Hyundai Motor India

Operator: Welcome to the Q2 and H1 FY27 earnings conference call of Hyundai Motor India Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star, then zero, on your touchtone phone. I now hand the conference over to Mr. Vivek Kumar from ICICI Securities. Thank you, and over to you.

Vivek Kumar – ICICI Securities: Thank you. Good evening, everyone, and welcome to the Q2 and H1 FY27 earnings conference call of Hyundai Motor India Limited. From the management team today, we have with us Mr. Tarun Garg, Managing Director and Chief Executive Officer; Mr. {? Wangdo Hur ?}, Chief Financial Officer; Mr. DH Park, Chief Operating Officer; Mr. Mukundan MS, Chief Manufacturing Officer; Mr. Saravanan T, Function Head, Finance; and Mr. KS Hariharan, Head of Investor Relations at Hyundai Motor India Limited. I would like to inform you that the call is being recorded. I would now like to invite Mr. KS Hariharan from Hyundai Motor India Limited. Over to you, sir.

KS Hariharan – Head of Investor Relations: Thank you, Vivek. Good evening, everyone. Welcome to the earnings call for the second quarter and half year of FY27. 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 risks that the company faces. The conference call will begin with our MD and CEO's remarks on performance and outlook, followed by a brief presentation by me on our Q2 numbers, after which we will be happy to receive your questions. Now I am handing over to our MD and CEO, Mr. Tarun Garg. Over to you, sir.

Tarun Garg – MD & CEO: Thank you, Hari. Good afternoon, everyone, and thank you for joining us today. FY27 represents an important chapter in HMIL's journey, marked by several notable milestones: 30 years of successful operations in India, 4 million cumulative exports, and 100,000 vehicles produced at the Pune ramp-up within a short time. As we enter the next phase of our growth, we are encouraged by HMG's strong commitment to India. As emphasized by our Executive Chair at the Pune plant inauguration, India will remain a key focus market for the group for investments in advanced manufacturing, innovation, R&D, and localization. This, coupled with our 30 years of strong legacy, will make the next 30 years epic for Hyundai in India.

Moving on to quarterly business performance, I would like to highlight that, following the production disruption last quarter, we restored operations to normalcy within just 22 days, reflecting our operational agility and resilience. We registered our highest-ever quarterly total sales in the quarter gone by, reflecting strong momentum in sales, even before our new model cycle began with the {? Bayon ?} launch 2 days ago.

Our domestic Q2 FY27 volumes grew by 19%, both quarter-on-quarter and year-on-year, supported by robust customer demand and our strategic on-ground actions. The quarter also witnessed a few notable highlights: the highest-ever rural contribution of 26.6%, the highest-ever CNG sales, with contribution reaching 19.1%, and the highest-ever VAHAN registration for fleet sales.

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As you know, the launch of {? Bayon ?} marks the onset of our golden product cycle. I am happy to share that the response to this product has been extremely encouraging, with strong appreciation for its futuristic design, advanced AI-enabled features, and attractive value proposition.

Moving on to electrification, during the quarter, we witnessed encouraging traction for Creta Electric, which helped double our EV contribution on a sequential basis. Building on this momentum, we are fully geared up for the launch of our dedicated mass-market EV in Q4 FY27. In parallel, we will continue to strengthen the overall EV ecosystem, supported by localization, charging infrastructure, and other customer-centric initiatives. Our aim is to bring our EV penetration closer to industry levels by the next fiscal year. We strongly believe {? Bayon ?} and the upcoming EV will further strengthen our leadership in SUVs and contribute meaningfully to our growth.

Backed by festive demand, incremental capacity from the third-shift operations at Pune, and, of course, 2 new products, we are firmly on track to achieve our full-year growth guidance of 8% to 10% in domestic sales, while also being confident about outpacing the industry in H2 FY27.

