

HYUNDAI MOTOR INDIA SUBSCRIBE

India's 2nd largest player in the PV segment

Summary

HMIL, the second-largest player in the Indian PV market with a 15-18% market share, plans to invest Rs 200 Bn over the next decade to boost production and increase battery capacity to 75,000 units annually by FY25. With a production capacity of 824,000 units, HMIL operates through 364 dealers and 1,377 sales points in India, it has the highest dealer satisfaction score at 852. The company also exports to Latin America, Africa, and the Middle East, positioning itself well to capitalize on premiumisation and EV demand trends.

Key Investment Rationale

- Premiumisation and Market Adaptation: With its SUV focused portfolio, HMIL is looking to continue encashing on the changing consumer preferences like more connectivity options, bigger vehicles, safety, etc. which should help in market share improvement and higher realisation (7-8% CAGR over FY19-FY23), and grow ahead of the industry going ahead. HMIL plans to focus on both domestic and exports market with its comprehensive product portfolio, new product launches, leveraging local manufacturing and focusing on cleaner fuel technologies.
- Strong parentage to benefit in evolving landscape: Backed by Hyundai Motor Group, the company benefits from significant R&D investment and strong brand recognition by the parent company. This helps the company in identifying emerging market trends and customer needs through its global network. HMIL has access to latest manufacturing technology like smart factory platform for flexible vehicle customization through automated processes through Hyundai Autoever and multiple digital platforms. With huge investments required for EV development, strong parentage will help HMIL to remain ahead of the curve in the domestic market.

Issuer	HYUNDAI MOTOR INDIA LIMITED
Transaction Type	Offer for sale aggregating upto Rs 278.7 Bn
Issue Open / Close	15-October-2024 / 17- October -2024
Type of Offering	Offer for Sale
Total Offer Size	Rs. 265,193-278,702 Mn
Price Band	Rs.1,865-1,960/Sh
Bid Lot	7 Equity Shares and in multiples thereafter
Percentage of Offer Size (Allocation)	<ul style="list-style-type: none"> • QIB: 50%; • NII: 15%; • Retail: 35%;
Objective	The issue is a pure offer for sale and Hyundai motor, Korea will be the sole recipient

Share holding pattern (%)

	Pre-Issue	Post-Issue
Promoter	100.00	82.50
Public	-	17.5
Total	100.00	100.00

Financial Snapshot

(Rs mn)	FY22	FY23	FY24	1Q-FY25*
Revenue	473,784	603,076	698,291	173,442
EBITDA	54,861	75,488	91,326	23,403
EBITDA Margin(%)	11.6	12.5	13.1	13.5
Adj.PAT	29,016	47,093	60,600	14,897
EPS (Rs)	35.7	58.0	74.6	18.3
P/E (x)**	54.9	33.8	26.3	NA
RoCE (%)	20.4	28.7	62.9	13.7
RoE (%)	17.2	23.5	56.8	12.3

Source: RHP, Company Note: *-Non-annualized numbers ** -At higher price band

Rishabh Rathod

rishabh.rathod@idbicapital.com
+91-22-4069 1841

About the company

Hyundai Motor India Limited (HMIL), a wholly owned subsidiary of Hyundai Motor Company (HMC), is dedicated to providing sustainable and innovative mobility solutions. It has an extensive network of 1,366 sales points and 1,550 service points across India, HMIL offers a diverse range of vehicles, including popular models such as the Grand i10 NIOS, i20, VENUE, CRETA, and the all-electric IONIQ 5. Its state-of-the-art manufacturing facility in Chennai not only produces a comprehensive line-up of vehicles but also serves as a key export hub for markets in Africa, the Middle East, and neighbouring regions.

Since its establishment in 1998, HMIL has sold nearly 12mn vehicles, positioning itself as the second-largest automotive OEM in India since FY2009. Its competitive advantages include a wide product range, a strong brand reputation, and a strategic focus on expanding EV offerings. As of CY23, HMIL significantly contributed to HMC's global sales, increasing its share from 15.48% in CY18 to 18.19%.

HMIL's commitment to innovation is demonstrated through key milestones, including the introduction of the unique Santro design, pioneering CRDi diesel engine technology, and the launch of India's first long-range electric vehicle (EV), the Kona. The company prioritizes safety, as evidenced by the Verna achieving a 5-star Global NCAP rating in 2023, reflecting its "safety-for-all" initiative.

Exhibit 1: Operational metrics for HMIL (units unless otherwise specified)

Particulars	3M ended June2023	3M ended June2023	3M ended June2023	3M ended June2023
Total passenger vehicle sales volume	192,055	192,055	192,055	192,055
Domestic sales	149,455	149,455	149,455	149,455
Exports	42,600	42,600	42,600	42,600
Sales and service Outlets				
Sales outlets	1,377	1,377	1,377	1,377
Service outlets	1,561	1,561	1,561	1,561

Source: HMIL RHP, IDBI Capital Research

Exhibit 2: Domestic sales by powertrain for HMIL

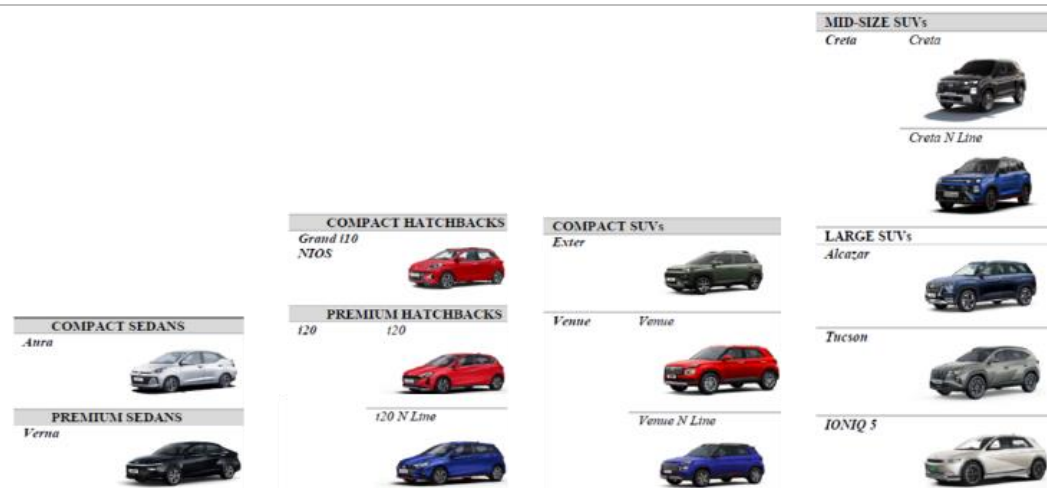
Particulars	3M ended June2023	FY24	FY23	FY22
Domestic sales volume by powertrain				
ICE (without CNG)	132,338	542,234	506,249	437,637
CNG	17,000	70,367	60,322	43,732
EV	117	2120	975	131
Eco-friendly passenger vehicle (CNG passenger vehicles and EVs)	11.5%	11.8%	10.8%	9.1%

Source: HMIL RHP, IDBI Capital Research

■ **Corporate structure and royalty agreement**

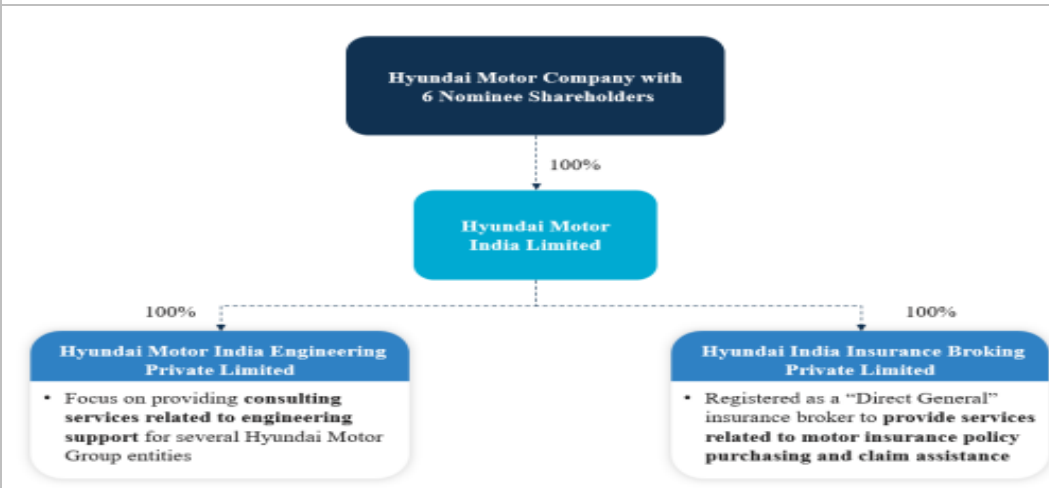
As of March 31, 2024, the Company operates as a wholly-owned subsidiary of HMC, which offers a diverse portfolio of over 40 vehicle models, including passenger cars and commercial EVs sold globally. The Royalty Agreement with HMC grants the Company a non-exclusive right to manufacture and sell PVs in India, requiring a quarterly royalty payment of 3.5% of sales revenue. HMC provides critical support, including access to machinery and technical information, while prior approval is needed for any vehicle exports. The agreement may be terminated by HMC for reasons such as failure to remit royalty payments.

