

## **PERFORMANCE EVALUATION OF HYUNDAI MOTOR INDIA LIMITED: AN OVERVIEW**

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### **ABSTRACT**

Hyundai Motor India Limited is India's leading exporter of passenger cars with a market share of 48 percent of the total exports of passenger cars from India. With a prime objective to fulfill the needs of diversified customers, the company has been continuously offering variety of its brands with innovative features to Indian customers. Since inception, Hyundai Motors India Limited has dominated the automobile market with the reputation of being the fastest growing automobile manufacturer in India. Presently, Hyundai Motor is considered as the largest exporter of automobiles to European countries. The object of this paper is to evaluate the performance of Hyundai Motors India Limited with respect to Domestic Sales, Export, Profit after tax, Production

**KEYWORDS:** Domestic Sales, Export, Profit after tax, Production.

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### **INTRODUCTION**

#### **❖ HISTORICAL BACKGROUND:**

After 1980, the Indian automobile sector saw radical but historical change. With an intention to modernize the Indian automobile Industry Hyundai Motors India Limited was incorporated on 6 May 1996. During the entry of Hyundai, there were few automobile manufacturers in India like Maruti Udyog Limited, Daewoo Motors, Hindustan Motors, Mahindra & Mahindra & Tata Motors. Hyundai Motor's first car Santro was launched in 23 September 1998 which hit the Indian automobile market. Within a few months of inception, Hyundai Motor India Limited became the second largest automobile manufacturer and the largest automobile exporter in India. In year 1999, Hyundai launched its Accent & in year 2000, the company launched Santro zip

drive. Considering the demand of Indian customers, the company launched upgraded version of Accent i.e Accent CRDi in 2002. In year 2003, Santro Xing & in 2004, the company introduced Accent viva CRDi. In year 2005, Hyundai's A5 segment Sonata Embera touched the Indian roads whereas in year 2007, the company introduced Sonata CRDi.

In year 2009, the company launched first diesel automatic new Verna & on 13 October 2010, the company launched its sports utility vehicle Santa Fe. In this same year the company exported 247,102 cars to 110 countries which included Santro, i10, i20 & Accent. On 11 May 2011, Hyundai Motors launched its fluidic Verna & Eon on 13 October 2011 & on 28 March 2012, the company launched i-Gen i20.

#### ❖ OBJECTIVES OF THE STUDY:

- To focus on historical growth of Hyundai Motors India Limited.
- To evaluate the performance of Hyundai Motors India Limited with respect to Export, Sales, Production, Profit after tax.

#### ❖ REVIEW OF LITERATURE:

- A.V.Vedpuriswar, in his article "Hyundai in India" discusses how Hyundai has grown to be the second largest automobile players after Maruti Suzuki India Limited in India. Suzuki India Limited in their Sustainability Report 2009-10, focuses on its. Hyundai Motors created its distinct identity in Indian automobile market by offering various vehicles to fulfill the demand of customer from different segment.
- Arvind Saxena in his interview told that Hyundai Motors India Limited is positioning their brand by introducing new technology and style in their vehicle. Hyundai also offer the same product across the world i.e a new model launches around the same time all over the world. He also told that, with the changing needs & wants of customers, Hyundai Motor is trying to fulfill the consumer's expectations by giving them technologically advanced cars with more features and more value for money.
- Rajan Mani in his article discussed about the development & growth of the Indian automobile sector. His article speaks about various vital issues like removal of licensing, rationalizing taxes and duties, acquisition of foreign technology etc. It also discusses the revolution which overtook the Indian automobile industry and the future of the industry.

#### ❖ PROFILE OF HYUNDAI MOTORS INDIA LIMITED:

Hyundai Motors India Limited is India's second largest car manufacturer & largest passenger car exporter. Hyundai's popular brands in A2 segment include Eon, Santro, i10 & i20 whereas the A3 segment includes Accent & Verna. The A5 segment of Hyundai Motor consist Sonata &

Santa Fe in sports utility vehicle segment. Hyundai Motors India Limited's fully integrated state of the art manufacturing plant near Chennai boasts of the most advanced Production, Quality & Testing capabilities in the country. The company commissioned its second plant in February 2008 having an installed capacity of 3,30,000 units per annum. Hyundai Motors India Limited has two manufacturing plants in India located at Sriperumbudur of Tamil Nadu. Both plants of Hyundai Motors have a combined annual capacity of 6,00,000 units per annum. Presently the company has 346 dealers with 805 service points across India. The company currently exports to more than 120 countries across Africa, Middle East, Latin America and the Asia Pacific. As far as export is concerned, Hyundai Motors touched 1.5 million vehicles in year 2012.