On CAFE 3, we welcome the government's progressive framework. We have already committed to increasing the share of eco-friendly powertrains in our portfolio to 50%+ over the next 4 to 5 years. We remain well positioned to comply with CAFE 3 norms while continuing to offer customers a wide range of mobility solutions.

Moving on to exports, despite ongoing geopolitical challenges, we witnessed growth of 4% year-on-year and strong sequential growth of 38% quarter-on-quarter in exports. This growth was witnessed across markets, reflecting healthy underlying demand. On a quarter-on-quarter basis, the Middle East grew by 57%, Africa by 35%, Mexico by 56%, and LATAM by 10%. Looking ahead, the worsening geopolitical situation has impacted our original plans to some extent. However, we are making every effort to minimize the impact. We aim to deliver {? high single-digit ?} growth in H2 exports on a year-on-year basis, supported by our strong products and operational flexibility.

Coming to financial performance, we delivered our highest-ever quarterly revenue, crossing the 20,000 crore rupees milestone. Revenue recorded growth of 19% year-on-year and 27% on a QoQ basis. However, significant commodity headwinds weighed on the quarter's margins. While EBITDA margin declined on a year-on-year basis, the margin improved sequentially, supported by operating leverage, a healthy mix, and our cost-saving efforts.

Looking ahead, cost headwinds continue to pose challenges to profitability. However, an improved business outlook, coupled with prudent pricing and cost-control measures, gives us confidence in a healthy margin trajectory in H2. Our endeavor is to take appropriate measures to achieve the EBITDA margin guidance that we have given you for the full year.

Lastly, I extend my festive greetings and best wishes to everyone. Thank you for your continued trust and support. I now hand over back to Hari.

KS Hariharan - Head of Investor Relations: Thank you, sir. Let me directly get to the sales numbers for the quarter. We achieved total sales of 219,072 units in Q2 FY27, compared to 190,921 units in the corresponding quarter, a growth of 14.7% year-on-year. On a QoQ basis, volumes grew by 23%,

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supported by growth in both domestic and export markets. In domestic, we sold 165,772 units, compared to 139,5 [cut off]

Hari: was Rs.11,962 million as against Rs.15,723 million in the corresponding quarter. PAT margin was 5.7% in Q2 FY27 as against 8.9% in Q2 FY26.

Turning to profitability drivers for the quarter, on a year-on-year basis, we had positive levers such as higher volumes, favorable currency, and price hikes. However, raw material cost inflation was so steep that it impacted the margins.

On a QoQ basis, we were able to deliver profit growth with the support of higher volumes, favorable product and export mix, and cost-saving initiatives, which helped mitigate the raw material cost headwinds.

Our EBITDA grew by 31%, whereas PBT and PAT both grew by 35% on a QoQ basis.

Lastly, I want to conclude the presentation by highlighting that, despite a challenging business environment, we remain firmly anchored to our core fundamentals.

Amidst the competitive market landscape and the absence of new models, we were able to maintain disciplined pricing and also deliver improved ASP, reflecting our continued focus on quality of sales.

Our domestic discounts have come down from 3.2% in Q2 FY26 to 2.9% in Q2 FY27.

Our overall ASP improved by 2% year-on-year.

Our continued focus on strengthening our local supply-chain ecosystem has yielded positive results, with our localization levels further inching up to 84% at the tier-1 level in Q2 FY27.

Looking ahead, we remain committed to disciplined execution and sustainable, quality-led growth.

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

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We will take our first question from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah – Goldman Sachs: Hi, good evening, and thanks for taking my questions. My first question is just around the Bayon. I understand that this is the model that you will possibly start manufacturing at the Chennai plant, where there is some vacant capacity. I just want to understand what sort of capacity you think you will need to allocate to the Bayon. Related to that, on new models, I also wanted to understand the dedicated India EV. Is there any approximate timeline that

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you think the launch is going to follow? Possibly, is it late CY26, or do you think it is an event for the next calendar year?