Exhibit 3: Product portfolio



Source: HMIL RHP, IDBI Capital Research

Exhibit 4: Corporate structure



Source: HMIL RHP, IDBI Capital Research

■ **Manufacturing capabilities**

The Chennai Manufacturing Plant consists of two fully integrated facilities, operational since 1997 (plant 1) and 2008 (plant 2), capable of producing 13 passenger vehicle models. It has two engine shops, two transmission shops, and one aluminium foundry, with part of the facility leased to Mobis for EV battery production. Recently, the Company acquired the Talegaon Manufacturing Plant from General Motors India, which is currently under redevelopment. Once fully operational, the combined capacity of the plants

will be 1,047,000 units per year. The Talegaon facility, spreads across ~300 acres, which has integrated passenger vehicle and engine manufacturing. Operations are expected to begin in phases, with the first phase starting in the second half of Fiscal 2026.

Exhibit 5: Capacities utilization of Hyundai India

Plant	3M ended Jun-2024			2024			2023			2022		
	Installed capacity	Production volume	Capacity utilisation (%)	Installed capacity	Production volume	Capacity utilisation (%)	Installed capacity	Production volume	Capacity utilisation (%)	Installed capacity	Production volume	Capacity utilisation (%)
Chennai Plant #1	97,000	98,250	101.29	396,000	408,150	103.07	354,000	350,342	98.97	342,000	289,308	84.59
Chennai Plant #2	98,000	85,150	86.89	415,000	379,350	91.41	416,000	376,958	90.61	416,000	316,792	76.15
Total installed capacity	195,000	183,400	94.05%	811,000	787,500	9710.00%	770,000	727,300	94.45	758,000	606,100	79.96

Source: Independent Chartered Engineer IDBI Capital Research; Notes: (1) calculations assume 293 working days at 21.92 working hours per day for Fiscals 2021, 2022 and 2023, and calculations assume 219 working days at 21.92 working hours per day for the nine months ended December 31, 2023; (2) production volume divided by installed capacity; (3) the annual installed capacity is 824,000 units as on March 31, 2024.

■ Business model

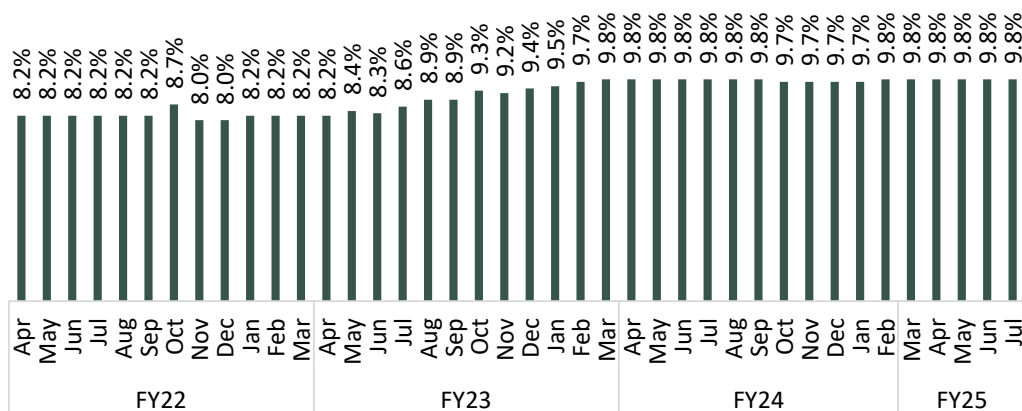
- Strong parentage:** It's a part of the Hyundai Motor Group, the third-largest auto OEM globally. It provides robust support in management, R&D, design, and manufacturing. HMC's investment of Rs. 1,875.03bn in global R&D from CY2014 to Jun 30,2024 enables timely identification and response to customer preferences in India. Its centralized R&D hub and advanced manufacturing facilities improve operational efficiency and product quality. The Hyundai brand value grew by 18% to Rs. 1,695.57bn in 2023, strengthening its market presence.
- Advanced technology:** The company integrates technology across its operations, focusing on product design, manufacturing, and customer engagement. As part of HMC, it accesses global automotive trends and innovations like smart factory platform for flexible vehicle customization through automated processes through Hyundai Autoever, HMC's technology arm. It has also launched digital platforms like the "myHyundai" app for customers and the "H-Smart" app for dealers to enhance the sales network.

- **Localization:** Focusing on local sourcing enhances profitability and operational efficiency. Approximately 93% of parts are sourced from suppliers near the Chennai facility, supporting a “Just in Time” manufacturing approach that reduces costs and inventory needs.
- **Strong brand recognition:** The company has established the Hyundai brand as a trusted name in India, supported by over 50 awards in FY24, including multiple Indian Car of the Year accolades. It employs innovative marketing strategies and celebrity endorsements to connect with diverse customer segments, particularly the youth. The brand emphasizes customer satisfaction across all aspects of vehicle ownership, from purchase to after-sale services.
- **Prioritizes long-term relationships with stakeholders:**
 - **Customers:** The company has an extensive service network, of 1,377 sales outlets and 1,561 service centers, ensuring high customer satisfaction. Net promoter scores for passenger sales was 97% and for services it was 92% for the CY2023.
 - **Dealers:** The company aims to develop long-term relationships with 364 dealer partners by offering showroom expansion opportunities, continuous training, and performance incentives, resulting in increased average sales from 1,415 vehicles in CY2021 to 1,659 in CY2023. In the 2023 India Dealer Satisfaction Study, it achieved a score of 834, the highest among mass market PV OEMs, compared to the industry average of 785.
 - **Suppliers:** Outside Korea, India has the largest supply chain for Hyundai Motor Group, consisting of 194 tier-1 and 1,083 tier-2 suppliers as of Jun 30, 2024, with rigorous onboarding processes to ensure high-quality standards.

Industry outlook

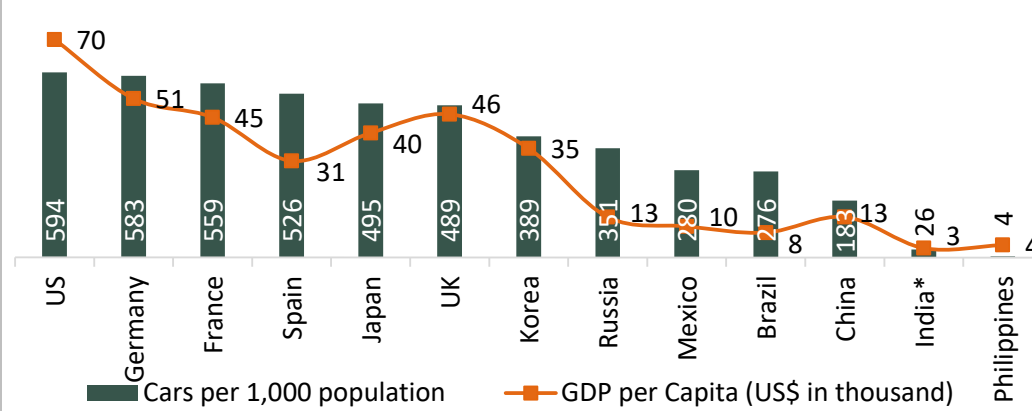
- **Global PV car sales:** In CY23, global PV sales grew by 11.3% to 65.3mn units, surpassing pre-COVID levels, as supply chain challenges eased. The Indian PV market experienced robust growth at 15.4%, outpacing the global market's 6.8% CAGR from CY21 to CY23. The top three manufacturers were Toyota Group with 11.1mn units, Volkswagen Group with 9.2mn, and Hyundai Motor Group with 7.3mn units.
- **Key factors impacting demand in India's automotive industry:** Fluctuations in crude oil prices and exchange rates, along with monsoon effects on agriculture and consumer spending, significantly impact automotive demand and affordability.
 - **Auto loan interest rate:** The rise in repo rates has led to nearly 10% interest rates in the PV segment, making auto loans more expensive and negatively impacting customer purchasing decisions.
 - **Per capita income and vehicle ownership:** Per capita income in India is projected to grow by 6.8% in FY24, while according to IMF estimates, India's per capita income is expected to grow at 8.8% from 2023 to 2028. With the rise in per capita income spending on discretionary items like consumer durables and automobiles is expected to rise, boosting demand for these goods.

Exhibit 6: Average auto loan interest rates provided by banks



Source: Industry, CRISIL MI&A, IDBI Capital Research

Exhibit 7: Car penetration by country, CY2021.



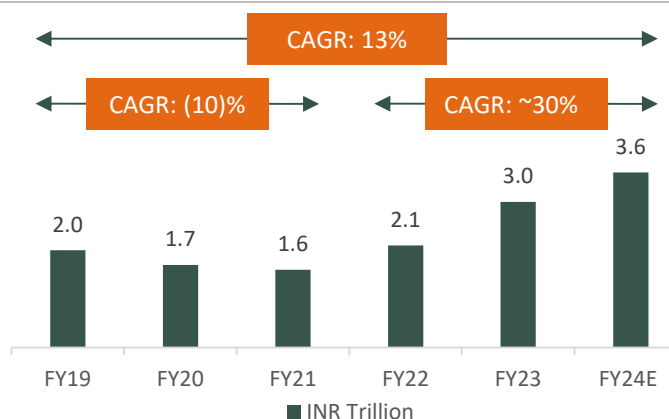
Source: International Road Federation- World Road Statistics 2023, CRISIL MI&A, IDBI Capital Research; Note: Data for CY2021, India Data for FY24.