With a view to focus on constant innovation & up gradation, vehicle test & evaluation, design engineering, Hyundai Motors has set up the research & development centre at Hyderabad. This is Hyundai's fourth overseas R&D centre which is spread across 2,00,000 square foot facility with an investment of Rs.184 crore.

Hyundai Motors bagged various awards and achievements in its profile. In year 2011, Santa Fe awarded 'SUV of the year' by Car India awards 2011 & in year 2012, Hyundai Verna awarded as 'Sedan of the year 2011' Golden steering award. In the same year Eon awarded 'Entry Level Hatchback of the year' at ET Zig wheels awards 2011.

## **PERFORMANCE EVALUATION OF HYUNDAI MOTOR INDIA LIMITED:**

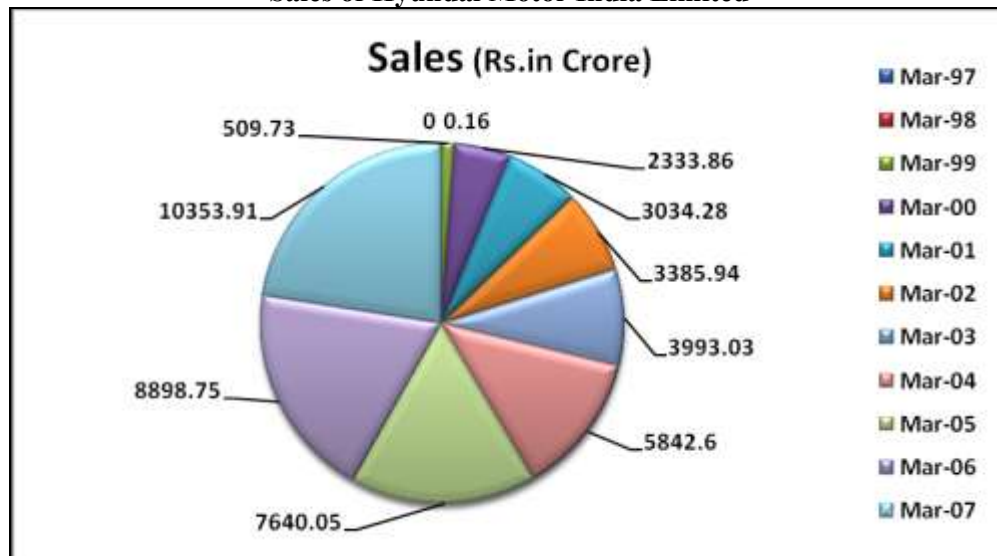
### **➤ DOMESTIC SALES:**

In December 2011, Hyundai Motor India Limited reported 3.6 percent jump in total sales to 48,949 units. In the domestic market, company's sales increased by 12.8 percent to 29,516 units from 26,168 units in December 2010. In December 2011, the company sold 42,624 units in A2 segment while in A3 segment the company sold 6,247 units. In the same month the company sold 11 units of Sonata Transform model in A5 segment.

In the month of November 2012, Hyundai Motor India Limited reported 2.29 percent fall in total sales at 55,762 units while the company sold 57,071 units in same month last year. In the domestic market, Hyundai recorded a marginal decline in sales at 34,751 units compared to 35,000 units in November 2011. The company sold 48,650 units in A2 segment while sales in the A3 segment stood at 6,526 units. During November 2012, the company sold 53 units of Santa Fe and 20 units of luxury sedan Sonata.

The following graph shows the sales of Hyundai Motors during 1997-2007.