Tarun: Thank you for your question. Tarun this side. Yes, Bayon and the local EV will both be produced at the Chennai plant, which will help us take Chennai plant capacity utilization to more than 90%. On numbers, if you see, we are doing about 170,000-odd Creta units. We believe Creta and Bayon put together should be looking at 250,000 annual volumes. This is how we are looking at the volumes. Regarding the launch of the EV, it will be early next year, early next year. I mean early next calendar year—January or February 2027. Have I answered your [crosstalk]

Chandramouli Muthiah - Goldman Sachs: [crosstalk] Got it. Got it, that's helpful. My second question is just around the export equations. I think we started the year with a target of achieving between 8% and 9% export volume growth, but the geopolitical situation has changed. More recently, in Saudi Arabia, both in the Red Sea and with some drone incidents at some of the critical airports in the country, there have been issues. Now it looks like you are talking more about growing the business this year than achieving 8% to 9% volume growth. I just want to understand what milestones you need to achieve to get to that sort of number. A lot of your peers have been talking about a lack of availability of ships and vessels. Is there anything that you are able to do to potentially safeguard against that?

Hari: Hi, Chandru, Hari here. Of course, there is no doubt that geopolitical issues continue to create disruptions for operations. Nevertheless, we are pretty confident about our H2 trajectory because H1 was quite challenging for us. In H2, we believe that we should be able to deliver high double-digit growth. So, there are certain levers for us.

Number one is demand itself. Despite this tough geopolitical condition, demand continues to stay intact across markets. That is number one.

Number two is products. We have been seeing very strong traction for all our products across markets. Just to give you some examples, for Venue, if you see the new Venue, we are expecting to at least double the volumes in this calendar year compared to last year. Similarly, for the Exter, we are looking at at least 50% growth compared to last year. For Bayon, as the MD mentioned in his remarks, we are planning to export it in Q4. Going forward, our target is to export to 50-plus countries. I think there are a lot of opportunities here on the product front.

Number three is markets. In H1, we saw very good demand in markets such as Latin America and Mexico. While the Middle East has been facing issues on the logistical front, in the other markets where we have been able to push additional volumes, we are getting positive results. In H2 as well, we are looking at a lot of opportunities in the markets I mentioned. For example, in Mexico, we are looking at a lot of opportunities for the new Venue as well, which we are planning to export.

Finally, on the Middle East, the logistical issues continue. However, we are trying to find a lot of options. We are looking at alternate routes, different ports, and many other things in coordination with our logistics partners. Ultimately, we are trying to do many things to achieve the double-digit growth that we are guiding for H2 as far as exports are concerned. Thank you, Chandru.

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Chandramouli Muthiah – Goldman Sachs: Got it, that's helpful. Just a last follow-up: 170,000 going to 250,000 in the midsize SUV portfolio—that is a domestic business aspiration?

Tarun: Yes, that is domestic. Exports will be over and above that.

Chandramouli Muthiah – Goldman Sachs: Makes sense. Got it. Thank you very much, and all the best.

Tarun: Thank you.

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

Binay Singh – Morgan Stanley: Hi, team. Thanks for the opportunity. Two questions from my side. First, in media interviews, we talked about the Bayon getting 2,000 orders per day, I believe. Is there any update on what your order backlog is there? Linked to that, is there any timeline for the third-generation Creta?

Secondly, on the cost pressure, we noticed that your discounts are slightly up quarter-on-quarter. Do you have any views on how discounts are trending in Q3, and could you also share the incremental commodity pressure in Q3 versus Q2? Thanks.

Tarun: There are many questions. Look, discounts are 2.8% year-on-year as against 3.1% in the same quarter last year. Of course, you know very well, Binay, that seasonality is an important factor. So discounts quarter-on-quarter can sometimes vary, and it is a very marginal thing in any case. Going forward, as you know, Bayon has come in, and the new EV will also be introduced early next quarter. We believe that new models do not have any discount. Despite the festive period or whatever else, we are not projecting a higher average discount than this in H2. I think these 2 new models should help us keep discounts under control.

