

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

HYUNDAI MOTORS INDIA LIMITED

Oct 15, 2024





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Details of the Issue

Price Band	₹ 1,865 - ₹ 1,960
Issue Size	₹ 27,870.16 Cr
Face Value	₹ 10
Bid Lot	7
Listing on	BSE, NSE
Post Issue Mcap	₹ 1,59,258.06 Cr
Investment Range	₹ 13,055 - ₹ 13,720

Important Indicative Dates (2024)

Opening	15 - Oct
Closing	17 - Oct
Basis of Allotment	18 - Oct
Refund Initiation	21 - Oct
Credit to Demat	21 - Oct
Listing Date	22 - Oct

Lead Manager

Kotak Mahindra Capital Company Limited
Citigroup Global Market India Pvt Limited
HSBC Securities and Capital Market (India) Pvt Limited
J.P.Morgan India Pvt Limited
Morgan Stanley India Company Pvt Limited

Offer Details

Offer Size	₹ 27,870.16 Cr
Fresh Issue	-
OFS	₹ 27,870.16 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	13,935	71.09	74.71	50
NIB	4,180	21.32	22.41	15
Retail	9,755	49.76	52.30	35
Em- ploy.	-	-	-	-
Total	27,870	142.19	149.43	100

Invest NowCompany Profile

Hyundai Motor India Ltd (HMIL), part of the Hyundai Motor Group—the 3rd largest global auto OEM by passenger vehicle sales in 2023—is India's second-largest auto OEM in the passenger vehicles market since FY2009 (based on domestic sales volumes, as per CRI-SIL). HMIL manufactures and sells a range of 13 models, including sedans, hatchbacks, SUVs, and EVs, known for their reliability, safety, innovation, and advanced technology. The company also produces key parts like transmissions and engines.

As India's second-largest passenger vehicle exporter from April 2021 to June 2024, HMIL has sold over 12 million units domestically and internationally since 1998. Its strong market position is driven by a diverse product range, robust stakeholder relationships, the strength of the Hyundai brand, operational efficiency through new technologies, and expansion into EVs. In 2023, HMIL was among the top three contributors to HMC's global sales, with its contribution rising from 15.48% in 2018 to 18.19% in 2023.

Business Highlights & Services

Hyundai Motor India Ltd benefits from strong parent support across R&D, manufacturing, and operations. With access to HMC's ₹1,875.03 billion R&D investment in areas like electrification and autonomous driving, HMIL quickly brings new models to market. HMC's global network drives export growth, while the Hyundai brand's rising global value (₹1,695.57 billion in 2023) enhances customer trust. Operational synergies within the Group, including parts supply and vehicle transportation, further strengthen HMIL's efficiency and profitability, making it a robust investment choice.

It benefits from Hyundai Motor Group's largest supply chain outside Korea, featuring 194 tier-1 and 1,083 tier-2 suppliers as of June 30, 2024. HMIL implements rigorous onboarding processes that require suppliers to meet high-quality standards, driving technological upgrades and performance improvements. This relationship not only enhances HMIL's operational efficiency and product quality but also provides suppliers with opportunities to serve other Hyundai Motor Group companies. This robust and evolving supply chain positions HMIL for sustained growth and competitive advantage, making it an attractive investment opportunity.

HMIL fosters long-term relationships with its 364 dealer companies by offering opportunities for growth, continuous training, and performance-based incentives. The "Hyundai Promise" program provides additional revenue streams through vehicle refurbishment and resale with warranties. This approach boosted average vehicle sales per dealer from 1,415 in 2021 to 1,659 in 2023. HMIL also engages the next generation of dealers through training programs and hosts events like the National Dealer Conference and incentive trips. In FADA's 2024 India Dealer Satisfaction Study, HMIL ranked among the top three mass-market OEMs with a score of 834.

The company offers a diverse portfolio of 13 passenger vehicle models, including sedans (Aura, Verna), hatchbacks (Grand i10 NIOS, i20), and SUVs (Exter, Venue, Creta, Alcazar, Tucson, and IONIQ 5), catering to a wide customer base. These segments accounted for approximately 88% of total passenger vehicle sales in India for FY24. The company is strategically investing in the electric vehicle (EV) market, with plans to launch four new EV models, including the Creta EV by FY25, as it transitions from high-end to mass-market models. Hyundai's EV market share increased from 0.7% in FY22 to 2% in FY24, reflecting its commitment to aligning with the growth of India's four-wheeler EV sector.