**Graph 1.1**  
**Sales of Hyundai Motor India Limited**

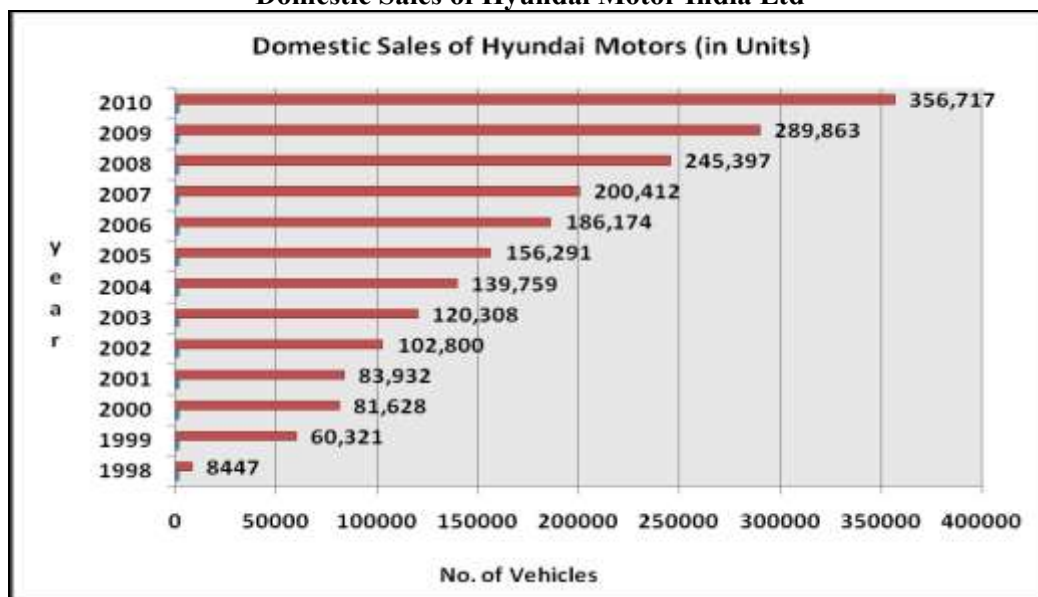


Source: CMIE Prowess Database, 2009

From the above pie chart it is revealed that the sales of Hyundai Motor India Limited in year March 1999 was 509.73 crore whereas in year 2000, Hyundai's total sales was 2333.86 crore. In 2002, the company's sale was 3,385 crore i.e in this year the company registered growth of 11.56 percent over 2001. In year 2007, the company registered growth of 16.53 percent over 2006. In this year Hyundai's sales was 10,353 crore whereas the sale in 2006 was 8,898 crore.

The following pie chart describes the domestic sales of Hyundai Motors during 1998 to 2010.

**Graph 1.2**  
**Domestic Sales of Hyundai Motor India Ltd**



Source: <http://www.hyundai.com>

From the above graph it is disclosed that since 1998 to 2010, Hyundai Motors domestic sales have been increased drastically. In year 2008, by selling 245,397 vehicles Hyundai recorded growth of 22.44 percent over 2007 whereas in year 2009, the company recorded growth of 18.12 percent over 2008. In 2010, the company sold 3,56,717 vehicles & recorded growth of 23.06 percent over 2009.

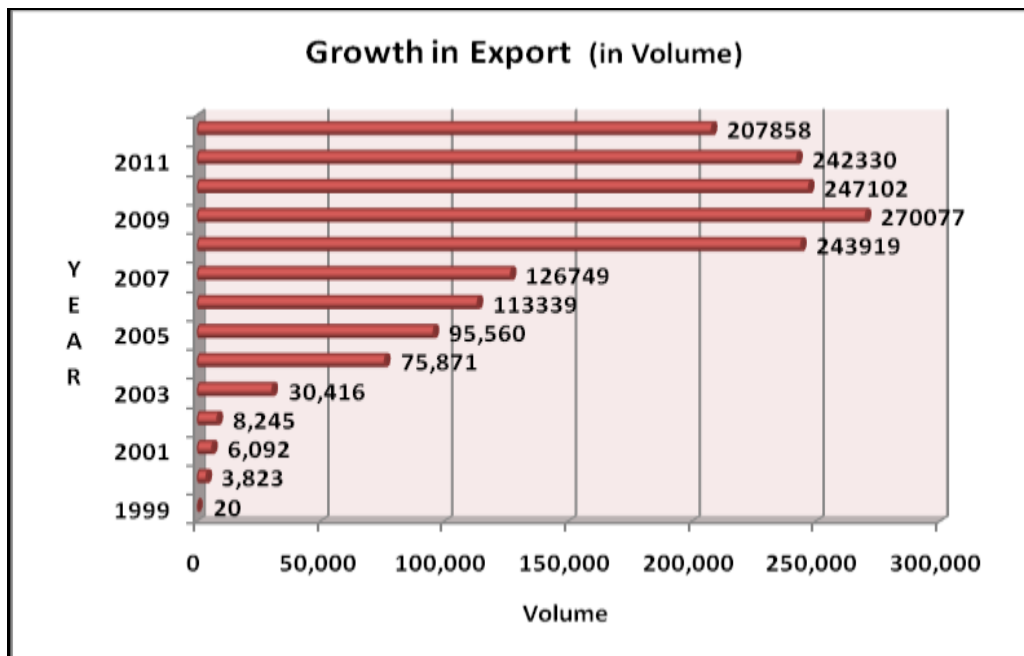
➤ **EXPORT:**

Hyundai Motor India Limited is a leading exporter of passenger cars with a market share of 48 percent of the total exports of passenger cars from India. In October 2005, the company exported its 2,00,000<sup>th</sup> car followed by its 3,00,000<sup>th</sup> and 4,00,000<sup>th</sup> car in October 2006 and August 2007 respectively. Currently, Hyundai Motor India is exporting six of its popular models namely- Santro, i10, i20, Accent, Eon & Verna to 119 countries across East Europe, Africa, Middle East, Latin America & Asia Pacific. Hyundai Motor India Limited has been India’s number one exporter for seven years in a row.

