

WILL VINFAST'S \$2 BILLION BET ON INDIA PAY OFF?

The vehicle maker's sales are largely concentrated in Vietnam, and it remains untested in the international market

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NEW DELHI

The national capital recently witnessed two launches within weeks of each other. On 11 August, Elon Musk's Tesla had a lowkey launch for its second showroom in India, in Delhi's Aerocity. The global brand had only one model on display with a small crowd in attendance.

On 6 September, a stone's throw away from Tesla's showroom, VinFast Auto Ltd, a little-known Vietnamese brand, made a much bigger splash. In a large ballroom that could easily hold more than 100 people, the company's leadership officially launched two new sports utility vehicles, VF6 and VF7.

Former diplomat Pham Sanh Chau, who served as Vietnam's ambassador to India between October 2018 and September 2022, is now the chief executive overseeing South Asia for the company. He sees India being a major driver for the company's growth.

What really caught the crowd's attention and industry observers at large, was the price range of the two premium models. Chau revealed that it would fall between ₹16 lakh and ₹25 lakh, with multiple variants being offered in the range at which carmakers Hyundai India, Tata Motors and Mahindra sell their EVs.

"This will be bad news for Tata and Mahindra," one of the dealers attending the launch remarked.

Aside from the usual crowd of influencers, media and dealers, the company had also invited the logistics heads of some public sector undertakings (PSUs) for the launch. "They probably want to explore commercial partnerships early on. Government bodies buy and lease a significant number of vehicles every year," said one PSU official. "They have done their homework."

The Vietnamese company perhaps had no choice in that—it has committed to invest ₹16,000 crore in India, the world's third-largest automobile market, with a plant in Thoothukudi, Tamil Nadu.

"Our top priority in India is to build long-term presence and trust, which is why we are committing significant resources upfront to build a comprehensive EV ecosystem," Chau explained in an email interview with *Mint*.

While VinFast's granular planning, big investments and aggressive moves underline its seriousness, the track record of the company and the larger group it is part of does not inspire much confidence.

MOVING FAST, BREAKING THINGS

VinFast is part of Vietnamese conglomerate VinGroup, led by Pham Nhat Vuong who founded it in 1993. Vuong started the company as an instant noodles and dried food products brand named Technomic in Ukraine, and then took it to Vietnam in 2000.

The conglomerate started spreading its tentacles into several sectors, including amusement parks, supermarkets, real estate, and construction after commencing operations in Vietnam. The rapid expansion culminated with it getting listed in 2007.

The conglomerate did not stop there. It ventured into healthcare with Vinmec and education through VinSchool in the 2010s. The expansion spree saw the group enter the automobile sector in 2017, and it began constructing an automobile factory with a capacity of 300,000 units per annum. After launching four internal combustion engine (ICE) models, the company then moved on to electric vehicles.

But the headlong push to do everything everywhere all at once also led it to make some mistakes. For instance, the company moved into smartphone and television manufacturing in 2018, going on to launch 19 smartphone models and five TV models. However, it abandoned that venture in just three years.

Instead, the leadership put faith in smart cars and smart homes where it felt it could offer consumers a lot of value. Simultaneously, the company also pivoted to a full electric positioning and began work on its VF series of passenger vehicles and also lined up launches of commercial vehicles, including buses.

THE VOLUME MYSTERY

On the volume front, the company started off well. It began with 7,000 cars sales in 2022, which then increased by nearly 37% to 33,000 in 2023. In 2024, the company recorded sales of 97,000, a 194% increase in sales over the previous year.



File photo of a worker at VinFast Auto's factory in Thoothukudi, Tamil Nadu. The EV maker sees its new India factory as key to entering South Asia, the Middle East and Africa.

BLOOMBERG

VinFast has guided that it will at least double its volumes globally in the current year. But even if it achieves that, it will be on a small base, as the company has not made much headway despite having an international presence.

It is the domestic market that has driven more than 90% of its sales. But that success story, too, has some fine print. Several reports note that more than two thirds of VinFast's deliveries in its home market were to companies either linked to the founder Vuong or the broader VinGroup. About 72% of the company's sales in 2023 came from deliveries to an entity owned by Vuong.

On its part, the company asserts that it has managed to address the dependence on related parties for growth. "As disclosed in our Q2 2025 earnings report, out of 35,837 EVs delivered during the second quarter, 22% were to the company's unlisted subsidiaries. Compared to the 72% in 2023, this has already been a significant improvement," Chau said. "Meanwhile, deliveries to B2C customers have accounted for over 70% of total deliveries for four consecutive quarters, underscoring strong market demand."

VinFast's sales are largely concentrated in Vietnam, and it remains untested in the international market. The company is looking to sell more vehicles in North America, where it is building a plant in North Carolina expected to go live by 2028.

And all this, the company's losses piled up to more than \$1 billion in the first half of 2025. It listed on the Nasdaq in 2023 but its share price has fallen by nearly 80% since.

But VinFast is doubling down on its bet. Vuong has decided to invest at least \$2 billion of his personal wealth over two years as the company looks to expand across the world.

It is in this context that its entry in the Indian market is crucial, as analysts are banking on its global diversification to drive growth, despite low sales in the international markets so far. "We continue to believe VinFast benefits from more affordably-priced EVs, vertical integration, manufacturing in Vietnam, a global footprint with access to diversified markets, as well as the financial and brand backing of VinGroup," analysts at Cantor wrote in a 9 June note.

