Crisil Ratings

Rating Rationale

August 21, 2025 | Mumbai

Hyundai Motor India Limited

Ratings Reaffirmed; 'Crisil A1+' reassigned to short-term bank debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.3700 Crore**
Long Term Rating	**Crisil AAA/Stable (Reaffirmed)**
Short Term Rating	**Crisil A1+ (Reassigned)**

Rs.100 Crore Short Term Debt	**Crisil A1+ (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil AAA/Stable/Crisil A1+' ratings on the long term bank loan facilities and short term debt of Hyundai Motor India Ltd (HMIL). Crisil Ratings has also reassigned its '**Crisil A1+**' rating to the short term bank facility of HMIL.

The reaffirmation continues to reflect HMIL's established position in the domestic and overseas passenger car market, and a robust financial risk profile with strong liquidity. The company also benefits from strong technical and managerial support provided by its parent, Hyundai Motor Company (HMC, rated 'A-/Stable' by S&P Global Ratings). These strengths are partially offset by exposure to intense competition in the domestic passenger vehicle (PV) industry and susceptibility to fluctuations in foreign exchange (forex) rates.

In fiscal 2025, HMIL's overall volume moderated by 2% on account of high base arising due to elevated dealer inventory and moderation in domestic demand, albeit export volume largely remaining flat. This led to drop in revenue of HMIL to Rs 69,193 crore in fiscal 2025 as compared with Rs 69,829 crore in fiscal 2024. Sustained volume supported by new model launches with minimal price hikes and rebound of market share in utility vehicle (UV) segment will support HMIL to register sizeable revenue (Rs 73,000–75,000 crore) during the fiscal. Furthermore, with an expected slew of new launches, including in the electric vehicle (EV) segment, revenue growth is expected to be steady over the medium term. Profitability in fiscal 2025 was healthy and in line with fiscal 2024 at ~13% due to better operating leverage and price hikes taken on certain models, to offset inflationary trends in input prices, and volatile forex movements. This was also supported by HMIL's localisation efforts in terms of raw material procurements which has reached 82% in fiscal 2025 as compared with 78% in fiscal 2024. With sustained volume and minimal price hikes on the stable raw material prices, HMIL is expected to maintain its operating profitability at healthy levels over the medium term.

HMIL's financial risk profile remains robust, driven by negligible debt and strong liquidity driven by annual cash accretion, with sizeable cash surpluses and bank balances (~Rs 8,579 crore as on March 31, 2025). Capital expenditure (capex) spends in fiscal 2025 was largely met out of available surpluses and annual cash generation. HMIL will continue to have very minimal debt with its capital spend of Rs 6,000–7,000 crore for next two fiscals will be met by way of annual cash accrual of Rs 5,000–5,500 crore and balance through existing surpluses.

Analytical Approach

For arriving at the ratings, Crisil Ratings has combined the business and financial risk profiles of HMIL and its subsidiaries. Crisil Ratings has also factored in technical and operational support from HMC.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

Established position in India's PV industry and in the export segment: HMIL is India's second-largest manufacturer of PVs after Maruti Suzuki India Ltd (MSIL; rated 'Crisil AAA/Stable/Crisil A1+').

In the first three months, April-June 2025, HMIL had a market share of ~13% in domestic PV sales (~14.6% in the previous corresponding period). Domestic sales volume during April-June 2025 dropped to 132,259 cars as compared with 149,455 cars on account of moderation in demand and absence of new launches. Earlier, in fiscal 2025, the company sold 762,052 units (777,876 units in fiscal 2024) including 598,666 units in the domestic market (614,721 in fiscal 2024) with the balance exported. Domestic sales volume dropped by 2.6% while the overseas volume growth remained flat during the fiscal, leading to overall volume degrowing by 2.0% over a high base. The company had registered operating revenue of Rs 16,412.9 crore in the first three months of fiscal 2026 with exports contributing to 27% and remaining by the domestic markets. With stable raw materials, new launches including facelifts of existing models, HMIL is well positioned to consolidate and retain its market position in the domestic market and register steady revenue in fiscal 2026, though competition, especially in the SUV segment, is intensifying, with a few players with material product offerings.

HMIL's established presence in the domestic PV market is underpinned by the strong position of the Grand i10 Nios, Aura and i20 in the compact car segment and Creta, Venue, Alcazar and Tucson in the SUV segment. HMIL had also launched Creta-EV in fiscal 2025, which is expected to drive the Mid SUV EV segment over the medium term. HMIL has substantially expanded its EV selling outlets to 544 showrooms across 239 cities as compared with 119 outlets as of September 2024. As of March 2025, HMIL had 1,419 sales outlets and 1,606 service outlets across the country.

