



Hyundai Motors India Limited

Hyundai Motors India Ltd.

Issue Opens On
Oct 15, 2024

Issue Closes On
Oct 17, 2024

Price Band (INR)
1,865 – 1,960

Issue Size (INR Mn)
2,65,193 – 2,78,702

Rating
SUBSCRIBE

Hyundai Motors India Ltd., established in 1996, is a key player in the Indian automotive industry and a proud member of the Hyundai Motor Group, the third-largest automotive OEM worldwide. With a diverse portfolio of 13 passenger vehicle models across various segments, including sedans, hatchbacks, SUVs, and electric vehicles, HMIL is committed to delivering high-quality automotive solutions. The company has been India's largest exporter of passenger vehicles since 2005, showcasing its strong international presence. With a focus on innovation and sustainability, HMIL continues to enhance its manufacturing capabilities and expand its market reach, contributing significantly to the growth of the Indian automobile sector.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	142.19
Fresh issue (# shares) (Mn)	NA
Offer for sale (# shares) (Mn)	142.19
Price band (INR)	1,865 – 1,960
Post issue MCAP (INR Mn)	15,15,389 – 15,92,581

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	Thursday, 17 th Oct'24
Finalization of Basis of Allotment with Stock Exchange	On or about 18 th Oct' 24
Initiation of Refunds	On or about 21 st Oct' 24
Credit of Equity Shares to Demat accounts	On or about 21 st Oct' 24
Commencement of Trading of Eq. shares on NSE	On or about 22 nd Oct' 24

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
QIB	7,10,97,350	Max. 1,39,351	Upto 50%
NII	2,13,29,205	Min. 41,805	Not less than 15%
Retail	4,97,68,145	Min. 97,546	Not less than 35%
Net Offer	14,21,94,700	2,78,702	100%

Source: IPO Prospectus

Objects of the Offer	Amount (In Mn)
NA	

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	100%	82%
Others	0%	18%
Total	100%	100%

Source: IPO Prospectus

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	4,73,784	6,03,076	6,98,291
EBITDA	54,861	75,488	91,326
EBITDA Margin (%)	12%	13%	13%
Profit After Tax	29,016	47,093	60,600
PAT Margin (%)	6%	8%	9%
Net Worth	1,68,563	2,00,548	1,06,657
RONW (%)	17%	23%	57%

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Company Overview :

- Hyundai Motors India Ltd. (HMIL) was established in 1996 and is a part of the Hyundai Motor Group, the third-largest auto original equipment manufacturer (OEM) globally based on passenger vehicle sales in CY23.
- HMIL manufactures a wide range of passenger vehicles, including 13 models across segments such as sedans, hatchbacks, SUVs and electric vehicles (EVs). The company also produces key automotive components like transmissions and engines.
- HMIL has been the second-largest auto OEM in India's passenger vehicle market since FY09 and India's largest exporter of passenger vehicles since FY05, exporting to over 85 countries.
- The decline in net worth is primarily due to a significant dividend payout during the year, including a special dividend of ₹107,824.20 million paid to the promoter, Hyundai Motor Company (HMC), in March 2024.
- HMIL's revenue has grown from INR 4,73,784 mn in FY22 to INR INR 6,98,291 mn in FY24, representing a CAGR of 21.32% over this period, driven by strong domestic sales, increased exports, and expanding product offerings across segments.

Products and Services

Hyundai Motors India Ltd. operates across several core segments, each of which contributes to its leadership in the Indian automobile industry.

- Passenger Vehicles:** Hyundai Motors India offers a broad range of passenger vehicles, including sedans, hatchbacks and SUVs, catering to various customer segments. Its product portfolio includes popular models like the Hyundai Creta, Hyundai Verna and Hyundai Venue, known for its design, performance and innovative features.
- Electric Vehicles (EVs):** As part of its focus on sustainability and green technology, Hyundai has entered the Indian EV market with models such as the Hyundai Kona Electric and IONIQ 5. The company is investing heavily in research and development to expand its EV offerings and drive the adoption of electric mobility in India.
- Parts Manufacturing:** Hyundai India also produces essential components such as engines and transmissions, supporting both its own production lines and global manufacturing needs. These components are manufactured with a focus on reliability, efficiency and advanced technology.
- Exports:** Hyundai Motors India has been the largest exporter of passenger vehicles in India since 2005, exporting to more than 85 countries. Its export division is a key pillar of the company's strategy, contributing significantly to overall revenue and strengthening its global presence.
- After-Sales Services:** Hyundai prioritizes customer satisfaction through a robust after-sales service network, featuring 1,561 dealer workshops and authorised service centres across India as of June 30, 2024. The company, supported by its group company Mobis, provides comprehensive parts and accessories for passenger vehicles. Hyundai has digitized the after-sales experience with online service booking, live-streaming and pick-up/drop services. The "Doorstep Service Programme" offers mobile service vans in over 113 cities. Additionally, programs like the "Hyundai Shield of Trust" provide extended warranties and 24/7 roadside assistance, ensuring ongoing support for customers.

Revenue Segmentation

Particulars	FY22		FY23		FY24	
	INR Mn	%	INR Mn	%	INR Mn	%
Domestic	3,73,342	79%	4,61,896	77%	5,42,292	78%
Exports	1,00,442	21%	1,41,180	23%	1,55,998	22%
Total	4,73,784	100%	6,03,076	100%	6,98,291	100%

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Company Overview :

Product Portfolio – Passenger Vehicles

1. Sedans

- Hyundai offers compact, premium and luxury sedans, with compact sedans being the largest contributor. Luxury sedans hold a negligible share, while premium sedans perform moderately well.
- Hyundai's sedan offerings, which include compact, premium and luxury variants, accounted for 12.33% of total domestic sales in FY23. Specifically, compact sedans contributed 8.8% with 50,232 units sold, while premium sedans represented 3.48% of total sales.

