Management Discussion

Moderator
Thank you. Good evening, everyone, and welcome to the Q2 and H1 FY 2027 earnings conference call of Hyundai Motor India Limited. From the management team today, we have with us Mr. Tarun Garg, Managing Director and Chief Executive Officer; Mr. Wangdo Hur, Chief Financial Officer; Mr. DH Park, Chief Operating Officer; Mr. Mukundan MS, Chief Manufacturing Officer; Mr. Saravanan T, Function Head Finance; and Mr. K S Hariharan, Head of Investor Relations from Hyundai Motor India Limited. I would like to inform you that the call is being recorded. I would now like to invite Mr. K S Hariharan from Hyundai Motor India Limited. Over to you, sir.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Thank you, Vivek. Good evening, everyone. Welcome to the earnings call for the second quarter and half year of fiscal year 2026/2027. Before we begin, I want to remind you of the safe harbor. We may be making some forward-looking statements that are to be understood in conjunction with the uncertainty and the risks that the company faces. The conference call will begin with our MD and CEO remarks on the performance and outlook, followed by a brief presentation by me on our Q2 numbers, after which we will be happy to receive your questions. Now, I am handing over to our MD and CEO, Mr. Tarun Garg. Over to you, sir.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Thank you, Hari. Good afternoon, everyone, and thank you for joining us today. Fiscal 2027 represents an important chapter in HMIL's journey, marked by several notable milestones. 30 years of successful operations in India, four million cumulative exports, and 100,000 vehicle production at Pune ramp up within a short time. As we enter the next phase of our growth, we are encouraged by the strong commitment by HMG towards India. As emphasized by our executive chair at the Pune plant inauguration, India will remain a key focus market for the group for investments in advanced manufacturing, innovation, R&D, and localization. This, coupled with our 30 years of strong legacy, will make the next 30 years epic for Hyundai in India.

Moving on to quarterly business performance, I would like to highlight that following the production disruption last quarter, we restored operations back to normalcy within just 22 days, reflecting our operational agility and resilience. We registered our highest-ever quarterly total sales in the quarter gone by, reflecting a strong momentum in sales even before our new model cycle kicked in with Venue launch two days back. Our domestic quarter two FY 2027 volumes grew by 19%, both quarter-on-quarter and year-on-year, supported by robust customer demand and our strategic on-ground actions. The quarter also witnessed few notable highlights. Highest-ever rural contribution of 26.6%, highest-ever CNG sales, with contribution reaching 19.1%, and highest-ever VAHAN registration for fleet sales. As you know, launch of Venue marks the onset of our golden product cycle.

I am happy to share that the response for this product has been extremely encouraging, with strong appreciation for its futuristic design, advanced AI-enabled features, and attractive value proposition. Moving on to electrification. During the quarter, we witnessed encouraging traction for Creta Electric, which helped double our EV contribution on sequential basis. Building on this momentum, we are fully geared up for the launch of our dedicated mass-market EV in quarter four of FY 2027. Parallelly, we will continue to strengthen the overall EV ecosystem supported by localization, charging infrastructure, and other customer-centric initiatives. Our aim is to bring our EV penetration

closer to industry levels by next fiscal year. We strongly believe Venue and the upcoming EV will further strengthen our leadership in SUVs and contribute meaningfully to our growth.

Backed by festive demand, incremental capacity from the third shift operations at Pune, and of course, two new products, we are firmly on track to achieve full year growth guidance of 8% to 10% in domestic sales, while also being confident about outpacing the industry in H2 of FY 2027. On CAFE 3, we welcome the government's progressive framework. We have already committed to increasing the share of eco-friendly powertrains in our portfolio to 50% plus over the next four to five years. We remain well-positioned to comply with CAFE 3 norms while continuing to offer customers a wide range of mobility solutions. Moving on to exports. Despite ongoing geopolitical challenges, we witnessed a growth of 4% on year-on-year basis and strong sequential growth of 38% on quarter-on-quarter basis in exports. This growth was witnessed across markets, reflecting healthy underlying demand.