HMIL's status as a global sourcing hub for cars makes it a key subsidiary to HMC. It is the second largest exporter of PVs from India next to MSIL, besides being HMC's global sourcing hub for PVs. Share of exports in total sales volume, which declined from 26% in fiscal 2020 to 18% in fiscal 2021, improved to 21% in fiscal 2024 and further rebounded to ~26% in April-June 2025. Given the expectation of stable demand in the domestic market, the company is expected to focus more on the domestic segment over the medium term. HMIL's presence in both domestic and overseas markets cushions the impact of a slowdown in any particular market.

Strong linkages with HMC: HMIL has access to HMC's superior technology and expertise in the passenger car segment, and receives product development, operational and technological support from the parent. HMC has helped the company launch several models from its product portfolio in the Indian market. HMIL is an integral part of the parent's global supply chain. The company also receives strong managerial support from the parent; HMC elects the board of directors and appoints key management personnel. The company will continue to receive support from HMC, especially on the operational and technology fronts, given the strategic importance of the Indian market for the Hyundai group.

Robust financial risk profile: HMIL continues to maintain a robust financial risk profile, supported by strong annual cash generation, low debt and sizeable adjusted networth (net of intangibles) of Rs 16,101 crore as on March 31, 2025, as compared with Rs 10,383 crore as on March 31, 2024. Capex spend has been Rs 2,000-3,000 crore annually and has been funded largely from accrual in the past, resulting in robust debt protection metrics. The company had no sizeable long-term loans except interest free sales tax loans of ~Rs 677 crore and minimal short-term bank debt of Rs 114 crore as on March 31, 2025. These sales tax loans have a nominal annual repayment schedule spread over long tenures, thereby providing additional financial flexibility. There was no dividend payout by HMIL in fiscal 2025 as compared with Rs 15,436 crore of payout in fiscal 2024. With sizeable cash surplus, expected annual cash accrual of Rs 5,000–5,500 crore will cover annual capex of Rs 6,000–7,000 crore for next two fiscals. This will majorly spend towards operationalising Talegaon plant and capacity expansion at Chennai plant besides the maintenance related expenditure.

Cash surplus and bank balance was Rs 8,579 crore as on March 31, 2025, compared with Rs 9,017 crore as on March 31, 2024, and Rs 17,741 crore as on March 31, 2023. Any further sizeable reduction in cash surplus due to large dividend payout, share capital reduction or share buyback would remain monitorable.

Weaknesses:
Intense competition in the domestic PV industry: Competition in the Indian PV market has intensified with players launching new models regularly, especially in the compact and mid-size segments. With more players and models vying for a share of the growing pie, price competition has intensified, resulting in pressure on market share for HMIL, which has fallen gradually from ~17.5% seen in fiscal 2020. HMIL's position and operating profitability will depend on its ability to launch successful variants and models in the domestic market. The domestic demand for PVs in India registered a moderate growth of 2% in fiscal 2025 due to headwinds limiting the wholesale growth such as high dealer inventory levels, absence of new generation launches in the mass market segment and falling demand for small cars. The order books of auto original equipment manufacturers (OEMs) are supported by plethora of launches lined up in the growing UV category, which had witnessed high traction, with multiple facelifts of existing models and government actions such as favourable changes in income tax bracket and a 100 basis point reduction in the repo rate over the past year. The passenger vehicle industry is expected to witness muted growth, likely in the low single digits, during fiscal 2026..

Susceptibility to fluctuations in forex rates: Imports of raw materials have reduced to 18% currently in value terms implying that the localisation of input sourcing has increased to 82% in fiscal 2025 as compared with 78% in fiscal 2024, thus acting as a margin contribution factor. Royalty payments increased by Rs 319 crore to Rs 1,877 crore in fiscal 2025 as compared with Rs 1,558 crore in previous fiscal pursuant to changes in royalty agreement. Although exports (~22% of the revenue from operations in fiscal 2025) offer a natural hedge, the company faces forex-related risks.

Liquidity: Superior
Liquidity at HMIL was sizeable at Rs 8,579 crore as on March 31, 2025. Besides this average utilisation of the fund-based limit of Rs 3,637 crore was negligible in the six months through June 2025. Debt repayments pertaining to interest free sales tax loan are modest at Rs 140–145 crore annually. With sizeable cash surplus, expected annual cash accrual of Rs 5,000–5,500 crore will cover annual capex of Rs 6,000–7,000 crore for next two fiscals, besides meeting incremental working capital needs, maintaining its superior liquidity position.

Outlook: Stable
HMIL's credit risk profile is expected to remain stable over the medium term, backed by its healthy and established market position in domestic and overseas markets, continuing domestic demand for PVs, especially SUVs and better operating efficiencies. Its financial risk profile is also expected to remain robust, supported by healthy cash flow generating ability and solid liquidity position.

Rating sensitivity factors
Downward factors
- Sluggish business performance, resulting in material decline, and considerable reduction in operating profitability (to below 5-6%), impacting cash generation
- Larger-than-anticipated debt-funded capex or acquisition, leading to sustained moderation in debt protection metrics
- Significant reduction in liquid surplus due to buyback or capital reduction of material dividend payout, or by way of support provided to group companies.