2. Hatchbacks

- Compact hatchback sales have steadily declined, showing a shift in consumer demand. Premium hatchbacks maintain stronger market performance despite the overall decline in this segment.
- Hatchbacks constituted 34.5% of total sales in FY2023. Compact hatchbacks sold 19.95% of total units with 113,252 units, while premium hatchbacks accounted for 14.56% with 82,612 units sold.

3. SUVs

- Compact and mid-size SUVs have seen significant growth, reflecting rising consumer interest. Large SUVs, while having a smaller market share, have shown consistent growth over the years.
- The SUV segment has become a dominant force, comprising 53.16% of total sales IN FY23. Within this segment, compact SUVs made up 21% with 120,653 units sold, and mid-size SUVs represented 26.66% with 151,293 units. Large SUVs accounted for 5.24% of total sales, with 29,735 units sold.

Domestic Business

- Hyundai Motors generates over 76% of its total revenue from domestic sales, highlighting its strong presence in the Indian market from FY21 to FY24.
- The company's vehicle sales are divided into Sedans, Hatchbacks, and SUVs, reflecting evolving customer preferences and market trends in India.
- Hyundai continuously adapts its offerings to meet changing demands, particularly focusing on the growing popularity of SUVs, while maintaining its competitive edge in the domestic automobile industry.

Domestic Sales Volume by Passenger Vehicle Segment

Particulars	FY22		FY23		FY24	
	Units Sold	%	Units Sold	%	Units Sold	%
Sedans						
Compact Sedans	35,854	7%	50,232	9%	55,215	9%
Premium Sedans	20,230	4%	19,769	3%	30,017	5%
Luxury Sedans					12	0%
Hatchbacks						
Compact Hatchbacks	1,12,217	23%	1,13,252	20%	70,764	12%
Premium Hatchbacks	62,769	13%	82,612	15%	69,988	11%
SUVS						
Compacts SUVs	1,05,091	22%	1,20,653	21%	2,00,196	33%
Mid-size SUVs	1,18,223	25%	1,51,293	27%	1,63,493	27%
Large SUVs	27,116	6%	29,735	5%	25,036	4%
Total	4,81,500	100%	5,67,546	100%	6,14,721	100%

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Company Overview :

Geographic Reach – Export Business

- Hyundai Motors India has maintained its position as India's second largest exporter of passenger vehicles in India from April 1, 2021 through June 30, 2024, shipping 3.61 Mn vehicles to over 150 countries globally.
- Exports accounted for 22% of Hyundai Motors India's total revenue in FY24, marking a notable increase from 18.79% in FY21, emphasizing the growing role of exports in the company's revenue mix.
- In FY24, Hyundai's exports generated INR 1,56,016 Mn in revenue, out of the total INR 6,98,291 Mn, highlighting the rising importance of global sales within its business model.
- Hyundai Motors India has a diverse export market, with notable contributions from the Middle East and Europe, followed by Latin America and Africa. The combined export revenues from these regions showcase Hyundai's significant international presence and market reach.

Geography Wise Revenue Mix

Particulars	FY22		FY23		FY24	
	INR Mn	%	INR Mn	%	INR Mn	%
India	3,73,320	79%	4,61,867	77%	5,42,275	78%
Africa (1)	29,736	6%	37,336	6%	26,676	4%
Latin America (2)	36,886	8%	55,675	9%	46,496	7%
Middle East and Europe (3)	26,740	6%	38,716	6%	78,268	11%
Others	7,101	2%	9,481	2%	6,575	1%
Total	4,73,784	100%	6,03,076	100%	6,98,291	100%

1. Includes countries in African continent and Madagascar, Mauritius, Seychelles

2. Includes countries in Central and South American Continent and the Caribbeans

3. Includes countries in Middle East Asia region such as Saudi Arabia, UAE, Bahrain, Qatar and Turkey being part of Europe.

4. Includes countries as part of South Asia and Southeast Asia along with Fiji, New Caledonia, among others.

Source: IPO Prospectus, KRChoksey Research

Passenger Vehicles Sales Split - Volume

Particulars	FY22		FY23		FY24	
	Units Sold	%	Units Sold	%	Units Sold	%
Domestic	4,81,500	79%	5,67,546	79%	6,14,721	79%
Export	1,29,260	21%	1,53,019	21%	1,63,155	21%
Total	6,10,760	100.00%	7,20,565	100.00%	7,77,876	100.00%

Source: IPO Prospectus, KRChoksey Research

Average Selling Price

Particulars (in INR)	FY22	FY23	FY24	CAGR FY22 to FY24
Domestic	6,67,767	7,06,516	7,56,408	6%
Export	6,75,744	7,95,517	8,22,405	11%
ASP	6,69,455	7,25,416	7,71,840	7%

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Company Overview :

Competitive Landscape and Market Position

- Hyundai Motors India Limited (HMIL) is the second-largest automobile OEM in India by domestic sales volume since FY 2009.
- HMIL excels in the SUV and sedan segments, with the Hyundai Creta and Verna as flagship models.
- In the mid-size SUV sub-segment, HMIL has been the largest OEM by sales volume from FY19 to 30th June, 2024, with the Creta holding a 38% market share.
- The Hyundai Verna led the premium sedan sub-segment with a 24.7% market share in FY24.
- In 2023, HMIL entered the premium electric vehicle market with the launch of the IONIQ 5, strengthening its competitive edge.
- Export sales contribute significantly to revenue, with higher average selling prices (ASP) than domestic sales, offering a natural hedge against currency fluctuations.
- HMIL's leadership is reinforced by its scale, dealer network, operational efficiencies and strong customer loyalty in the competitive Indian automotive market.

