the growth guidance for both domestic and exports. Particularly in exports, I noticed that our exposure to Middle East is quite high, but we have still guided for 10% growth and our volumes have been fairly resilient.

So, some color on that, would be helpful and similarly, for domestic 8% to 10% growth, do you think you will gain market share this year given that you are having new launches? So some color on the domestic demand side as well. That's all from my side.

K. S. Hariharan:

First of all, on the export front, since the war started, our exports to Middle East have taken a hit. But we have been taking some countermeasures to protect our export volumes. Number 1, we have been aggressively focusing on other markets. Even in the last quarter, we have increased our shipments to some of the markets like Latin America, Mexico. That has really helped us to some extent.

Number 2, we are also continuously strengthening our product offerings for the overseas markets as well. The new Venue brings a lot of opportunities for us in the days to come. Verna PE, Exter PE, even the LHD version of Exter, should also support our volumes to some extent. Even the two new nameplates, which will come this year, are not just for domestic market, it will be considered for export also in due course of time.

Importantly, demand has been pretty strong for us and quite healthy across markets. Even in Middle East also, we are having a healthy back order with us. So that is giving us the confidence that once the whole macro and geopolitical conditions start improving, the volumes should come back very strongly for us.

So that is the reason we are giving a guidance of 8% to 10% growth even in fiscal year '27 in a totally uncertain environment. We hope that we can definitely achieve our targets, whatever we have promised now.

Tarun Garg: On domestic, CRISIL and ICRA had forecasted around 3% to 5% or 4% to 6% kind of growth for this fiscal. We believe 8% to 10% growth, we are looking at in this financial year for us and in case any further opportunity comes, we will be very quick, very agile to grab that as we have the capacity and new models as well. So, we are fairly confident that we will be able to outpace the industry in this fiscal and gain market share. Thank you.

Kapil Singh: Okay. Great, sir. Best wishes.

Moderator: The next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Hi, team. Thanks for the opportunity. Clearly, the company will have a very busy year. I can't recall the last time you had two heavily localized nameplate launches in one year. Just on that, in the presentation that we did in October, we talked about two launches over FY27 and FY28. So, these are the two new nameplates? So, in a way, we will be done for 2 years with this? Is that the understanding, correct?

Tarun Garg: So you remember, you have a sharp memory. We are exactly sticking to our guidance. In this fiscal, we have launched one full model change, which was the Venue, one derivative which was the Venue N Line, two facelifts, which were Exter and Verna, exactly as per plans.

Over the next 2 years, we had guided for three full model changes, two new models. We are going exactly as per our plans. I think beyond this, if more opportunities come, we will look at it. But as of now, you can say that we stand heavily committed to whatever we had told.

Binay Singh: Secondly linked to that, any guidance on timing when we can expect these launches during the year? The reason I ask is because when I look at your March volumes on the domestic side and if I just annualize that, not the right way to do, given March is usually a big quarter, but that itself will imply a very healthy 10% plus domestic growth for us in financial year '27. So is it fair to assume that you are basically not building much volumes from these models into your 8% - 10% guidance for now or any timeline you could say is it towards the end of the year or so?