- **Policies affecting the Indian automobile industry:** The Indian government's policies, including the National Infrastructure Pipeline, Gati Shakti Scheme, and Production Linked Incentive (PLI) scheme, aim to enhance transportation infrastructure, boost logistics efficiency, and increase domestic manufacturing in the automobile industry.
- **Corporate average fuel efficiency/economy norms (CAFE):** CAFE norms aim to reduce CO2 emissions to under 130 g/km in Phase 1 and below 113 g/km in Phase 2, effective April 1, 2023. This 10% increase in fuel efficiency encourages the adoption of greener technologies, such as hybrids and EVs (EV). Penalties for exceeding emissions limits range from Rs 25k to Rs 50k per unit.
- **Government support for CNG:** India had 21.9k km of operational gas pipelines under City Gas Distribution projects, with an additional 33.1k km under construction, and a total of 5,665 CNG stations following the addition of 1,232 new stations, reflecting a CAGR of 34.5% from FY19 to FY23.
- **National green hydrogen initiative:** The initiative aims to establish a green hydrogen network in India with an investment of Rs 197bn, targeting a production capacity of 5mn metric tonnes by 2030. Govt has committed Rs 350bn for the energy transition to achieve net zero carbon emissions by 2070.

Overview of the Indian PV sector

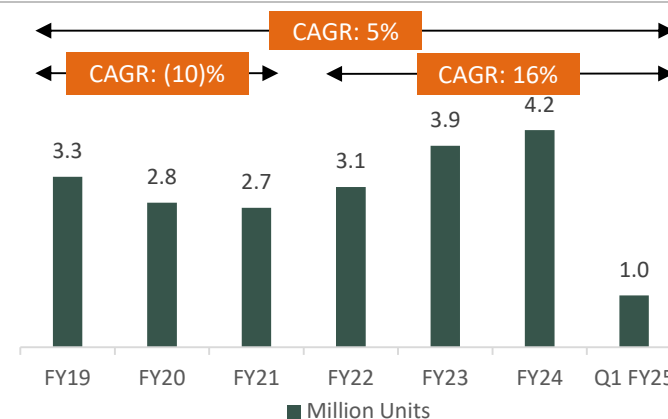
India’s domestic PV sales grew at a 5% CAGR, rebounding significantly from a contraction of 10% during FY19 to FY21. Sales surged to a historic high of 3.9mn vehicles in FY23 and are projected to rise by 8.4% in FY24, reaching 4.2mn units, driven by strong SUV demand and improved disposable incomes. The industry value increased at an 11% CAGR from FY19 to FY23, supported by a shift towards premium vehicles and compliance-related price hikes. Total vehicle sales, including exports, saw a recovery with a 21% CAGR growth post-FY21, culminating in a market value of Rs 3 trn.

Exhibit 8: Evaluation of the PV industry by value



Source: SIAM, Annual Report, MCA financials, CRISIL MI&A, IDBI Capital Research; Note: Industry value calculated based on the reported vehicle sales revenue by OEMs and the total sales (domestic + exports) volume of the industry reported by SIAM. FY24 financials are not available

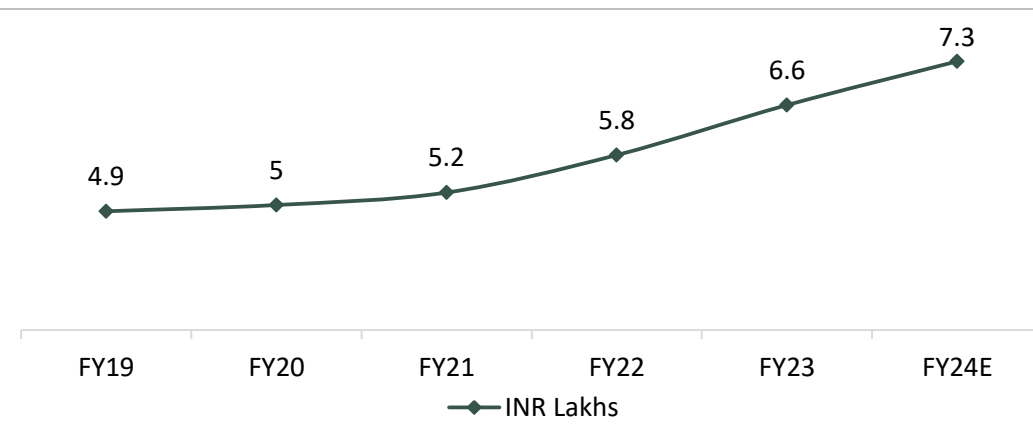
Exhibit 9: Evaluation of the PV industry by volumes



Source: SIAM, CRISIL MI&A, IDBI Capital Research

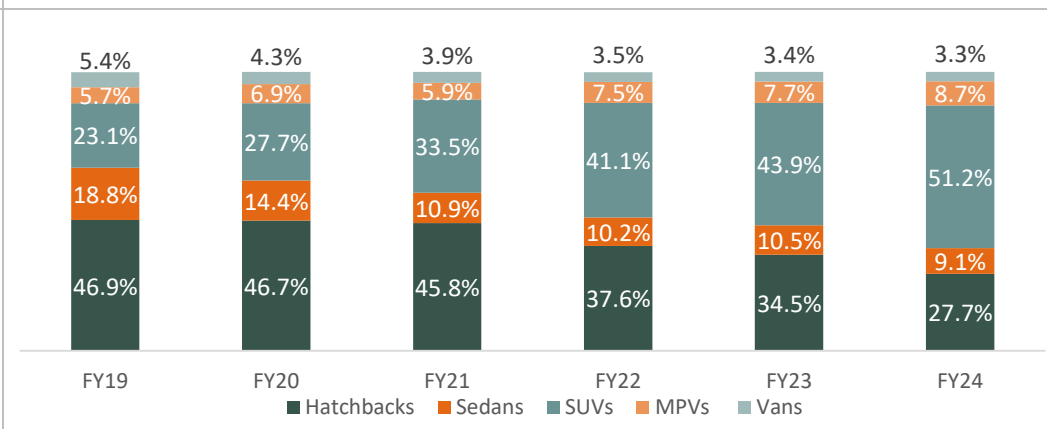
- Premiumisation trend:** The ASP of vehicles rose at a CAGR of 7-8%, driven by premiumisation and rising consumer preferences for feature-rich SUVs over budget-friendly small cars. This shift includes a growing demand for advanced technologies and safety features, such as ADAS, sunroofs, and connectivity options, contributing to higher profit margins and overall vehicle costs.

Exhibit 10: Average vehicle price trend



Note: Based on OEM factory cost; Source: CRISIL, MI&A, IDBI Capital Research

Exhibit 11: Trends in overall PV sales volume by segment in India



Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023- Feb 2024 period; volumes for Tata Motors are not reported for the months of Jan 2024 and Feb 2024 in SIAM data, hence not included here. Figures above bars are the total sales volumes for the respective year.

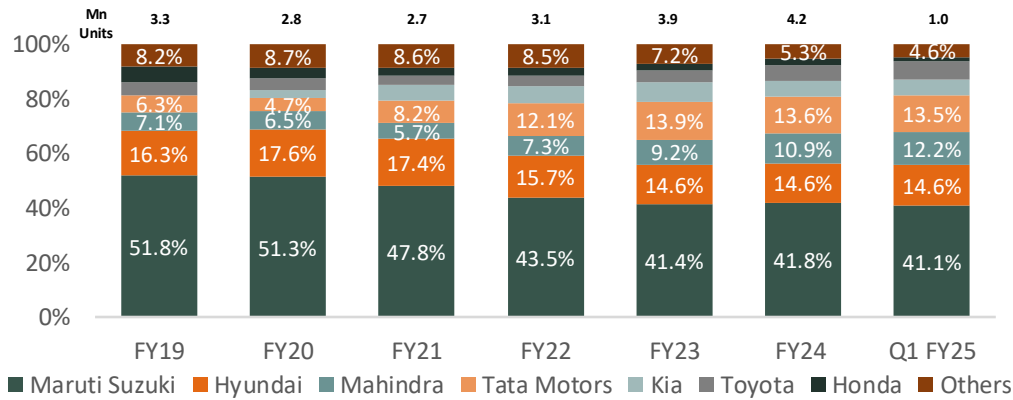
Exhibit 12: Segmental growth trends in the industry over the past 5 years

Segment	Fiscal 2019 Contribution	Fiscal 2024 YTD Contribution	Fiscal 2019- Fiscal 2024* CAGR
Hatchbacks	46.9%	27.7%	-5.7%
Compact Hatchbacks	75.2%	66.7%	-8.0%
Premium Hatchbacks	24.8%	33.3%	0.0%
Sedans	18.8%	9.1%	-9.5%
SUVs	23.1%	51.2%	22.7%
Compact SUVs	57.7%	57.9%	22.9%
Mid-Size SUVs	23.7%	24.8%	23.8%
Large SUVs	18.6%	17.3%	20.8%
MPVs	5.7%	8.9%	14.0%
Vans	5.4%	3.4%	-5.0%
Total	100.0%	100.3%	5.0%

Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: *:based On FY24 estimates; YTD: Apr 2023- Feb 2024 Period