Manufacturing Capabilities

- The plant in Chennai is one of the largest single-location passenger vehicle manufacturing facilities.
- It employs common platform architecture, allowing production of eight models in one facility and six in another, with one model shared across both.
- The plant operates with over 2,000 critical machines and 708 robots, producing 131 vehicles per hour (one vehicle every 30 seconds). Advanced technologies include vision systems for sealer application and a four-layer painting process.
- The facility follows the Global Quality Management System, ensuring product quality from development to after-sales.
- Awards include "Indian Manufacturer of the Year" and "Smart Factory of the Year" by Frost & Sullivan.
- Specialized production areas include Press Shop, Body Shop, Paint Shop, Powertrain Shop and Final Assembly, utilizing advanced tech and robotics.
- Over 1,000 sensors interconnect the shops, generating 20 Bn data points annually for real-time monitoring of 300+ parameters.
- Technological advancements include intelligent timer controllers, 3D scanning robots for quality assurance, and AI-powered cameras for safety monitoring.

Capacity and Capacity Utilization

Plant Location	FY22		FY23		FY24	
	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation	Installed Capacity	Capacity Utilisation
Chennai, Tamil Nadu - Plant 1	3,42,000	85%	3,54,000	99%	3,96,000	103%
Chennai, Tamil Nadu - Plant 2	4,16,000	76%	4,16,000	91%	4,15,000	91%
Total	7,58,000	80%	7,70,000	94%	8,11,000	97%

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Industry Overview:

Global Passenger Vehicle Industry

The global passenger vehicle (PV) industry has experienced significant transformations, driven by technological innovations, shifts in consumer preferences and market dynamics. Passenger vehicle sales rebounded in 2023, growing by 11.3% after stagnation in previous years, surpassing pre-pandemic volumes. Total PV sales reached 65.3 Mn units in 2023, showcasing the resilience of the industry following global supply chain disruptions. The market grew at a modest 0.2% CAGR from 2019 to 2023.

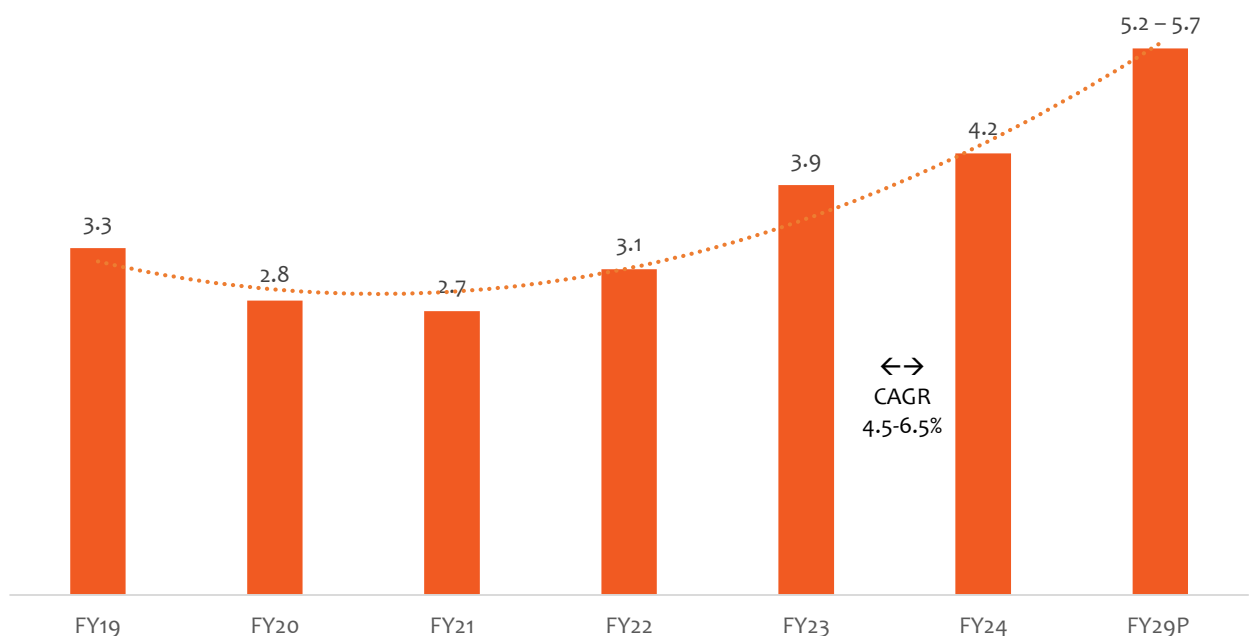
Market Leaders

The global market in 2023 was dominated by major Original Equipment Manufacturers (OEMs) with Toyota Group leading with 11.1 million units, followed by Volkswagen Group (9.2 million) and Hyundai Motor Group (7.3 million). Other prominent players included Renault-Nissan-Mitsubishi and Stellantis