On raw materials, Hari will explain. The traction for the Bayon is very strong. It is too early to get into booking numbers, backlog, and so on. However, the traction is very strong, and I think 250,000 annual units looks like a conservative target. In fact, I am already telling my teams to look at opportunities to see if we can further increase it. That is where we stand. At the right time, we will also inform you of the numbers for the Bayon. Thank you.

Binay Singh – Morgan Stanley: Right, thanks.

Hari: Binay, again on the raw material front, as we have shown in the presentation, Q2 margins were mainly impacted by this cost headwind. Year-on-year, we saw roughly 400 basis points of commodity impact. Sequentially, the impact was around 250 basis points. We could mitigate the impact to some extent through cost-saving activities such as localization and value engineering, as well as through some price hikes that we have taken so far this calendar year.

We will continue to closely monitor commodity trends. For us, both volumes and margins are important. I would like to reiterate this point. Going forward, we will try to take all the necessary measures to protect both volumes and margins. Thank you.

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Binay Singh – Morgan Stanley: Any number on what the Q3 commodity headwind is tracking at? Are you seeing an incremental commodity headwind? Any comment on that?

Hari: It is difficult to give a clear outlook here because there are 2 things. First, raw materials have been highly volatile, and second, we have been seeing divergent trends as well. For example, for precious metals, we have been seeing a downward trend. On the other hand, copper and plastic have been continuously rising. So, it is very difficult to comment at this point. However, as I mentioned, we will closely monitor the trajectory and the trends, and we will take appropriate measures to protect the margins. Thank you, Binay.

Binay Singh – Morgan Stanley: And, team, regarding the third-generation Creta, is there any timeline?

Tarun: Binay, please have patience. I think we have already announced 2 new models right now, and, of course, it will happen eventually. However, we have still not announced the timeline. Please bear with us. Thank you.

Binay Singh – Morgan Stanley: No, thanks, team, and best wishes for all these upcoming launches.

Tarun: Thank you. Thank you.

Operator: Thank you. In order to ensure that management is able to answer queries from all the participants in the queue, please restrict your questions to 2 at a time. You may join the queue for follow-up questions.

The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh – Nomura: Hi, good evening, sir. Firstly, regarding demand for the festive season, can you share some color on how it has been going? You mentioned that you are looking at double-digit growth for the full year. For H2, for HMI and for the industry, what is the outlook? Which segments are doing well? There have also been some concerns on the rural side. I would appreciate some color on the demand outlook.

Tarun: Kapil, thank you for your question. Demand looks very strong, and in H2 we believe we are on track to achieve 8% to 10% year-on-year growth over last year. On the industry front, it is very difficult to forecast what others are going to do, but probably 5%. As I mentioned earlier, the CAGR is 5%. Now the base effect is neutralized, so there are headwinds and tailwinds. Possibly, we should be back to about 5%-5.5% industry growth, but we are confident of 8% to 10% growth.

On the festive period, as you know, looking only at Navratri is not a fair comparison because last year, from August 15 to September 21, there were hardly any sales. However, HMI was up 31% during Shradh plus Navratri. Ganesh and Onam were also up 75%. So, traction is very strong. Dealers are asking for cars. Vinay asked about the Bayon waiting period, and we are trying to reduce it. Of course, the initial waiting period is between 2 months and 6 months, depending on the variant. So, it looks strong. The good thing in November is that Diwali is on November 8. I think we will have good traction, and December is good anyway. So, possibly, the headwinds should be overtaken by the tailwinds.