NEEDING INDIA

Investors and rating agencies have already started questioning the rationale of its huge investments in the EV business. On the back of mounting losses and its inability to break free of the Vietnamese market, VinFast badly needs success in India, and needs it quickly.

In January, VinGroup's real estate arm, Vinhome, responsible for about 60% of its revenue, received a junk rating from Moody's and Fitch, primarily due to the company's link to the VinGroup, which has continued to back the automobile division despite its limited success.

Investors have dumped its shares but the company has two bets it hopes will start paying off soon. It is entering the Indian and Indonesian markets this year with two factories. Within India, it is planning to start with 50,000 units per annum and then expand to 300,000 units in the next few years as it looks to meet demand within as well in neighbouring countries.

"We are here to build the ecosystem and stay for the long run," Chau told reporters on the sidelines of the company's car launch in the national capital.

VinFast is bringing its charging and fleet subsidiaries to India and is also holding talks with key Vietnamese suppliers to set up shop within the country, as part of its bid to diversify sales to international customers.

Analysts say that the carmaker wants to be quick in gaining market share from the likes of Tata Motors, Mahindra and Mahindra, and JSW MG Motor India, all key names in the electric EV space. The price range of Tata Curvv EV starts at ₹17 lakh while Mahindra's BE6 models start at ₹18 lakh. Both will directly compete with VinFast's offerings.

"They are looking to make a mark," said Subhadrata Sengupta, partner at Avalon Consulting. "The key concern is how attractive would their products be for customers."

Unlike its home market, where the VF3 and VF5 are mass market models and drive volumes, the company is starting with the VF6 and VF7 in India, at an aggressive price point to give Indian carmakers a run for their money. "We want [these] to be seen as premium products for Indian consumers, which they can aspire for," Chau said.

LITMUS TEST

VinFast has put in place its building blocks to crack the Indian market.

WHAT

Earlier this month, VinFast launched two electric SUVs in India. It has inked partnerships with 13 dealerships, has charging arrangements and a service network in place.

AND

The company has committed to invest ₹16,000 crore. It is aiming to gain quick market share by pricing its vehicles aggressively—between ₹16 lakh and ₹25 lakh.

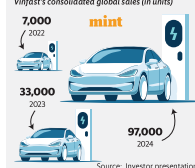
BUT

The track record of the company, and its parent, is patchy. The company's losses piled up to more than \$1 billion in the first half of 2025.

mint SHORT STORY

TOP SPEED

VinFast's sales rocketed nearly fourteen-fold between 2022 and 2024. VinFast's consolidated global sales (in units)



Fast discharge

VinFast's mounting losses have alarmed investors and rating agencies. Consolidated revenue and loss (in \$ million)



Source: Company filings

Partnerships with 13 dealership networks in 27 cities, an assembly plant, charging arrangements and a service network—it has tied up with myTVS, RoadGrid and Global Assure.

"Building an executive team with deep local insight is a top priority, and we are actively advancing this effort. We are engaging with leading talent across industries while creating a framework that blends global expertise with Indian perspective, ensuring VinFast's growth here is both sustainable and locally relevant," said Chau.

Hyundai veteran Tapan Ghosh, who is currently heading the Korean company's national sales in India, will lead VinFast in the country. So far, Chau has been shaping the strategy.

The appointment of an Indian is considered critical to bridge trust with consumers quickly, said Puneet Gupta, director at S&P Global Mobility.

"VinFast can turn around if they invest in an exceptional leadership team and increase marketing spend, pull brand ambassadors and create a few blockbuster

win in the Indian market. No carmaker's EV is making money yet as import dependence remains high. Amid its aggressive pricing and expansion spend, the question of profitability looms large over VinFast.

Chau, however, maintains that the company is on course to turn profitable amid its global expansion. "Our path to profitability remains firmly on track, anchored by a dual focus on breakthrough revenue growth and disciplined cost optimization," he asserted.

The CEO added that the company is working on improving operational efficiency by leveraging economies of scale and refining its business model. "With each new product generation, we expect to unlock further cost advantages—ensuring that our growth is both sustainable and scalable."

The company's play is to localise as much as possible, and it is looking to produce more of its products in India in future. "We want to bring the full array of VinFast products, including two wheelers, to India. We want to be able to do everything here, including making the components. But it will happen slowly," said Chau, noting that increasing local play will push down the prices of its cars further.

The company claims the initial response to its cars has been positive but has not revealed any booking numbers to back that claim.

VinFast's India entry couldn't have come at a worse time for its Indian competitors, particularly market leader Tata Motors and Mahindra, which are grappling with the rare earth motor shortage resulting from China's export ban. Moreover, the union government, which has set over ₹60,000 crore on making the country an electric vehicle manufacturing hub through various promotion schemes over the last six years, appears to now be giving hybrid vehicles equal footing in policy decisions.

Compounding matters, the GST on some ICE vehicles has been reduced by 10 percentage points to 18%, which could impact demand for EVs, something that will affect VinFast as well.

At the very least, all of these developments will cause a churn in the EV industry and it remains to be seen how the contenders, especially the new kid on the block, cope with the turbulence.

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