On quarter-on-quarter, Middle East grew by 57%, Africa by 35%, Mexico by 56%, and LATAM by 10%. Looking ahead, the worsening geopolitical situation has impacted our original plans to some extent. However, we are making every effort to minimize the impact. We aim to deliver high double-digit growth in exports on year-on-year basis, supported by our strong products and operational flexibility. Coming to financial performance, we delivered our highest-ever quarterly revenue, crossing INR 20,000 crore milestone. Revenue recorded growth of 19% on year-on-year and 27% on Q on Q basis. However, significant commodity headwinds weighed on the quarter's margins. While EBITDA margin declined on year-on-year basis, margin improved sequentially, supported by operating leverage, healthy mix, and our cost-saving efforts. Looking ahead, cost headwinds continue to pose challenges to profitability.

However, improved business outlook, coupled with prudent pricing and cost control measures, provide us confidence for healthy margin trajectory in H2. Our endeavor is to take appropriate measures to achieve our EBITDA margin guidance that we have given to you for the full year. Lastly, I extend my festive greetings and best wishes to everyone. Thank you for your continued trust and support. I now hand over back to Hari.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Thank you, sir. Let me directly get to the sales numbers for the quarter. We achieved total sales of 219,072 units in Q2 FY 2027, compared to 190,921 units in the corresponding quarter, a growth of 14.7% year-on-year. On Q-on-Q, volumes grew by 23%, supported by growth in both domestic and export markets. In domestic, we sold 165,772 units, compared to 139,521 units in the same quarter last year. This helped us with a healthy growth of 18.8% year-on-year. Despite a challenging geopolitical environment, exports grew 3.7% year-on-year. Moreover, exports grew 38% on sequential basis, supported by strong demand across markets. Export volume contribution stood at 24% in Q2 FY 2027. Domestic volumes witnessed growth across segments, both year-on-year and Q-on-Q basis. SUV mix remained healthy in both urban and rural markets. We continue to witness increased traction in our CNG sales.

During the quarter, our CNG sales volumes grew by 48% year-on-year basis. Our CNG contribution has grown consistently every quarter, improving from 15.2% in Q2 FY 2026 to 19.1% in Q2 FY 2027. Now coming to financial highlights. Q2 FY 2027 witnessed our highest-ever top-line performance for any quarter since our inception. Revenue from operations in Q2 FY 2027 stood at INR 206,961 million as against INR 174,608 million in the corresponding quarter. This resulted in a revenue growth of 18.5% year-on-year basis.

However, raw material cost inflation exerted pressure on profitability. EBITDA stood at INR 19,745 million as compared to INR 24,289 million in Q2 FY 2026. EBITDA margin was at 9.5% as compared to 13.9% in Q2 FY 2026. EBIT stood at INR 14,191 million for the quarter as against INR 19,114 million in Q2 FY 2026.

EBIT margin was at 6.9% in Q2 FY 2027. PAT for the quarter was INR 11,962 million as against INR 15,723 million in the corresponding quarter. PAT margin was 5.7% in Q2 FY 2027 as against 8.9% in Q2 FY 2026. Turning to profitability drivers for the quarter. Year-on-year basis, we had positive levers like higher volumes, favorable currency, and price hikes. However, raw material cost inflation was so steep, which impacted the margins. On a Q-on-Q basis, we were able to deliver profit growth with the support of higher volumes, favorable product and export mix, and cost-saving initiatives, which helped to mitigate the raw material cost headwinds. Our EBITDA grew by 31%, whereas PBT and PAT both grew by 35% on a Q-on-Q basis.