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Also, on raw materials, I just want to say that the industry view is that, probably after the midterm elections, raw material prices should come down, which should eliminate the need for a very substantial price increase. Because the way things are, if raw material prices do not come down, then possibly the industry will have to take a very high price increase, which can affect demand. But if raw material prices come down after the US midterm election, I think that need will be eliminated. That should also be a demand driver. Did I miss any other question? Have I answered everything, Kapil?

Kapil Singh – Nomura: Yes, sir. Also, regarding regional color—rural, urban, and anything else...

Tarun: Rural, rural... Yes, yes.

Kapil Singh – Nomura: Yes.

Tarun: Rural remains strong, Kapil. Frankly speaking, the more you read about El Niño in the newspaper, the more tense you become. But when you talk to your dealers or sales consultants, it appears there is no problem. Structurally, India has become much stronger, with stronger networks and road infrastructure. I have already mentioned that 60% of our new network is in rural areas. We shared that rural penetration was the highest in HMIL's history last quarter, at 26.6%. Things are looking very good, and I still believe that rural will continue to outpace urban going forward.

As of now, we do not see a much bigger impact of El Niño on rural demand for cars. I cannot comment on anything else. Thank you. One more thing, Kapil: as you know, we have been mentioning SUV traction even in rural areas. Rural SUV traction is also around 68%–69%, similar to urban areas. I think that is another reason why I am very confident that, with Bayon now coming in, rural traction can continue because of the love for SUVs, even in rural areas. I think that is another tailwind for us. Thank you.

Kapil Singh – Nomura: Sure, sir. That's great to hear. The second question was on the

Operator: Kapil, I request you to rejoin the queue, please.

Kapil Singh – Nomura: Sure, I will come back in the queue.

Operator: Thank you. The next question is from the line of Raghunandan NL from Nuvama Research. Please go ahead.

Raghunandan NL – Nuvama Research: Thank you, sir, for the opportunity. Congratulations on the Bayon launch. My first question is regarding Creta. Domestic volume over the last 12 months was around 193,000. Do you expect the volume to reduce to 170,000 due to cannibalization from Bayon or a model changeover of Creta to the next generation? Or do you think there could be upside risk to your estimate for Creta?

Tarun: The last 12 months will also include the October–November sales of last year, so I do not think that is a very good way to look at it. We have already tentatively indicated that this year we would be somewhere around 170,000. We believe that Creta will be somewhere around 170,000 and Creta plus Bayon should be 250,000. However, please understand that this is only a forecast. It is a forecast of how much exactly will be Creta and how much exactly will be Bayon because this is

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more for capacity-planning purposes.

As I mentioned to Binay, I think 250,000 looks conservative. There is probably an opportunity to grow even more, but I would not like to comment as of now. Let us see how things progress and how the geopolitical situation progresses going forward. We are also going to launch CNG in Bayon in January. I think that will be another tailwind for Bayon. We will see, and by the next quarter we should be in a much better position to tell you how much more we can probably do than 250,000. Thank you.

Raghunandan NL – Nuvama Research: Thank you for that, sir. I hope the numbers exceed your expectation. Regarding Bayon, how do you see its contribution in the export market? What kind of potential do you see there?

Tarun: We have already mentioned that 50 countries have shown interest. About 34 of them are in Latin America, around 14-15 are in the Middle East, and some are in Asia-Pacific. It is very early to say what the contribution would be, but I think Bayon should get very strong traction; that is what we feel.

Since yesterday, I have been receiving a lot of positive feedback from distributors asking when we are going to start the launch. In fact, some of them also joined the launch. Let us see. As I said, in another couple of months we should be able to give you a good picture. As of now, it is very clear that 50 countries are going to take Bayon from India. Thank you.

Raghunandan NL – Nuvama Research: Great, sir.

Operator: Thank you.

Hari: Bayon {? again ?} Bayon again will support us in improving our SUV mix in exports. The SUV mix has already been showing some improvement for us. I think Bayon will provide further support.

Raghunandan NL – Nuvama Research: Noted, Hari. Thank you, and wishing you all the best.

