

# HYUNDAI MOTOR INDIA LIMITED

## Proxy to the Indian PV Industry - SUBSCRIBE

**LKP**  
Since 1948

Trust • Invest • Grow

### Business Overview

Hyundai Motor India (“HMI”) was incorporated on May6, 1996 and is promoted by Hyundai Motor Company (“HMC”). HMI is the 3rd largest auto original equipment manufacturer (“OEM”) in the world based on passenger vehicle sales in CY2023. They have been the 2nd largest auto OEM in the Indian passenger vehicles market since FY2009 (in terms of domestic sales volumes). HMI has a track record of manufacturing and selling 4-wheeler passenger vehicles that are reliable, feature-rich, innovative and backed by the latest technology. They have a portfolio of 13 models across multiple passenger vehicle segments by body type such as sedans, hatchbacks, sports-utility vehicles (“SUVs”) and battery electric vehicles (“EVs”). HMI also manufacture parts, such as transmissions and engines. They have also been India’s 2nd largest exporter of passenger vehicles from April 1, 2021 through June 30, 2024. Since inception, they have cumulatively sold 12 mn vehicles in India and through exports.

The company has established “Hyundai” as a trusted brand in India. The 8 passenger vehicle models that have received this accolade are i10 (2008), Grand i10 (2014), Elite i20 (2015), Creta (2016), Verna (2018), Venue (2020), i20 (2021) and Exter (2024). Further IONIQ 5 EV also won the Green Car of the Year award in 2024. In CY2023, they were among the Top 3 contributors to HMC’s global sales volumes, and their contribution to HMC’s sales volumes increased from 15.48% in CY2018 to 18.19% in CY2023. The company operates from its Chennai plant which has a capacity to produce 824K units annually. The company has acquired GM’s plant and land in Pune at the capex of ₹60 bn which would push the capacity by 30% over the period of next 2-3 years. The company derives about 78% of its volumes from domestic markets, while ~22% from exports. HMI has about 1,377 sales outlets and 1,561 service outlets by the end of Q1 FY25. The sales have grown by 15.8% to ₹698 mn in FY24, with robust EBITDA margins at 13.1%, while PAT zooming up by 28% in FY24. HMI pays a royalty payment of 3.5% of its revenues to its parent HMC.

### About Offer

HMI IPO is a book built issue of ₹278 bn. The issue is an Offer For Sale (OFS) of 142 mn shares. HMI IPO price band is set at ₹1865 to ₹1960 per share. The minimum lot size for an application is 7 shares and multiples thereof. The implied market cap post issue will be ₹1515.4 mn – ₹1592.7 mn.

### Our view

HMI is the #2 PV player in the domestic markets, while #3 PV player internationally according to sales volumes. It has been in the Indian markets since almost three decades and has gone through the ups and downs of the industry. HMI is a well-entrenched player in India with almost equal penetration in rural as well as the urban markets. They have been launching the iconic brands in India and are present strongly in each and every engine type of cars. We believe it is the second best player to play as a proxy to the Indian PV theme along with the likes of Maruti Suzuki. The company has about 15% market share on the back of 68% share coming from the SUVs, while >20% share coming from exports. Its revenues are growing along with the industry in India and has strong return ratios as well. Its EBITDA margins at 13.8% in Q1 FY25 are best among the industry. The current capacity utilization of HMI’s plants is ~100%, due to which in near future the company may not be able to cater to the demand.

### Issue Details

**Offer for Sale of 142,194,000 Equity Shares**

### Issue Highlights

<b>Offer Size:</b>	₹ 265.05 – 278.56 bn
<b>Face Value:</b>	₹ 10/-
<b>Price Band:</b>	₹ 1,865 – 1,960
<b>Bid Lot:</b>	7 Shares and in multiple thereof
<b>Employee Reservation:</b>	Upto 778,400 Shares
<b>Employee Discount:</b>	₹ 186/- per share
<b>Post Issue Implied MCAP:</b>	₹ 1515.39 – 1592.58 bn
<b>Offer Opens On:</b>	Tuesday, 15th Oct’ 2024
<b>Offer Closes On:</b>	Thursday, 17th Oct’ 2024

**BRLMs:** Kotak Mahindra Capital, Citigroup Global, HSBC Securities, J P Morgan India, Morgan Stanley

**Registrar:** KFin Technologies Limited

**Listing :** BSE & NSE

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	18-10-2024
Refunds/Unblocking ASBA Fund	21-10-2024
Credit of Equity Shares to DP A/c	21-10-2024
Trading Commences	22-10-2024

Category	Retail Category	NII-Bid Between ₹2-10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot	7 Shares	105 Shares	511 Shares
Minimum Bid Lot	₹ 13,720	₹ 2,05,800	₹10,01,560
Appl for 1x	70,70,815	67,341	1,34,682