Lastly, I want to conclude the presentation by highlighting that despite a challenging business environment, we remain firmly anchored to our core fundamentals. Amidst the competitive market landscape and absence of new models, we were able to maintain disciplined pricing and also deliver improved ASP, reflecting our continued focus on quality of sales. Our domestic discounts have come down from 3.2% in Q2 FY 2026 to 2.9% in Q2 FY 2027. Our overall ASP improved by 2% on year-on-year basis. Our continued focus towards strengthening our local supply chain ecosystem has yielded positive results, with our localization levels further inching up to 84% at Tier 1 level in Q2 FY 2027. Looking ahead, we remain committed to disciplined execution and sustainable quality-led growth. This concludes my presentation. Thank you all for your time and attention. Now, we open the floor for Q&A. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take our first question from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah - Analyst, Goldman Sachs
Hi, good evening, and thank you for taking my questions. My first question is just around the Venue. I understand that this is a model which you will possibly start manufacturing in the Chennai plants, where there is some vacant capacity. Just want to understand what is the sort of capacity that you think you will need to allocate to the Venue. Just related to that on new models, just also wanted to understand the dedicated India EV, if there's any approximate timeline that you think the launch is going to be. Possibly is it late CY 2026 or do you think it's an event for next calendar year?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Thank you for your question around this side. Yes, Bayon and the local EV both will be produced in the Chennai plant, which will help us take the Chennai plant capacity utilization to more than 90%. On numbers, if you see, we are doing about 170,000 of Creta. We believe Creta plus Bayon put together, we should be looking at 250,000 annual volumes. This is how we are looking at the

volumes. Regarding the launch of the EV, it will be early of next year. Early of next calendar, what I mean to say, early of next calendar, so January, February 2027. Have I answered your question?

Chandramouli Muthiah - Analyst, Goldman Sachs
Got it. Got it. That's helpful.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Thank you.

Chandramouli Muthiah - Analyst, Goldman Sachs
My second question is just around the export equations. I think we started the year with a target of doing between 8% to 9% export volume growth, but the geopolitical situation has changed. I think more recently in Saudi Arabia also, both in the Red Sea, and I think there have been some drone incidents at some of the critical airports in the country. Now it looks like you're talking more about growing the business this year than doing an 8% to 9% volume growth. Just want to understand what are the milestones that you need to achieve to get to that sort of number. A lot of your peers have been talking about lack of availability of ships and vessels. Is there anything that you are able to do to potentially safeguard against that?

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Hi, Chandru. Hari here. See, of course, no doubt, geopolitical issues continue to create disruptions to our operations. But still, we are pretty confident of our H2 trajectory because H1, of course, was quite challenging for us. But H2, we believe that we should be able to deliver high double-digit growth. So there are certain levers for us. Number one, if you see the demand itself. See, despite this tough geopolitical condition, demand continues to stay intact across markets. That is number one. Number two, if you see the products. We have been seeing very strong traction for all our products across markets. Just to give you some example, Venue. If you see the new Venue, we are expecting at least to double the volumes in this calendar year as compared to last year. Similarly, the Exter.

Exter, again, we are looking at least a 50% growth as compared to last year. Venue, again, as MD has mentioned in his remarks also. Venue, again, we are planning to export in Q4. Basically our target is going forward, we are looking at exporting to 50 plus countries. I think there are a lot of opportunities here on the product front. Number three is markets. H1, if you see, we saw very good demand in markets like Latin America, Mexico, because one side, Middle East has been facing issues on the logistical front, but the other markets where we are able to push additional volumes, I think we are getting positive results there. Even in H2 as well, we are looking at a lot of opportunities in those markets, what I mentioned.

Even, for example, Mexico, we are looking at a lot of opportunities for the new as well, which we are planning to export. Finally, on the Middle East part, the logistical issues, yes, these things continue, but we are trying to find out a lot of options here. We are looking at alternate routes. We are looking at different ports. So many things we have been trying to do in coordination with our logistics partner. Ultimately, if you see, there are many things we are trying to do to achieve this double-digit growth, whatever we are guiding in H2 as far as export is concerned. Thank you, Chandru.

Chandramouli Muthiah - Analyst, Goldman Sachs
Got it. That's helpful. Just the last follow-up, 170,000 going to 250,000 on mid-size SUV portfolio, that's a domestic business aspiration?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yes, that's domestic. Export will be over and above that.

Chandramouli Muthiah - Analyst, Goldman Sachs
Makes sense. Got it. Thank you very much, and all the best.