Indian Passenger Vehicle Industry

- Domestic passenger vehicle (PV) sales volume rose at a 5% CAGR despite a contraction of 10% CAGR from Fiscal 2019 to 2021, with sales reaching a historic high of 3.9 million vehicles in Fiscal 2023.
- The contraction in Fiscal 2020 was influenced by a weak economy, the NBFC liquidity crisis, the halting of BS-IV vehicle production, and the COVID-19 pandemic, which collectively led to significant sales pressures.
- Fiscal 2021 experienced continued impacts from the pandemic, including nationwide lockdowns, reduced mobility, and supply chain constraints, leading to a 2.2% year-on-year sales contraction despite improved demand in the second half of the year.
- After two consecutive years of decline, PV sales increased by 13% in Fiscal 2022 due to pent-up demand, improved mobility needs, and an easing supply situation in the second half of the fiscal year.
- In Fiscal 2023, the industry saw 27% year-on-year growth, supported by strong demand for SUVs and new vehicle launches, while Fiscal 2024 continued the growth momentum at an estimated 8.4%, projected to reach 4.2 million units.

Domestic PV Industry Outlook (million units)



Source: IPO Prospectus, KRChoksey Research

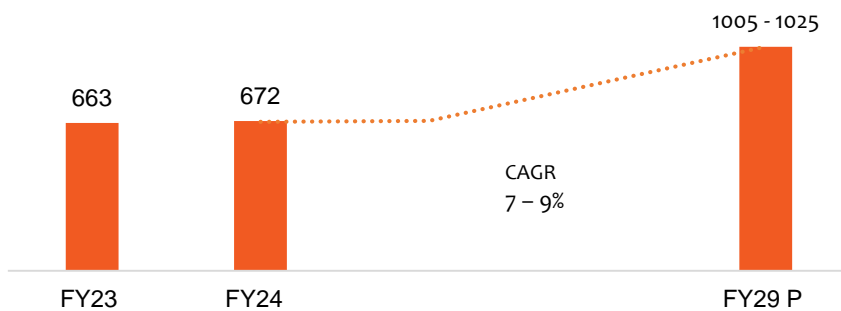
Hyundai Motors India Ltd.

Industry Overview:

PV Exports Outlook

- Major OEMs in India are expanding its production capacities to establish India as an export hub for Africa, the Middle East, and Asia. This initiative is supported by government policies, including the Production-Linked Incentive (PLI) scheme, which offers momentum to domestic OEMs for manufacturing and exporting electric vehicles (EVs). The PLI provides incentives for the entire EV ecosystem, including automobiles, auto components and advanced chemistry cell (ACC) batteries.
- Major OEMs in India have already announced plans to start exporting EVs from India beginning in FY25-FY26. Passenger vehicle exports from India are expected to grow by 3.1% in FY24 and are projected to achieve a CAGR of 7-9% between FY24 and FY29.

Outlook for Exports of PV (amounts in 1000s)

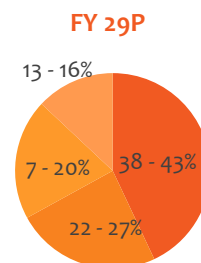
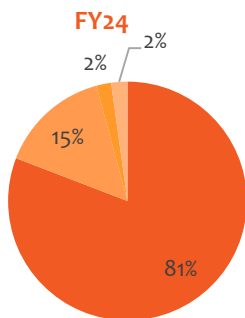


Source: IPO Prospectus, KRChoksey Research

Powertrains in the Passenger Vehicle Industry

- Conventional (Petrol/Diesel):** These vehicles run on internal combustion engines (ICE) powered by petrol or diesel. Though currently dominant, its market share is expected to decline due to tightening emission norms and a shift towards greener alternatives.
- CNG (Compressed Natural Gas):** CNG vehicles use a cleaner-burning fuel than petrol or diesel, offering lower emissions and running costs. While popular in certain markets, its growth is limited by infrastructure constraints.
- Battery Electric Vehicles (BEVs):** Powered entirely by electricity stored in batteries, BEVs have seen rapid adoption due to government incentives and environmental concerns. With advancements in technology and infrastructure, its market share is expected to grow significantly.
- Strong Hybrid Vehicles:** Combining an ICE with an electric motor, strong hybrids offer better fuel efficiency and lower emissions than conventional ICE vehicles. They are seen as a transitional technology, expected to grow in the short term before BEVs take the lead.

Powertrain wise Outlook of the industry



Legend: Conventional Fuels, CNG, BEV, Strong Hybrid

Legend: Conventional Fuels, CNG, BEV, Strong Hybrid

Source: IPO Prospectus, KRChoksey Research

Source: IPO Prospectus, KRChoksey Research

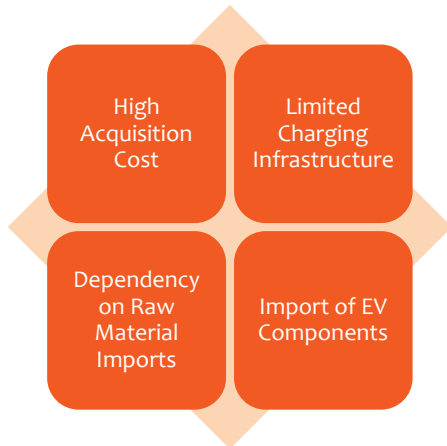
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Industry Overview:

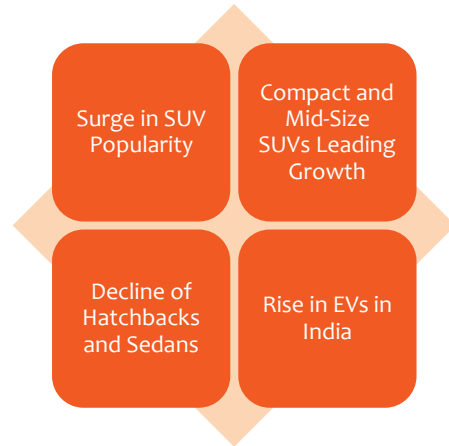
EV passenger vehicles Industry

- Amid rising environmental concerns, electric vehicles (EVs) are gaining significant traction in India, supported by the country's commitment to the Paris Agreement and participation in the EV30@30 campaign, aiming for a 30% sales share of EVs by 2030.
- To accelerate EV adoption, the Indian government is incentivizing consumers through the FAME (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India) subsidy, allocating INR 100 Bn for Phase II, which commenced on April 1, 2019. This includes a subsidy of INR 10,000 per kWh for battery EVs, plug-in hybrids, and strong hybrids for commercial purposes and public transport.
- The EV segment has seen substantial growth, with retail sales increasing at an approximate CAGR of 160% from FY21 to FY24, translating to an EV penetration rate of 2.3% in FY24.
- Competition in the EV market is intensifying, with Tata Motors gaining share through the Nexon, Tiago, Tigor and Punch, but facing challenges from MG and Mahindra & Mahindra in FY24. MG strengthened its position with the ZS EV and Comet EV, while Hyundai secured a 13% market share with the Kona. Mahindra, which lost ground due to discontinued models like the e-Verito, is seeing a rebound with the launch of the XUV400.

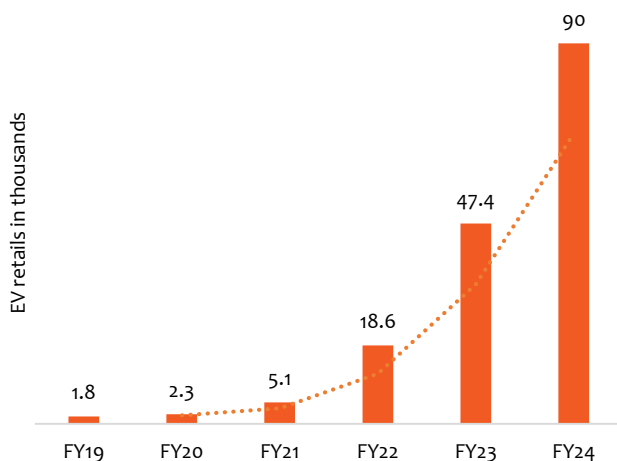
Barriers to EV Adoption in India



Recent Trends in the Passenger Vehicles Industry



EV Unit Retails



Source: IPO Prospectus, KRChoksey Research

Penetration of EV passenger vehicles in India

Year	Penetration
FY19	0.10%
FY20	0.10%
FY21	0.20%
FY22	0.60%
FY23	1.30%
FY24	2.30%

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Strengths:

The second largest auto OEM in India and the largest exporter of passenger vehicles

- Hyundai has been the second-largest OEM in India's passenger vehicle market since FY09, consistently leading in the mid-size SUV segment with a 38% market share for the Creta and 24.7% market share for the Verna in the premium sedan category from FY19 to 30th June, 2024
- As India's largest exporter of passenger vehicles since FY05, Hyundai has exported 3.61 Mn vehicles to over 150 countries, establishing itself as a key production and export hub for emerging markets.
- The export market serves as a significant revenue driver, offering higher average selling prices compared to domestic sales. This strategy also provides a natural hedge against foreign currency risk, allowing Hyundai to maintain sales stability during low domestic demand periods by increasing exports.

Diverse portfolio of passenger vehicles across powertrains and major passenger vehicle segments

- Hyundai's portfolio includes 13 passenger vehicle models across major segments—sedans (Aura, Verna), hatchbacks (Grand i10 NIOS, i20, i20 N Line) and SUVs (Exter, Venue, Creta, Alcazar, Tucson, IONIQ 5)—catering to various customer preferences and accounting for approximately 88% of total passenger vehicle sales in India for FY24.
- The vehicle lineup offers multiple engine fuel options, including petrol, diesel, CNG and EV, alongside various transmission choices (MT, AMT, AT, DCT, iVT), allowing customers to select vehicles that suits the needs and preferences.
- Responding to changing consumer trends, Hyundai has expanded its SUV lineup, reflecting a shift towards higher-priced, feature-loaded vehicles with enhanced space, connectivity and performance, as customers increasingly prefer mid-end to top-end models over budget-friendly options.

Innovative Market Adaptation and R&D Capabilities

- Hyundai leverages its global network and in-depth market research to identify emerging trends and customer aspirations, positioning itself as a front-runner in introducing innovative passenger vehicles and technologies tailored for the Indian market.
- The Hyderabad R&D center, in collaboration with HMC's hub in Korea, is being expanded to focus on global compact passenger vehicle R&D. This center supports local customization, exemplified by the Bluelink™ voice recognition system, which understands Hinglish commands and includes features like offline voice support and telematics.
- Prior to launching new models, Hyundai conducts pre-market tests with target audiences to gather feedback, which informs product customization. Continuous improvements are made post-launch based on customer insights, leading to timely upgrades and model changes, with eight upgrades launched within 15 months from January 2023 to March 2024.