### Issue break-up

	No. of Shares	₹ In Cr		% of Issue
		@upper	@Lower	
<b>QIB</b>	70,708,150	13,187	13,859	<b>50%</b>
<b>NIB</b>	21,212,445	3,956	4,158	<b>15%</b>
-NIB2	14,141,630	2,637	2,772	
-NIB1	7,070,815	1,319	1,386	
<b>RET</b>	49,495,705	9,231	9,701	<b>35%</b>
<b>Emp</b>	778,400	131	138	
<b>Total</b>	<b>142,194,700</b>	<b>26,505</b>	<b>27,856</b>	<b>100%</b>

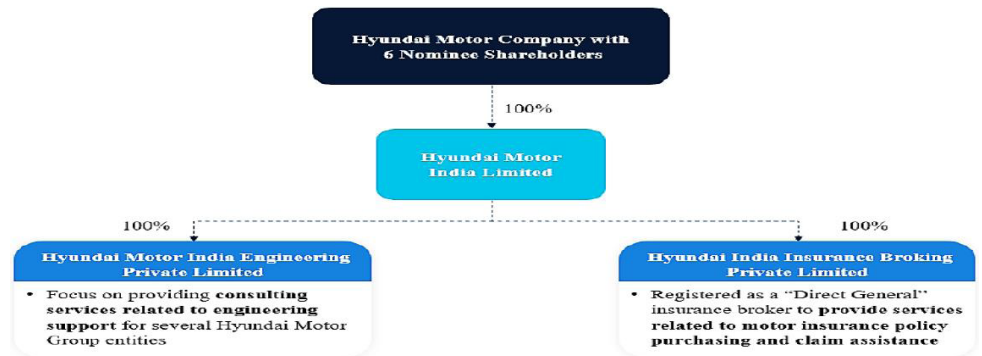
NIB-1= Bid between ₹ 2 to 10 Lakhs, NIB-2 = Bid Abv ₹ 10 Lakhs

### Shareholding

No. of Shares	Pre-Issue	(%)	Post-Issue	(%)
Promoters	812,541,100	100%	670,347,100	82.5
Public	-	-	142,194,000	17.5
<b>Total</b>	-	-	<b>812,541,100</b>	<b>100.0</b>

However, since the PV industry is slightly in a slow lane currently, this may augur well for the company, as HMI is expanding its capacity by 30% in the next 2 to 3 years. With new model launches (4 in mid-term, including the new Creta EV), HMI should give a strong fight to its rivals. At the upper end of the price band, on FY 24 earnings, the stock should trade at 26x times which is a fair value as compared to its closest peer Maruti Suzuki (29x FY 24 earnings). Therefore, on all favourable parameters, we assign a SUBSCRIBE rating on the stock. We recommend to be invested in this stock over long term for higher returns.

### Corporate structure



HMI was incorporated on May 6, 1996 in Tamil Nadu. HMC is the Promoter of the company. Currently, the promoter holds 812,541,100 Equity Shares (including 100 Equity Shares each held by Wangdo Hur, Kuen Han Yi, Unsoo Kim, Jae Wan Ryu, Daeick Kim and Jong Hoon Lee on behalf of and as nominees of the Promoter) in the Company, representing 100% of the pre- Offer issued, subscribed and paid-up equity share capital of the Company.

HMC was incorporated as 'Hyundai Motor Company' on December 29, 1967 in Seoul, South Korea. HMC is engaged in the business of manufacture and distribution of motor vehicles and parts, operation of vehicle financing & credit card processing, and manufacture of trains. Currently, HMC does not have a promoter or any natural person who is in control of HMC.

Under the Royalty Agreement, the Promoter-HMC has, among others, granted the company a non-exclusive, non-transferable right and license to manufacture motor vehicles or spare parts for a payment of an amount equal to 3.5% of the sales revenue, arising from both domestic sales and exports of all motor vehicles and spare parts.

In addition, the company and the Promoter have also entered into arrangements for, among others, (i) HMC providing technical training services to the Company's personnel in relation to the manufacture and assembly of the motor vehicles; (ii) supply of certain parts and components by HMC for manufacture of motor vehicles by the company.

### Key Personnel

**Unsoo Kim** is the Chairman and Managing Director of the company. He has been associated with the company since January 1, 2022. Further, on account of the position held by him in the company, he also serves as the head of India, Middle East & Africa Strategic Region of HMC - the Promoter, and to the extent of this role, reports directly to the Promoter. He is responsible for the overall operations and business of the company. He has been associated with the Hyundai Motor Group since December 2, 1991.

**Tarun Garg** is the Whole-time Director and Chief Operating Officer of the company. He has been associated with the company since December 4, 2019. He is responsible for driving sales, service, dealer management, product strategies, marketing, profitability, customer relationship, brand and media management at the company. He was previously associated with Maruti Suzuki India Ltd.

**Wangdo Hur** is the Whole-time Director and Chief Financial Officer and a business head – finance of the company. He has been associated with the company since January 1, 2023. He has been associated with the Hyundai Motor Group since December 1, 1991.