Operator
Thank you. Thank you. Next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh - Analyst, Morgan Stanley
Hi, team. Thanks for the opportunity. Two questions from my side. First is, in media interviews, we talked about the Venue getting 2,000 orders per day, I believe. Any update on what is your order backlog over there? Linked to that, any timeline for third generation Creta? Secondly, on the cost pressures, we noticed that your discounts are slightly up quarter-over-quarter. Any views on how discounts are trending in Q3? If you could also share what is the incremental commodity pressure in Q3 versus Q2. That's it. Thanks.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
So many questions. Look, discounts are year-on-year 2.8%, as against 3.1% of last year, the same quarter. Of course, you know very well, Binay, seasonality is an important factor. So discounts quarter-on-quarter sometimes can give a very And it's a very marginal thing in any case. Going forward, as you know, Venue has come in, even the new EV will be introduced in the early next quarter. So we believe that, as you know, the new models don't have any discount. So the average discounts-

Binay Singh - Analyst, Morgan Stanley
Right.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
despite festive or whatever, we are not projecting a higher discount than this in the H2. I think these two new models should help us to keep the discounts in control. On the raw material, of course, Hari will explain. The traction for the Venue is very strong. It is too early to get into booking numbers or whatever backlog, etc. But the traction is very strong, and I think 250,000 annual numbers looks like a conservative target. In fact, I am already telling my teams to look at opportunities if we can further increase it. That is where we stand. At the right time, we will be informing the numbers as well for the Venue. Thank you.

Binay Singh - Analyst, Morgan Stanley
Great.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Binay, again, on the raw material front, as we have shown in the presentation as well, Q2 margins were mainly impacted by this cost headwind. Year on year, we had seen roughly around 400 basis points of commodity impact. Sequentially, the impact was around 250 basis points. We could mitigate the impact to some extent through some cost saving activities like localization, value engineering, whatever, right? And also through some price hikes as well, whatever we have done so far this calendar year. We will continue to closely monitor the commodity trends. See, for us, both

volumes and margins are important. I would like to reiterate this point. Going forward also, we will try to take all the necessary measures to protect both volumes and margins. Thank you.

Binay Singh - Analyst, Morgan Stanley
Any number on what is the Q3 commodity headwind tracking? Are you seeing incremental commodity headwind? Any comment on that?

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
See, it is difficult to give a clear outlook here because there are two things. One is raw material has been highly volatile, and second, we have been seeing divergent trends as well. For example, precious metals and all, we have been seeing a downward trend. On the other hand, like copper, plastic, I think these are all continuously rising. I think very difficult to comment at this point. But as I mentioned, we will closely monitor the trajectory of the trends, and we will take appropriate measures to protect the margins. Thank you, Binay.

Binay Singh - Analyst, Morgan Stanley
Binay, generation three Creta, any timeline on that?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
So Binay, have patience. I think we already announced two new models right now. Of course, it will happen obviously, but we're still not announced on timeline. Please bear with us. Thank you.

Binay Singh - Analyst, Morgan Stanley
Yeah. No, thanks team, and best wishes for all this upcoming launches.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Thank you.

Operator
Thank you. In order to ensure that management is able to answer queries from all the participants in the queue, please restrict your questions to two at a time. You may join the queue for follow-up questions. The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh - Analyst, Nomura
Yeah. Hi, good evening, sir. Firstly, on the demand for festive season, can you share some color how has it been going? You mentioned that you are looking at a double-digit growth for the full year. For H2, for HMIL, and for the industry, what is the outlook? Which are the segments which are doing well? There have been some concerns on rural side as well. Just some color on demand outlook.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Kapil, thank you for your question. Demand looks very strong. H2, we believe we are on track to achieve 8% to 10% growth year-on-year in H2 over last year. On the industry front, very difficult to really forecast what others are going to do, but probably 5%. As I mentioned earlier, that CAGR is 5%. Now the base effect is neutralized. There are headwinds, there are tailwinds. Possibly we should be back to about 5% to 5.5% of industry growth. But we are confident of 8% to 10% growth. On the festive, as you know, the moment you see the festive and try to see only Navratri is not a fair comparison. Because last year, August 15th till September 21st, there was hardly any sales. But Shradh plus Navratri, HMIL was up 31%. Even Ganesh, Onam also was 75%. So traction is very strong.

