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Hyundai plans ₹4,000 crore EV push for a new age fleet in India

Synopsis
Hyundai's decision to invest significantly in the EV space comes at a time when market leader Maruti Suzuki has said it will introduce an electric vehicle in the local market only when there is sufficient customer demand - possibly by 2025.

Hyundai Motor India will invest ₹4,000 crore to launch half a dozen electric vehicles (EV) by 2028 in a series of targeted product interventions, underscoring increasing consumer preference in the country for mobility solutions of the future. The first of these products, eventually covering both mass and premium segments, will hit Indian roads as early as next year.

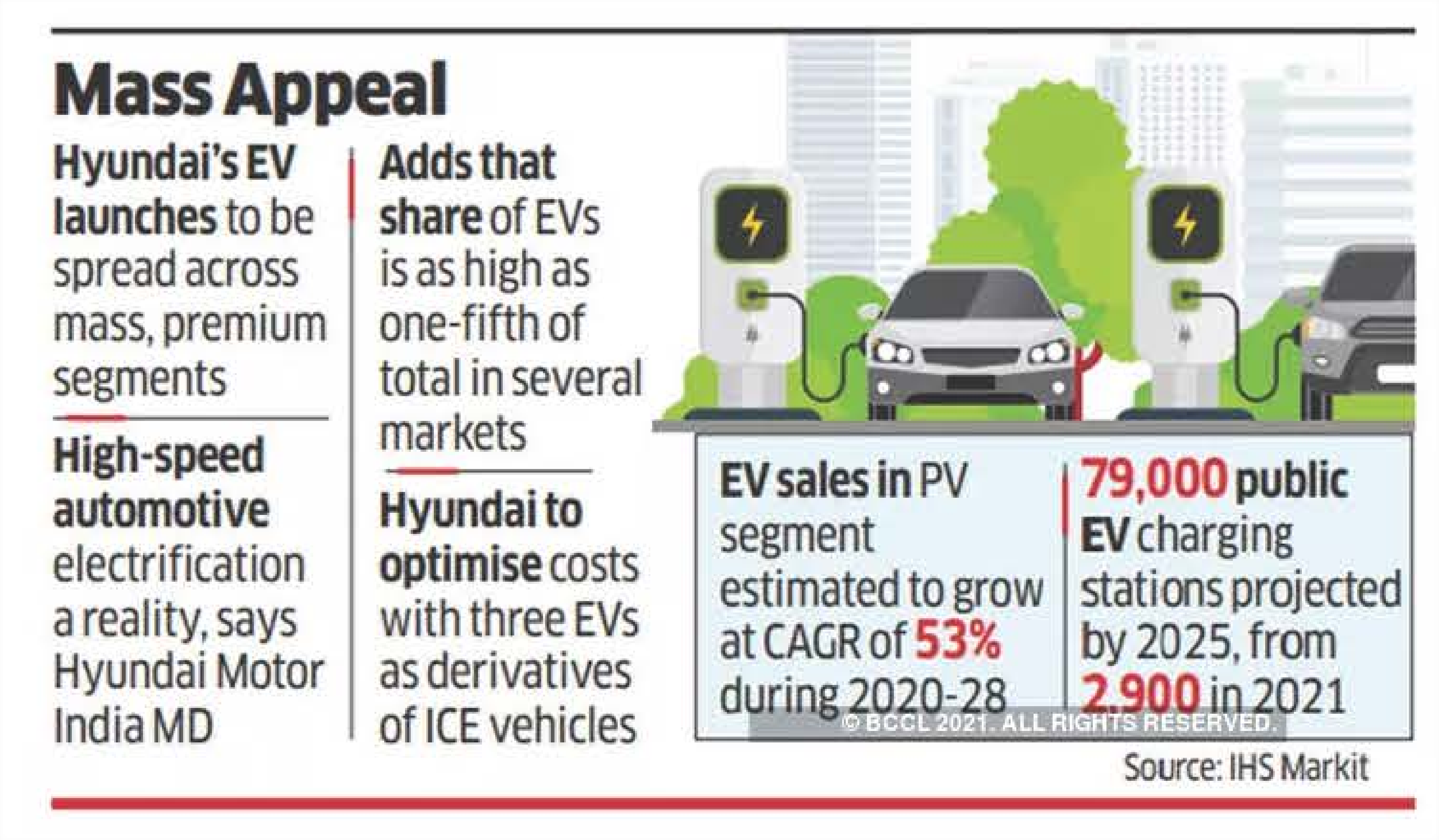
Hyundai Motor India managing director SS Kim told ET that high-speed electrification of the automotive sector has become a reality, with the share of EVs rising to as high as a fifth of the total in several markets.

"I think India might be having the same situation in the near future," said Kim. "Our six battery EVs will cover various segments. Our future electric vehicle business should outperform... existing performance in the general (internal combustion engine) market."

Hyundai's decision to invest significantly in the EV space comes at a time when market leader Maruti Suzuki NSE 3.46 % has said it will introduce an electric vehicle in the local market only when there is sufficient customer demand - possibly by 2025. Tata Motors, which currently leads the EV sales tally in India, has outlined plans to introduce 10 new electric vehicles in this period.

Hyundai has a share of 16-17% in the local passenger vehicle market, but scores high on profitability with the midsized Hyundai i20, Venue and Creta.

Kim said EVs are not mass products in mature markets.



Tailormade for India
But the company is seeking to provide affordable solutions tailored for customers in India. "One focus area in the future EV product line-up is the mass market EV. Mass market means the customer wants some affordable vehicle - long-range and fast charging," he said.

"From the OEM (original equipment manufacturer) perspective, to realise (this) is not easy. We want to be cost competitive and at the same time, offer some high technology vehicles the customer can trust in terms of their daily life and driving experience. So, we will come up with some solution to meet Indian customer needs," Kim said. However, for EV sales to gain scale, subsidies for individual buyers are important.

"For us to move forward, to be much more proactive, not only from Hyundai but the auto industry perspective as well, government support is critically important," Kim said. "In many countries in Europe, South Korea and China, the government gives subsidies not only to fleet customers but also to private customers. It is the true driver of electrification in the automotive sector."

EV sales in the Indian market are expected to increase at a compounded annual growth rate (CAGR) of 53% to 175,000 units in 2028, from 6,000 units in 2020, as per automotive consultancy firm IHS Markit. As many as 79,000 EV charging stations for public use are expected to be in place by 2025, up from 2,900 in 2021.

High Investment Model
Kim said the resources required for developing EVs will be higher than those needed for internal combustion engine (ICE) vehicles. Hyundai Motor India invests about Rs 1,000 crore to develop a new ICE vehicle line.

To optimise costs, Hyundai will build three electric vehicles on the Electric Global Modular Platform, while the remaining will be derivatives of ICE vehicles.

"Investment will be larger for EV. But the volume is not that big. In that sense, it will not be a sustainable business; we will lose huge money, and that's not a desirable situation at all," Kim said.