**Gopalakrishnan Chathapuram Sivaramakrishnan** is the Whole-time Director and Chief Manufacturing Officer of the company. He has been associated with the company since September 12, 1997. He is responsible for the overall manufacturing process, leading strategic planning, ensuring optimal resource utilization and agile procurement practices for sustained growth and driving production targets at the company. He was previously associated with Maruti Udyog Ltd.

### Shareholding pattern

Shareholders	Pre-offer		Offer for Sale Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	812,541,100	100.00%	142,194,700	670,346,400	82.50%
Total for Promoter & Promoter Group	812,541,100	100.00%	142,194,700	670,346,400	82.50%
Public	0	-	0	142,194,700	17.50%
Total for Public Shareholders	0	-	0	142,194,700	17.50%
<b>Total Equity Share Capital</b>	<b>812,541,100</b>	<b>100.00%</b>	<b>142,194,700</b>	<b>812,541,100</b>	<b>100.00%</b>

Source: Company RHP, LKP Research

VEHICLE MODEL PORTFOLIO



13 Models Across Segments

Wide Range of SUV models

- Compact**
  - Exter
  - Venue
  - Venue N-Line
- Mid-Size**
  - Creta
  - Creta N-Line
  - Alcazar
- Large**
  - Tucson
  -  IONIQ 5

8 vehicle models to maximize penetration & secure market share

Hatchbacks > Sedans > SUVs > EVs

Diverse Engine Portfolio



BS-6 compliant engine portfolio

Petrol Naturally Aspirated

Turbo Petrol

Diesel

CNG

**Electric**

Wide Range of Transmission Options



Cater to varied consumer preferences and convenience

Automated Manual Transmission

Automatic Transmission

Dual Clutch Transmission

Intelligent Variable Transmission

Manual Transmission



Fiscal 2024 SUV Contribution: **63.24% HMI<sup>(1)</sup>** vs. **51.2%<sup>(2)(3)</sup> Industry**  
 Fiscal 2022 SUV Contribution: **52.01% HMI<sup>(1)</sup>** vs. **41.1%<sup>(2)(3)</sup> Industry**



Source: Company RHP, LKP Research

Company's operations



Source: Company RHP, LKP Research

Portfolio in numbers

The domestic sales volumes by passenger vehicle segment

Particulars	3 months ended Jun'30				Fiscal					
	2024		2023		2024		2023		2022	
	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total
"Domestic sales volumes by passenger vehicle sub-segments"	149,455	100.00%	148,303	100.00%	614,721	100.00%	567,546	100.00%	481,500	100.00%
Sedans	17,634		26,388		85,244		70,001		56,084	
- Compact Sedans	13,258	8.87%	14,699	9.91%	55,215	8.98%	50,232	8.85%	35,854	7.45%
- Premium Sedans	4,376	2.93%	11,689	7.88%	30,017	4.88%	19,769	3.48%	20,230	4.20%
- Luxury Sedans*	-		-		12	0.00%	-		-	
Hatchbacks	31,076		38,273		140,752		195,864		174,986	
- Compact Hatchbacks	15,393	10.30%	19,545	13.18%	70,764	11.51%	113,252	19.95%	112,217	23.31%
- Premium Hatchbacks	15,683	10.49%	18,728	12.63%	69,988	11.39%	82,612	14.56%	62,769	13.04%
SUVs	100,745		83,642		388,725		301,681		250,430	
- Compact SUVs	50,698	33.92%	32,161	21.69%	200,196	32.57%	120,653	21.26%	105,091	21.83%
- Mid-size SUVs	46,402	31.05%	43,241	29.16%	163,493	26.60%	151,293	26.66%	118,223	24.55%
- Large SUVs	3,645	2.44%	8,240	5.56%	25,036	4.07%	29,735	5.24%	27,116	5.63%

Source: Company RHP, LKP Research

## The export sales volumes by passenger vehicle segment

Particulars	3 months ended Jun'30				Fiscal					
	2024		2023		2024		2023		2022	
	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total
"Export sales volumes by passenger vehicle sub-segments"	42,600	100.00%	35,100	100.00%	163,155	100.00%	153,019	100.00%	129,260	100.00%
Sedans	23,019		19,697		90,487		61,164		46,804	
- Compact Sedans	9,057	21.26%	4,891	13.93%	30,112	18.46%	20,176	13.19%	15,705	12.15%
- Premium Sedans	13,962	32.77%	14,806	42.18%	60,375	37.00%	40,988	26.79%	31,099	24.06%
Hatchbacks	11,862		8,167		45,480		45,772		41,697	
- Compact Hatchbacks	10,300	24.18%	6,620	18.86%	39,021	23.92%	37,406	24.45%	36,780	28.45%
- Premium Hatchbacks	1,562	3.67%	1,547	4.41%	6,459	3.96%	8,366	5.47%	4,917	3.80%
SUVs	7,719		7,236		27,188		46,083		40,759	
- Compact SUVs	3,763	8.83%	3,542	10.09%	12,504	7.66%	7,990	5.22%	8,125	6.29%
- Mid-size SUVs	782	1.84%	1,035	2.95%	3,859	2.37%	26,759	17.49%	29,747	23.01%
- Large SUVs	3,174	7.45%	2,659	7.58%	10,825	6.63%	11,334	7.41%	2,887	2.23%