Dealers are asking for cars. Binay asked about Venue waiting period, we are trying to reduce. Of course, the initial waiting period is depending on variants going from two months to six months. So it looks strong. The good thing is that Diwali is on November 8th. So I think we will have a good traction, and December anyway is good. So possibly, the headwinds should be overtaken by the tailwinds. Also, on the raw material, I just want to say that the industry view is that probably after the midterm elections, the raw material should come down, which should eliminate the need for a very substantial price increase. Because the way things are, if the raw material does not go down, then possibly industry will have to take a very high price increase, which can affect the demand.

But if the raw material comes down post the U.S. midterm election, I think that need will be eliminated, so that also should be a demand driver. Any other question I missed? Have I answered everything, Kapil?

Kapil Singh - Analyst, Nomura
Yes, sir. Also regional color, rural, urban and-

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Rural.

Kapil Singh - Analyst, Nomura
Because we have-

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yeah.

Kapil Singh - Analyst, Nomura
Yes.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Rural remains strong, Kapil. Frankly speaking, while El Nino, the more you read the newspaper, you become tense. But when you talk to your dealers or when you talk to the sales consultant, then it appears there is no problem. So I think structurally, India has become much stronger. The network, the roads, road infrastructure, I have already been mentioning about 60% of our new network is in the rural areas. We shared that the rural penetration was the highest in HMIL's history last quarter, 26.6%. So things are looking very good, and I still believe that rural will continue to outpace urban even going ahead. As of now, we don't see that there is a much bigger impact of El Nino on the rural demand for cars. I cannot comment on anything else. Yeah. Thank you. And also-

Kapil Singh - Analyst, Nomura
Sure, sir.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
One more thing, Kapil. As you know that we have been mentioning about the SUV traction even in the rural areas. So rural SUV traction is also around 68%, 69% like urban. I think that is another reason which gives me a lot of confidence that with now the Venue coming in, so possibly the rural traction can continue because of that love of SUVs even in the rural areas. I think that is another tailwind for us. Thank you.

Kapil Singh - Analyst, Nomura
Sure, sir. That's great to hear.

Operator
Thank you.

Kapil Singh - Analyst, Nomura
And second question was on the-

Operator
Kapil, I request you to rejoin the queue, please.

Kapil Singh - Analyst, Nomura
Sure. Will come back in the queue.

Operator
Thank you. Next question is from the line of Raghu NL from Nuvama Research. Please go ahead.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Thank you, sir, for the opportunity. Congratulations on Venue launch. My first question, for Creta, last 12 months domestic volume was around 193,000. Do you expect the volume to reduce to 170,000 due to cannibalization from Venue or model changeover of Creta to the next generation? Or do you think there can be upside risk to your estimate on Creta?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Look, last 12 months will also include the October, November sales of last year. I do not think that is a very good way. We have already calculated probably this year we would be somewhere around 170,000. We believe that Creta is somewhere around 170,000, and Creta plus Venue should be 250,000. Please understand, underlying thing is this is a forecast only. This is a forecast, how much exactly will be Creta, how much exactly will be Venue, because this is more from a capacity planning purposes. Like I mentioned to Vinay, I think the 250,000 looks conservative. Probably there is an opportunity to grow even more, but I would not like to comment as of now. Let us see how things progress, how the geopolitical situation progresses going forward.

We are also going to launch the CNG in January in Venue, so I think that will be another tailwind for Venue. We will see, and then maybe by next quarter, we should be in a much better position to really tell you about how much more probably we can do than 250,000. Yeah. Thank you.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Thank you for that, sir. Wishing that the numbers exceed your expectation. On Venue, how do you see the contribution of Venue in export market? What kind of potential do you see there?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
If you see, we have already mentioned that 50 countries have already shown interest. About 34 of them are in Latin America, and about 14, 15 in the Middle East, some in the Asia-Pacific. It is very early to say what would be the contribution, but I think Venue should get a very strong traction, is what I feel. Since yesterday, I have been receiving a lot of positive things from the distributors. "Okay, when are you going to start the launch?" In fact, some of them joined the launch also. Let us see. Like I said, another couple of months, we should be able to give you a good picture. But as of

now, 50 countries, it is very clear that they are going to take Venue from India. Thank you.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Raghu, just to add.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Thank you, sir.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Venue again will support us to improve our SUV mix in exports as well. SUV mix has been already showing some improvement for us. I think Venue will further support to that.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Noted, Hari.

