

Hyundai Motor India Limited

October 11, 2024



Hyundai Motor India Ltd. primarily manufactures and sells four-wheeler passenger vehicles and parts, such as transmissions and engines, in India and internationally. Currently, the vehicle portfolio includes 13 passenger vehicle models across sedans, hatchbacks, SUVs, and battery EVs. Hyundai has been the second largest auto OEM in the Indian passenger vehicle market in FY22, FY23, FY24, and 3QFY24, and also since FY09 (in terms of domestic sales volumes). Hyundai is part of the Hyundai Motor Group, the third largest auto OEM in the world based on passenger vehicle sales in CY23. Hyundai has also been India's second largest exporter of passenger vehicles since FY22 through 3QFY24. Revenue from the sale of products – vehicles as a percentage of revenue from operations was 85.77%, 87.36%, 85.98%, 86.67%, and 86.30%, and revenue from the sale of products – parts as a percentage of revenue from operations was 5.94%, 6.24%, 6.18%, 6.05%, and 7.12%, in 3QFY24, 3QFY23, and in FY24, FY23, and FY22, respectively.

Investment Rationale:

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

- Hyundai has been the second largest auto OEM in the Indian passenger vehicles market since FY09 (in terms of domestic sales volumes).
- Hyundai has consistently been the largest auto OEM in India by sales volume in the mid-size SUV sub-segment from FY19 to 3QFY24. The 2016 India Car of the Year (ICOTY) awardee, Creta, held a 38% market share in the mid-size SUV sub-segment in 3QFY24.
- Additionally, Verna was the top-selling model in the premium sedans sub-segment in FY24, and Aura was the second-highest selling model in the sedans segment with a 15% market share in 3QFY24.

Focus on continued premiumization of passenger vehicle portfolio:

- Hyundai follows a premiumisation strategy, focusing on selling passenger vehicles with a higher ASP. With a growing share of younger buyers in India, there is increasing awareness and preference for factors beyond price, such as exterior and interior design, driving experience, safety, advanced features, and aesthetics.
- This has led to both inter-segmental shifts toward SUVs and intra-segmental shifts toward mid- to top-end variants. The growing ASP of passenger vehicles in India increased at a CAGR of 7% to 9% between FY19 and FY24.
- In line with this trend, the contribution of passenger vehicles with an ex-showroom ASP greater than ₹1,000,000 to Hyundai's domestic sales increased from 43.42% in FY22 to 48.55% in FY24 and stood at 46.86% in 3QFY24.
- Similarly, vehicles with an ex-showroom ASP greater than ₹1,500,000 accounted for 13.93% of domestic sales in FY22, rising to 19.81% in FY24, and 21.53% in 3QFY24.

Calibrated manufacturing capacity expansion and efficient capital allocation:

- Hyundai's Chennai manufacturing plant had an annual production capacity of 824,000 units as of June 30, 2024.
- Hyundai is expanding its manufacturing capabilities in India with the recent acquisition of a manufacturing plant in Talegaon, Maharashtra (Talegaon Manufacturing Plant), which is expected to commence commercial operations partly in the second half of FY26.
- Hyundai anticipates that the combined annual production capacity across the Chennai and Talegaon manufacturing plants will increase to 994,000 units when the Talegaon plant is partly operational and to 1,074,000 units once it is fully operational.

Focus on increasing EV market share:

- Hyundai seeks to calibrate its EV strategy and plan timelines in line with market demands in India by launching appropriate EV models across each price segment.
- The company is following a transition strategy that began with the launch of high-end, premium EVs, with plans to move towards mass markets as the EV ecosystem scales in India.
- As part of this strategy, four EV models are set to launch, including the Creta EV in the last quarter of FY25. HMC's diversified xEV portfolio—encompassing battery EVs, hybrid EVs, plug-in hybrid EVs, mild hybrid EVs, and fuel cell EVs—will be essential in executing its EV strategies.