Source: Company RHP, LKP Research

## The domestic sales volumes by powertrain

Particulars	3 months ended Jun'30				Fiscal					
	2024		2023		2024		2023		2022	
	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total
Domestic sales volume by powertrain	149,455	100.00%	148,303	100.00%	614,721	100.00%	567,546	100.00%	481,500	100.00%
- ICE (without CNG)	132,338	88.55%	132,634	89.43%	542,234	88.21%	506,249	89.20%	437,637	90.89%
- CNG	17,000	11.37%	15,061	10.16%	70,367	11.45%	60,322	10.63%	43,732	9.08%
- EV	117	0.08%	608	0.41%	2,120	0.34%	975	0.17%	131	0.03%
Eco-friendly passenger vehicle (CNG passenger vehicles and EVs) sales volume contribution (%)	17,117	11.45%	15,669	10.57%	72,487	11.79%	61,297	10.80%	43,863	9.11%

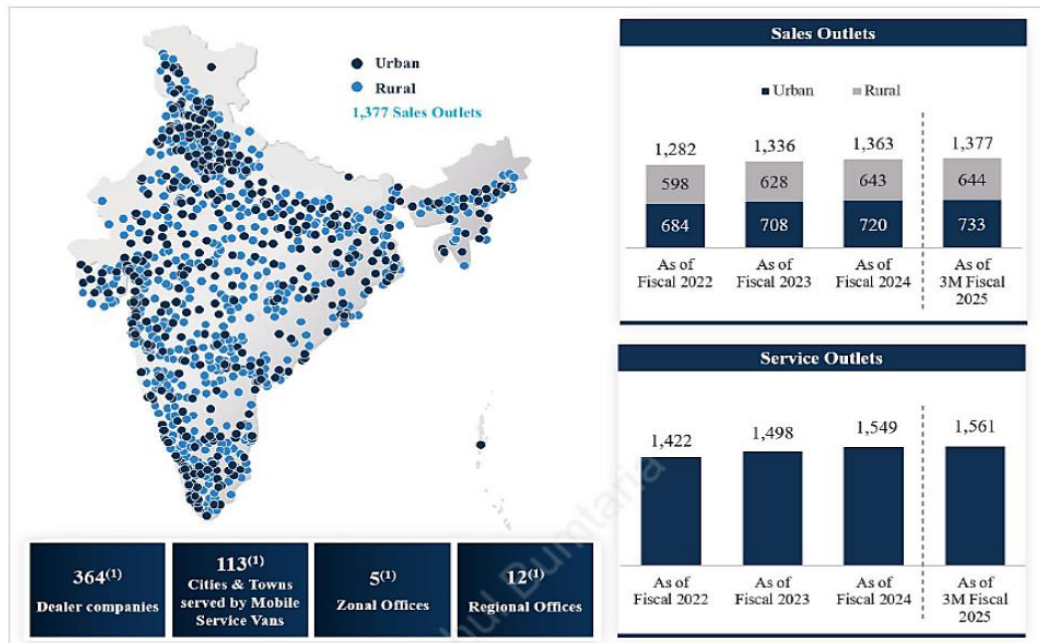
Source: Company RHP, LKP Research

## The export sales volumes by powertrain

Particulars	3 months ended Jun'30				Fiscal					
	2024		2023		2024		2023		2022	
	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total	Units	% of Total
Domestic sales volume by powertrain	42,600	100.00%	35,100	100.00%	163,155	100.00%	153,019	100.00%	129,260	100.00%
ICE (without CNG)	42,600	100.00%	35,100	100.00%	163,155	100.00%	153,019	100.00%	129,260	100.00%

Source: Company RHP, LKP Research

Pan India Sales, distribution and After sales network



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

Source: Company RHP, LKP Research

Geographical mix of revenues

Particulars (₹ Cr)	3 months ended Jun'30				Fiscal					
	2024		2023		2024		2023		2022	
	Revenue	% of Rev.	Revenue	% of Rev.	Revenue	% of Rev.	Revenue	% of Rev.	Revenue	% of Rev.
India	132,340	76.30%	132,534	79.73%	542,275	77.66%	461,867	76.59%	373,320	78.80%
Exports	41,102	23.70%	33,701	20.27%	156,016	22.34%	141,209	23.41%	100,464	21.20%
- Africa	5,625	3.24%	6,498	3.91%	24,676	3.53%	37,336	6.19%	29,736	6.28%
- Latin America	12,958	7.47%	10,589	6.37%	46,496	6.66%	55,675	9.23%	36,886	7.79%
- Middle East and Europe	20,949	12.08%	15,103	9.09%	78,268	11.21%	38,716	6.42%	26,740	5.64%
- Others	1,570	0.91%	1,512	0.91%	6,575	0.94%	9,481	1.57%	7,101	1.50%
Revenue from Operations	173,442	100.00%	166,235	100.00%	698,291	100.00%	603,076	100.00%	473,784	100.00%