Operator: The next question is from Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani – Bank of America: Hi. Thanks for taking my question. My first question is on the dedicated EV launch that you spoke about for Q4. Can you give us a little more color on what the addressable market will be? You made the point that this should bring our EV penetration closer to the industry mix. Is it fair to say that we are looking at our overall mix also reaching somewhere around 7%-8%, which is where the industry is right now, versus 40, versus currently 2%? I would appreciate some color on how we should think about this model, the market sizing, and how we should look at the volumes there.

Tarun: Yes, you are spot on. Industry contribution this year is about 6%-6.5%. Maybe it will be 7%-7.5% going forward. We believe that with this new EV, we should be touching somewhere around 7%-7.5% in the next fiscal year. That is one point.

Number two, as we mentioned, it is in the less-than-4-meter compact SUV segment, the Venue segment. However, it is not going to be a Venue-derived EV. It is going to be a dedicated EV, a

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ground-up EV that has been designed with India in mind. I think we are very confident about this car.

As I mentioned, we have already achieved a good level of localization in battery packs. We will also have localized the power electronics and ICCU before the launch. I think we will have good positioning for the car, and the way it looks, it looks like a very, very {? posh in it ?}. This is... Have I missed anything? Please go ahead.

Gunjan Prithyani – Bank of America: Sir, just quickly on this, will it be PLI-ready in terms of the localization and thresholds that are typically needed? When you said localization has been done, is that what you are aspiring to achieve right from the beginning?

Tarun: Right. As I mentioned, for Creta, we have already received a provisional PLI-compliant certificate. We are just waiting for the final certificate. For the EV, of course, we will be able to announce it only when the car is ready. Our aim is to make it PLI-compliant, but we will announce it as and when we receive it.

Gunjan Prithyani – Bank of America: Okay. Thank you. My second question—sorry, can I take one question?

Operator: I request you to rejoin the queue, please. Thank you. The next question is from the line of Yash Agarwal from Nirmal Bang. Please go ahead.

Yash Agarwal – Nirmal Bang: Hi, sir. Thank you for the opportunity. My first question is on export volumes. As I am seeing the trend over the last 2-3 years, the SUV contribution to total export volumes has been around 20%. What are our SUV volumes, by contrast? In domestic, it is close to 70%, whereas in exports it is less than 20% and has not gone up over the years.

Tarun: That is a great opportunity for us. You have identified it correctly. As Hari mentioned earlier in response to Vinay's question, 3 things have happened. First is the Exter LSD, which has just been introduced and is receiving strong traction. Then there is the new Venue, which is being exclusively produced at the Pune plant, presenting another opportunity. Then, of course, there is Bayon, which is coming in.

We believe that the SUV contribution will continuously increase. At the same time, contribution is the numerator divided by the denominator. I do not mind at all if both my hatches and sedans, as well as SUVs, grow. The whole idea is to continuously keep growing exports. Every country is looking at exports from India.

If you remember, about 4 years ago, exports used to be 20% of our production. Last fiscal year, we were at 24.5%. We have already announced our intent to reach closer to 30%. I think the greater opportunity or headroom is in the SUV segment. Also, since so many new launches are happening, I think that increases our opportunity. So, yes, you will see this percentage continuously going up as we move forward. Thank you.

Yash Agarwal – Nirmal Bang: Thank you, sir. My second question is about CNG contribution increasing and EVs also being launched in the next 1 or 2 years. How do you see the split among the different powertrains over the next 5 years? How much would be the contribution from EVs,

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hybrids, and CNG versus the petrol and diesel portfolio?

Tarun: It is a very difficult question, but we have already announced that, probably over the next 4 to 5 years, 50% of our portfolio will be green, including CNG, EVs, and hybrids. I would say equal, equal, equal, plus or minus 2% here and there, is what I expect.