Valuation and Outlook: Hyundai Motors India is set to capitalize on the projected 4.5%-6.5% CAGR in private vehicle sales, expected to reach 5.2-5.7 million units by FY29, with an average vehicle price of INR 7 lakh. Hyundai commands a 35% market share in the SUV segment and 15% in sedans, with its Creta holding a 38% share in the mid-size SUV sub-segment. The company is heavily investing in its manufacturing capabilities, having already injected INR 6,000 crores into the Talegaon plant, which, alongside the Chennai plant, will boost total capacity from 824,000 units to 1,074,000 units annually, a 30% increase, once the Talegaon plant becomes fully operational by FY26. This capacity expansion will be crucial as Hyundai gears up to meet rising demand for both SUVs and EVs. Hyundai's commitment to the Indian market is reflected in its total investment of \$5 billion to date, with an additional \$4 billion planned over the next decade. This massive capital infusion is aimed at enhancing production, optimizing local sourcing for EV components, and supporting future growth. The company's premiumization strategy is also paying off, as vehicles priced above INR 1 million accounted for 48.55% of sales in FY24, up from 43.42% in FY22. Hyundai's EV segment will further benefit from this investment, with four new EV models, including the Creta EV, launching by FY25. Maintaining a capacity utilization above 90% will drive profitability, while the significant investment in manufacturing infrastructure and premium vehicle segments positions Hyundai for long-term growth, improved margins, and leadership in India's growing automotive market. For Q1FY25, sales volume reached 192,055 units, up 4.72% from 183,403 units in Q1FY24. Full-year sales volume grew 7.96% YoY in FY24 to 777,876 units. Revenue for Q1FY25 stood at ₹173,442 million, rising 4.34% YoY, while FY24 revenue increased by 15.78% YoY to ₹698,290 million. EBITDA surged 17.21% YoY to ₹23,402 million in Q1FY25, with a margin of 13.49% (up 1.48%). FY24 EBITDA grew 21.00% YoY to ₹91,326 million, improving margins to 13.08%. ROCE for Q1FY25 jumped 79.38% to 13.69%, with FY24 witnessing a remarkable 115.65% increase to 62. We recommend subscribe to the issue as the company with its industry leading market share in SUV segment, premiumization of cars which will help in growth of ASP, increase in production capacity and foray into EV segment will boost future prospects positively. We recommend to subscribe to the issue as a good long term investment as a pure play PV segment company with industry leading market share in SUV segment, premiumization and launch of new EV models aiding revenue and margin improvement, though the valuations seem to be in sync with other listed peers.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY22	473784.32	-	54860.89	11.58	29015.91	35.71	18.04	22.50
FY23	603075.80	27.29	75487.80	12.52	47092.50	57.96	25.52	33.04
FY24	698290.57	15.79	91,326.16	13.08	57158.38	70.35	37.21	62.90

Issue Snapshot

Issue Open	15-October-24
Issue Close	17-October-24
Price Band	INR 1865 - 1960
Issue Size (Shares)	14,21,94,700
Market Cap (mln)	INR 1592581

Particulars

Fresh Issue (INR mln)	-
OFS Issue (INR mln)	INR 278701.612
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure

Pre Issue Equity	81,25,41,100
Post Issue Equity	81,25,41,100
Bid Lot	7 Shares
Minimum Bid amount @ 1865	INR 13055
Maximum Bid amount @ 1960	INR 13720

Share Holding Pattern

	Pre Issue	Post Issue
Promoters	100.00%	82.50%
Public	0.00%	17.50%

Particulars

Face Value	INR 10
Book Value	INR 131.26
EPS, Diluted	INR 70.35

Objects of the Issue

1. Offer for sale of 142,194,700 shares- INR 278,701.6 million

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Hyundai's Chennai manufacturing plant had an annual production capacity of 824,000 units as of June 30, 2024. Hyundai is expanding its manufacturing capabilities in India with the recent acquisition of a manufacturing plant in Talegaon, Maharashtra (Talegaon Manufacturing Plant), which is expected to commence commercial operations partly in the second half of FY26. Hyundai anticipates that the combined annual production capacity across the Chennai and Talegaon manufacturing plants will increase to 994,000 units when the Talegaon plant is partly operational and to 1,074,000 units once it is fully operational.

Hyundai's manufacturing operations are highly automated, with the Chennai manufacturing plant optimized to produce the full range of 13 passenger vehicle models. The plant operates in three shifts over 293 working days per year, six days a week, with an average production rate of 131 passenger vehicles per hour, or one vehicle every 30 seconds. As of June 30, 2024, more than 2,000 critical machines were connected with advanced technological systems, and 743 robots were employed in the manufacturing process.

A summary of select operational metrics:

Particulars	Three months ended June 30,		As of or for Fiscal		
	2024	2023	2024	2023	2022
	<i>Units unless otherwise specified</i>				
Total Passenger Vehicle Sales Volume	192,055	183,403	777,876	720,565	610,760
Domestic	149,455	148,303	614,721	567,546	481,500
Exports	42,600	35,100	163,155	153,019	129,260
Sales and Service Outlets					
Sales outlets	1,377	1,351	1,363	1,336	1,282
Service outlets	1,561	1,520	1,549	1,498	1,422

Industry Overview:

Per Capita Income and Car Penetration: As per provisional estimates by the National Statistical Office (NSO), India's per capita income (per capita NNI) grew by 7.4% in FY24, up from 5.7% in FY23, recovering from an 8.9% decline in FY21 due to pandemic-related GDP contraction. After a 7.6% increase in FY22, the trajectory remains positive. The International Monetary Fund projects a 9.4% CAGR in per capita income at current prices from CY24 to CY29, anticipating that India's economy will surpass the US\$5 trillion mark between FY25 and FY31, approaching US\$7 trillion. A forecasted average GDP growth of 6.7% will position India as the world's third-largest economy, with per capita income expected to reach approximately US\$4,500 by FY31, classifying it as an upper-middle-income nation.