Source: Company RHP, LKP Research

Sales and distribution

Particulars (Units)	As of June 30		As of or for Fiscal		
	2024	2023	2024	2023	2022
Urban	733	716	720	708	684
Rural	644	635	643	628	598
Total Sales Outlets	1377	1351	1363	1336	1282
Total Service Outlets	1561	1520	1549	1498	1422

Source: Company RHP, LKP Research

**Investment argument**

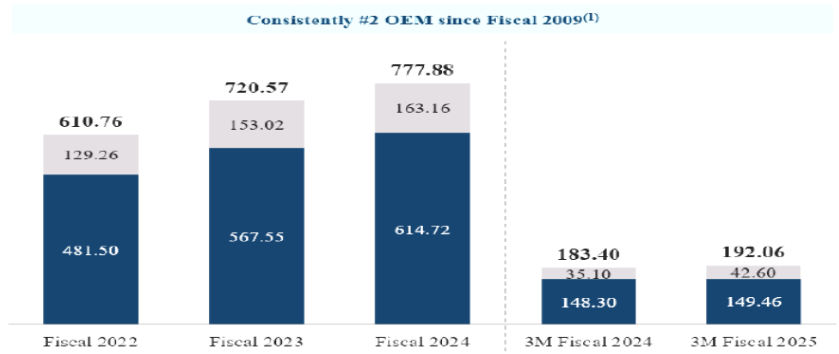
**#2 player and a proxy to the Indian PV industry; big player in exports**

HMI has been the 2nd largest auto OEM in the Indian passenger vehicles market since Fiscal 2009 (in terms of domestic sales volumes). They have consistently been the largest auto OEM in India by sales volume in the mid-size SUV sub-segment from FY19 to the 3 months ended June 30, 2024. Creta had a market share of 38% in the mid-size SUV sub-segment in the 3 months ended June 30, 2024, while Verna was the top selling model in the premium sedans sub-segment in FY 2024. Aura was the second highest selling model in the sedans segment with 15% market share in the 3 months ended June 30, 2024. In 2023, they launched their 1st premium EV, IONIQ 5.

**2<sup>nd</sup> largest Auto OEM in the Indian Passenger Vehicles Market since Fiscal 2009**

By Sales Volumes ('000s)

■ Domestic ■ Exports



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

Source: Company RHP, LKP Research

Since their inception and up to December 31, 2023, they exported 3.61 million passenger vehicles to over 150 countries, including to countries in Latin America, Africa, Middle East, Asia, and others. They serve as a production and export hub for emerging markets for HMC for passenger vehicles and parts, particularly for passenger vehicle models such as Verna and Venue.

**2<sup>nd</sup> largest Vehicles Exporter from India**



Source: Company RHP, LKP Research

**Diverse portfolio tilted towards SUV and exports provides the edge over competitors**

Company's portfolio of 13 passenger vehicle models across major passenger vehicle segments by body type include sedans (Aura and Verna), hatchbacks (Grand i10 NIOS, i20 and i20 N Line) and SUVs (Exter, Venue, Venue N Line, Creta, Creta N Line, Alcazar, Tucson and IONIQ 5). Together, the passenger vehicle segments accounted for approximately 88% of the total passenger vehicle sales volume in India in FY2024 and approximately 87% for the 3 months ended June 30, 2024. Various passenger vehicle models have multiple engine fuel options across petrol, diesel, compressed natural gas ("CNG") and EV along with diverse transmission options (MT, AMT, AT, DCT and iVT). They also seek to become a significant player in the EV segment sustainably and their future EV investments will be calibrated based on the expected growth of the Indian four-wheeler EV market. However, we would like to highlight that this portfolio is tilted more towards SUVs (68%) and exports (21%) due to which HMI is well shielded from the current trend of premiumization and decelerating growth in the small car segment which is a mainstay for its closest rival Maruti Suzuki (39%). This provides moat on market share as well as profitability front.

**Excellent Pan-India sales, and wide distribution & after-sale services network offered by the dealers**

Company's sales and service network was the 2nd largest in India in terms of the number of customer touch-points as of March 31, 2024. As of June 30, 2024, they had 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. They sell all their passenger vehicles, except for IONIQ 5, through their dealer network. They facilitate the sale of IONIQ 5 through "Click to Buy" app with support from select franchise dealers.