- Tarun Garg:** I think we have given enough guidance on this. I can only say that April volumes were already up 17%. Like I said, the geopolitical situation is very fluid. We still don't know about what will happen in the Iran war. So what we are saying is we are very agile and very flexible. We will see how the opportunities come and the volume from these two models is going to be substantial. So, it is not going to be like very small. It is going to be substantial even in this fiscal.
- Binay Singh:** No, that's clearly exciting year ahead. We will keenly watch. Thanks again for increased disclosures.
- Moderator:** Thank you. We will take our next question from the line of Raghunandhan NL from Nuvama Research. Please go ahead.
- Raghunandhan NL:** Thank you, sir for the opportunity and heartening to see the positive outlook for FY27. With regard to the capex of INR 7,500 crores, can you please indicate the areas and indicate a broad breakdown, if possible?
- K. S. Hariharan:** Out of this INR 7,500 crore, a major part around 45% to 50% would go into the upcoming new products. Around 30% will go into plant-related investments. When I say that, that means some portion will go for the Phase 2 expansion in Pune and there will be some investments for upgradation of the Chennai plant as well. So that is the broader plan as far as capex is concerned.
- Raghunandhan NL:** Thank you, Hari, very helpful. With reference to the one-offs that you mentioned, can you quantify them? Because on a Q-o-Q basis, employee cost, which is up 34%, what should be the sustainable number one should look at there and also that 50-60 basis points within the commodity cost, which is not likely to recur, what does that relate to?
- K. S. Hariharan:** Firstly, on employee cost, if you see on a sequential basis, we have seen increase of nearly INR 100 crores. A large part of this relates to the impact of Labor Code provisions and there is some accounting impact relating to the actuarial provisions also, some assumptions we have revisited.
- We understand that a major part of this is kind of a one-off, should not ideally repeat in the upcoming quarter. And on commodity, the one-off impact relates to vendor compensation for the past period.
- Raghunandhan NL:** Yes, that is very helpful. Just the last one. Almost 90 sales outlets have been added this year. And how has been the focus on the rural side and going forward, how do you target the increase in network? That's all from my end.
- Tarun Garg:** We are going very strong on the network expansion. Like I mentioned in my last call as well, almost 7 out of 10 outlets are coming in the rural areas. The good part is that rural penetration continues to increase. Quarter 1 was 22.6%. It moved to 23.6% in Quarter 2, then in quarter 3 it further improved to 24.1% and in quarter 4, it was at a historic high of 24.7%.
- But the best part is that now the urban has also started growing. So first two quarters, urban was negative. In quarter 3, it became plus 1% and now in quarter 4, plus 7%. So, we believe that going forward, especially post-GST, the opportunities in rural are also very strong, supported by our network and marketing activities including 30-year celebration. We believe our focus will

continue at least for the next couple of years broadly in this ratio of 7:3, 7 outlets in rural versus 3 outlets in urban.

Raghunandhan NI: Thank you, sir. Very helpful. I will fall back to the queue.

Moderator: Thank you. The next question is from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah: Hi, good evening and thank you for taking my questions. My first question is related to clarification on the product launch disclosures. Thank you for those disclosures. You had mentioned in the opening remarks that you expect a substantial volume accretion this year from these 2 new product launches. So, I just want to understand, are they likely to be sort of in timing terms pre-festive season? And also related to the product launch point, now that there will be 2 launches this year, is it fair to assume that the MPV and the off roaders might actually be more in the FY '29, FY '30 launch cycle?

Tarun Garg: I am not commenting, you are not luring me into any further disclosures. As I said, two new nameplates in this fiscal, is what we are sticking to. Both will be SUVs, one will be in the ICE, one will be in the EV. The ICE one will be in the mid- SUV, EV will be in the compact SUV and it will be a dedicated EV and both will have substantial volumes. I don't have anything to add further, and we are sticking strongly to our Investor Day commitments, in terms of launch plan. Thank you.

Chandramouli Muthiah: Understood. The second question is related to margins. Some of the 2-wheeler makers who reported financials and given commentary on commodity costs and have indicated that commodity inflation could be anywhere between 300 to 400 basis points headwinds in the upcoming quarters. So just similar to the margin bridge that you've given, I just want to understand thinking about the factors heading into sort of first half of next fiscal, is that sort of a similar range for the car industry as well to keep in mind as sort of a gross headwind on the commodity front in terms of gross margin for the company?

K. S. Hariharan: It is very difficult to quantify, how much the commodity will increase because it is highly volatile, right now. But in near term, some pressure is expected. I mentioned earlier also, how we are managing this whole situation. Number 1 is through the cost reduction efforts with localization and other activities. Number 2, we have been taking some calibrated price increases also. As you know, whatever price increase, which we did last quarter, and there is one more to come in the month of May as well. So, broadly, these should take care of the profitability. And our strategy is to take a proper balance between volumes and profitability. So, the price increase also is something we need to look at, based on the overall market conditions. Accordingly, we will take a calibrated call on this aspect.

Chandramouli Muthiah: Got it. And last quick follow-up is just on CAFÉ 2. Three quarters back, you did make a disclosure that you had done close to 113 grams per kilometer CO2 in 1Q this year. So just want to understand how you ended FY '26 in terms of CAFÉ 2 and what your targets for FY '27?