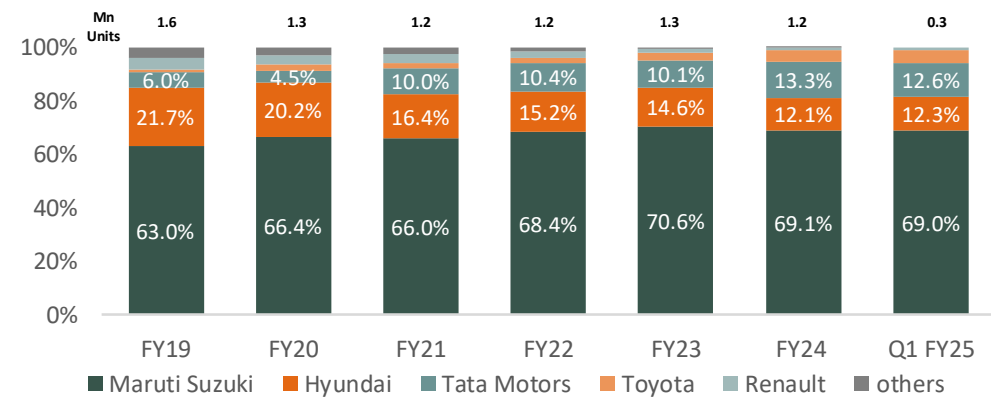
- **Segmental changes driven by premiumization:** The PV market is shifting from hatchbacks to premium SUVs, driven by younger buyers prioritizing design, safety, and advanced features. This trend is reflected in the market share, with SUVs rising from 23.1% in FY19 to 50% in FY24, while hatchbacks fell from 46.9% to 34.4%.
 - **Rise of SUVs:** The SUV segment has gained significant consumer preference, driven by the appeal of larger seating capacity and versatile driving capabilities. Over 30 SUVs were launched in the past five years, compared to just a handful in other segments.
 - **Slowdown in hatchbacks:** Hatchbacks have experienced a decline in market share due to a lack of new models and rising operating costs. Factors such as frequent price hikes and a challenging economic environment have particularly affected price-sensitive entry-level customers.
 - **Lower demand for sedans:** The shift towards SUVs and a decrease in demand from ride-hailing services have significantly reduced sedan sales. Consequently, their share of overall PV sales dropped from 19% in FY19 to just 9% by FY24.
- **Competitive landscape:** The domestic PV industry is dominated by a few key players, with Maruti Suzuki leading at ~ 43% market share as of FY24, despite a decline from 52% in FY19. Hyundai Motor India holds the second position, maintaining a 15-18% share thanks to strong demand for models like the Creta and Venue, along with strategic new launches and upgrades. Competition has intensified in recent years, particularly from new entrants like Kia and MG, which have captured significant market share with their competitively priced, feature-rich vehicles.

Exhibit 13: Domestic market share of PVs among OEMs



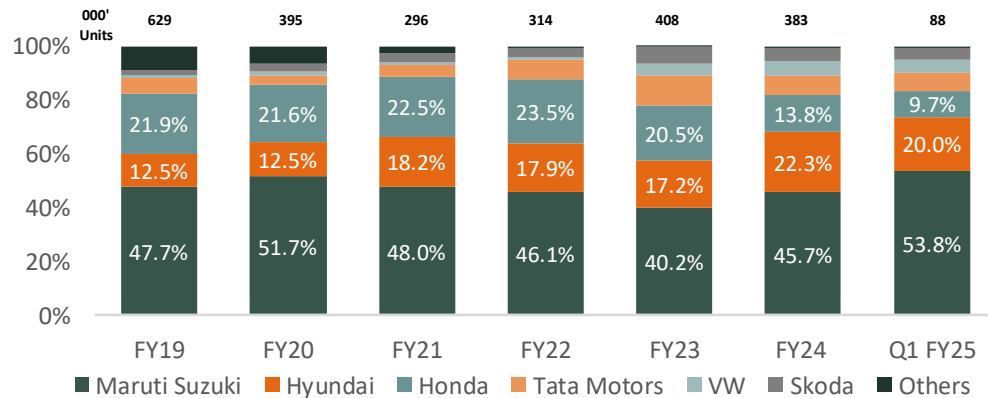
Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL MI&A, IDBI Capital Research; Note: Data is for Apr 2023- Feb 2024 period; Volumes for Tata Motors are not reported for the months of Jan 2024 and Feb 2024 in SIAM data, hence not included here. Others include MG, Renault/Nissan, Skoda, PCA etc. Figures above bars are the sales volumes.

Exhibit 14: Market share of Hatchbacks among OEMs



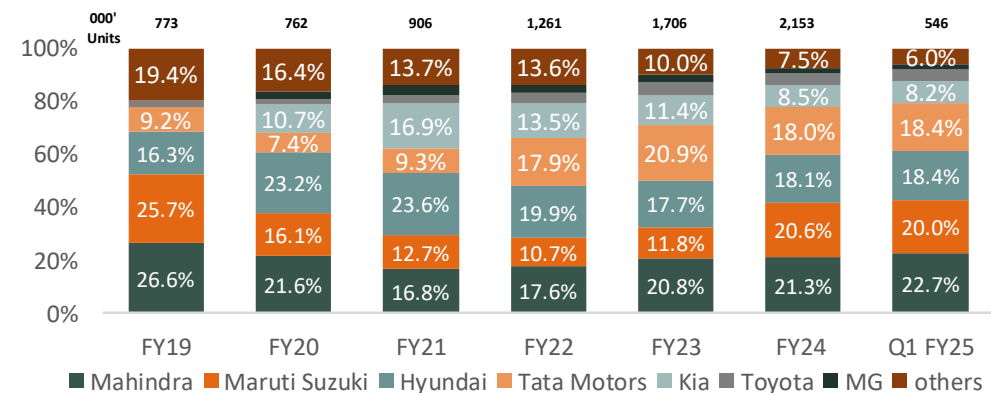
Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023 – Feb 2024, Figures above bars are the sales volumes.

Exhibit 15: Market share of sedans among OEMs



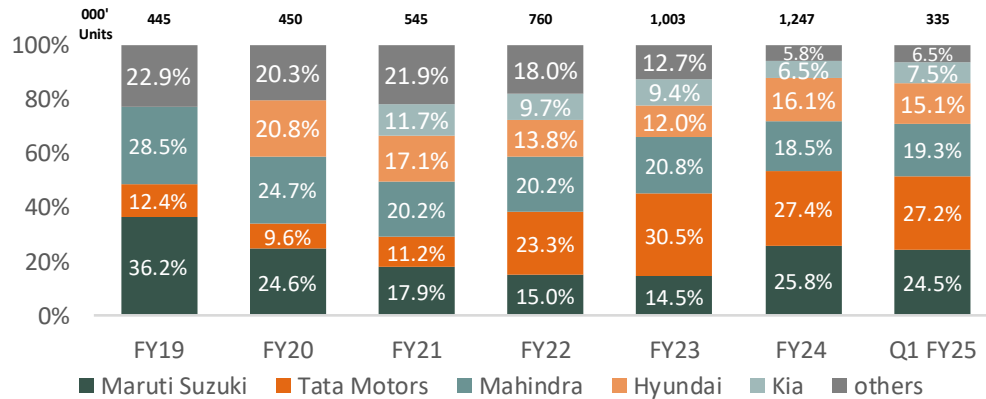
Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023 – Feb 2024, Figures above bars are the sales volumes

Exhibit 16: Market share of SUV among OEMs



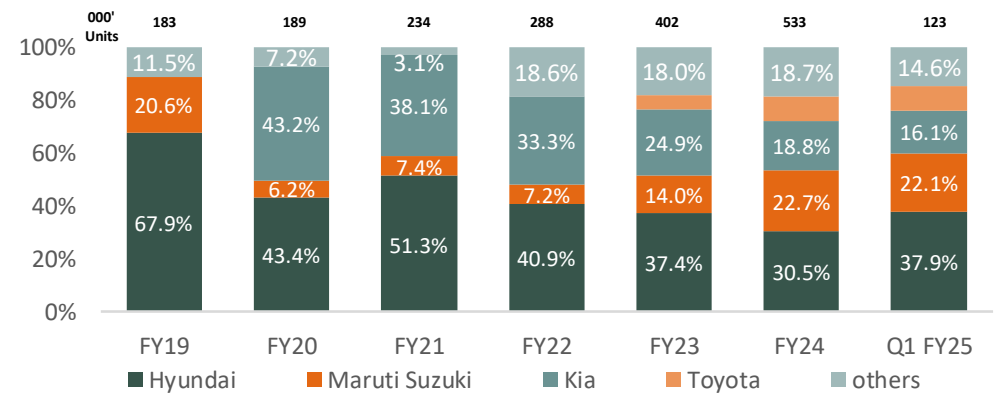
Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023 – Feb 2024, Figures above bars are the sales volumes.

Exhibit 17: Market share of compact SUV among OEMs



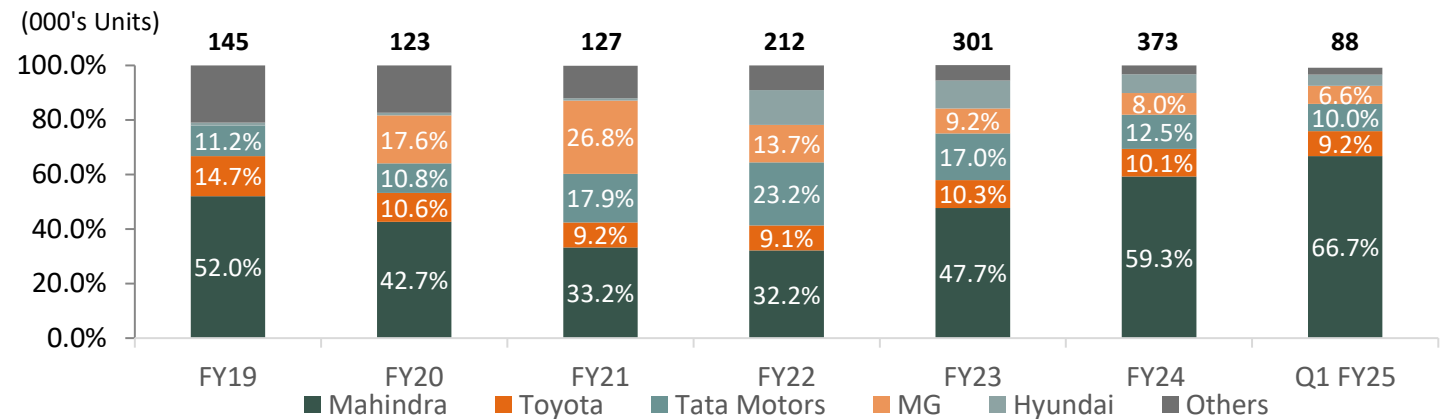
Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023 – Feb 2024, Figures above bars are the sales volumes.