**Experienced management team with a superb track record**

HMI is led by an experienced management team and governed and advised by an experienced Board of Directors, which has representations from India and Korea, to ensure high corporate governance standards in line with HMC's governance standards. Their Board includes 3 independent directors, with several years of experience in their respective fields. Their focus on premiumisation, operational efficiency, strategically aligned sales mix between domestic and foreign markets, diverse passenger vehicle portfolio, and experienced management team have contributed to their financial performance and returns. CRISIL reaffirmed the AAA/Stable ratings on their bank facilities and short-term debt in January 2024, reflecting their established market position and a robust financial risk profile with strong liquidity. This is further bolstered by the strong.

**Focus on continued premiumization**

With a growing share of younger buyers in India, there is an increasing awareness and preference towards parameters other than price such as exterior and interior design, driving experience, safety, advanced features and aesthetics resulting in inter-segmental shift towards SUVs as well as intra-segmental shifts towards the mid- to top-end variants. HMI have a premiumisation strategy, where they focus on selling trims that have a higher average selling price for the respective passenger vehicles. They intend to bolster their sales in the SUV segment and mid-to-high range passenger vehicles in other segments through targeted passenger vehicle introduction across price points and powertrains. In line with this the company will be shortly coming up with Creta EV, priced at ~20 lakh onwards, which is expected to be a blockbuster.

**Caliberated manufacturing capacity expansion and efficient capital allocation**

They plan to develop the Chennai Manufacturing Plant as a hub for their EV and SUV production. Further, with the addition of the Talegaon Manufacturing Plant, which is expected to start commercial operations partly in the second half of Fiscal 2026, they are expanding their manufacturing capacity to boost production volume and accelerate economies of scale to match their supply capabilities in line with the growing demand in the domestic market.

The Chennai Manufacturing Plant had an annual production capacity of 824,000 units as of June 30, 2024. They expect their annual production capacity across the Chennai and Talegaon manufacturing plants in aggregate to increase to 994,000 units when the Talegaon Manufacturing Plant is partly operational and to 1,074,000 units once the Talegaon Manufacturing Plant is fully operational. The company plans a total capex of ₹330 bn.

**Further strengthening the position as the export hub for HMC**

The company intends to leverage their local manufacturing capabilities to set themselves up as HMC's largest foreign production base in Asia. They aim to become an export hub for HMC for exports to emerging markets including South Asia, Latin America, Africa and Middle East with the potential to export to other global markets. Their aim is to be the global manufacturer and supplier of cost-optimised passenger vehicles including the Grand i10 NIOS, i20, Aura, Venue, Verna, Creta and Alcazar. They also intend to collaborate with their stakeholders in export countries with innovative sales strategies.

**Higher focus on increasing market share in EVs**

HMC's diversified xEV portfolio across battery EVs, hybrid EV, plug-in hybrid EVs, mild hybrid EVs and fuel cell EVs, will be a key enabler for their EV strategies. They seek to calibrate their EV strategy and plan EV timelines in line with market demands in India, by launching the appropriate EV models within each price segment. They leased a section of the Chennai Manufacturing Plant to Mobis for the assembly of EV batteries which will be supplied to them. Further, they intend to localise the EV supply chain through collaboration with both local and global EV power electronic vendors. Recently in 2024, HMC announced its strategic collaboration with Exide Energy Solutions Ltd to facilitate localised battery production and supply in India. As of June 30, 2024, they have established 13 fast charging stations in India. They intend to support the adoption of EVs by installing charging points across cities and highways in India.

**Industry & Competition**

Domestic PV industry is an oligopolistic market with few players dominating the entire industry. Maruti Suzuki leads the PV industry in terms of domestic sales volumes. Hyundai Motor India is the 2nd largest contributor to the domestic sales, followed by Tata Motors and Mahindra & Mahindra. These 4 players together contribute approximately 80% of the market. However, in the last 5 years, the competition has intensified amidst competitively priced feature-rich vehicle launches by all players as well as recent entrants such as Kia and MG grabbing sizeable shares.

## Current Sales and Service Touchpoints

OEM	Sales Outlets	Touchpoints Sales Outlets	Total
Maruti Suzuki	3480+	4960+	8440+
<b>Hyundai Motor India</b>	<b>1360+</b>	<b>1540+</b>	<b>2900+</b>
Tata Motors	1450+	1000+	2450+
Mahindra & Mahindra *	1280+	1020+	2300+
Kia Motors India		520+	520+
Toyota Kirloskar Motor		615+	615+
Honda Cars India ^		400+	400+
Skoda Auto India		260+	260+
MG Motor India		380+	380+
Renault India	430+	490+	920+
Volkswagen India	210+	140+	350+
Nissan Motor India		270+	270+

\* Data is for overall Mahindra automotive division, ^ Data is at the end of CY2023  
 Source: Company RHP, LKP Research