About the Company
Incorporated in 1996 as a 100% subsidiary of HMC, HMIL is the second-largest player in the Indian passenger car industry and the second largest exporter of PVs. The company has access to HMC's technology and large product portfolio and pays royalty to the parent on both domestic and overseas sales. The plant in Sriperumbudur in Tamil Nadu is HMC's first fully integrated production facility, and second-largest facility, outside South Korea. The company is also expanding production through a plant at Talegaon near Pune, Maharashtra, which will commence operations in the second half of fiscal 2026. HMIL's models include Aura, i20 and Grand i10 Nios in the compact segment; Verna in the mid-size segment; and Creta, Venue, Exter, Alcazar, Tucson, Creta-EV and ioniq5 in the SUV segment. The company can manufacture 8,24,000 cars annually at Sriperumbudur plant at present, and up to 250,000 cars annually at Talegaon (post commissioning).

HMIL listed itself in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in October 2024. As of June 2025, the shareholding of HMC stood at 82.50%, while the remaining was held by the public.

About HMC
HMC, the largest automobile manufacturer in South Korea, was incorporated in December 1967. The company and its subsidiaries manufacture and distribute motor vehicles and parts and manufacture trains. The company's shares have been listed on the Korea Exchange since June 1974, and the global depositary receipts issued by it are listed on the London Stock Exchange and Luxembourg Stock Exchange.

Key financial indicators*

As on/for the period ended March 31		2025	2024
Operating revenue	Rs crore	69,193	69,829
Profit after tax (PAT)	Rs crore	5,640	6,060
PAT margin	%	7.8	8.3
Adjusted debt/adjusted networth	Times	0.05	0.07
Interest coverage	Times	75.44	67.53

** Crisil Ratings adjusted consolidated numbers*
HMIL reported operating revenue of Rs 16,413 crore (Rs 17,344 crore in the first three months of fiscal 2025 on consolidated basis) and profitability of 13.3% in the first three months of fiscal 2026 (13.5% in the first three months of fiscal 2025).

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Short Term Debt	NA	NA	7-365 days	100.00	Simple	Crisil A1+
NA	Packing Credit*	NA	NA	NA	3637.00	NA	Crisil AAA/Stable
NA	Proposed Short Term Bank Loan Facility	NA	NA	NA	63.00	NA	Crisil A1+

** Interchangeable with Letter of Credit, Buyers Credit, Short Term Loan, Overdraft, Bill Discounting, WCDL and Bank Guarantee.*

Annexure – List of entities consolidated

Names of entities consolidated	Extent of consolidation	Rationale for consolidation
Hyundai Motor India Engineering Pvt Ltd	Full consolidation	Wholly owned subsidiary
Hyundai India Insurance Broking Pvt Ltd	Full consolidation	Wholly owned subsidiary

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	3700.0	Crisil AAA/Stable / Crisil A1+		--	29-08-24	Crisil AAA/Stable	20-10-23	Crisil AAA/Stable	31-10-22	Crisil AAA/Stable / Crisil A1+	Crisil AAA/Stable / Crisil A1+
			--		--	31-01-24	Crisil AAA/Stable		--		--	--
Non-Fund Based Facilities	ST		--		--		--		--		--	Crisil A1+
Short Term Debt	ST	100.0	Crisil A1+		--	29-08-24	Crisil A1+	20-10-23	Crisil A1+	31-10-22	Crisil A1+	Crisil A1+
			--		--	31-01-24	Crisil A1+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Packing Credit&	**415**	**MUFG Bank Limited**	**Crisil AAA/Stable**
Packing Credit&	**415**	**DBS Bank Limited**	**Crisil AAA/Stable**
Packing Credit&	**540**	**Citibank N. A.**	**Crisil AAA/Stable**
Packing Credit&	**60**	**Woori Bank**	**Crisil AAA/Stable**
Packing Credit&	**387**	**ICICI Bank Limited**	**Crisil AAA/Stable**
Packing Credit&	**365**	**The Hongkong and Shanghai Banking Corporation Limited**	**Crisil AAA/Stable**
Packing Credit&	**125**	**KEB Hana Bank**	**Crisil AAA/Stable**
Packing Credit&	**538**	**HDFC Bank Limited**	**Crisil AAA/Stable**
Packing Credit&	**117**	**Shinhan Bank**	**Crisil AAA/Stable**
Packing Credit&	**675**	**Standard Chartered Bank**	**Crisil AAA/Stable**
Proposed Short Term Bank Loan Facility	**63**	**Not Applicable**	**Crisil A1+**

& - Interchangeable with Letter of Credit, Buyers Credit, Short Term Loan, Overdraft, Bill Discounting, WCDL and Bank Guarantee.

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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