Exhibit 18: Market share of mid-size SUV among OEMs



Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023 – Feb 2024, Figures above bars are the sales volumes.

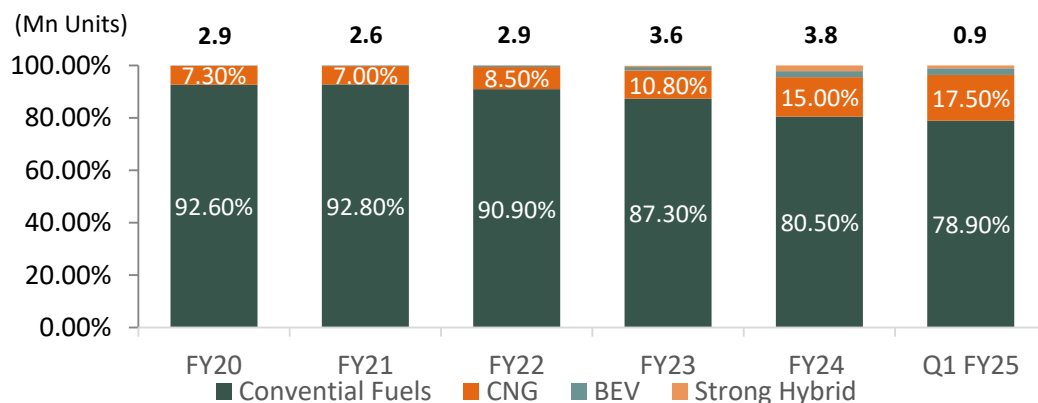
Exhibit 19: Market share of large SUVs by OEMs



Source: SIAM, CRISIL MI&A, IDBI Capital Research; Note: YTD: Apr 2023 – Feb 2024, Figures above bars are the sales volumes.

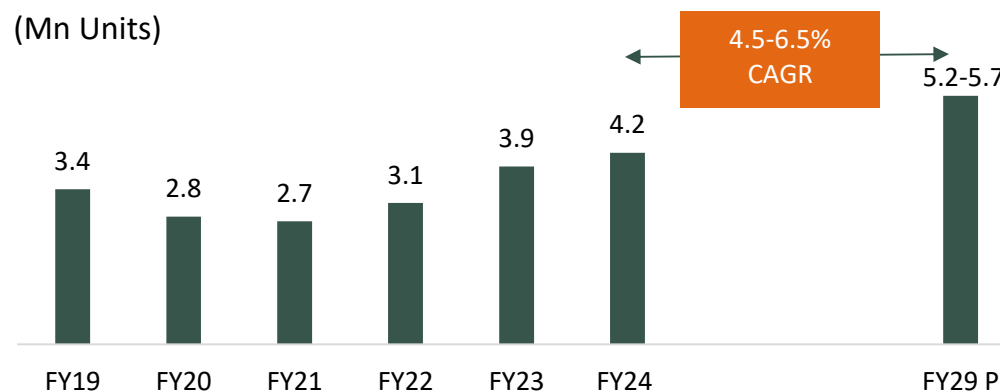
Shifting powertrain dynamics in the Indian PV market: Conventional petrol and diesel powertrains have long dominated the Indian PV market, but a notable shift has occurred due to environmental concerns and regulatory changes. Following a Supreme Court ban on diesel vehicles in the NCR and the transition to stricter emission norms, diesel's market share plummeted from 37% in FY19 to just 18% in FY24, while petrol vehicles rose from 56% to 63% during the same period.

Exhibit 20: Trends in powertrain mix for PV industry retails



Source: VAHAN, CRISIL MI&A, IDBI Capital Research; Note: Telangana & Lakshadweep retail data is not available on VAHAN.

Exhibit 21: Domestic PV industry volume outlook



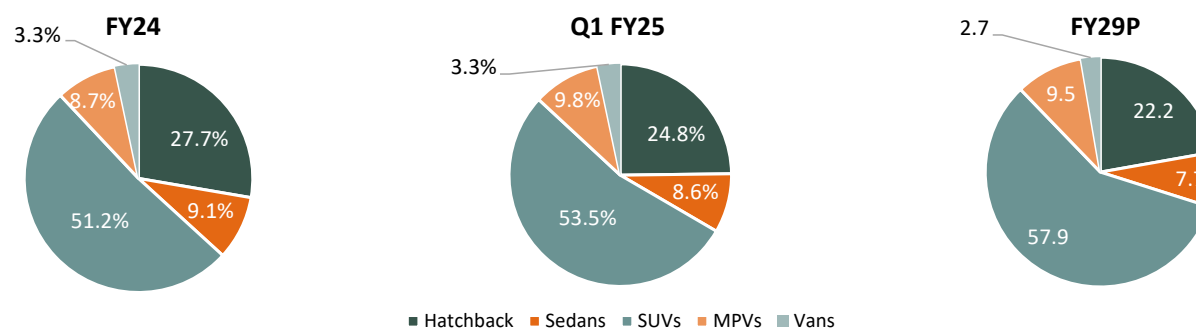
Source: SIAM, CRISIL MI&A, IDBI Capital Research

- Future outlook for the domestic PV industry:** According to CRISIL MI&A, the domestic PV industry is expected to grow significantly, driven by projected GDP growth of 6-8% from FY24 to FY29, which will enhance consumer disposable income. The industry is forecasted to achieve a CAGR of 4.5-6.5%, potentially reaching 5.2-5.7mn vehicle sales by FY29, supported by favorable demographics, government policies, and the introduction of feature-rich vehicles.
- Segmental outlook:** Growth in the domestic PV industry is anticipated to be driven primarily by the SUV and MPV segments, while hatchbacks, sedans, and vans are expected to experience muted growth.

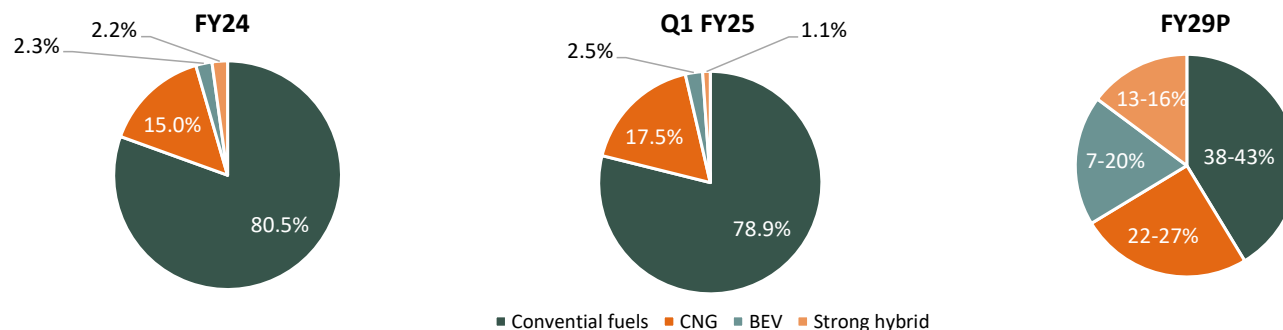
Exhibit 22: Growth outlook on segments

Segment	FY19-FY24 CAGR	FY24-FY29P CAGR
Hatchbacks	(6)%	0.0-2.0%
Compact Hatchbacks	(8)%	(1.0)-0.5%
Premium Hatchbacks	0%	1.5-4.0%
Sedans	(9)%	0.5-2.0%
SUVs	23.0%	7.0-9.0%
Compact SUVs	23.0%	6.8-8.8%
Mid-Size SUVs	24.0%	7.8-10.0%
Large SUVs	21.0%	7.2-9.2%
MPVs	14.0%	6.4-9.4%
Vans	(5)%	1.1-2.0%
Total	5%	4.5-6.5%

Source: SIAM, CRISIL MI&A, IDBI Capital Research

Exhibit 23: Segmental industry breakdown for FY24, Q1 FY25 & outlook for FY29


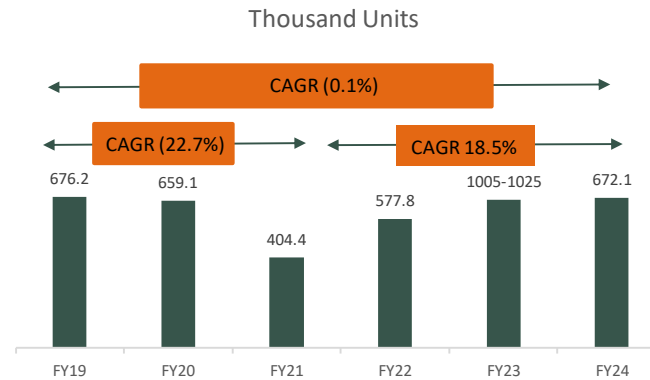
Source: SIAM, CRISIL MI&A, IDBI Capital Research

