

HYUNDAI MOTOR INDIA LTD

15-10-2024 - 17-10-2024

Industry: Passenger Cars & Utility Vehicles
Recommendation: Subscribe for long term

Price Band: ₹1,865 - 1,960
Post Implied Market Cap: – ₹1,51,539 - ₹1,59,258Cr

Key Data

Issue Size (₹ Cr)	26,505 - 27,856
Fresh (₹)	0
OFS (₹)	26,505 - 27,856
No. of shares offered	-
Face Value (₹ /share)	10
Bid Lot	7

About the Company

Hyundai Motor India Ltd (HMI), part of the Hyundai Motor Group, the world's 3rd largest auto OEM by passenger vehicle sales in 2023, is the 2nd largest in India's passenger vehicle market since 2009. Known for producing reliable, feature-rich, and innovative cars, HMI offers a portfolio of 13 models across segments, including sedans, hatchbacks, SUVs, and electric vehicles (EVs).

Investment Rationales

- The 2nd largest auto OEM in India and the largest exporter of passenger vehicles:** Company has been the 2nd largest auto OEM in India's passenger vehicle market since 2009. From Fiscal 2019 to June 2024, it has led the mid-size SUV segment, with the Creta holding a 38% market share. Verna was the top-selling premium sedan in Fiscal 2024, and Aura ranked second in the sedan segment with a 15% share by June 2024. In 2023, HMI launched its first premium EV, IONIQ 5. HMI has exported 3.61 million vehicles to over 150 countries, serving as a production and export hub for emerging markets.
- Diverse portfolio of passenger vehicles across powertrains and major passenger vehicle segments:** HMI portfolio includes 13 passenger vehicle models across key segments such as sedans (Aura, Verna), hatchbacks (Grand i10 NIOS, i20, i20 N Line), and SUVs (Exter, Venue, Creta, Alcazar, Tucson, IONIQ 5). These segments represented 88% of India's total passenger vehicle sales in Fiscal 2024 and 87% for the 3 months ended June 30, 2024. HMI offers vehicles with various fuel options—petrol, diesel, CNG and EV—and diverse transmission types. They aim to grow sustainably in the EV segment, with future investments aligned with India's EV market growth.
- Flexible and automated manufacturing capabilities:** Company's Chennai Manufacturing Plant, one of India's largest single-location passenger vehicle facilities as of June 2024, operates using 5 platforms (4 for ICE vehicles and 1 for EVs). With a shared platform architecture across two Chennai plants, they produce 8 models in one plant and 6 in the other, with one model built in both. Their highly automated operations feature over 2,000 advanced machines and 743 robots, enabling the production of all 13 vehicle models efficiently.
- Focus on continued premiumisation of the passenger vehicle portfolio:** HMI is capitalizing on a growing trend among younger buyers who prioritize factors like design, driving experience, safety, and advanced features over price. This has led to a shift towards SUVs and higher-end variants. As part of their premiumisation strategy, Hyundai focuses on selling higher-priced trims and plans to boost sales in the SUV and mid-to-high range segments by introducing targeted models across various price points and powertrains.
- Focus on increasing EV market share:** Hyundai Motor India is advancing its EV strategy through a diversified xEV portfolio, including battery EVs, hybrids, plug-in hybrids, mild hybrids, and fuel cell EVs. They plan to align their EV launches with market demand across different price segments. To strengthen the EV supply chain, Hyundai leased part of their Chennai plant to Mobis for EV battery assembly and collaborated with Exide Energy Solutions for local battery production. As of June 2024, Hyundai has set up 13 fast charging stations in India and aims to expand charging infrastructure across cities and highways to support EV adoption.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	18-10-2024
Refunds/Unblocking ASBA Fund	21-10-2024
Credit of equity shares to DP A/c	21-10-2024
Trading commences	22-10-2024

Shareholding (No. of shares)

Pre-Issue	812,541,100
Post Issue (Lower price band)	812,541,100
Post Issue (Higher price band)	812,541,100

Shareholding Pattern

Promoter & Promoter Group:

Pre Issue	100.00%
Post Issue	82.50%

Public - Others:

Pre Issue	-
Post Issue	17.50%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: Kotak Mahindra Capital, Citigroup Global, HSBC Securities, J P Morgan India, Morgan Stanley.