Comprehensive Pan-India Sales and After-Sales Network

- As of June 30, 2024, Hyundai operates 1,377 sales outlets across 1,036 cities and towns in India and 1,561 service centres across India across 957 cities and towns in India. This marks significant growth n from 1,282 sales outlets across 974 cities and towns in India and 1,422 service centres across 905 cities and towns in India as of March 31, 2022.
- Hyundai boasts the second-largest sales and service network in India, enhancing customer accessibility and support.
- To improve after-sales service, Hyundai has launched several programs, including the "Doorstep Service Programme" in 2020, which uses mobile service vans to reach customers in rural areas and emerging cities. As of March 31, 2024, these vans have served customers in 109 cities. Additionally, the "Hyundai Shield of Trust" maintenance program offers coverage for wear and tear parts, further enhancing customer service and satisfaction.

Hyundai Motors India Ltd.

Strengths:

Digitization across the value chain

- Hyundai has digitized customer and dealer interactions through the “myHyundai” app and website, allowing customers to engage throughout the vehicle purchase journey. This includes browsing new and pre-owned vehicles, scheduling test drives and accessing after-sales services, creating a comprehensive 360-degree customer experience.
- The Global Dealer Management System (GDMS) and the “H-Smart” app empower dealers by streamlining their operations. These platforms facilitate daily activities such as sales management, inventory tracking and customer interaction, enhancing efficiency and productivity for dealers across India.
- Hyundai has launched a hyperlocal digital marketing self-help platform to boost dealer sales. This, combined with the VAATZ system for suppliers to manage orders and schedules, demonstrates Hyundai’s commitment to leveraging technology for operational excellence and sales enhancement in the Indian market.

Flexible and Automated Manufacturing Capabilities

- The Chennai Manufacturing Plant is among India's largest single-location passenger vehicle manufacturing facilities, capable of producing eight different models in one plant and six in another, thanks to a common platform architecture. This allows for parallel production of selected models based on market demand, lowering product development costs and streamlining the manufacturing process.
- The Chennai plant operates highly automated systems with over 2,000 connected machines and 743 robots, producing 131 passenger vehicles per hour. This level of automation enables a rapid production cycle, achieving a vehicle production rate of one unit every 30 seconds, which enhances overall operational efficiency.
- Hyundai's manufacturing operations adhere to HMC's Global Quality Management System, ensuring rigorous quality checks at every stage—from development to after-sales service. The company has received multiple awards for its manufacturing excellence, including the “Indian Manufacturer of the Year” and the “Smart Factory of the Year,” reflecting its commitment to high-quality standards and innovation in manufacturing processes.

Experienced Management Team

- The management team, led by key executives such as Managing Director Unsoo Kim and Chief Operating Officer Tarun Garg, possesses extensive industry experience and expertise. This leadership is complemented by a Board of Directors with a mix of Indian and Korean representatives, ensuring high corporate governance standards aligned with Hyundai Motor Company's principles.
- The management team's emphasis on premiumisation and operational efficiency has driven a strategically aligned sales mix between domestic and international markets. This strategic focus supports the diverse passenger vehicle portfolio and enhances the company's overall financial performance.

Strategies:

Expanding the Passenger Vehicle Portfolio

- Hyundai is committed to ongoing research and development, focusing on the launch of new passenger vehicles that cater to a broad spectrum of consumer preferences, from affordable to premium segments.
- By identifying and addressing emerging global trends, Hyundai aims to enhance the technology, design and quality of its vehicles, ensuring they meet customer demands from both price and value perspectives.
- The company is exploring alternative fuel strategies, including hydrogen energy, through partnerships with institutions like the Indian Institute of Technology Madras, to develop cost-effective green hydrogen ecosystems.

Hyundai Motors India Ltd.

Strategies:

Focus on Premiumisation

- Hyundai's premiumisation strategy involves emphasizing higher trims of vehicles, resulting in an increasing share of domestic sales from models priced over INR 1 Mn.
- The company is adapting to a growing base of younger consumers who prioritize design, safety and advanced features over price, thereby shifting towards SUVs and mid-to-high-range variants.
- Hyundai consistently achieves SUV sales that surpass industry averages, with significant contributions from its SUV models in total passenger vehicle sales, reinforcing its competitive position.

Calibrated Manufacturing Capacity Expansion

- The Chennai Manufacturing Plant will serve as a central hub to produce electric vehicles (EVs) and SUVs, aligning capacity with market demand and enhancing operational efficiency.
- The Talegaon Manufacturing Plant, set to start by FY26, will expand production capacity and improve economies of scale. Spanning 300 acres, the facility is expected to be completed in the second half of FY26, with a capacity of 170,000 to 250,000 units.
- Hyundai aims to deepen its localized supplier network, particularly at the Talegaon facility, to enhance operational efficiency and capitalize on local sourcing advantages.

Increasing EV Market Share

- Hyundai plans to launch high-end EV models and progressively transition to mass-market offerings as the EV ecosystem in India matures.
- The company is focusing on establishing local production capabilities for key EV components to enhance price competitiveness and reduce import costs.
- Hyundai is actively investing in EV infrastructure by installing fast-charging stations and collaborating with government entities to bolster the EV ecosystem across India.

