

October 14, 2024

IPO Note

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Issue Details

Price Band: ₹ 1,865 to ₹ 1,960
Employee Discount: ₹ 186/Share
Issue Opens on: October 15, 2024
Issue Closes on: October 17, 2024
Lot Size: 7 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 27,870.16 Cr.
No of Shares: 142,194,700
Face Value: ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	27,870.16
Total	27,870.16

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	13,866.08
HNI	15	4,159.82
Retail	35	9,706.26
Employee	-	138.00
Total	100	27,870.16

Listing

BSE & NSE

Lead Managers

- Kotak Mahindra Capital Co. Ltd.
- Citigroup Global Markets India Pvt. Ltd.
- HSBC Securities and Capital Markets (India) Pvt. Ltd.
- J.P. Morgan India Pvt. Ltd.
- Morgan Stanley India Co. Pvt. Ltd.

Registrar

KFin Technologies Ltd.

ANALYST

Krishna Rana
krishna.rana@sushilfinance.com
 +91 22 4093 6081

SALES

Manan Divan
manan.divan@sushilfinance.com
 +91 22 4093 6091 / +919819819979

COMPANY OVERVIEW

Incorporated in 1996, Hyundai Motor India ("HMI") is promoted by Hyundai Motor Company ("HMC"). HMI is the largest auto original equipment manufacturer ("OEM") in the world based on passenger vehicle sales in CY2023. They have been the 2nd largest auto OEM in the Indian passenger vehicles market since Fiscal 2009 (in terms of domestic sales volumes). They have a track record of manufacturing and selling four-wheeler passenger vehicles that are reliable, safe, feature-rich, innovative and backed by latest technology.

They have been India's 2nd largest exporter of passenger vehicles from April 1, 2021 through June 30, 2024, according to the CRISIL Report. Since 1998 and up to June 30, 2024, they have cumulatively sold more than 12 million units of passenger vehicles in India and through exports. As a key part of the Hyundai Motor Group, they gain early access to global trends in automotive, technologies and features, including from HMC's dedicated technology arm covering passenger vehicle IT services, smart manufacturing, mobility services, data security services and enterprise IT services – Hyundai Autoever. Leveraging Hyundai Autoever, HMC's "smart factory" platform, they are able to produce flexibly customized passenger vehicles and parts using automated manufacturing processes. Further, to digitise the sales network, they have launched end-to-end digital platforms, such as the "myHyundai" app for customers and the "H-Smart" app for dealers in India.

HIGHLIGHTS

1. Hyundai Motors is the 2nd largest auto OEM in India and the leading exporter of passenger vehicles
2. They have a diverse portfolio of passenger vehicles across powertrains and major passenger vehicle segments
3. The company's ability to identify emerging market trends in a timely manner and introduce innovative passenger vehicles and technologies to meet customer needs in India
4. Pan-India sales, distribution and after-sale services network offered by the dealers
5. Digitisation across the value chain
6. Flexible and automated manufacturing capabilities

OBJECTS OF THE ISSUE

1. To carry out the Offer for Sale of up to 142,194,700 Equity Shares
2. To achieve the benefits of listing the Equity Shares on the Stock Exchanges. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Hyundai Motors India Ltd. is the second-largest player in the Indian PV market with a 15-18% market share, plans to invest ₹ 200 Bn. over the next decade to boost production and increase battery capacity to 75,000 units annually by FY25. It introduced the country's first electric mass market SUV, the Kona Electric, in 2019, followed by Ioniq 5 in 2023. The company developed dedicated EV platform E-GMP and adapted platforms for battery electric vehicles in India. They plan to further launch 4 new EVs in India.

The company operates in highly competitive industry and inability to compete effectively may adversely affect the business. Insufficient warranty reserves may lead to unanticipated claims, impacting financial condition and operations. Two of Group Companies, Kia Corporation and Kia India Private Limited, are in a similar line of business as Hyundai which may involve conflict of interests, which could adversely impact business. Dependency on a limited number of suppliers for parts and materials could adversely impact the operations.

The revenue and PAT CAGR for the period FY22-24 stood at about 21% and 45% respectively. The company operated on an EBITDA margin of 13.9% and PAT margin of 8.5% for year ended FY24. Generating ROCE of 63% and Debt to Equity of 0.07x respectively for FY24.

The issue is priced at a P/BV of 14.93 based on its NAV of Rs. 131.26 as at FY24 and is asking price is at P/E of 26 at higher price band of ₹ 1,960. Issue seems reasonably priced as industry average is around 23.57x and competitors are valued at 29x being highest (Maruti Suzuki India Ltd. & Mahindra & Mahindra Ltd.) and 11x lowest of Tata Motors.

The company is poised to grow as a leading Automobile manufacturer, with strong portfolio of products and combined with strong parentage from Hyundai. The valuation seems comfortable compared to other large peers and investors can expect some gains and a positive long-term outlook on the company.

Brief Financials

PARTICULARS	As at June '24	₹ in Million		
		FY '24	FY '23	FY '22
Total Income	173,442.34	698,290.57	603,075.80	473,784.32
Total Expenditure	155,646.01	630,624.51	550,910.67	441,938.42
EBITDA	23,402.54	91,326.16	75,487.80	54,860.89
Profit before Tax	20,033.83	82,398.74	63,455.75	37,722.06
Profit after Tax	14,896.52	60,600.44	47,092.50	29,015.91
E.P.S. (Diluted)	18.33*	74.58	57.96	35.71
P/E (x) (Diluted)	-	26	-	-
RONW (%)	2.26*	56.82	23.481	17.21

* Not Annualised

PRICE CHART (@ ₹ 1,960) (Retail Category)

LOT SIZE	Amount
7	13,720
14	27,440
21	41,160
28	54,880
35	68,600
42	82,320
49	96,040
56	109,760
63	123,480
70	137,200
77	150,920
84	164,640
91	178,360
98	192,080

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	105	205,800
Big HNI	511	1,001,560

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	18/10/2024
Initiation of refunds/unblocking ASBA Fund	21/10/2024
Credit of Equity Shares to demat accounts of Allottees	21/10/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	22/10/2024

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/oct-2024/hyundai-motor-india-limited-rhp_87531.html)

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