Exhibit 24: Segmental powertrain breakdown for FY24, Q1 FY25 & outlook for FY29


Source: VAHAN, CRISIL MI&A, IDBI Capital Research; Note: Strong hybrid: Vehicles having a combustion engine as well as an electric motor. The vehicle can be powered by the engine, by the battery, or by both simultaneously. Battery of the vehicle is charged by the combustion engine and not by an external power source. Telangana & Lakshadweep retail data is not available on VAHAN

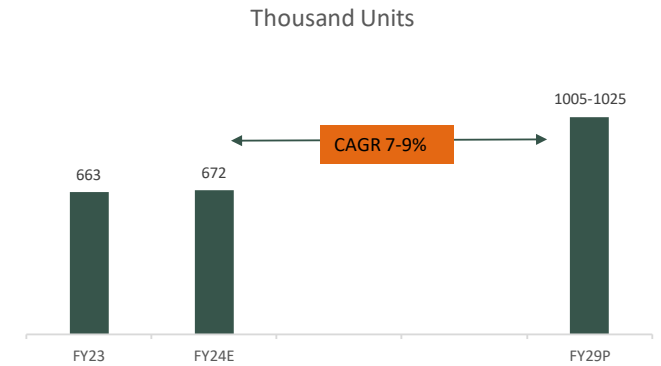
- Exports trend:** PV exports from India are projected to grow by approximately 3% in FY24, reaching 682k units, down from 15% growth in FY23 due to global economic slowdowns and logistical challenges related to the Red Sea crisis. Despite these hurdles, strong demand in key markets like Morocco and Mexico, along with trade agreements, has allowed OEMs such as Maruti Suzuki and Hyundai to maintain healthy export volumes.
- Outlook for PV exports from India:** Major OEMs in India are expanding production capacities to position the country as an export hub for Africa, the Middle East, and Asia, with government incentives through the PLI scheme promoting EV manufacturing. PV exports are projected to grow by 3.1% in FY24 and at a CAGR of 7-9% from FY24 to FY29, supported by economic stability and enhanced trade agreements.

Exhibit 25: Export growth trend (FY19-FY24 Forecast)



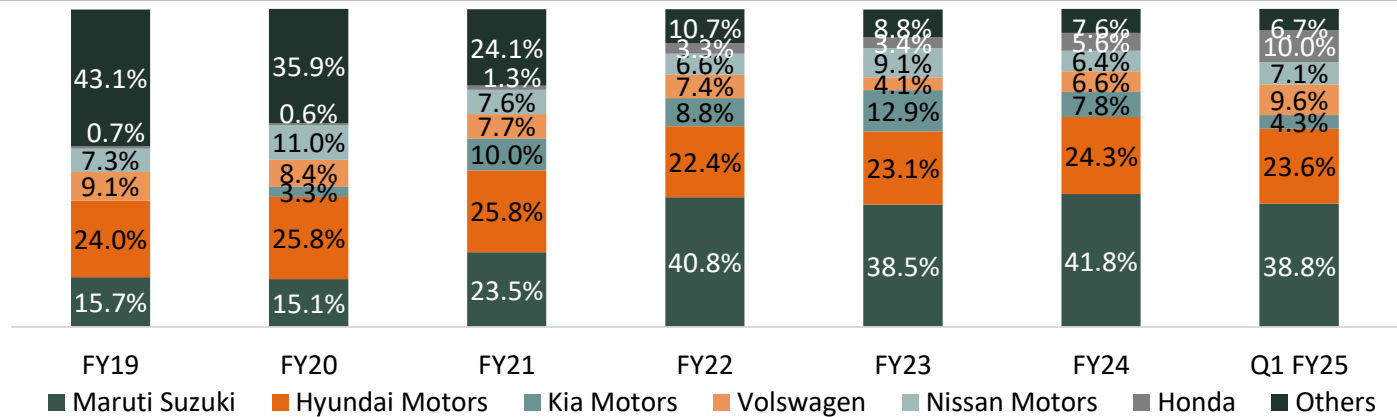
Source: Society of Indian Automobile Manufacturers (SIAM), CRISIL MI&A, IDBI Capital Research; Note: FY24E (estimated) numbers are calculated based on actual exports volumes as of 11M FY2024

Exhibit 26: Export Outlook (FY23-FY28P)



Source: CRISIL MI&A, IDBI Capital Research

Exhibit 27: OEM Export Volume Share (FY19 - FY2024 YTD)

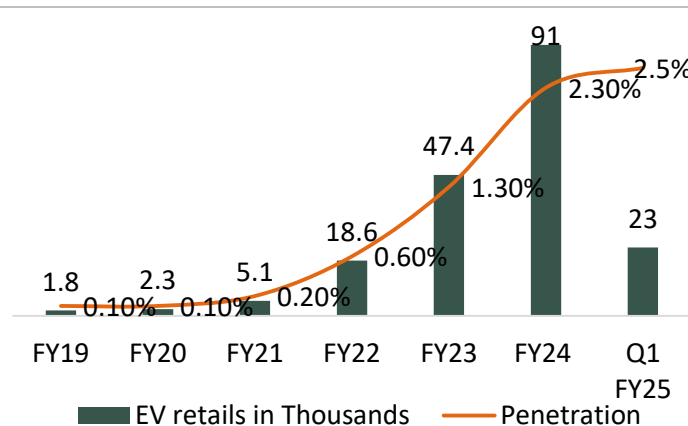


Note: Fiscal 2024 YTD refers to April 2023-February 2024 period

Source: SIAM, CRISIL MI&A, IDBI Capital Research

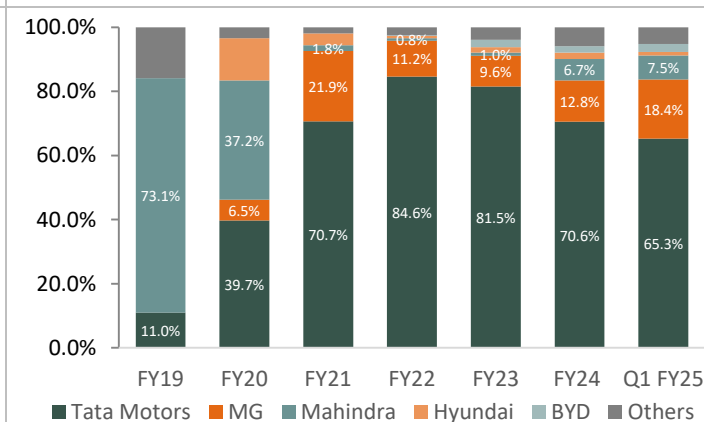
- Competitive scenario:** In FY23, PV exports from India rose about 15%, with Maruti Suzuki capturing a 39% share as the top exporter, driven by strong demand in Latin America and Africa. Hyundai Motor India, holding a 25% share in FY24 YTD, saw stable growth fueled by models like the Verna and Grand i10, while Kia reported a 69% increase in exports since its market entry in 2019.
- The shift toward electrification in the Indian PV industry:** EVs (EVs) are gaining momentum in India amid increasing environmental concerns and government initiatives like the FAME subsidy and Production Linked Incentives, targeting a 30% EV sales share by 2030. Rising consumer awareness, competitive pricing, and the expansion of charging infrastructure are further driving the adoption of EVs, making them a preferred choice as traditional internal combustion engine (ICE) vehicles face price hikes and pollution scrutiny.

Exhibit 28: Trends in Domestic Passenger Vehicle EV Retail Sales and Market Penetration



Source: VAHAN, CRISIL MI&A, IDBI Capital Research; Note: VAHAN figures exclude Telangana, Lakshadweep retails

Exhibit 29: Market share of players in EV retail sales



Source: VAHAN, CRISIL MI&A, IDBI Capital Research

- **Increasing competition in the EV passenger car market:** Competition in the Indian EV market has intensified, with Tata Motors initially leading thanks to the popularity of the Nexon, but facing challenges from MG and Mahindra & Mahindra in FY24. Meanwhile, MG's ZS EV and the recent Comet EV launch, along with Hyundai's Kona, have helped increase their market shares, while Mahindra's discontinuation of certain models has affected its standing despite the introduction of the XUV400.
- **Current status of India's charging infrastructure:** As of January 2024, there are over 40,000 chargers, including 12,146 public charging stations, marking a significant increase from just 650 in 2019, with residential chargers expected to grow at a CAGR of 59-61% and public stations at 51-53% between FY24 and 2029.
- **Barriers to EV adoption and challenges in the Indian EV ecosystem:** The government's push for EVs (EVs) includes initiatives like public charging infrastructure and R&D incentives, yet significant barriers remain, particularly in the supply chain and reliance on imports.
 - High acquisition cost
 - Limited charging infrastructure
 - Range anxiety
 - Dependency on raw material imports
 - Import of EV components
 - Resale value concerns
 - Current network strength and OEM-specific touchpoints