It boasts a strong sales and service network with 1,377 outlets and 1,561 service centres across 1,036 cities as of June 30, 2024, making it the 2nd largest in India. The company utilizes its premium IONIQ 5, facilitating direct customer feedback to refine its EV strategy. Key initiatives like the “Doorstep Service Programme” enhance after-sales reach in rural areas, while the “Hyundai Shield of Trust” maintenance program builds customer loyalty. This extensive network and customer-centric approach position HML as a compelling investment opportunity in the Indian automotive market.

In FY24, HML achieved total passenger vehicle sales of 777,876 units, an 8% year-on-year increase from 720,565 units in FY23. Domestic sales rose 8.3% to 614,721 units, representing 79% of total sales, while exports increased 6.6% to 163,155 units, making up 21% of total sales. Since inception, HML has exported 3.61 million passenger vehicles to over 150 countries, including markets in Latin America, Africa, the Middle East, and Asia, demonstrating strong international growth.

Product Portfolio

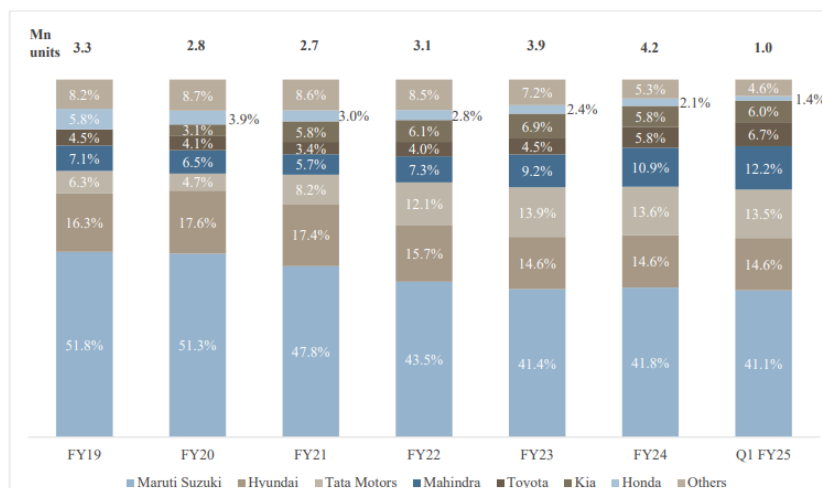


EV Market share

Particulars	Three months ended June 30,		Fiscal	
	2024	2024	2023	2022
Tata Motors	65.3%	70.6%	81.5%	84.6%
MG	18.4%	12.8%	9.6%	11.2%
Mahindra	7.5%	6.7%	1.0%	0.8%
Hyundai	1.1%	2.0%	1.7%	0.7%
BYD	2.5%	2.0%	2.3%	0.2%
Others	5.2%	5.9%	3.9%	2.5%