## Player wise overall financial comparison

	Maruti Suzuki	Hyundai Motor India	Tata Motors	M & M	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%	<b>14.6%</b>	13.6%	10.9%	5.8%	5.8%	2.1%	2.1%	1.1%	1.8%
Operating revenue (₹ bn)	1418.58	<b>698.29</b>	523.53	987.63	387.8	558.66	141.9	189.6	75.8	123.65
Operating margin (%)	12.4%	<b>13.1%</b>	2.0%	14.9%	9.2%	11.6%	7.8%	1.8%	-8.9%	-0.3%
PAT margin (%)	9.2%	<b>8.5%</b>	Na	10.4%	5.4%	8.5%	9.9%	0.5%	-10.8%	0.3%

Source: Company RHP, LKP Research

## Comparison with listed industry peers

Company Name	FV (₹)	Closing price as on Oct' 10, 2024 (₹)	Revenue from operations for FY24 (₹ bn)	EPS (₹)		NAV	P/E	RoNW (%)	MCap (₹ bn)
				Basic	Diluted				
Hyundai Motor India	10	1,960 *	698.29	74.58	74.58	131.26	26.28	56.82%	1,592.58
Maruti Suzuki India	5	12,928	1418.58	429.01	429.01	2,723.77	29.38	15.75%	3,962.38
Tata Motors	2	930	4379.28	81.96	81.89	221.67	11.36	36.98%	3,425.54
Mahindra & Mahindra	5	3,188	1382.79	101.14	100.7	594.08	29.96	17.02%	3,751.79

Source: Company RHP; All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis)

\* Taken higher band price for Hyundai

**Key Risks**

- Increases in the prices of parts and materials required for the Company's operations could adversely affect their business and results of operations.
- Two of the Company's Group Companies, Kia Corporation and Kia India Private Limited, are in a similar line of business as them which may involve conflict of interests, which could adversely impact their business.
- The Company depends on a limited number of suppliers for parts and materials. Any interruption in the availability of parts and materials could adversely impact their operations. Further, any failure by their suppliers to provide parts and materials to them on time or at all, or as per their specifications and quality standards could have an adverse impact on their ability to meet their manufacturing and delivery schedules.
- The Company depends on HMC, their Promoter, for their operations, including for parts and materials (such as engines and transmission assembly) and research and development. Any adverse change in their relationship with HMC and the companies in the Hyundai Motor Group could have an adverse impact on their business, reputation, financial condition, and results of operations.
- Any increase in the royalty fee payable by the Company to HMC, their Promoter, under the Royalty Agreement, including up to & exceeding the limits of 5% of the annual consolidated turnover of the Company as prescribed under the SEBI Listing Regulations, could adversely impact their profitability metrics, including their earnings per share.

## Financials

### Balance Sheet

₹ mn	As at June 30, 2023	As at June 30, 2024	As at March 31, 2022	As at March 31, 2023	As at March 31, 2024
<b>Assets</b>					
Non-current assets					
Property, plant and equipment	64,387	63,787	62,291	57,656	67,136
Capital work-in-progress	7,081	9,721	5,291	13,366	6,528
Right-of-use assets	561	6,134	663	578	6,183
Other non-current assets	20,789	23,183	14,537	20,513	22,405
<b>Total non-current assets</b>	<b>92,817</b>	<b>102,825</b>	<b>82,782</b>	<b>92,114</b>	<b>102,252</b>
Current assets					
Inventories	35,944	28,883	28,811	34,224	33,156
Trade receivables	26,434	23,581	21,824	28,972	25,100
Cash and cash equivalents	64,630	45,043	141,388	177,411	9,732
Bank balance other than above	128,066	40,085	0	0	80,441
Other current assets	9,157	13,285	8,775	13,012	12,810
<b>Total current assets</b>	<b>264,231</b>	<b>150,877</b>	<b>200,798</b>	<b>253,620</b>	<b>161,240</b>
<b>Total assets</b>	<b>357,049</b>	<b>253,702</b>	<b>283,581</b>	<b>345,733</b>	<b>263,492</b>
<b>Equity and liabilities</b>					
Equity					
Equity share capital	8,125	8,125	8,125	8,125	8,125
Reserves and surplus	205,683	113,362	160,437	192,423	98,531
<b>Total equity</b>	<b>213,808</b>	<b>121,487</b>	<b>168,563</b>	<b>200,548</b>	<b>106,657</b>
<b>Liabilities</b>					
Non-current liabilities					
Financial liabilities					
Borrowings	6,862	6,017	7,667	7,066	6,228
Provisions	8,270	8,671	7,743	8,038	8,467
Other non-current liabilities	10,378	12,502	7,686	10,027	12,169
<b>Total non-current liabilities</b>	<b>25,510</b>	<b>27,190</b>	<b>23,096</b>	<b>25,130</b>	<b>26,864</b>
<b>Current liabilities</b>					
Financial liabilities					
Borrowings	5,969	1,564	3,733	4,520	1,451
Trade payables	75,036	70,550	54,054	74,408	74,931
Other current liabilities	32,333	28,330	30,108	36,587	49,062
Provisions	4,393	4,581	4,027	4,539	4,528
<b>Total current liabilities</b>	<b>117,730</b>	<b>105,025</b>	<b>91,922</b>	<b>120,055</b>	<b>129,972</b>
<b>Total liabilities</b>	<b>143,241</b>	<b>132,215</b>	<b>115,018</b>	<b>145,185</b>	<b>156,836</b>
<b>Total equity and liabilities</b>	<b>357,049</b>	<b>253,702</b>	<b>283,581</b>	<b>345,733</b>	<b>263,492</b>

