

Business Standard

THE MARKETS ON WEDNESDAY

| | | chg# |
|----------------------|-----------|---------|
| Sensex | 81,467.1 | ▼ 167.7 |
| Nifty | 24,981.9 | ▼ 31.2 |
| Nifty Futures* | 25,083.9 | ▲ 102.0 |
| Dollar | ₹84.0 | ₹84.0** |
| Euro | ₹92.1 | ₹92.3** |
| Brent crude (\$/bbl) | 76.5 ## | 77.8** |
| Gold (10 gm)*** | ₹74,709.0 | ₹713.0 |

* (October) Premium on Nifty Spot; ** Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBIA



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BRAND MAGGI STRONGER THAN EVER AMID LEADERSHIP CHANGE

WORLD P8

NOBEL CHEMISTRY PRIZE GOES TO TRIO OF PROTEIN PIONEERS



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Hyundai set for ₹27,856 cr IPO, India's biggest

Indian arm to be valued at ₹1.59 trn

BREAKING IT DOWN



SAMIE MODAK & SOHINI DAS
 Mumbai, 9 October

South Korean carmaker Hyundai Motor Company (HMC) will divest ₹27,856 crore worth of shares through the maiden share sale of its domestic arm, Hyundai Motor India (HMI), setting the stage for India's biggest initial public offering (IPO).

India's second-largest passenger vehicles firm will be valued at ₹1.59 trillion at the top-end of the price band of ₹1,865-₹1,960. The IPO will remain open between October 15 and October 17.

Around ₹8,315 crore worth of shares reserved for anchor investors will be allotted on October 14. Investment banking sources said there was already over 3x more demand than shares on offer in the anchor book, with marquee global names, such as Abu Dhabi Investment Authority, Amundi, Singapore's GIC, Fidelity, and BlackRock, likely to participate.

| | |
|-------------------|--------------------|
| IPO dates | Anchor book |
| Oct 15-17 | ₹8,315 cr |
| Price range | Mcap |
| ₹1,865-1,960 | ₹1.51-1.59 trn |
| IPO size | Hyundai's dilution |
| ₹26,505-27,856 cr | 17.50% |

NEW TABLE TOPPER

Hyundai India 35% bigger than LIC's

| | IPO open | Issue size (₹ cr) |
|---------------|-------------|-------------------|
| Hyundai India | Oct 15, '24 | 27,856 |
| LIC | May 4, '22 | 20,557 |
| Paytm | Nov 8, '21 | 18,300 |
| Coal India | Oct 18, '10 | 15,199 |
| GIC Re | Oct 11, '17 | 11,257 |

Source: Prime Database; Co filings



PAGE 2 ▶ "IT'S THE RIGHT TIME TO FURTHER 'INDIANISE' OUR OPERATIONS HERE" UNSOO KIM President, CEO & MD, HMI

India's biggest IPO opens on Oct 15

Among domestic mutual funds, most of the large fund houses that include SBI MF, HDFC MF, ICICI Prudential MF, Axis MF, and Nippon India MF are also likely to bid for shares.

Currently, HMIL is a 100 per cent subsidiary of Seoul-headquartered HMC. Following the IPO, HMC's stake will be reduced to 82.5 per cent. The upcoming IPO will serve as a litmus test for the depth and allure of India's domestic equity markets, while also paving the way for more multinational corporations to list in the country, which boasts the highest valuations among emerging markets. This trend is gaining momentum, with South Korea's LG Electronics also exploring an Indian listing.

"We feel it is the right time to further Indianise our operations here and become a 'home brand'. The IPO will ensure that HMIL is even more dedicated to succeeding in India," said Unsoo Kim, president, chief executive officer, and managing director of HMIL, when asked about the rationale for listing in India. HMIL, popular for its Creta SUV, is seeking valuations compa-

HOW THEY STACK UP

Hyundai is priced at similar P/S and P/E to Maruti and M&M

| | Mcaps (₹ trn) | Price-to-sales | Price-to-earnings | Price-to-book | Net profit margin (In %) |
|-----------------------|------------------|----------------|-------------------|---------------|-----------------------------|
| Hyundai Motors India | 1.59 | 2.28 | 26.28 | 14.93 | 8.7 |
| Maruti Suzuki India | 4.01 | 2.72 | 26.79 | 4.60 | 9.5 |
| Tata Motors | 3.46 | 0.76 | 7.93 | 4.15 | 7.2 |
| Mahindra and Mahindra | 3.92 | 2.67 | 32.08 | 5.33 | 8.1 |

Note: Ratios based on FY24 figures

Source: Smartkarma.com

table to industry leaders MSIL and M&M. A dominant player in the SUV segment, HMIL has a market share of about 14.6 per cent compared to MSIL's over 40 per cent of the passenger vehicle industry.

The IPO values HMIL at 2.3 times FY24 sales and 26.3 times FY24 profits. Meanwhile, MSIL and M&M are valued at about 2.7 times FY24 sales and 27x and 32x FY24 earnings, respectively. Analysts believe HMIL's superior product portfolio, recent market share growth, and being part of the larger HMC group will underpin its valuations.

Nomura recently said HMIL's sales were expected to accelerate, supported by the launch of new

models, such as the Creta EV and the petrol-HEV SUV NiiL. Additionally, the growing demand for electric vehicles (EVs) and hybrid EVs in India presents a significant opportunity for HMIL.

HMIL's IPO is set to inject further momentum into India's sizzling equity capital market. This year, 62 companies have already raised ₹64,510 crore. With HMIL's addition, the total is expected to surpass ₹92,000 crore. The pipeline remains robust, with mega offerings from Swiggy, Afcons Infrastructure, and NTPC Green slated for next month, positioning 2024 to surpass the record ₹1.19 trillion raised in 2021, when LIC's landmark IPO debuted.