Operator
Thank you.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Thank you and wishing you all the best.

Operator
Next question is from Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani - Analyst, Bank of America
Yeah. Hi, thanks for taking my question. My first question is on this dedicated EV launch that you spoke about for Q4. Can you give us a little bit more color on what is going to be the addressable market here? You made this point that this should get our EV penetration closer to where the industry mix is. Is it fair to say that we are looking at overall mix for us also getting to somewhere around 7% to 8%, which is where the industry is right now versus currently 2%? A little bit color on how should we think about this model market sizing, and how do we look at our volumes there?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yeah, you are spot on. Industry contribution is this year about 6.5%. Maybe it will be 7% to 7.5% going forward. We believe with this new EV, we should be touching somewhere around 7% to 7.5% in the next fiscal. That is one. Number two, like we mentioned, it is in the less than four meter compact SUV segment, the Venue segment. However, it is not going to be like a Venue-derived EV. It is going to be a dedicated EV, a base EV, which has been designed keeping India in mind. I think we are very confident about this car. Like I mentioned, we have already done a good deal of localization in battery packs already, even the power electronics, ICCU, even before the launch we would have localized.

I think we will have a good positioning of the car, and the way it looks, it looks like a very good opportunity. Yeah. This is where we are.

Gunjan Prithyani - Analyst, Bank of America
Will this be PLI ready?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yeah. Please go ahead.

Gunjan Prithyani - Analyst, Bank of America
Sorry. Just quickly on this, will it be PLI ready in terms of localization and thresholds, which are typically needed when you said localization has been done? Is that what we are aspiring right from the beginning?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Right. Like I mentioned, Creta, we have already got a provisional PLI compliance certificate. We are just waiting for the final certificate. On the EV, of course, we will be able to announce it only when the car is ready. The aim is to make it PLI compliant. But we will be announcing it as and when we get it. Yeah. Thank you.

Gunjan Prithyani - Analyst, Bank of America
Okay. My second question-

Operator
Thank you.

Gunjan Prithyani - Analyst, Bank of America
Sorry, can I take one question?

Operator
I request you to rejoin the queue, please. Thank you. Next question is from the line of Yash Agrawal from Nirmal Bang. Please go ahead.

Yash Agrawal - Analyst, Nirmal Bang Institutional Equities
Hi, sir. Thank you for the opportunity. My first question is on the export volume. As I am seeing the trend in last two, three years, the SUV contribution to total export volumes is around 20%. So what is that our SUV volumes, on the contrary, like in domestic, it's close to 70%, in export it's less than 20%, has not gone up over the years.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yeah. So that is a great opportunity for us. You have spotted it right. Like Hari mentioned earlier to Vineet's question, I think. So three things have happened. One is Exter LSD, which has just been introduced, receiving some great traction. Then the new Venue being exclusively produced at the Pune plant, again, an opportunity. Then of course the Venue which is coming in. So we believe that SUV contribution will continuously go up. At the same time, contribution is numerator divided by denominator. So I do not mind at all if both my hatches and sedans as well as SUVs grow. So I think the whole idea is to continuously keep on growing the exports. Every country is looking for exports from India. If you remember, about four years back, exports used to be 20% of our production. Last fiscal, we were at 24.5%.

We have already announced our intent to reach closer to 30%. So I think the more opportunity or more headroom there is in the SUV segment. Also, since so many new launches are happening, I think that increases our opportunity. So yes, you will see continuously this percentage going up as we go along. Thank you.

Yash Agrawal - Analyst, Nirmal Bang Institutional Equities
Thank you. The second question is with CNG contribution increasing and EVs also being launched in next one or two years, how do you see the breakup among the different powertrains in next five

year? How much would be the contribution from EV and hybrid and CNG versus petrol and diesel portfolio?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
So, a very difficult question, but, we have already announced that probably in the next four to five years, 50% of our portfolio will be green, including CNG, EV, and hybrids. I would say, equal plus minus 2% here and there is what my expectation is. So, this is where I believe things. In fact, yesterday I was in a conference where government representatives were also there. So they also said that probably by 2030, EVs in passenger vehicles should be around 15% to 17%. In fact, some reports said 10%, but he said maybe it could be 15% to 16%. So we would like to be higher than that. That is how we are working on the entire ecosystem. You would have seen so many announcements from us on the charging ecosystem, then localization I already talked about, and of course the products also.