The following table sets forth the domestic sales volumes by powertrain for the periods indicated:

Particulars	Three months ended June 30,				Fiscal					
	2024		2023		2024		2023		2022	
	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes
Domestic sales volume by powertrain										
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%

This rise in per capita income will likely shift consumer expenditure toward discretionary items like consumer durables and automobiles, boosting demand for such goods. As of FY24, India had 26 cars per 1,000 people, an increase from 22 cars in FY19, but still significantly lower than in developed countries and emerging markets such as Brazil, Russia, and Mexico. This gap presents substantial growth potential, especially with rising disposable incomes, robust economic growth, a youthful population, and heightened interest from international OEMs in the Indian market.

Union budget 2024-2025: The Union Budget 2024-2025, announced in July 2024, prioritizes skill development, employment, manufacturing, infrastructure development, and innovation, receiving a positive response from the automotive industry. A key highlight is the focus on strengthening the MSME sector through a credit support scheme and a new assessment model for public sector banks, which is expected to enhance the automotive supplier base. Additionally, an allocation of INR 1.52 lakh crore for agriculture and INR 2.66 lakh crore for rural development aims to bolster rural demand for automobiles. The budget also includes initiatives for employment and upskilling, such as the Employment Linked Incentive Program and Skilling Program, supporting auto manufacturing and addressing employment gaps in the sector.

To promote the adoption of alternative fuel vehicles and electric vehicles (EVs), the budget exempts customs duties on 25 rare earth minerals, including lithium, and reduces basic customs duties on two others. Establishing a Critical Mineral Mission for production and recycling is expected to drive innovation and enhance competitiveness in the advanced automotive components sector. Overall, the budget's emphasis on rural development, skill development, employment generation, and improved financing for MSMEs presents significant opportunities for the automotive sector.

Review of the Indian Domestic PV Industry (FY19 to Q1FY25): Between FY19 and FY24, India's domestic passenger vehicle (PV) sales volume experienced a CAGR of 5%. This growth occurred despite a significant sales contraction of 10% CAGR from FY19 to FY21. After reaching a low point in FY21, PV sales rebounded strongly, culminating in a record high of 4.2 million vehicles sold in FY24.

The downturn in FY20 was primarily due to the economic contraction, which adversely affected vehicle sales. Additionally, the liquidity crisis among Non-Banking Financial Companies (NBFCs) and the halt in BS-IV vehicle production due to the mandatory transition to BS-VI norms from FY21 further strained the market. The COVID-19 pandemic led to nationwide lockdowns, resulting in nearly half a month's worth of sales being lost at the end of the fiscal year.

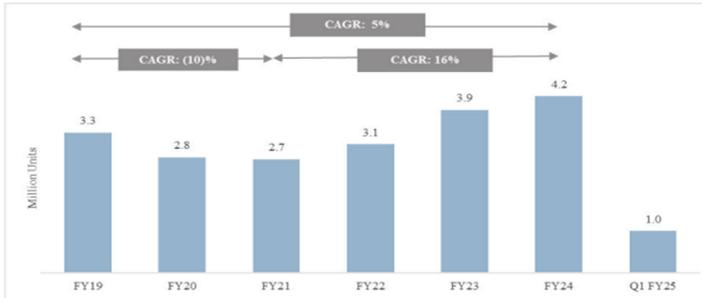
In FY21, domestic sales remained affected by the pandemic's first wave, with lockdowns, reduced mobility, and supply chain constraints causing production cuts. Although there was some recovery in sales during the second half of the fiscal, driven by an increased demand for personal mobility, overall sales contracted by approximately 2.2% year-on-year, partly due to additional price hikes from the implementation of BS-VI norms.

FY22 began with the severe impact of the second wave of COVID-19, characterized by state-imposed lockdowns, economic uncertainty, and a global semiconductor shortage that led to extended waiting periods for vehicles. However, as markets reopened in the second half of the fiscal, pent-up demand and improved supply conditions contributed to a 13% increase in PV sales from the low base of FY21.