This is where I believe things are going. In fact, yesterday I was at a conference where government representatives were also present. They said that probably by 2030, EVs in passenger vehicles should be around 15% to 17%. Some reports said 10%, but the representative said it could be 15% to 16%. We would like to be higher than that. We would like to be higher than that, and that is how we are working on the entire ecosystem.

You would have seen many announcements from us on the charging ecosystem. I have already talked about localization, and, of course, the products as well. I think all these 3 factors combined should help us have EV penetration higher than the industry by 2030. Hybrids will also come, and, of course, we are increasing the CNG portfolio. Equal, equal, equal division among the 3 is what we expect, probably from 2030 to 2032. Thank you.

Yash Agarwal – Nirmal Bang: Okay, sir. That is it from my side.

Operator: Thank you. We will take our next question from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar – UBS Securities: Thanks a lot for the opportunity. My question is to Tarun on the margin front. Tarun, your margin guidance effectively means that your second-half margins will be north of 13%, versus the 9.3% EBITDA that we have had. Could you help us understand what tailwinds you are seeing that will help you reach that margin level despite all the headwinds we are seeing on the macro side? That would be really helpful, sir. That is the first question.

Tarun: We just calculated it. In fact, I think we need not achieve 13%; slightly above 12% would be enough to reach 11% EBITDA. That is point number one, and that is what we are working toward.

There are a lot of positive tailwinds. First, as you know, the Tamil Nadu incentive starts from the last week of September. So, Q3 and Q4 will both have clearly more than 1% from the Tamil Nadu incentive, which helps us with margins. That is number one.

Number two, we mentioned double-digit growth in exports. As you know, export margins are much higher than domestic margins, and that really helps us improve margins.

Number three, as I said, the general consensus is that after the midterm elections, the worst situation may last another 3 months, after which we should see some softening in raw materials. That should help.

Number four, in September, we had a price increase. That will reflect across the entire H2 of next year.

Number five, in January, we always have a price increase. That will again provide traction.

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Number six, Chennai plant utilization, as I mentioned, has gone down to less than 80%. With the 2 new models coming in—the EV as well as the Bayon—Chennai plant utilization will improve, which will help.

Number seven, the Venue third shift has started, which means we will be much closer to the 170,000-unit third-shift operation. This creates an opportunity to leverage fixed costs and increase the margin. I think I have given you enough reasons. Maybe Hari can add anything I have left out. Hari, is that okay?

Hari: Yes, fine. Tarun has already covered most of the points. Of course, I already mentioned the cost-saving activities. Localization continues to increase for us. We showed it in the presentation as well: it was 82% last year, and we are already at 84%. I think these efforts will also continue to support us on the margin front. Thank you, Pramod.

Pramod Kumar – UBS Securities: The second question is on the Bayon. With 50-plus countries, it is probably one of only 2 production hubs for the Bayon globally. I want to understand: normally, when you have such a wide or long list of countries, is it fair to estimate that you should be achieving at least triple-digit units per month per country to justify the costs and investment? I am trying to understand the volume potential of Bayon here.

Given the success of Venue and the kind of numbers you are talking about for Venue ramp-up, is it fair to assume that Bayon could be a big-volume product in the international market as well, and not only domestically? Is that understanding correct?

Tarun: I do not think it is so simple. If we were to achieve triple-digit units per country per month, we might need 2 more plants if Bayon were to perform that well in the export market alone. So, it is not so simple.

At the same time, please understand that we launched the car only 2 days ago. Based on the last 2 years, during which the car was being developed, 50 countries have shown great interest. Over the last 2 days, I have been receiving very good messages from distributors saying that they are very excited about Bayon.

Please have some patience. By the time we finish this quarter, we will have much more clarity on Bayon. It appears that the potential could be high and could really help us increase our SUV penetration further. However, arriving at that number is a little premature at this stage. Thank you.

Pramod Kumar – UBS Securities: No issues. Thanks a lot. Best of luck.