Tarun Garg: CAFÉ 2, the target was 117.585 grams. We ended with 114.49 grams. This is minus 3.095 grams. So, we are much better than the target.

This is as per our internal calculation. And like I said, we are very confident about the CAFÉ 3. Of course, this is the draft so far. However, based on the draft and considering our powertrain plan, we are very confident that we are going to meet CAFÉ 3 as well.

Chandramouli Muthiah: All right. Thank you very much and all the best.

Tarun Garg: Thank you.

Moderator: Thank you. The next question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Hi, thanks for taking my question. Just 2 follow-ups. One on the margin, can you talk about the discounts for this quarter and also where we are on the new plant-related costs. I mean there was supposed to be some 30, 40 basis points of impact to come in this quarter. Is it fully reflected or something else that we need to bear in mind?

K. S. Hariharan: On discounts, this quarter, we have reduced our discount substantially. In third quarter, the discount was 2.6% on ASP. Now, in quarter 4, the number had reduced to 1.9%. Regarding Pune cost, we had already indicated earlier, the elements in terms of overhead cost and depreciation have an impact on the margins. As we do more ramp-up of operations, there will be some increase in these cost elements. But at the same time, we are increasing our volumes as well. If you see Venue, which we are producing from Pune plant, already we are seeing strong traction in the domestic market. We are continuously trying to increase the overall production and sales volumes. Even export also, there are several opportunities we are exploring for the new Venue. So, collectively, the increased volumes should help us to absorb all these fixed costs as early as possible, and that should improve the margins as well.

Gunjan Prithyani: I'm just checking from a depreciation perspective. Is that fully reflected in this quarter or there could be more increase that we were expecting to show up in this quarter?

K. S. Hariharan: The major impact was already reflected in third quarter. As I mentioned earlier, whenever we do some ramp-up, there will be some increase in cost elements. However, the volumes should take care of all these increased costs.

Gunjan Prithyani: Okay. Got it. My second question is on CAFÉ norms. Can you share a little bit more about the new EV model that is due for launch this year? You did mention a compact SUV model. But is this a model that sort of comfortably puts us in the CAFÉ compliance? Anything that you can talk us through in terms of what is the EV share within the portfolio that's needed over a 3-year or a 5-year horizon to be compliant with the CAFÉ norms? And is this the model that sort of can be the volume model for us?

Tarun Garg: We have given many disclosures today. Like we said, it is Hyundai's first mass market dedicated EV. It has been designed and made keeping India in mind. It is going to come in this fiscal much before the CAFÉ 3 norms kick-in, and we are expecting it to be in a high-volume segment. That is point number 1. Point number 2, of course, it will be a big booster for us from CAFÉ viewpoint, but CAFÉ is not only about one model and EVs.

We have a very robust and comprehensive plan for CAFÉ. We are very clearly making a disclosure that we are very confident about meeting the CAFÉ 3. At this point, it will be very difficult for me to say anything beyond this. But as we go along during the year, you will see, we will be talking more and more about these new launches, we do not want to tell everything today because we have to build the excitement, keep the excitement running as well.

Gunjan Prithyani: Understood. Just follow up on the profitability, this 11% to 14% range that as this mass EV volume model comes through. Does that have any bearing on the margin in the near term or anything? I mean this is not going to be as profitable as the rest of the portfolio. So how do we think about the ramp-up of this model in context of the overall portfolio margin?

Tarun Garg: When the range of 11% to 14% has been guided, it considers all the new models across all the segments, whether it is EV or petrol or hybrid or diesel or SUV or small car. Trust us, we have done our calculations. But beyond this, to get into model profitability, will be very difficult for us to give more details. But like I said, it is well documented, and we have been very responsible in our margin guidance. That is why you see it's a broad range of 11% to 14% guidance. We are very confident that, we will achieve this.

Gunjan Prithyani: Got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Aryn Pirani from JPMorgan. Please go ahead.

Aryn Pirani: Thanks for the detailed disclosure on the outlook. My first question is on the e-SUV. Just wanted to check. Is this the product which you would be embarking on the cell localization project also in which Hyundai Group as a group has tied up with a local player for cell localization as well. So just wanted to check on that.