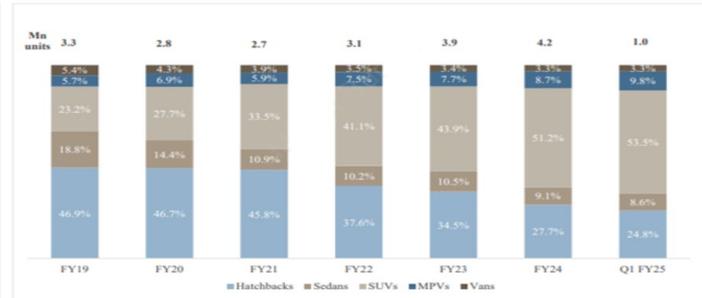
In FY23, the PV industry experienced robust growth, rising by 27% year-on-year, significantly outpacing the previous year's growth of 13%. This surge was driven by the pent-up demand following two years of subdued sales and bolstered by new launches in the expanding SUV category, which attracted considerable consumer interest. Wholesale volumes reached a historic high of 3.9 million units during this fiscal year.

The growth momentum continued into FY24, albeit at a slower rate, supported by ongoing demand for SUVs, new model launches, and improvements in disposable income. The industry saw an 8.4% growth in sales, achieving a record high of 4.2 million units. In Q1 FY25, the industry reported a million-vehicle offtake, reflecting an approximate 3% year-on-year increase. While hatchbacks faced challenges, growth in the SUV and MPV segments was pivotal in driving overall industry growth.

Review of the domestic PV sales volumes



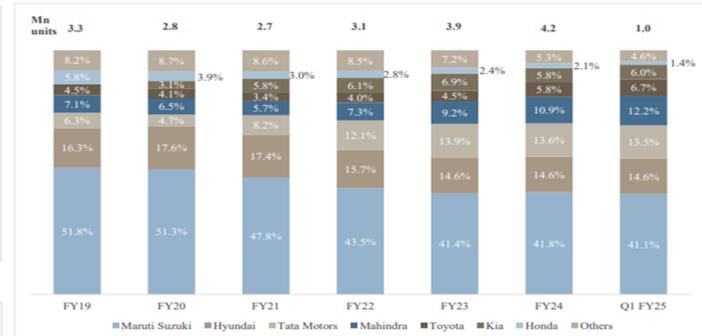
Segment-wise trends in the overall PV sales volumes in India



Review of the PV industry by value



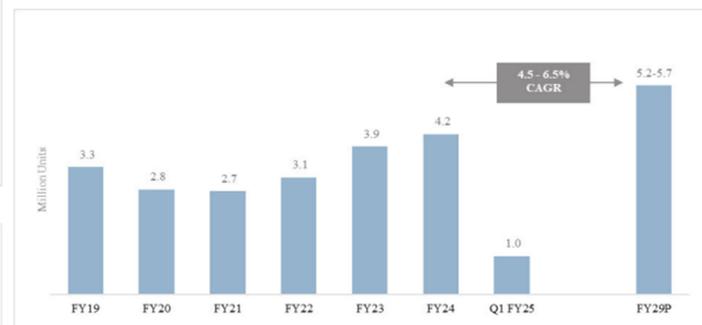
PV domestic market share across OEMs



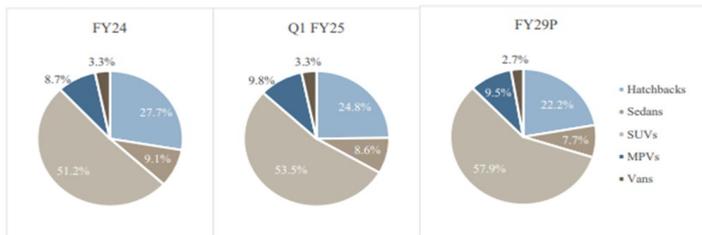
Trend in Average Vehicle Price (ASP)



Domestic PV Industry outlook (volumes)



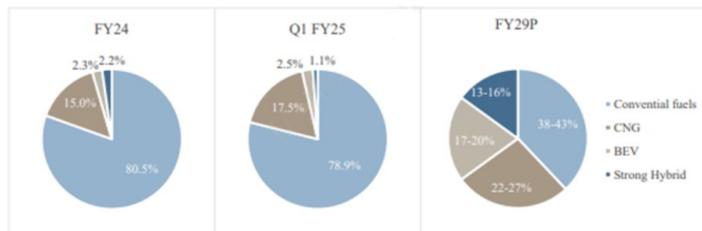
Industry segmental split outlook



Investment rationale:

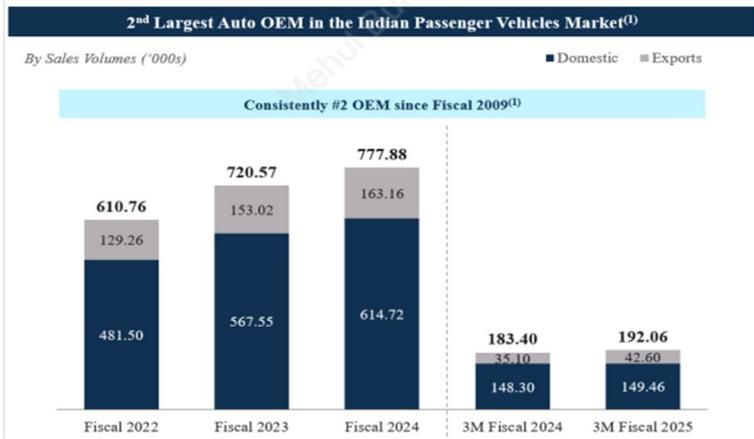
The second largest auto OEM in India and the leading exporter of passenger vehicles: Hyundai has been the second largest auto OEM in the Indian passenger vehicles market since FY09 (in terms of domestic sales volumes). Hyundai has consistently been the largest auto OEM in India by sales volume in the mid-size SUV sub-segment from FY19 to 3QFY24. The 2016 India Car of the Year (ICOTY) awardee, Creta, held a 38% market share in the mid-size SUV sub-segment in 3QFY24. Additionally, Verna was the top-selling model in the premium sedans sub-segment in FY24, and Aura was the second-highest selling model in the sedans segment with a 15% market share in 3QFY24.

Powertrain wise Outlook of the industry



In 2023, Hyundai launched its first premium EV, IONIQ 5. Due to consistent scale and leadership, Hyundai has garnered trust and loyalty for the brand among existing and potential customers in India. This scale and leadership also enable Hyundai to attract new dealers and achieve economies of scale in sourcing and manufacturing operations.

Hyundai has been India's second largest exporter of passenger vehicles from April 1, 2021, through 3QFY24. Since inception and up to June 30, 2024, Hyundai exported 3.61 million passenger vehicles to over 150 countries, including Latin America, Africa, the Middle East, Asia, and others. Hyundai serves as a production and export hub for emerging markets for HMC, particularly for passenger vehicle models such as Verna and Venue. The export market is a key revenue driver as Hyundai earns a higher average selling price (ASP) for exports compared to domestic products on average. Exports also provide a natural hedge against foreign currency risk by offsetting imports to some extent. For instance, in December, a low sales season in India, Hyundai manages total sales effectively by increasing exports during these months.



Focus on continued premiumization of passenger vehicle portfolio:

Hyundai follows a premiumisation strategy, focusing on selling passenger vehicles with a higher ASP. With a growing share of younger buyers in India, there is increasing awareness and preference for factors beyond price, such as exterior and interior design, driving experience, safety, advanced features, and aesthetics. This has led to both inter-segmental shifts toward SUVs and intra-segmental shifts toward mid- to top-end variants. The growing ASP of passenger vehicles in India increased at a CAGR of 7% to 9% between FY19 and FY24.

In line with this trend, the contribution of passenger vehicles with an ex-showroom ASP greater than ₹1,000,000 to Hyundai's domestic sales increased from 43.42% in FY22 to 48.55% in FY24 and stood at 46.86% in 3QFY24. Similarly, vehicles with an ex-showroom ASP greater than ₹1,500,000 accounted for 13.93% of domestic sales in FY22, rising to 19.81% in FY24, and 21.53% in 3QFY24.



Hyundai consistently surpasses industry-level SUV sales contributions. In FY22, FY24, and 3QFY24, the contribution of SUV sales to total passenger vehicle sales in India was 41.1%, 51.2%, and 53.5%, respectively. In comparison, Hyundai's domestic SUV sales accounted for 52.01%, 63.24%, and 67.41% of total domestic sales in FY22, FY24, and 3QFY24, respectively. Hyundai intends to further strengthen its presence in the SUV and mid-to-high range passenger vehicle segments through targeted introductions across price points and powertrains. The company is also exploring vehicle leasing to offer last-mile connectivity solutions.

Calibrated manufacturing capacity expansion and efficient capital allocation: With years of operational expertise, Hyundai is well positioned to calibrate capacity additions in line with market demand growth through efficient capital allocation. The Chennai Manufacturing Plant will be developed as a hub for 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 FY26, manufacturing capacity will expand to boost production volume and accelerate economies of scale to match supply capabilities in line with the growing demand in the domestic market. The company invested INR 6000 crores in the Talegaon manufacturing plant. The Chennai Manufacturing Plant had an annual production capacity of 824,000 units as of June 30, 2024. Annual production capacity across the Chennai and Talegaon manufacturing plants in aggregate is expected 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 which will increase the capacity by 30%. By aiming to maintain capacity utilisation above 90% with a healthy mix between domestic sales and exports, operations across all plants will be optimised with a profit-centric approach. The company intends to continue to deepen its localised supplier network by adopting a localisation strategy for the Talegaon Manufacturing Plant in India. Hyundai has ambitious plans to establish India as a global manufacturing and export hub and this IPO is a step in that direction. With a contribution of 15% to sales, India is the third-biggest revenue generator for Hyundai after the US and South Korea. It has invested \$5 billion in the country and plans to pump in another \$4 billion over the next decade.

