Supplier ecosystem and localization

Transforming supply chain excellence into sustainable value

In a year defined by global supply chain volatility and accelerating technological transformation, we strengthened our competitive edge through focused cost optimization, deep localization, supply chain resilience and operational excellence.

Strategic sourcing, value engineering, export incentives and rapid ecosystem development collectively enhanced profitability, reduced import dependency and strengthened long-term manufacturing capabilities. At the same time, we accelerated our transition toward future-ready mobility by localizing advanced technologies, strengthening EV supply chains, embedding cyber security governance and establishing one of the industry's most robust ESG-led supplier ecosystems.

83%

Overall localization at OEM level achieved in FY 26

Strategic procurement

HMIL's procurement strategy is focused on strengthening cost competitiveness, enhancing supply resilience, advancing localization and building a future-ready supplier ecosystem. During FY 26, our Company accelerated localization, expanded value engineering initiatives, improved export profitability, strengthened supplier quality and reinforced ESG and cyber governance across our supply chain.

Deepening localization expanding possibilities

Localization was a key driver of cost competitiveness during the year. Through focused indigenization of high-value components, including AGM batteries, front cameras, fuel delivery pipes and standard fasteners, HMIL reduced import dependency, strengthened supply continuity and mitigated foreign exchange risks.

Steel localization also advanced significantly, with local sourcing increasing by 10.5% through supplier development and sourcing optimization, improving material cost efficiency while maintaining global quality standards. Through these measures, HMIL has already achieved 83% localization at OEM level.

Value Analysis and Value Engineering (VA/VE) initiatives further delivered substantial savings through design optimization, material efficiency and early engineering intervention, demonstrating strong cross-functional collaboration without compromising quality, safety or performance.

₹ 453 Mn

Savings through parts localization

₹ 709 Mn

Savings through Value Engineering

Supplier ecosystem and localization

Exporting excellence. Delivering value

HMIL recorded its highest-ever export incentive realization during FY 26 through stronger process digitization, faster claim settlements, improved documentation controls and proactive engagement with government authorities.

Duty Drawback and RoDTEP incentives supported export profitability while robust compliance processes ensured timely filings and complete adherence to statutory requirements.

₹ 7,426.7 Mn
Highest-ever export incentive realization

Quality reliability built on trusted partnership

HMIL is fortifying supplier capability, quality and operational resilience. Our company maintained the highest number of Qualified Q 5-Star suppliers among Hyundai's overseas manufacturing operations, while focused supplier improvement programs significantly enhanced quality performance across strategic vendors.

Recognizing the growing importance of software-defined vehicles, HMIL also established a dedicated cyber security organization to strengthen governance of Electronic Control Units (ECUs), protect connected vehicle systems and ensure compliance with evolving regulatory requirements.

12
Qualified Q 5-Star suppliers — highest among Hyundai overseas plants

86%
Suppliers rated 4-Star and above

92%
Tier-2 special process vendors achieved SQ Mark certification

Sustainability embedded in every partnership

Sustainability remained integral to HMIL's procurement strategy. During FY 26, our Company's supply chain secured the No. 1 ESG ranking among all Hyundai overseas plants with an assessment score of 85.6%, reflecting significant improvements in governance, supplier capability and ESG oversight.

HMIL also became the first automotive OEM in India to achieve third-party assurance of Scope 1 and Scope 2 greenhouse gas emissions across its entire Tier-1 supplier network, strengthening transparency and supporting long-term decarbonization goals.