Market share in PV

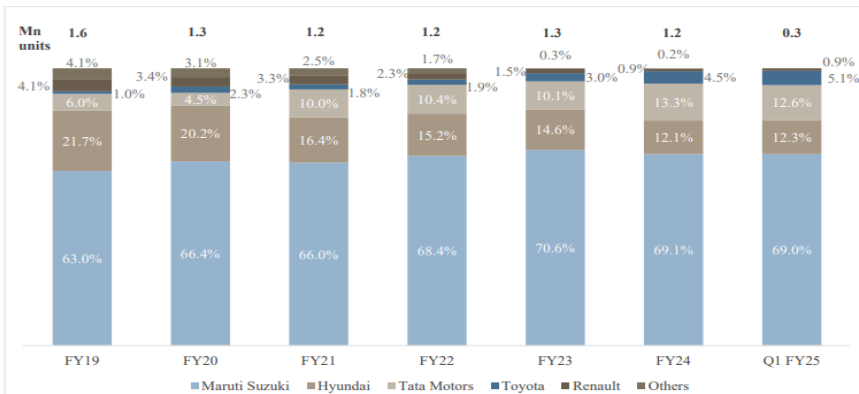
PV domestic market share across OEMs



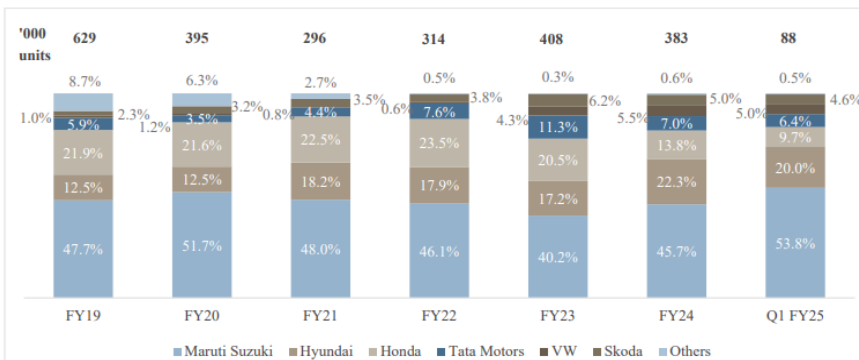


Market share as per product segment

OEM wise market share in Hatchbacks segment



OEM wise market share in Sedans segment



Geographical Presence



Revenue share

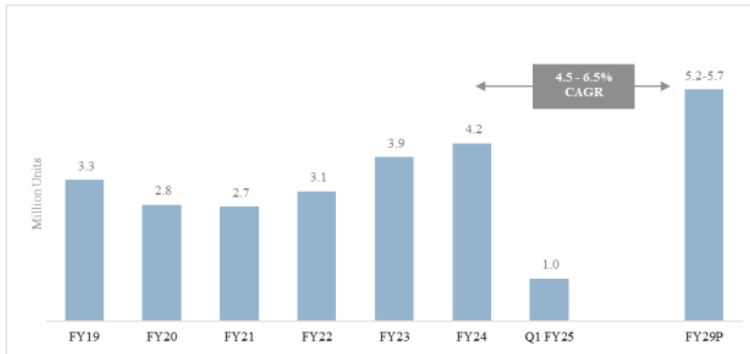
Particulars	Three months ended June 30,		As of or for Fiscal		
	2024	2023	2024	2023	2022
Total Passenger Vehicle Sales Volume	192,055	183,403	777,876	720,565	610,760
Domestic	149,455	148,303	614,721	567,546	481,500
Exports	42,600	35,100	163,155	153,019	129,260
Sales and Service Outlets					
Sales outlets	1,377	1,351	1,363	1,336	1,282
Service outlets	1,561	1,520	1,549	1,498	1,422



Particulars	Three months ended June 30, 2024		2023		2024		Fiscal 2023		2022	
	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes	Units	% of total domestic passenger vehicle sales volumes
Domestic sales volumes by passenger vehicle sub-segments	149,455	100.0%	148,303	100.00%	614,721	100.00%	567,546	100.00%	481,500	100.00%
Sedans										
Compact Sedans ⁽¹⁾	13,258	8.87%	14,699	9.91%	55,215	8.98%	50,232	8.85%	35,854	7.45%
Premium Sedans ⁽²⁾	4,376	2.93%	11,689	7.88%	30,017	4.88%	19,769	3.48%	20,230	4.20%
Luxury Sedans ⁽³⁾	-	-	-	-	12	0.00%	-	-	-	-
Hatchbacks										
Compact Hatchbacks ⁽⁴⁾	15,393	10.30%	19,545	13.18%	70,764	11.51%	113,252	19.95%	112,217	23.31%
Premium Hatchbacks ⁽⁵⁾	15,683	10.49%	18,728	12.63%	69,988	11.39%	82,612	14.56%	62,769	13.04%
SUVs										
Compact SUVs ⁽⁶⁾	50,698	33.92%	32,161	21.69%	200,196	32.57%	120,653	21.26%	105,091	21.83%
Mid-size SUVs ⁽⁷⁾	46,402	31.05%	43,241	29.16%	163,493	26.60%	151,293	26.66%	118,223	24.55%
Large SUVs ⁽⁸⁾	3,645	2.44%	8,240	5.56%	25,036	4.07%	29,735	5.24%	27,116	5.63%

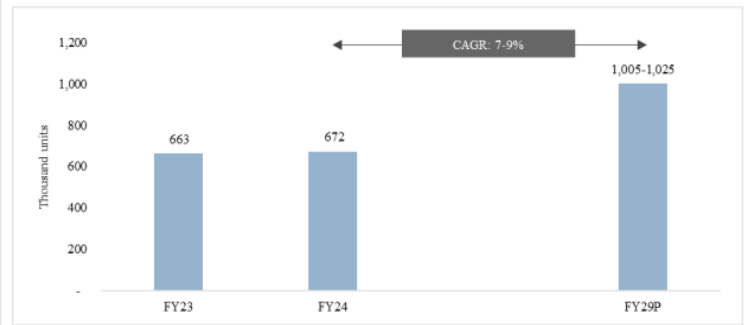
Industry Outlook

Domestic PV Industry outlook (volumes)