Plant	Three months ended June 30, 2024			2023			2024			Fiscal 2023			2022		
	Installed capacity (x)	Production volume	Capacity utilisation (%) (y)	Installed capacity (1)	Production volume	Capacity utilisation (%) (2)	Installed capacity (1)	Production volume	Capacity utilisation (%) (2)	Installed capacity (1)	Production volume	Capacity utilisation (%) (2)	Installed capacity (1)	Production volume	Capacity utilisation (%) (2)
Chennai Plant #1	97,000	98,250	101.29% ⁽⁴⁾	85,000	91,225	107.32% ⁽⁴⁾	396,000	408,150	103.07% ⁽⁴⁾	354,000	350,342	98.97%	342,000	289,308	84.59%
Chennai Plant #2	98,000	85,150	86.89%	99,000	89,475	90.38%	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%	184,000	180,700	98.21%	811,000	787,500	97.10%	770,000	727,300	94.45%	758,000	606,100	79.96%

over the next decade.

Focus on increasing EV market share:

Hyundai seeks to calibrate its EV strategy and plan time-lines in line with market demands in India by launching appropriate EV models across each

price segment. The company is following a transition strategy that began with the launch of high-end, premium EVs, with plans to move towards mass markets as the EV ecosystem scales in India. As part of this strategy, four EV models are set to launch, including the Creta EV in the last quarter of FY25. HMC's diversified xEV portfolio—encompassing battery EVs, hybrid EVs, plug-in hybrid EVs, mild hybrid EVs, and fuel cell EVs—will be essential in executing its EV strategies.

To maximize the price competitiveness of its EV models, Hyundai focuses on securing local production capabilities for key components such as battery cells, battery packs, power electronics, and drivetrains, thereby building a localized EV supply chain. The company has leased part of the Chennai Manufacturing Plant to Mobis for EV battery assembly, reducing import costs for battery packs. In 2024, HMC announced a strategic collaboration with Exide Energy Solutions Limited (EESL) to facilitate localized battery production and supply in India while exploring avenues for purchasing lithium-ion prismatic battery cells through strategic collaborations. The addition of domestically sourced EV models aims to diversify the passenger vehicle offering and expand market coverage. Near-term localization efforts will secure production-linked incentive (PLI) subsidies and facilitate a transition to a dedicated EV platform to optimize costs.

Beyond EV manufacturing, Hyundai aims to enhance EV infrastructure in India by constructing charging stations. As of June 30, 2024, the company established 13 fast charging stations, with plans to install more across cities and highways in collaboration with the Government of Tamil Nadu. Each fast-charging station features DC 150 kW and DC 60 kW charging points, servicing up to three EVs simultaneously. Hyundai has also entered into a memorandum of understanding with the Tamil Nadu government to install 100 high-speed charging stations by 2027, hosted on the "EV Charge" app for easy access, pre-booking, digital payments, and charging status updates. In May 2024, a 180 kW DC fast public charging station was inaugurated in Chennai. Additionally, partnerships with key players in the EV ecosystem will strengthen Hyundai's overall EV ecosystem, aligning with the Government of India's electrification initiatives. For instance, in July 2024, an MoU with Tesco Chargezone Limited was signed to install fast chargers at Hyundai dealerships across India.

The following table sets forth the sales volumes for EVs for the periods indicated:

Particulars	Three months ended June 30,				Fiscal					
	2024		2023		2024		2023		2022	
	Units	% of total passenger vehicle sales volumes	Units	% of total passenger vehicle sales volumes	Units	% of total passenger vehicle sales volumes	Units	% of total passenger vehicle sales volumes	Units	
EV	117	0.06%	608	0.33%	2,120	0.27%	975	0.14%	131	0.02%

