

Rating: Subscribe

Offer for Sale

Offer for sale of 142,194,700 equity shares amounting to INR 27,8701.6 Mn.

Issue Summary

Price Band INR	1865-1960
Face Value INR	10
Implied Market Cap INR mn.	15,92,580
Market Lot	7
Issue Opens on	Oct 15, 2024
Issue Close on	Oct 17, 2024
No. of share pre-issue	812,541,100
No. of share post issue	812,541,100
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

KFin Technologies Limited

Book Running 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 Company Pvt Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	82.5%
Public & Others	0%	17.5%

Objects of the issue

- The Promoter Selling Shareholder will be entitled to the entire proceeds of the Offer after deducting its portion of the Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer and the promoter will achieve the benefits of listing the Equity Shares on the Stock Exchanges.

The Hyundai Motor Group, ranked as the third largest auto original equipment manufacturer globally based on passenger vehicle sales in CY2023, is known for manufacturing and selling reliable, feature-rich, and innovative four-wheeler passenger vehicles backed by the latest technology. They have a portfolio of 13 models across various segments along with EVs and production of parts such as transmissions and engines. Nearly 12 million passenger vehicles have been cumulatively sold in India and through exports. The manufacturing plant located at Irungattukottai, in Chennai, was established as Hyundai Motor Company's (HMC) first global integrated manufacturing plant outside Korea. As of March 31, 2024, a production capacity of 824,000 units had been achieved at the Chennai Manufacturing Plant. Flexible, customized passenger vehicles and parts are produced using automated manufacturing processes, enabled by Hyundai Autoever, HMC's "smart factory" platform.

Investment Rationale

R&D driven process to launch new products coupled with EV aspirations: Company has the ability to identify emerging market trends in a timely manner and introduce innovative passenger vehicles and technologies to meet customer needs in India. Their R&D centre in Hyderabad, works closely with the HMC's centralised R&D hub at Namyang, Korea. They also seek to become a significant player in the EV segment sustainably. Before company launches a passenger vehicle in India, they conduct several pre-market tests by inviting an identified target audience to evaluate their products and collect feedback, which becomes integral in their process to design features specific for Indian customers.

Capitalizing on the strong distribution network along with innovative solutions: As of Dec'23, co. had 1,366 sales outlets across 1,031 cities and towns in India and 1,550 service centres across India across 962 cities and towns in India. Their sales and service network was the second largest in India in terms of the number of customer touchpoints as of March 31, 2023. Co. has started "Doorstep Service Programme" in 2020 to provide after-sale services to customers across primary rural markets and emerging cities through mobile service vans. Each van has a team equipped to meet the needs of customers who find it challenging to visit their nearest service centre.

Highly Automated Manufacturing Capabilities: The Chennai Manufacturing Plant was one of India's largest single location passenger vehicle manufacturing plants in terms of production capacity for CY2023. Their passenger vehicles are based on five different platforms (4- ICE & 1- EV). Their manufacturing operations are highly automated, and the Chennai Manufacturing Plant is optimised to manufacture their full range of 13 passenger vehicle models. They produce ~131 passenger vehicles per hour, with a production rate of one passenger vehicle within 30 seconds. Their quality control systems are based on HMC's Global Quality Management System which monitors the quality throughout all phases of the value chain, from development, production, sale to after-sale services of new passenger vehicle. They have also established the India Quality Centre in Faridabad, Haryana to support quality control initiatives.

Tech enabled solutions to enhance customer and dealer experience: Company has digitised their customers and dealers' interactions with each other and with the company. GDMS is a web application for our dealers to interact with them for their day-to-day operations, such as sales, services. Through this software, dealers can place orders with them and monitor operational information like delivery timelines and inventory. In addition, "H-Smart" app, developed by them in India, is a unified-dealer app designed to streamline and simplify dealer interaction with customers.

Valuation and View : Hyundai has ensured to maintain stable share market in India historically. It enjoys loyalty among the Indian consumer base owing to smooth and affordable after sales service. Equipped with R&D from Korea and an automated factory in Chennai, company has been able to optimise its operations while expanding it's distribution. Hyundai also plans to gradually become a major player in the EV segment. Company has also recorded one of the highest RoNW among its peers. We believe the company can take advantage of the growing PV market in India with its diverse offerings. At the upper price band of INR 1960, the issue is priced at a P/E of 26.3x post issue based on the FY24 EPS of INR 74.58. We have a "Subscribe for long term" rating for the issue.

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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