I think all these factors combined should help us to have our EV penetration higher than the industry in 2030. Of course, hybrids will come also. CNG, of course, we are increasing the portfolio. So equal division between the three is what we expect in probably, say, 2030 to 2032. Thank you.

Yash Agrawal - Analyst, Nirmal Bang Institutional Equities
Okay.

Operator
Thank you.

Yash Agrawal - Analyst, Nirmal Bang Institutional Equities
That is it from my side. Bye.

Operator
We will take our next question from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar - Analyst, UBS Securities
Yeah. Thanks a lot for the opportunity. My question is to Tarun. On the margin front, Tarun, your margin guidance effectively means that your second half margins will be north of 13% versus, say, 9.3% at the EBITDA, what we have had. If you can just help us understand what are the things which you are seeing in terms of tailwind, which will help you get that margin level despite all the headwinds, what we are seeing on the macro side. If you can just help us understand that would be really great, sir. That is the first question.

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yeah. We just calculated, in fact, I think we need not 13%, slightly above 12% to reach the 11% EBITDA. That is the point number one, and that is what we are working for. A lot of positive tailwinds are there. First is, of course, as you know, the Tamil Nadu incentive starts from September last week. Quarter three and quarter four both will have a very, clearly more than 1% is a Tamil Nadu incentive, which clearly helps us in margin, number one. Number two, we mentioned about a double-digit growth in exports. As you know, export margins are much, much higher than the domestic margins, and that really helps us to really improve our margins.

Number three, like I said, the general consensus is that post the midterm elections, worst situation may be another three months, raw material, we should see some kind of a softening happening. That

should help. Number four, in September, we had a price increase, so that will reflect on the entire H2 of next year. Number five, in January, we always have a price increase, so that will again give a traction. Number six, Chennai plant utilization, as I mentioned, has gone down to less than 80%. With the two new models coming in, the EV as well as the Venue Chennai plant, that will help. Number seven, the Venue third shift has started in, which means we will be much closer to the 170,000 third shift operation, which means there is an opportunity to leverage the fixed cost and increase the margins. I think I have given you enough reasons.

Maybe Hari can add if there is anything I have left. Hari, it is okay?

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Yeah, I think Mr. Tarun has already covered most of the things. Of course, I already mentioned about the cost-saving activities. Localization continues to increase for us, we have shown in the presentation as well, 82% last year, now we are already at 84%. I think these efforts also will continue to support for us on the margin front. Thank you, Brahma.

Pramod Kumar - Analyst, UBS Securities
Yeah. The second question is on the Venue. 50-plus countries, so probably it is only of the two production hubs for Venue globally. Just want to understand, normally when you have such a very wide list or a very long list of countries, is it fair to estimate that at least you should be clearing triple-digit units per month per country to at least justify the cost and the investment? I am just trying to understand the volume potential of Venue here. I think given the success of Venue and the kind of numbers you are talking about Venue ramp-up as well. Is it fair to assume that Venue will be a big volume product even for the international market and not only for domestic? Is my understanding right, sir?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Look, I think it is not so simple and the triple digit per country per month, I think then we will need to maybe make two more plants if Venue is doing so well, in export market alone. It is not so simple. At the same time, please understand, we have just launched the car two days back. Based on what, last two years when the car was being developed, 50 countries have shown a great interest. Last two days, I have been receiving some very good messages from the distributors that yes, they are very excited with the Venue. So please have some patience. I think by the time we finish this quarter, we will have much more clarity on the Venue. But it seems that, yes, the potential could be high and really help us to increase our SUV penetration further.

But to give you that number is a little bit premature at this stage. Thank you.

Pramod Kumar - Analyst, UBS Securities
No issue. Thanks a lot. Best of luck. Thank you.