Valuation and outlook: Hyundai Motors India is set to capitalize on the projected 4.5%-6.5% CAGR in private vehicle sales, expected to reach 5.2-5.7 million units by FY29, with an average vehicle price of INR 7 lakh. Hyundai commands a 35% market share in the SUV segment and 15% in sedans, with its Creta holding a 38% share in the mid-size SUV sub-segment. The company is heavily investing in its manufacturing capabilities, having already injected INR 6,000 crores into the Talegaon plant, which, alongside the Chennai plant, will boost total capacity from 824,000 units to 1,074,000 units annually, a 30% increase, once the Talegaon plant becomes fully operational by FY26. This capacity expansion will be crucial as Hyundai gears up to meet rising demand for both SUVs and EVs. Hyundai's commitment to the Indian market is reflected in its total investment of \$5 billion to date, with an additional \$4 billion planned over the next decade. This massive capital infusion is aimed at enhancing production, optimizing local sourcing for EV components, and supporting future growth. The company's premiumization strategy is also paying off, as vehicles priced above INR 1 million accounted for 48.55% of sales in FY24, up from 43.42% in FY22. Hyundai's EV segment will further benefit from this investment, with four new EV models, including the Creta EV, launching by FY25. Maintaining a capacity utilization above 90% will drive profitability, while the significant investment in manufacturing infrastructure and premium vehicle segments positions Hyundai for long-term growth, improved margins, and leadership in India's growing automotive market. For Q1FY25, sales volume reached 192,055 units, up 4.72% from 183,403 units in Q1FY24. Full-year sales volume grew 7.96% YoY in FY24 to 777,876 units. Revenue for Q1FY25 stood at ₹173,442 million, rising 4.34% YoY, while FY24 revenue increased by 15.78% YoY to ₹698,290 million. EBITDA surged 17.21% YoY to ₹23,402 million in Q1FY25, with a margin of 13.49% (up 1.48%). FY24 EBITDA grew 21.00% YoY to ₹91,326 million, improving margins to 13.08%. ROCE for Q1FY25 jumped 79.38% to 13.69%, with FY24 witnessing a remarkable 115.65% increase to 62. We recommend subscribe to the issue as the company with its industry leading market share in SUV segment, premiumization of cars which will help in growth of ASP, increase in production capacity and foray into EV segment will boost future prospects positively.

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Peer Comparison

Particulars	Hyundai Motors			Maruti Suzuki Ltd.			Tata Motors Ltd.			M&M Ltd.		
	FY24	FY23	FY22	FY24	FY23	FY22	FY24	FY23	FY22	FY24	FY23	FY22
Financial metrics												
Revenue from operations	6,98,290.57	6,03,075.80	4,73,784.32	14,18,582.00	11,75,713.00	8,83,298.00	43,79,277.70	34,59,669.70	27,84,536.20	13,82,793.00	12,12,685.50	9,01,705.70
Domestic %	77.66	76.59	78.8	87.35	87.4	85.86	29.18	32.98	28.99	88.52	88.57	82.62
Exports %	22.34	23.41	21.2	12.65	12.6	14.14	70.82	67.02	71.01	11.48	14.13	17.38
PAT	60,600.44	47,092.50	29,015.91	1,34,882.00	82,110.00	38,795.00	3,18,067.50	26,898.70	-1,13,087.60	1,22,698.20	1,13,744.80	72,530.10
PAT Margin	8.5	7.67	6.05	9.24	6.86	4.31	7.17	0.77	-4.02	8.69	9.29	7.96
EBITDA	91,326.16	75,487.80	54,860.89	1,85,263.00	1,30,944.00	57,062.00	6,27,980.00	3,70,110.00	2,68,400.00	2,40,929.60	2,02,314.20	1,45,797.20
EBITDA Margin	13.08	12.52	11.58	13.06	11.14	6.46	14.3	10.7	9.6	17.42	16.68	16.17
Net Worth	1,06,656.57	2,00,548.18	1,68,562.55	8,56,360.00	6,17,913.00	5,53,335.00	8,49,180.20	4,53,217.90	4,45,612.40	6,61,905.50	5,63,657.90	4,71,226.40
ROCE	62.9	28.75	20.37	21.82	16.26	8.87	18.7	6.5	1	14.88	15.02	11.92
Operating metric												
Total sales volume	7,77,876	7,20,565	6,10,760	21,35,323	19,66,164	16,52,653	13,80,315	13,35,819	10,86,734	8,24,939	6,98,456	4,55,570
Domestic	6,14,721	5,67,546	4,81,500	18,52,256	17,06,831	14,14,277	-	-	-	8,00,276	6,66,349	4,23,143
Exports	1,63,155	1,53,019	1,29,260	2,83,067	2,59,333	2,38,376	-	-	-	24,663	32,107	32,427
Sales outlets	1,363	1,336	1,282	3,863	3,640	3,357	-	-	-	-	-	-
Service outlets	1,549	1,498	1,422	4,964	4,564	4,254	-	-	-	-	-	-

Name of the company	Closing price as on 09-10-24	Revenue	EPS (Diluted)	P/E	Market Capitalisation	
Hyundai Motors		1960	698290.57	74.58	27.86	77191.00
Listed peers						
Maruti Suzuki India Ltd.		12,602.90	1418582	429.01	29.38	3,962.38
Tata Motors Ltd.		930.70	4379277.7	81.89	11.36	3,425.54
Mahindra & Mahindra		3,017.05	1382793	100.7	29.96	3,751.79