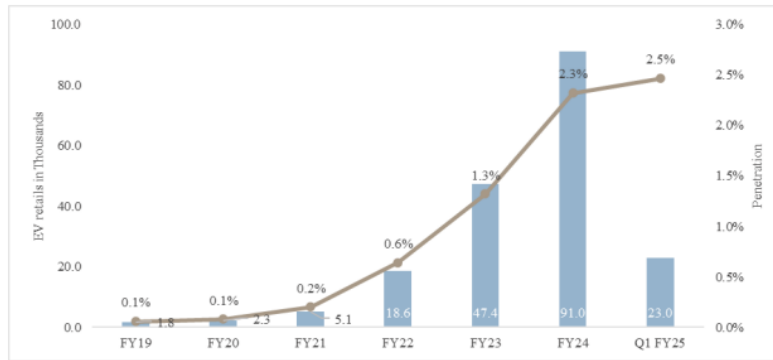
Source: SIAM, CRISIL MI&A

Outlook for exports (Fiscal 2023-Fiscal 2029P)



Source: CRISIL MI&A

Domestic passenger vehicles EV retails and penetration trend



Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Hyundai Motors India Limited	10	69,829	75	131	NA	56.82%
Peers Group						
Maruti Suzuki India Limited	5	1,41,858	429	2723	29	15.75%
Tata Motors Limited	2	4,37,928	81	222	11	36.96%
Mahindra and Mahindra Limited	5	1,38,279	100	594	29.96	17.02%

**Companies Competitive Strength :**

- Company is the second largest auto OEM in India and the leading exporter of passenger vehicles.
- Company have a diverse portfolio of passenger vehicles across powertrains and major passenger vehicle segments .
- Its ability to identify emerging market trends in a timely manner and introduce innovative passenger vehicles and technologies to meet customer needs in India.
- Digitization across the value chain.
- Company flexible and automated manufacturing capabilities.
- Company experienced management team with a track record of delivering profitable growth and superior returns .

Key Strategies Implemented by Company

- Leveraging THE deep understanding of consumer preferences to successfully expand the passenger vehicle portfolio .
- Focus on continued premiumisation of the passenger vehicle portfolio.
- Calibrated manufacturing capacity expansion and efficient capital allocation.
- Focus on increasing EV market share.
- Further strengthening the position as the export hub for HMC.
- Continue to enhance the brand as a trusted brand in India.
- Further deepen the physical-and digital network for sales and services across India.

Particular (INR in Cr)	Q1FY25	FY24	FY23	FY22
Equity Capital	813	813	813	813
Reserves and Surplus	11,336	9,853	19,243	16,043
Net Worth	12,149	10,666	20,056	16,856
Revenue	17,344	69,829	60,307	47,378
Growth (%)	4.34%	16%	28%	
EBITDA	2,340	9,134	7,550	5,448
EBITDAM (%)	13.5%	13.1%	12.5%	11.5%
PAT	1,489	6,060	4,709	2,901
PATM (%)	8.6%	8.7%	7.8%	6.1%
ROCE (%)	12.3%	56.8%	23.5%	17.2%
ROE (%)	13.7%	62.9%	28.8%	20.4%

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 26X. Thus the issue appears to be fairly priced compared to earning and growth of the business.
- HML is the second-largest auto OEM in India by exports and holds the second-largest market share in the Indian passenger vehicle (PV) market, following Maruti Suzuki. The company has a 35% market share in SUVs and 15% in sedans, with the Creta dominating 38% of the mid-size SUV segment. HML offers a diversified portfolio of 13 models, including sedans, hatchbacks, SUVs, and EVs. With a planned investment of INR 6,000 crore in the Talegaon plant, HML's production capacity will increase from 824,000 to 1,074,000 units annually by FY26, catering to the rising demand for SUVs and EVs. Hyundai has already invested \$5 billion in India and plans to invest an additional \$4 billion for production expansion and local EV sourcing. The Indian PV industry is expected to grow at a CAGR of 4.5% to 6.5% through FY29, reaching 5.2 to 5.7 million units. This growth is driven by low domestic vehicle penetration and rising per capita income, which is increasing purchasing power. Hyundai, with its strong brand, popular models, and focus on EV expansion, is well-positioned for long-term growth. Hence, we recommend a "Subscribe" rating for the issue.



Notes

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