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

Research Analyst

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Risk

- 100% OFS area of concern for new investors.
- Parent HMC group manages KIA Corporation and KIA India Pvt Ltd which is into similar business.
- Global slowdown and domestic pileup inventory concern.

MView

We believe Hyundai Motor India Ltd IPO gives investors an opportunity to invest in the 2nd largest auto OEM in India's passenger vehicle segment since 2009. Their leadership in the mid-size SUV space, driven by popular models like Creta and Verna, demonstrates their ability to capture key market trends, particularly the premiumisation strategy targeting younger consumers. We think their robust portfolio of 13 models across sedans, hatchbacks and SUVs, coupled with their focus on sustainable growth in the EV segment, positions them well for long-term success. We also believe their advanced manufacturing capabilities and strategic partnerships, such as with Mobis and Exide for EV battery production, further underscore their commitment to innovation and operational efficiency. As India's EV market grows, Hyundai's alignment with local production and charging infrastructure expansion strengthens their prospects. By looking at the financials, the company has demonstrated good growth in revenue from operations/net profit increased by 27.29%/62.30% in FY 2023 and 15.64%/54.25% in FY 2024. On valuation parse at the upper price band of ₹ 1960/-, the issue is asking for a market cap of ₹ 159258 cr and Based on FY2025e annualised earnings and fully diluted post-IPO paid-up capital, the company is asking for a PE of 26.73x which seems fully priced by looking at the industry average ~24-25x. Investors should also look at IPO offers which come with 100% OFS i.e ₹ 27856/- cr issue which is an area of concern for new investors. Given Hyundai's solid track record, focus on high-end variants and proactive approach to EV adoption make them a promising player in the evolving automotive landscape. Hence, by looking at all attributes along with sector headwinds with high inventory pileup adding some concern over short term we recommend risk taking investors to "SUBSCRIBE" the Hyundai Motor India Ltd IPO only for long term perspective.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at June 30		As at March' 31		
	2024 (03)	2023 (03)	2024	2023	2022
Equity Share Capital	812.54	812.54	812.54	812.54	812.54
Net worth	12,148.71	21,380.83	10,665.66	20,054.82	16,856.26
Total Borrowings	758.14	1,283.10	767.92	1,158.60	1,140.03
Revenue from Operations	17,344.23	16,623.51	69,829.06	60,307.58	47,378.43
Revenue Growth	4.34%	-	15.8%	27.3%	-
EBITDA	2,340.25	1,997.26	9,132.62	7,548.78	5,486.09
EBITDA Margin (%) as stated	13.49%	12.01%	13.08%	12.52%	11.58%
Net Profit for the Year	1,489.65	1,329.19	6060.04	4,709.25	2,901.59
Net Profit Margin	8.48%	7.81%	8.50%	7.67%	6.05%
EPS	18.33	16.36	74.58	57.96%	35.71
RONW (%)	12.26%	6.22%	56.82%	23.48%	17.21%
ROCE (%)	13.69%	7.63%	62.90%	28.75%	20.37%
Net Asset Value (₹) as stated	149.52	263.14	131.26	246.82	207.45

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Revenue from Operations for Fiscal 2024 (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW
Hyundai Motor India	69,829.06	1,59,258	10	73.33	204.51	9.6	26.7	56.82%
Maruti Suzuki India	1,41,858.20	3,99,978	5	429.01	2,723.77	4.7	27.2	15.75%
Tata Motors	4,37,927.77	3,43,887	2	81.96	221.67	3.7	10.1	36.98%
Mahindras & Mahindra	1,38,279.30	3,93,204	5	101.14	594.08	5.92	35.6	17.02%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 14-10-2024

Hyundai Motor India Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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