Strengthening Export Capabilities

- Hyundai aims to position itself as HMC's largest foreign production base in Asia, targeting exports to emerging markets like South Asia, Latin America and Africa.
- The company has initiated partnerships in countries like Nepal, setting up local assembly lines to leverage regional incentives and boost export potential.
- Hyundai plans to serve as a global supplier of competitively priced passenger vehicles, ensuring quality while optimizing production costs.

Enhancing Brand Trust and Customer Reach

- Hyundai invests in marketing initiatives that resonate with Indian consumers, leveraging digital media, sponsorships, and celebrity endorsements to build brand trust.
- The company plans to expand its reach into tier-2 and tier-3 towns by partnering with dealers for outreach events to showcase its vehicle portfolio.
- Programs like "Samarth by Hyundai" aim to make vehicles accessible to diverse customer segments, enhancing the brand's image as a trusted name in the Indian market.

Hyundai Motors India Ltd.

Strategies:

Deepening Physical and Digital Sales Networks

- Hyundai is focused on increasing its dealer presence across rural areas by collaborating with existing dealers and onboarding new partners to enhance service coverage.
- The company encourages dealers to adopt sustainable practices, such as installing solar panels and offering eco-friendly vehicle cleaning options, aligning with global sustainability trends.
- Hyundai is enhancing allied businesses like pre-owned vehicle sales, conducting benchmarking studies, and sharing best practices to boost operational efficiency and dealer opportunities.

Risks:

- Rising prices of essential parts and materials could negatively impact business operations and results.
- Kia Corporation and Kia India Private Limited operate in a similar sector, which may lead to conflicts of interest that could negatively impact operations.
- The company depends on Mobis India Limited, a Hyundai Mobis subsidiary, for spare parts and modular components, making up 17.91% of total supplies as of June 30, 2024. Failures in delivery could harm the business, and dealings with other HMC Group Companies might create conflicts of interest.
- The company relies on HMC, its Promoter, for operations, including parts (like engines and transmission assemblies) and research and development. Any negative shift in the relationship with HMC or the Hyundai Motor Group could adversely affect its business, reputation, financial condition, and operational results.

Outlook and Valuation:

Hyundai Motors India Ltd. (HMIL), a prominent subsidiary of the Hyundai Motor Group, ranks as the third-largest global OEM by passenger vehicle sales in 2023. Founded in 1996, HMIL's extensive portfolio includes 13 models across sedans, hatchbacks, SUVs and electric vehicles (EVs), effectively addressing diverse consumer preferences. As the second-largest OEM in India, HMIL holds a commanding position in the SUV segment, with flagship models like the Creta and Verna driving sales. The company's Chennai manufacturing facility is one of India's largest, leveraging advanced automation and quality management systems to optimize production efficiency. HMIL has demonstrated robust financial performance, with revenue increasing from INR 473,784 million in FY22 to INR 698,291 million in FY24, reflecting a strong CAGR of 21.4%, alongside a PAT CAGR of 44.5%, rising from INR 29,016 million to INR 60,600 million between FY22 and FY24, despite a notable dividend payout. The company has reported ROE and ROCE of 57% and 63%, respectively, which are higher than its peers. Moving forward, HMIL is strategically positioned to expand its vehicle offerings, enhance its EV capabilities, and invest in localized production, ensuring sustained growth and competitiveness in the evolving automotive landscape. The company is reasonably valued at a PE multiple of 26x based on its FY24 adjusted EPS and high revenue growth. We recommend a **"SUBSCRIBE"** rating for Hyundai Motors, reflecting its strong business model and strategic initiatives designed to support sustained long-term growth.

Hyundai Motors India Ltd.

Peer Comparison:

Particulars	Hyundai Motor India Limited	Maruti Suzuki India Limited	Tata Motors Limited	Mahindra & Mahindra Limited
Market Cap	15,92,581	40,25,780	34,81,930	39,60,830
Revenue from operations	6,98,291	14,18,582	43,79,278	13,82,793
EBITDA	91,326	1,85,263	6,27,980	2,48,929
EBITDA Margin (%)	13%	13%	14%	18%
PAT	60,600	1,34,882	3,18,068	1,22,698
PAT Margin	9%	9%	7%	9%
ROE (%)	57%	17%	49%	18%
ROCE (%)	63%	22%	20%	14%
EPS	74.58*	473	102	88.8
PE ratio	26.3	27.3	10.2	35.9
RONW (%)	57%	16%	37%	17%
EV/EBITDA	16.5	16.3	5.95	17.1
Price to Book Value	14.9	4.7	3.69	6.04

*Based on Adj EPS

Source: IPO Prospectus, KRChoksey Research

Sales and Service Touchpoints

OEM	Sales Outlets	Service Outlets	Total
Maruti Suzuki	3,480	4,960	8,440
Hyundai Motor India	1,360	1,540	2,900
Tata Motors	1,450	1,000	2,450
Mahindra & Mahindra	1,280	1,020	2,300
Kia Motors India	520		520
Toyota Kirloskar Motor	615		615
Honda Cars India	400		400
SkodaAuto India	260		260
MG Motor India	380		380
Renault India	430	490	920
Volkswagen India	210	140	350
Nissan Motor India	270		270