Tarun Garg: Like I said, for today, the disclosures have already been made. Please wait for more announcements on this.

Aryn Pirani: Sure. Fair enough. Secondly, just on your point that both these products will be coming in the Chennai plant. So, I just wanted to understand, given that the Pune plant still has a lot of capacity ramp-up to happen and given that as of now, we only know about the Venue, if both of these are going to Chennai, how does the overall utilization and fixed cost absorption work? Because we thought that these maybe coming in from Pune. So just for my understanding, how does the overall level work on fixed cost absorption and utilization?

Tarun Garg: It works beautifully because, frankly speaking, in 2 shifts, Pune plant cannot do much more than the current level of 130,000, 140,000 units. We are trying to do best, like I said, we started with 8,000 per month. We have already moved to 12,000 per month. Pune plant on a 3-shift is about 170,000. So, unless we add a shift to the Pune plant, how much more you can do.

So, Chennai plant provides us a great opportunity because, one very good reason for our strong profitability in past years had been the 90% - 95% capacity utilization in this plant. Now because the Venue had been shifted to Pune, there is a temporary drop in the capacity utilization. Now with these two upcoming models, coming from Chennai, will be very good to improve utilisation at Chennai. Anyway, we are doing very good in Pune, especially in a 2-shift operation. Like

Hari mentioned, we will look at the third shift also in case we feel that the volumes are enough to support the 3-shift operations.

Amyr Pirani: Okay. Just the last question on the PBT bridge. If I look at the quarter-on-quarter, Q4 over Q3, you mentioned that volume and mix was a slight positive. Now given that actually your mix this quarter was significantly adverse because exports were lower as well as I think the SUV mix was lower relatively. So, just want to understand that volume was high enough to offset the mix impact. Is volume a bigger driver than mix?

K. S. Hariharan: Yes. That's the broader understanding. We had better volumes, especially in the domestic market. So that has really helped us on a sequential basis.

Tarun Garg: At the same time, like I mentioned, two new SUVs in this financial year will ensure that, we grow very well in the SUV segment. Additionally, this is an added advantage that all the segments have started growing and really helping the Chennai capacity utilization, even before the new models are kicking in.

Amyr Pirani: Great. Thank you. Thanks for this. I'll come back in the queue. Thank you.

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

Arvind Sharma: Hi, good evening, sir. First would be on the exports guidance at almost 8% to 10% growth. Previously, capacity would have been a constraint, but now that your capacity has increased significantly, what's the underlying basis for 8% to 10% growth? Are you pricing in the current adverse geopolitics? Or is 8% to 10% growth an intended growth on the exports part because that's the overall growth as well?

K. S. Hariharan: If you look at the overall situation, it is quite dynamic. Our Middle East volumes have been impacted in the last quarter, especially in March. So near term, we are looking at some challenges, especially for Middle East. Nonetheless, we are also looking at some alternate options in terms of alternate shipping routes.

These are some of the things which we are evaluating. But as I mentioned earlier also, there are a lot of other options in terms of other markets and the product strategy as well. Collectively these things should help us in achieving this 8% to 10% growth.

Arvind Sharma: Thank you, sir. On these 70,000 incremental capacity expansions in Pune post Phase 2, what is the timeline for this? Will it be FY '30? Considering the current capacity itself is fairly high. So, what is the driving factor behind this significant capacity expansion beyond Phase 2?

Tarun Garg: Phase – 1 of 170,000 units is already done, Phase -2 of 80,000 units will come in 2028, which will bring it to 250,000 units at Pune. Then the balance addition of 70,000 will come in between '28 and '30 which will take Pune Capacity to 320,000. The driving force behind this is the addition of more models. Presently, it is only one model, then the second model and beyond. No more disclosures for today.

Arvind Sharma: Thank you so much, sir. That's all from my side.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand over the conference to the management team for closing comments. Over to you.

Tarun Garg: Thank you.

K. S. Hariharan: Thanks, everyone, for joining the call. We will wind up this meeting now. Thank you so much for your participation.

Moderator: Thank you. On behalf of Hyundai Motor India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: Edited for brevity and inadvertent errors