Operator: Thank you. Ladies and gentlemen, to ask a question, please press star and 1 on your phone now. We have a follow-up question from Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani – Bank of America: Hi. Thanks for taking my question again. Just 2 quick questions. First, on the price hikes, can you share what the effective price hike was in September and what has been taken so far this fiscal year? Secondly, can you also refresh us on the export market mix for the first half, given that a lot of new markets have been added and we are seeing faster growth in Latin America? Where does the market mix stand for exports now?

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Management: The price hike in September was 0.4%, {? Gunjan ?}. That is the average.

Gunjan Prithyani – Bank of America: And how much has been taken so far in this fiscal year?

Management: So far, we have taken about 1.4% in this calendar year, since January.

Gunjan Prithyani – Bank of America: Okay, got it.

Management: The second question was about the market mix in exports, right?

Gunjan Prithyani – Bank of America: Yes.

Management: In Q2, the Middle East and Africa put together contributed 52%, followed by Latin America at 26%, and Mexico at 20%.

Gunjan Prithyani – Bank of America: Is it possible to break up the Middle East and Africa? The constant difficulty is that the Middle East is quite large, and I am guessing that Africa has also been growing. Would it be possible to get that split?

Management: Of this 52%, the Middle East is 34% and Africa is 18%.

Gunjan Prithyani – Bank of America: Got it. All right, thank you so much.

Operator: Thank you. Ladies and gentlemen, to ask a question, please press star and 1 on your phone.

We have a question from Basudeb Banerjee from CLSA. Please go ahead.

Basudeb Banerjee – CLSA: Hi, sir. Thanks. A couple of things. I missed whether you said, from a Q3 perspective over Q2, what raw material basket inflation you are seeing now.

Management: We are seeing what we said: this probably should not go up. Some precious metals are going down, while copper is going up. So, net-net, frankly speaking, it should either be flat or perhaps slightly negative on a sequential basis only. Thank you.

Basudeb Banerjee – CLSA: Similar to what other passenger-vehicle makers are saying, what is your view on safeguard-duty-led steel prices moving up? Is the automotive body doing anything or asking the government to address this, given that it is a significant part of your raw material inflation?

Management: Of course, all these issues are being discussed at the SIAM level, and SIAM is discussing them with the government. We respect that process. The impact of the safeguard duty has not been significant so far because we have localized substantially over the last 3 to 4 years, particularly in steel. So, the impact is not very large, and SIAM is discussing the future course of action with the government.

This is a very regular process. Before the budget, the government always takes feedback from SIAM. In fact, I attended a SIAM meeting last week, and the normal consultation process is underway. Thank you.

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Basudeb Banerjee – CLSA: Sure. And lastly, what is the update on the three-wheeler project with TVS?

Management: It is on track. We had the Pune plant inauguration, and we provided an update on it. Everything is on track, and at the right time we will announce the exact timelines for the launch.

In the meantime, as you know, we have conducted concept testing, with some very good results. At the right time, we will announce more about the three-wheeler project, but it is on track and proceeding as planned. Thank you.

Basudeb Banerjee – CLSA: Would it be right to assume that it will be launched sometime in FY28?

Management: Please wait for that. We will make the announcement, so please wait because I do not want to make a premature announcement. Several parties are involved: TVS is involved, and HMC is involved. Therefore, it would not be fair for me to jump the gun. Thank you.

Basudeb Banerjee – CLSA: Sure. Thank you.

Operator: Thank you. We will take that as the last question for today. I now hand the conference over to Mr. Vivek Kumar from ICICI Securities for closing comments. Over to you.

Vivek Kumar – ICICI Securities: Thank you, Yashashvi. We thank all the participants for joining this evening. Thank you for your time, and have a good day.

Operator: Thank you. On behalf of the management of Hyundai Motor India Limited, I thank you all for joining the call. You may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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