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

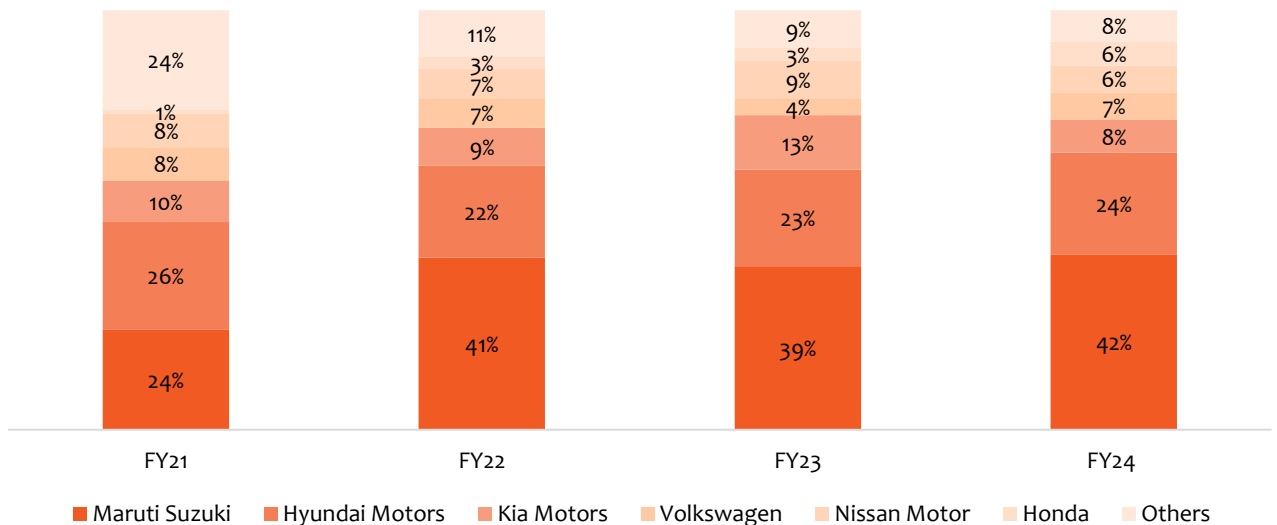
Peer Comparison:

Domestic sales volumes and market share for select OEMs

Particulars	FY22		FY23		FY24	
	Vol.	%	Vol.	%	Vol.	%
Maruti Suzuki	1,332	43%	1,607	41%	1,761	42%
Hatchbacks	788	68%	946	71%	806	69%
Sedans	145	46%	164	40%	175	46%
SUVs	135	11%	201	12%	443	21%
MPVs + Vans	265	78%	296	69%	337	67%
Hyundai Motor India	482	16%	568	15%	615	15%
Hatchbacks	175	15%	196	15%	141	12%
Sedans	56	18%	70	17%	85	22%
SUVs	251	20%	302	18%	389	18%
Tata Motors	370	12%	539	14%	571	14%
Hatchbacks	120	10%	135	10%	156	13%
Sedans	24	8%	46	11%	27	7%
SUVs	226	18%	357	21%	388	18%
Mahindra & Mahindra	224	7%	357	9%	460	11%
SUVs	222	18%	355	21%	459	21%
MPVs + Vans	2	1%	2	1%	1	0%
Industry	3,064	100%	3,882	100%	4,207	100%
Hatchbacks	1,152	100%	1,340	100%	1,166	100%
Sedans	314	100%	408	100%	383	100%
SUVs	1,261	100%	1,706	100%	2,153	100%
MPVs + Vans	338	100%	429	100%	505	100%

Source: IPO Prospectus, KRChoksey Research

COEM wise exports share by volume



Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

Financials:

Income Statement (INR Mn)	FY22	FY23	FY24
Revenue	4,73,784	6,03,076	6,98,291
Operating Expenditure	4,18,923	5,27,588	6,06,964
EBITDA	54,861	75,488	91,326
EBITDA Margin %	12%	13%	13%
Other Income	5,876	11,291	14,733
Depreciation	21,696	21,899	22,079
Interest	1,319	1,424	1,581
PBT	37,722	63,456	82,399
Tax	8,706	16,363	21,798
Profit after Tax	29,016	47,093	60,600
PAT Margin (%)	6%	8%	9%
Adjusted EPS	36	58	75

Cash Flow (INR Mn)	FY22	FY23	FY24
CFFO	51,384	65,643	92,520
CFFI	-9,053	-14,116	-1,00,905
CFFF	-16,620	-15,792	-1,59,301
Net Increase/(Decrease) in Cash	25,711	35,734	-1,67,686
Cash at beginning	1,15,676	1,41,388	1,77,411
Cash at end	1,41,388	1,77,411	9,732

Balance sheet (INR Mn)	FY22	FY23	FY24
Assets			
Non-Current Assets			
Property, plant and equipment	62,291	57,656	67,136
Other non-current assets	20,492	34,457	35,116
Current Assets			
Inventories	28,811	34,224	33,156
Trade receivables	21,824	28,972	25,100
Cash and cash equivalents	1,41,388	1,77,411	9,732
Other current assets	8,775	13,012	93,252
Total Assets	2,83,581	3,45,733	2,63,492
Equity & Liabilities			
Equity share capital	8,125	8,125	8,125
Other equity	1,60,437	1,92,423	98,531
Total Equity	1,68,563	2,00,548	1,06,657
Non -Current liabilities			
Financial liabilities	7,975	7,333	6,786
Other non-current liabilities	15,121	17,797	20,078
Current liabilities			
Financial liabilities	3,802	4,561	7,307
Trade payables	54,054	74,408	74,931
Other current liabilities	34,066	41,086	47,735
Total Equity and Liabilities	2,83,581	3,45,733	2,63,492

Source: IPO Prospectus, KRChoksey Research

Hyundai Motors India Ltd.

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