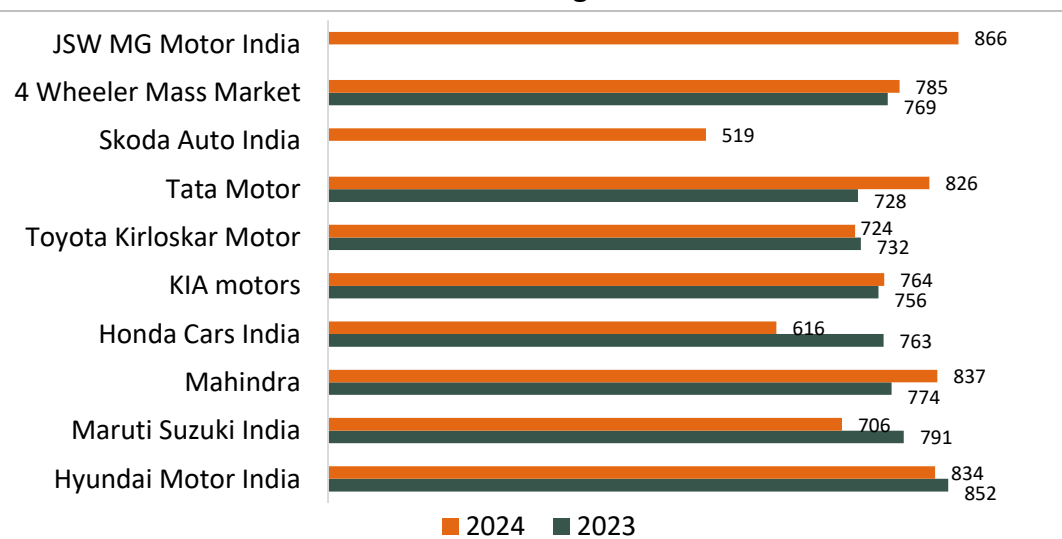
Dealer satisfaction ratings: Dealers are vital touchpoints for car buyers in India and play a key role in the success of OEM networks. The 2023 FADA Dealer Satisfaction Study revealed that Hyundai Motor India ranked highest in dealer satisfaction among mass market PV OEMs, followed by Maruti Suzuki and Mahindra & Mahindra.

Exhibit 30: Current sales and service locations

OEM	Sales Outlets	Touchpoints/ Service Outlets	Total
Maruti Suzuki	3,480+	4,960+	8,440+
Hyundai Motors 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 Motot India	380+		380+
Renault India	430+	490+	920+
Volkswagen India	210%+	140+	350+
Nissan Motor India	270+		270+

Note: * Data is for overall Mahindra automotive division; ^ Data is at the end of CY2023; Source: Company Annual Reports of FY23 for listed players and Hyundai Motor India. For other non-listed OEMs, data sourced from company websites or press releases in April to December of FY24, IDBI Capital Research

Exhibit 31: FADA 2023-24 PV dealer rankings



Source: Federation of Automobile Dealers Associations (FADA) September 2023 report, CRISIL MI&A, IDBI Capital Research

Exhibit 32: Overall financial comparison by player (FY2024)

Particulars	Maruti Suzuki	Hundai Motor India	Tata Motors	Mahindra & Mahindra	Kia Motors India	Toyota Kirloskar Motor	Honda Cars India	Skoda Auto Volkswagen India	MG Motor India	Nissan Renault India
Passenger vehicle volume wise Market share(%)	41.8%	14.6%	13.6%	10.9%	5.8%	5.8%	2.1%	2.1%	1.1%	1.8%
Operating Revenue (Rs Bn)	1,418.6	698.3	523.5	987.6	387.8	558.7	141.9	189.6	75.8	123.6
Operating margin (%)	12.4%	12.0%	2.0%	14.9%	9.2%	11.6%	7.8%	1.8%	-8.9%	-0.3%
PAT margin (%)	9.2%	8.5%	NA	10.4%	5.4%	8.5%	9.9%	0.5%	-10.4%	0.3%

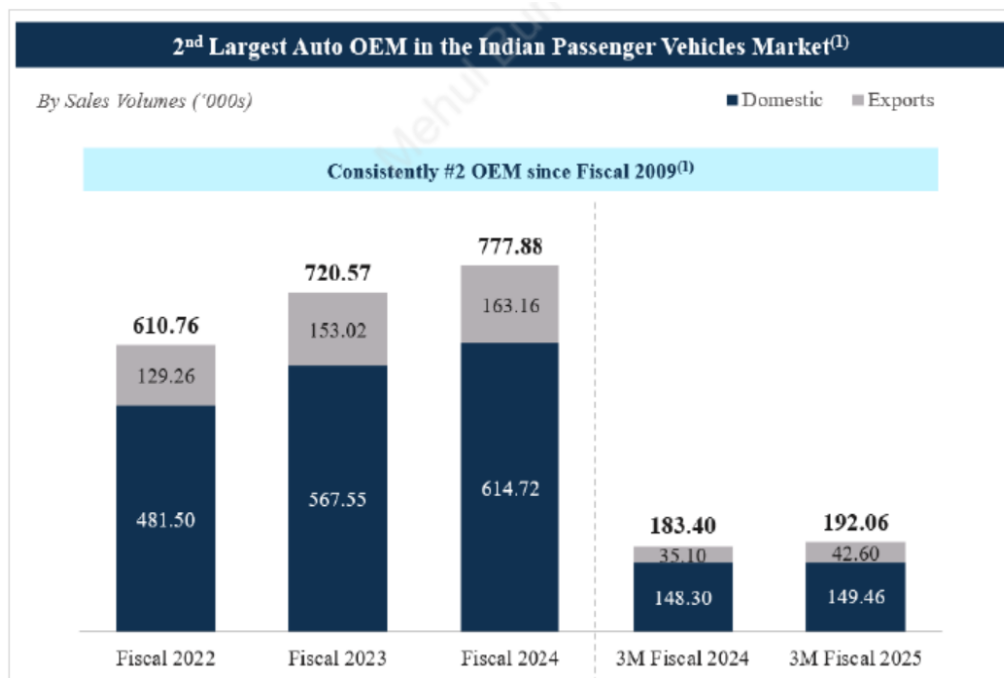
Source: Company Financial Reports, CRISIL MI&A, IDBI Capital Research; Note: For Maruti Suzuki and Hyundai Motor India Consol. financials are used and for all other OEMs standalone are considered. For M&M the Operating Revenue is for Standalone business that includes Automotive segment (comprises of sale of automobiles, spares, mobility solutions, Construction Equipment and related services), Farm Equipment (comprises of sale of tractors, implements, spares and related services) and Others (comprises of Powerol, 2Ws and Spares Business Unit). For Automotive Segment the Operating Revenue is Rs 585.1bn, however other financial parameters are not available specifically for Automotive Segment. For TTMT the financials are for passenger vehicle segment

Competitive strengths & strategies

■ Strengths

- **Leadership in the Indian auto market:** Hyundai is the second-largest automotive OEM in India and the largest exporter of PVs, maintaining its position since FY09. They have exported 3.61mn vehicles to over 150 countries by Jun 30, 2024, Hyundai benefits from higher ASP and offsets foreign currency risks. During low sales seasons in India, HMIL increases its exports to manage overall sales effectively.
- **Diverse portfolio of PVs:** HMIL offers a diverse portfolio of 13 PV models, including sedans, hatchbacks, and eight SUVs, covering ~ 88% of India's PV sales volume in FY24, according to CRISIL. HMIL has multiple fuel options including EV lineup and it aims to benefit from shifting consumer preferences.
- **Market trend identification and innovation:** The Company effectively identifies emerging market trends and customer needs through its global network and R&D collaboration, allowing it to introduce tailored PVs in India. With 38 models launched since 1998 and eight upgrades in last 15 months, it emphasizes continuous innovation and local customization to enhance customer satisfaction.
- **Comprehensive sales and service network:** HMIL has 1,377 sales outlets and 1,561 service centers in India. Initiatives like the "Doorstep Service Programme" and the "Hyundai Shield of Trust" further enhance after-sales service, particularly in rural areas and emerging cities.
- **Flexible and automated manufacturing capabilities:** The Chennai Manufacturing Plant is one of India's largest facilities, producing 131 vehicles per hour using a common platform architecture for efficiency. Recognized with multiple industry awards, it is further expanding its capabilities through the acquisition of the Talegaon Manufacturing Plant.

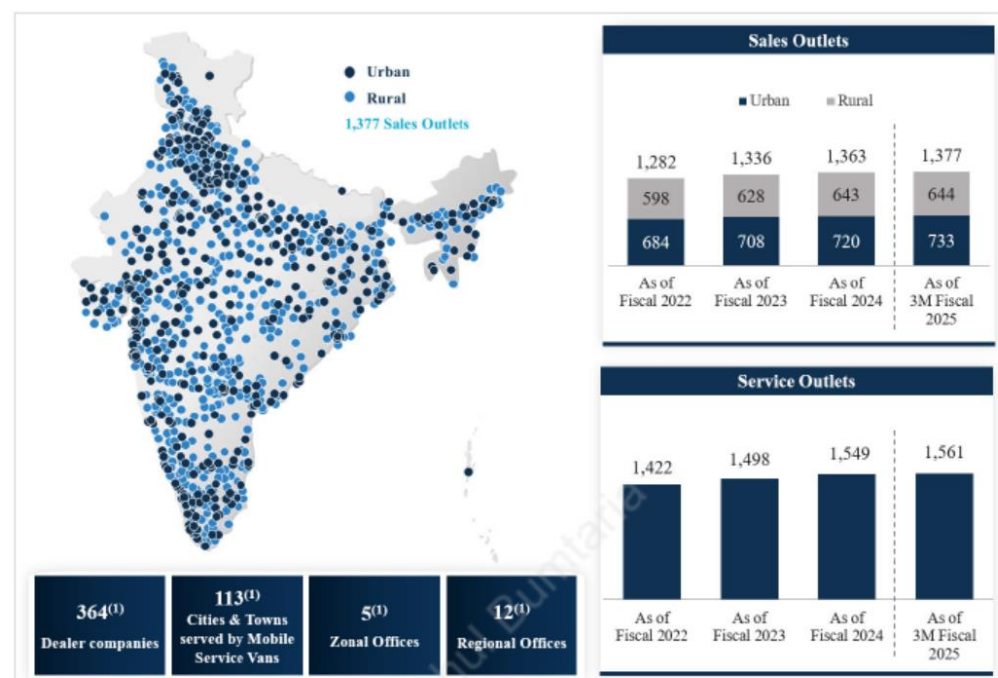
Exhibit 33: In-house capabilities to develop EV technologies are driven by focus on R&D



Note: (1) Since Fiscal 2009 in terms of domestic sales volumes. Source: CRISIL Report.

