



IPO Details:

Hyundai Motor India Ltd is coming out with an IPO of about Rs. 27,870.16 cr consisting of 14,21,94,700 shares of face value of Rs. 10 each in a price band of Rs. 1,865 – Rs. 1,960. The IPO comprises of an Offer for Sale of Rs. 27,870.16 cr by the promoter of the Company i.e. Hyundai Motor Company. The IPO opens on 15th October' 2024 and closes on 17nd October' 2024.

Company Details:

- Part of the South Korean Company, Hyundai Motor Group, its the **2nd largest auto OEM** in the Indian passenger vehicles market since 2009.
- **Has track record** of manufacturing and selling 4-wheeler passenger vehicles that are reliable, safe, feature-rich, innovative and backed by latest technology.
- Portfolio consists of **13 models** across multiple passenger vehicle segments by body type such as sedans, hatchbacks, SUVs and battery electric vehicles (EVs).
- Also manufactures auto parts such as transmissions and engines that it uses for its own manufacturing process or sales.
- Operates **integrated** manufacturing plant with annual production capacity of **8,24,000 units** at Irungattukottai, Sriperumbudur in Chennai, Tamil Nadu

Strength:

- **2nd largest sales and services network** in India which comprises of **1,377** sales outlets across 1,036 cities and towns and **1,561** service centres across 957 cities and towns in India.
- Indian arm is of strategic importance to the parent Hyundai Motor Company, considering it is among the **top 3** contributors to parent's global sales volumes with contribution of **18.19%** in CY2023.
- **Support of parent** - Hyundai Motor Company (HMC), in **various aspects of business operations** including management, R&D, design, product planning, manufacturing, supply chain development, quality control, marketing, distribution, brand, etc.
- HMC's R&D capabilities, coupled with information flow within the Hyundai Motor Group on emerging global trends and latest customer preferences, enables it to identify customer preferences in a timely fashion.



- Ability to manufacture feature-rich, reliable and innovative passenger vehicles at competitive price on the back of focus on **localization of parts** and materials.

Growth Drivers:

- Domestic Passenger Vehicles (PV) industry is expected to grow at a CAGR of **4.5% - 6.5%** between FY24 – FY29 to reach **5.7 million vehicles** by FY29. Within PV industry, SUV segment is expected to grow at a higher **CAGR of 7.0% - 9.0%** between FY24 - 29. In FY24, SUV sales accounted for **63.24%** of total domestic sales for Hyundai Motor India Ltd.
- Expansion of manufacturing capabilities by **2,50,000 units** (1,70,000 units under Phase 1 which is expected to get commissioned in H2 FY26 and another 80,000 units subsequently) on the back of recent acquisition of a manufacturing plant located in Talegaon, Maharashtra.
- **Working towards development** of an EV supply chain and manufacturing capabilities in India through EV parts localization and development of an EV platform in India.
- Parent - Hyundai Motors Company's (HMC) export network across more than **190 countries** helps the Indian arm to **pursue export opportunities** which is an important revenue and profitability driver for the Company.

Objectives of Fund Raise:

- Entire IPO is an Offer for Sale only and thus Company won't be receiving any funds as proceeds from the IPO.

Key Financial Highlights:

Hyundai Motor India Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY22	47,378.43	5,486.09	11.6%	2,901.59	35.71	20.4%	17.2%
FY23	60,307.58	7,548.78	12.5%	4,709.25	57.96	28.8%	23.5%
FY24	69,829.06	9,132.62	13.1%	6,060.04	74.58	62.9%	56.8%
Q1 FY25	17,344.23	2,340.25	13.5%	1,489.65	18.33	13.7%	12.3%



- Operating Revenue has grown from Rs. 47,378.43 cr in FY22 to Rs. 69,829.06 cr in FY24, translating into CAGR of 21.4%.
- Ebitda margins has steadily inched up from 11.6% in FY22 to 13.1% in FY24. It has further inched up to 13.5% in Q1 FY25.
- Profits after tax of the Company has grown at a faster CAGR of 44.5% between FY22 – FY24 on the back of growth in revenues and steady increase in Ebitda margins.
- Operating Cash Flow too has grown at a healthy CAGR of 34.2% between FY22 – FY24 with Company generating operating cash flow of Rs. 9,251.96 cr in FY24.
- Capital Efficiency of the business is very strong with RoCE at 20.4%, 28.8% and 62.9% in FY22, FY23 and FY24 respectively while RoE at 17.2%, 23.5% and 56.8% in FY22, FY23 and FY24 respectively. Sharp uptick in RoCE and RoE in FY24 is on the back of significant reduction in networth and resultant capital employed on the back of high dividend payout of Rs. 15,435.84 cr.

Valuations:

- At Upper end of the IPO price band of Rs. 1,960, Hyundai Motor India Ltd will be valued at about Rs. 1,59,258.06 cr.
- On PE basis, Hyundai Motor India Ltd will be available at 25.60x its TTM EPS of Rs. 76.55 which is at a marginal discount to Maruti Suzuki India's PE of 27.40x its TTM EPS of Rs. 467.71. On Operating Cash Flow Yield basis too, Hyundai Motor India is available at higher yield of 5.8% as against Maruti Suzuki India's 4.2%.
- **Investments in Hyundai Motor India Ltd can be made only from long term perspective considering Company's strong position in domestic passenger vehicles market, support from strong global parent – Hyundai Motor Company in various aspects of business operations, strategic importance of the Indian arm for the parent considering significant contribution to global sales, presence in emerging EV space, premiumization leading to better operating margins, shorter replacement cycles, healthy cash flow generation, strong capital efficiency and fair valuations.**



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*Long Term Investments could range from 3-5 years.