Operator
Thank you. Ladies and gentlemen, to ask a question, please press star and one on your phone now. We have a follow-up question from Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani - Analyst, Bank of America
Yeah, hi. Thanks for taking my question. Again, just two quick questions. First, on the price hikes, can you share what was the price hike effective taken in September and so far this fiscal year? Secondly, if you can also refresh us with the export market mix for the first half, given that a lot of

new markets are being added and we're seeing faster growth in LATAM. So, where does the market mix stand on the exports now?

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Price hike in September was 0.4%, Gunjan. That's the average price increase.

Gunjan Prithyani - Analyst, Bank of America
So far taken, Hari, in this fiscal year?

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
So far, we have taken about 1.4% in this calendar year, since January.

Gunjan Prithyani - Analyst, Bank of America
Okay, got it.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Second question, I think you were asking about market mix, right? In exports.

Gunjan Prithyani - Analyst, Bank of America
Yes.

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Quarter 2, if you see the mix was, Middle East and Africa put together, 52% was a contribution, followed by Latin America, 26%, and Mexico was 20%.

Gunjan Prithyani - Analyst, Bank of America
Is it possible to break up Middle East and Africa? I think where the concern typically comes is that Middle East is pretty big, right? I am guessing that Africa has been also growing. Is it possible to get that split?

K.S. Hariharan - Head of Investor Relations, Hyundai Motor India Limited
Middle East, out of this 52%, Middle East is 34%, Africa is 18%.

Gunjan Prithyani - Analyst, Bank of America
Okay. Got it. All right. Thank you so much.

Operator
Thank you. Ladies and gentlemen, to ask a question, please press star and one on your phone. We have a question from Basudeb Banerjee from CLSA. Please go ahead.

Basudev Banerjee - Analyst, CLSA
Hi, sir. Thanks. A couple of things. I missed out in case you said, from Q3 perspective over Q2, what is the raw mat basket inflation you are seeing now?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
What we said was that probably they should not go up. It should not go up. Some precious metals are going down. Copper is going up. So net net, frankly speaking, it should be either flat or maybe slightly on the negative side only on a sequential basis. Thank you.

Basudev Banerjee - Analyst, CLSA
Similar to what other PV makers are also saying, what is your view on the safeguard duty, LME steel price moving up? Is the automotive body doing anything, asking government to take care of that, which is a big part of your raw mat inflation?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
So look, yeah, of course, all these issues are being discussed at the SIAM level, and SIAM is discussing with the government. I think we respect that, and hardly the impact so far on the safeguard duty is not much because we have localized big time in the last three to four years on steel especially. Not such a big impact. And SIAM is discussing with the government on the future course of action and discussions and all. That is a very regular process. Before the budget, government is always taking feedback from SIAM. In fact, I attended a meeting last week of SIAM, and normal consultation process is on. Thank you.

Basudev Banerjee - Analyst, CLSA
Sure. And last thing, what is the update on the three-wheeler project with TVS?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Yeah. So it's on track. I think we had the Pune plant inauguration, and we gave an update on that. So everything is on track, and at the right time we will announce the timelines exactly for the launch, etc. In the meanwhile, of course, as you know, we have done a kind of a concept testing and with some very good results. So at the right time, we'll announce more about the three-wheeler projects, but it is on track. It is as per plan. Thank you.

Basudev Banerjee - Analyst, CLSA
But would it be right to assume it will be launched sometime in fiscal 2028?

Tarun Garg - Managing Director and Chief Executive Officer, Hyundai Motor India Limited
Please wait for that. We will make the announcement. Just wait for that because I do not want to have a premature announcement. Because so many parties are involved. There is TVS, which is involved. There is HMC, which is involved. Not fair for me to jump the gun. Okay? Yeah. Thank you.

Basudev Banerjee - Analyst, CLSA
Sure.

Operator
Thank you. We will take that as the last question for today. I now hand the conference over to Mr. Vivek Kumar from ICICI Securities for closing comments. Over to you.

Moderator
Thank you, Yashaswi. We thank all the participants for joining this evening. Thank you for your time and have a good day.

Operator
Thank you. On behalf of the management of Hyundai Motor India Limited, I thank you all for joining the call. [Operator Closing Remarks]