Source: Hyundai India RHP, IDBI Capital Research

Exhibit 34: Sales & service outlets across India



Notes: Map not to scale. For illustrative purposes only. (1) As of June 30, 2024.

Source: Hyundai India RHP, IDBI Capital Research

■ **Strategies**

- **Consumer-centric R&D:** Invest in research and development to launch attractive PVs, addressing emerging global trends and customer demands in both price and value.
- **Premiumisation focus:** Increase the average selling price of vehicles by targeting the growing segment of younger buyers who prioritize design, safety, and advanced features over price.
- **Calibrated capacity expansion:** Optimize manufacturing capabilities at the Chennai and Talegaon plants to boost production volumes and align with market demand, aiming for high capacity utilization.

- **EV market strategy:** Launch appropriate EV models in line with market demands, emphasizing local production of key components to enhance price competitiveness and support charging infrastructure development.
- **Export hub development:** Position as HMC's largest foreign production base in Asia by leveraging local manufacturing for exports to emerging markets and enhancing collaborative strategies in export countries.
- **Brand enhancement and outreach:** Strengthen brand presence through targeted marketing campaigns, expand dealer networks, and engage with rural markets, reinforcing Hyundai's reputation as a trusted brand in India.
- **Expanded sales and service network:** Deepen the dealer network by onboarding new dealers and enhancing existing operations, while promoting sustainability initiatives like solar panels and dry wash options at showrooms.

Exhibit 35: Key management

Name	Designation	Details
Mr. Unsoo Kim	Chairman & MD	He is the MD and Chairman of the Company. In addition, he serves as the head of the India, Middle-East & Africa Strategic Region for HMC, the Company's Promoter. He holds a bachelor's degree in science from Seoul National University and has been associated with the Hyundai Motor Group since 1991.
Mr. Tarun Garg	Whole-time Director and Chief Operating Officer	He is the COO of the Company, and looks after sales, service, dealer management, product strategies, marketing, profitability, and customer relationships. He holds a bachelor's degree in mechanical engineering from the University of Delhi and a PGDip in management from the Indian Institute of Management, Lucknow. He was previously associated with Maruti Suzuki India Limited.
Mr. Gopalakrishnan Chathapuram Sivaramakrishnan	Whole-time Director and Chief Manufacturing Officer	He is the CMO of the Company, and oversees the overall manufacturing process, strategic planning, resource utilization, procurement practices, and production targets. He holds a master's degree in business administration from ICFAI University, Dehradun, and is an associate of the Institute of Engineers (India). He was previously associated with Maruti Udyog Limited.

Source: HMIL RHP, IDBI Capital Research

Key risks

- Manufacturing at the Chennai Plant is critical for the company; disruptions can harm operations and finances. Risks include closures, strikes, and natural disasters, which may lower capacity utilization.
- The company's success depends on SUV sales in India, any decline in demand or manufacturing disruptions could adversely affect operations and finances amid evolving market conditions.
- The company's competitiveness depends on adapting to the evolving EV market in India. Failure to meet demand or develop infrastructure may harm operations, reputation, and financial performance.
- Insufficient warranty reserves may lead to unanticipated claims, impacting financial condition and operations. Increased sales could further raise warranty claims and provisions needed.
- Foreign exchange rate fluctuations may adversely impact financial results, as costs and sales occur in different currencies. Hedging strategies may not fully mitigate these risks.
- Changing regulations in India may impose new compliance requirements, increasing costs and uncertainty. Failure to comply could harm operations, financial condition, and future growth prospects.
- Challenging economic conditions in India or globally may adversely affect consumer spending, credit availability, and vehicle sales, impacting the company's financial performance and growth prospects.
- Conflicts of interest may arise with group companies Kia and HMC, as their interests may not align with ours. This could negatively impact our operations and business prospects.

Financial summary

Profit & Loss account

(Rs mn)

Year-end: March	FY22	FY23	FY24	1Q-FY25*
Net sales	473,784	603,076	698,291	173,442
<i>Change (yoy,%)</i>	16	27	16	NA
Operating expenses	(418,923)	(527,588)	(606,964)	(150,040)
EBITDA	54,861	75,488	91,326	23,403
<i>Change (yoy,%)</i>	29	38	21	NA
<i>Margin (%)</i>	11.6	12.5	13.1	13.5
Depreciation	(21,696)	(21,899)	(22,079)	(5,290)
EBIT	33,165	53,589	69,247	18,113
Interest paid	(1,319)	(1,424)	(1,581)	(316)
Other income	5,876	11,291	14,733	2,238
Pre-tax profit	37,722	63,456	82,399	20,034
Tax	(8,706)	(16,363)	(21,798)	(5,137)
<i>Effective tax rate (%)</i>	23.1	25.8	26.5	25.6
Minority Interest	-	-	-	-
Net profit	29,016	47,093	60,600	14,897
Exceptional items	-	-	-	-
Adjusted net profit	29,016	47,093	60,600	14,897
<i>Change (yoy,%)</i>	54	62	29	NA
EPS	35.7	58.0	74.6	18.3

Balance sheet					(Rs mn)
Year-end: March	FY22	FY23	FY24	1Q-FY25*	
Shareholders' funds	168,563	200,548	106,657	121,487	
Share capital	8,125	8,125	8,125	8,125	
Reserves & surplus	160,437	192,423	98,531	113,362	
Total Debt	11,400	11,586	7,679	7,581	
Other liabilities	15,429	18,064	20,636	21,173	
Curr Liab & prov	88,189	115,535	128,521	103,461	
Current liabilities	84,162	110,996	123,992	98,880	
Provisions	4,027	4,539	4,528	4,581	
Total liabilities	115,018	145,185	156,836	132,215	
Total equity & liabilities	283,581	345,734	263,492	253,702	
Net fixed assets	71,340	74,293	76,489	76,121	
Investments	-	-	-	-	
Other non-curr assets	11,442	17,821	25,763	26,704	
Current assets	200,798	253,620	161,240	150,877	
Inventories	28,811	34,224	33,156	28,882	
Sundry Debtors	21,824	28,972	25,100	23,581	
Cash & Liquid	141,388	177,411	90,173	85,128	
Other Curr Assets	8,775	13,012	12,810	13,285	
Total assets	283,581	345,734	263,492	253,702	

Cash flow statement

(Rs mn)

Year-end: March	FY22	FY23	FY24	1Q-FY25*
Pre-tax profit	29,016	47,093	60,600	14,897
Depreciation	21,696	21,899	22,079	5,290
Tax paid	(7,668)	(21,328)	(22,998)	(2,803)
Chg in working capital	3,303	9,838	22,149	(21,894)
Other operating activities	5,037	8,141	10,689	3,936
Cash flow from operations (a)	51,384	65,643	92,520	(575)
Capital expenditure	(12,535)	(22,493)	(32,318)	(5,536)
Chg in investments	-	(1)	(77,038)	38,396
Other investing activities	3,482	8,378	8,451	3,379
Cash flow from investing (b)	(9,053)	(14,116)	(100,905)	36,238
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	(2,708)	(431)	(4,540)	(240)
Dividend (incl. tax)	(13,594)	(14,935)	(154,358)	-
Chg in minorities	-	-	-	-
Other financing activities	(319)	(427)	(402)	(76)
Cash flow from financing (c)	(16,620)	(15,792)	(159,301)	(317)
Net chg in cash (a+b+c)	25,711	35,734	(167,686)	35,347

Financial Ratios

Year-end: March	FY22	FY23	FY24	1Q-FY25*
<i>EBITDA margin (%)</i>	11.6	12.5	13.1	13.5
<i>Pre-tax margin (%)</i>	8.0	10.5	11.8	11.6
<i>Net Debt/Equity (x)</i>	-0.8	-0.8	-0.8	-0.6
<i>ROCE (%)</i>	20.4	28.7	62.9	13.7
<i>ROE (%)</i>	17.2	23.5	56.8	12.3
DuPont Analysis				
Asset turnover (x)	1.7	1.9	2.3	0.7
Leverage factor (%)	1.7	1.7	2.0	2.3
<i>Net margin (%)</i>	6.1	7.8	8.7	8.6
Working Capital & Liquidity ratio				
Inventory days	22	21	17	61
Receivable days	17	18	13	50
Payable days	47	51	45	172

Source: Company; IDBI Capital Research *-Non-annualized numbers



Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
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IDBI Capital Markets & Securities Ltd.**Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

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Compliance Officer: Ms. Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1907

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