Source: Company RHP, LKP Research

## Profit &amp; Loss

₹ mn	For the three months		FY22		
	period ended June 30, 2023	period ended June 30, 2024	FY22	FY23	FY24
<b>Revenue</b>	<b>166,235</b>	<b>173,442</b>	<b>473,784</b>	<b>603,076</b>	<b>698,291</b>
YoY		4.3%		27.3%	15.8%
COGS	125,913	124,643	358,049	449,827	515,389
Employee Expenses	4,795	5,528	16,476	17,662	19,755
Other Expenses	15,555	19,869	44,398	60,099	71,821
<b>EBITDA</b>	<b>19,973</b>	<b>23,403</b>	<b>54,861</b>	<b>75,488</b>	<b>91,326</b>
<i>Margin</i>	<i>12.0%</i>	<i>13.5%</i>	<i>11.6%</i>	<i>12.5%</i>	<i>13.1%</i>
D&A	5,597	5,290	21,696	21,899	22,079
<b>EBIT</b>	<b>14,376</b>	<b>18,113</b>	<b>33,165</b>	<b>53,589</b>	<b>69,247</b>
<i>Margin</i>	<i>9%</i>	<i>10%</i>	<i>7%</i>	<i>9%</i>	<i>10%</i>
Finance Cost	372	316	1,319	1,424	1,581
Other Income	3,881	2,238	5,876	11,291	14,733
<b>PBT</b>	<b>17,885</b>	<b>20,034</b>	<b>37,722</b>	<b>63,456</b>	<b>82,399</b>
<i>Margin</i>	<i>11%</i>	<i>12%</i>	<i>8%</i>	<i>11%</i>	<i>12%</i>
Tax	4,593	5,137	8,706	16,363	21,798
<b>PAT</b>	<b>13,292</b>	<b>14,897</b>	<b>29,016</b>	<b>47,093</b>	<b>60,600</b>
<i>Margin</i>	<i>8%</i>	<i>9%</i>	<i>6%</i>	<i>8%</i>	<i>9%</i>

Source: Company RHP, LKP Research

## Cash Flow

₹ mn	For the three months		FY		
	period ended June 30, 2023	period ended June 30, 2024	FY22	FY23	FY24
Profit for the year	13,292	14,897	29,016	47,093	60,600
Adjustments for					
Tax expense	4,593	5,137	8,706	16,363	21,798
Depreciation and amortisation expense	5,580	5,258	21,603	21,813	21,982
Depreciation on right-of-use assets	17	32	93	85	97
Finance costs	372	316	1,319	1,424	1,581
Other	-3,469	-1,518	-4,989	-9,646	-12,691
Operating profit before WC	20,385	24,122	55,748	77,132	93,368
Change in WC	-1,310	-21,894	3,303	9,838	22,149
Cash generated from operating activities	19,075	2,228	59,052	86,970	115,518
Income taxes paid (net of refunds)	-2,735	-2,803	-7,668	-21,328	-22,998
Net cash from operating activities	16,340	-575	51,384	65,643	92,520
CFI					
CAPEX	-5,356	-5,591	-12,650	-22,610	-32,462
Proceeds from sale of PP&E	15	55	114	117	144
Other	-124,829	41,774	3,482	8,376	-68,587
Net cash from investing activities	-130,170	36,238	-9,053	-14,116	-100,905
CFF					
Proceeds from short term borrowings	4,586	3,202	10,463	16,532	5,538
Repayment of short term borrowings	-3,171	-3,079	-12,083	-15,785	-8,825
Other	-378	-439	-15,000	-16,539	-156,013
Net cash from financing activities	1,037	-317	-16,620	-15,792	-159,301
Net cash flow	-112,793	35,347	25,711	35,734	-167,686

Source: Company RHP, LKP Research

## DISCLAIMERS AND DISCLOSURES

LKP Sec. Ltd. (CIN-L67120MH1994PLC080039, www.lkpsec.com) and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1992 and is one of India's leading brokerage and distribution house. LKP is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds etc.

LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

LKP offers research services to clients. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

Research Analyst or his/her relative's financial interest in the subject company. (NO)

LKP or its associates may have financial interest in the subject company.

LKP or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company.

LKP or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report and LKP may have co-managed public offering of securities for the subject company in the past twelve months.

Research Analyst has served as officer, director or employee of the subject company: (NO)

LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person.

Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

All trademarks, service marks and logos used in this report are trademarks or registered trademarks of LKP or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LKP. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LKP.