In September 2012, Hyundai Motors exports grew by 3.9 percent to 22,707 units whereas the company exported 21,849 vehicles in September 2011 whereas the company exported 23,007 vehicles in October 2012 & recorded growth of 50 percent over October 2011. In October 2011, the company had exported 15,321 vehicles.

The following graph shows the performance of Hyundai Motors India Limited in Export during 1999-2012.

**Graph 1.3**  
**Export of Hyundai Motor India Ltd**

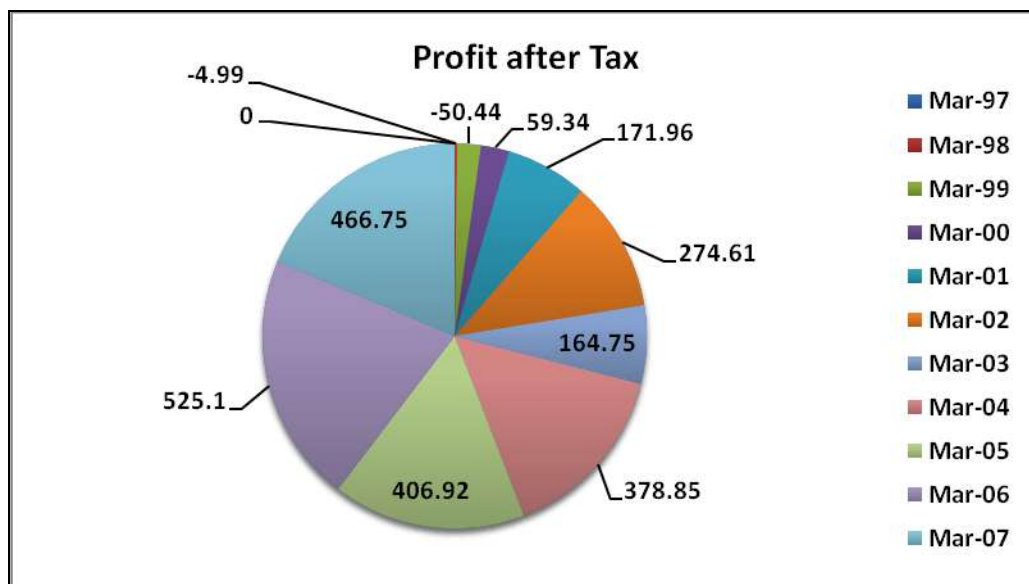


Source: <http://www.hyundai.com>

From the above chart it is amply clear that as far as export is concerned the year 2009 recorded growth of 10.72 percent over 2008. Hyundai Motors exported 247,102 vehicles in year 2010 i.e in this year; Hyundai saw a decrease in export of (-) 8.50 percent over 2009. The year 2011, also recorded a negative growth of (-) 1.93 percent by exporting 2,42,330 vehicles over 2010.

The following graph focuses on Hyundai Motor’s Profit after tax during 1997-2007.

**Graph 1.4**  
**Profit after Tax (Rs in Crore) (Annual)**



Source: CMIE Prowess Database, 2009

It is amply clear from the above pie chart that Hyundai Motor’s profit after tax in year 2001 was 171.96 crore whereas in 1997 and 1999 the profit after tax of company was negative as in initial years the company was newly entered in Indian automobile market. In year 2003, Hyundai’s profit after tax was 164.75 crore whereas in 2004, the company’s profit after tax was 378.85 crore. In year 2006, Hyundai’s profit after tax was increased and reached to 525.1 crore.

➤ **PRODUCTION:**

In year 1998, Hyundai Motors India Limited has started its production. Currently Hyundai Motor is known as India’s second largest passenger car manufacturer. On 14 January 2003, the company awarded “Manufacturer of the year” at the CNBC autocar India awards. Hyundai Motor touches milestone of 30 lakh car production on 4 August 2010 whereas on 30 November 2010, the company reaches milestone of 20 lakh domestic productions in a span of 12 years. On 30 December 2010, Hyundai Motor India Limited achieved a historic milestone by reaching the production of 6 lakh units, the highest since inception.

According to Mr.Park-Managing Director & Chief Executive Officer, Hyundai Motors India Limited plans to increase its production capacity from 6.3 lakh units a year to 6.7 units, in a year and ten new models will be launched by 2015 in the mid segment.

### **CONCLUSION:**

Today, despite tough competition, Hyundai Motor India Limited has created a different identity in Indian automobile market. Hyundai's growth has been driven by volume oriented revenues coupled with technological soundness, constant innovations and superior designs. Currently, Hyundai have a complete line up of cars across all segments. Considering the changing needs of Indian customers, the company always fulfilled the expectations of customers by giving them technologically advanced cars with more features and more value for money. Evaluating the past performances of Hyundai Motor, no doubt that in coming future Hyundai Motor will be the leader in Indian Automobile industry.

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