Income Statement					Balance Sheet				
Y/E (INR mn)	FY22	FY23	FY24	Q1FY25	Y/E (INR mn)	FY22	FY23	FY24	Q1FY25
Revenue	473784.32	603075.80	6,98,290.57	1,73,442.34	Source of funds				
Expenses:					Equity Share Capital	8125.41	8125.41	8,125.41	8,125.41
Cost of materials consumed	352308.08	445086.35	5,12,979.91	1,17,638.35	Reserves	160437.14	192422.77	98,531.16	1,13,361.69
Purchases of stock-in-trade	6564.05	6564.16	4,334.27	1,801.24	Total Share holders funds	1,68,562.55	2,00,548.18	1,06,656.57	1,21,487.10
Employee Cost	16476.38	17662.26	19,754.88	5,527.69	Total Debt	11400.33	11586.00	7,679.15	7,581.44
Total Expenses	418923.43	527588.00	6,06,964.41	1,50,039.80	Current Liabilities	91922.37	120055.15	1,29,971.87	1,05,025.21
EBITDA	54,860.89	75,487.80	91,326.16	23,402.54	Trade Payables	54054.28	74408.31	74,930.57	70,549.79
EBITDA Margin %	11.58	12.52	13.08	13.49	Total Non-Current Liabilities	23095.66	25130.09	26,864.01	27,190.08
Interest	1319.13	1424.01	1,580.79	316.40	Total Liabilities	283580.58	345733.42	2,63,492.45	2,53,702.39
Depreciation	21695.86	21898.66	22,079.31	5,289.81	Application of funds				
Other Income	5876.16	11290.62	11,290.62	2,237.50	Fixed Assets	62953.48	58234.01	73,319.01	69,920.99
PBT	37,722.06	63,455.75	78,956.68	20,033.83	CWIP	5291.25	13366.35	6,528.42	9,721.25
PAT	29015.91	47092.50	57,158.38	14,896.52	Cash and Bank	141388.42	177411.47	90,173.45	85,127.83
EPS	35.71	57.96	70.35	18.33	Inventory	28811.20	34224.09	33,156.29	28,882.93
					Other current assets	5614.63	7813.17	9,371.19	9,567.12
					Sundry Debtors	21824.07	28971.92	25,100.26	23,581.40
					Current Assets	200798.41	253619.71	1,61,240.43	1,50,877.43
					Total Assets	283580.58	345733.42	2,63,492.45	2,53,702.39

Cash Flow					Key Ratios			
Y/E (INR mn)	FY22	FY23	FY24	Q1FY25	Y/E (INR mn)	FY22	FY23	FY24
Profit Before Tax	37722.06	63455.75	78,956.68	20,033.83	Growth Ratio			
Adjustment	18026.40	13676.65	14,411.60	4,088.33	Net Sales Growth(%)	15.64	27.29	15.79
Changes In working Capital	3303.36	9837.96	22,149.26	-21,893.98	EBITDA Growth(%)	29.83	42.88	20.98
Cash Flow after changes in Working Capital	59051.82	86970.36	1,15,517.54	2,228.27	PAT Growth(%)	54.25	62.30	21.37
Tax Paid	-7667.73	-21327.80	-22,997.99	-2,803.19	Margin Ratios			
Cash From Operating Activities	59051.82	65642.56	92,519.55	-574.92	EBITDA	11.58	12.52	13.08
Cash Flow from Investing Activities	-9052.93	-14116.24	-1,00,904.68	36,238.41	PBT	7.96	10.52	11.31
Cash from Financing Activities	-16620.39	-15792.34	-1,59,300.74	-316.68	PAT	6.12	7.81	8.19
Net Cash Inflow / Outflow	25710.77	35733.98	-1,67,685.87	35,346.81	Return Ratios			
Opening Cash & Cash Equivalent	115676.30	141388.42	1,77,411.47	9,732.15	ROA	20.46	14.97	18.76
Closing Cash & Cash Equivalent	141388.42	177122.40	9,732.15	45,042.88	ROE	18.04	25.52	37.21
					ROCE	22.50	33.04	62.90
					Turnover Ratios			
					Asset Turnover(x)	2.72	3.19	0.38
					Inventory Turnover(x)	17.40	19.13	20.73
					Debtors Turnover(x)	20.39	23.75	27.82
					Fixed Asset Turnover (x)	7.53	10.36	9.52
					Solvency Ratios			
					Total Debt/Equity(x)	0.07	0.06	0.07
					Current Ratio(x)	2.18	2.11	1.24
					Quick Ratio(x)	1.87	1.83	0.99
					Interest Cover(x)	41.59	53.01	57.77
					Valuation Ratios			
					P/E	54.89	33.82	27.86
					EV/EBITDA	-0.96	-1.17	-0.06

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Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com
