

Business Standard

THE MARKETS ON THURSDAY

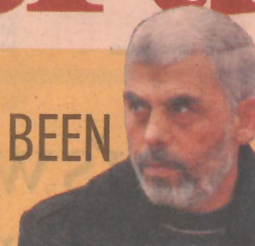
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Sensex	81,006.6	▼ 494.8
Nifty	24,749.8	▼ 221.5
Nifty Futures*	24,843.8	▲ 94.0
Dollar	₹84.1	₹84.0**
Euro	₹91.3	₹91.5**
Brent crude (\$/bbl)	74.2 ##	74.4**
Gold (10 gm)###	₹76,502.0	▲ ₹256.0

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



COMPANIES P2
**NEW MEASURES TO TACKLE HOAX
 CALLS DISRUPTING FLIGHTS**

WORLD P12
**HAMAS CHIEF SINWAR MAY HAVE BEEN
 KILLED IN GAZA ATTACKS: ISRAEL**



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QIBs come to rescue of Hyundai India IPO

Country's largest issue booked 2.4x; retail investors stay away

SUNDAR SETHURAMAN
 Mumbai, 17 October

Subscription to the initial public offering (IPO) of Hyundai Motor India Ltd (HML) was just 2.37 times, with retail and high net worth individuals (HNIs) staying largely indifferent to the country's biggest ever maiden share sale.

The IPO received bids for 236 million shares, worth ₹46,320 crore, as against 99.77 million on offer. Over 80 per cent of the bids came from qualified institutional buyers (QIBs), with the quota reserved for them getting seven times more demand than the shares on offer.

Within the QIB segment, close to 60 per cent of the bids, worth ₹22,540 crore, came from overseas investors.

Meanwhile, the retail and HNI quotas remained undersubscribed at 60 per cent and 50 per cent, respectively. The portion reserved for employees garnered 1.7 times subscription owing to a discount of ₹186 per share offered to them.

Experts said the tepid grey market premium and the sharp selloff in auto stocks were the reasons for weak demand in the IPO.

The Nifty auto index fell over 3.5 per cent on Thursday amid concerns around festival sales. From its peak the index is down close to 10 per cent. Still the index is up 50 per cent in the past one year.

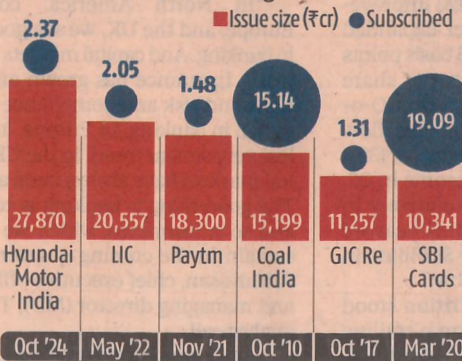
"The Hyundai IPO came at a time when the best has played out in terms of the stock performance of automobile firms. The issue could have done well if the stock would have been priced at a higher discount to industry leader Maruti Suzuki. Factors like the offering being purely a secondary share sale and the high dividend outgo to the promoters ahead of the IPO created some negativity," said an investment banker.



LUKEWARM RESPONSE

The country's largest IPO by Hyundai Motor India generated bids worth less than ₹50,000 crore. The mega offering is not the first one to draw a tepid response from investors. Life Insurance Corporation of India and digital payment major One97 Communications' (PayTM) IPOs also received lukewarm responses of 2x and 1.5x, respectively.

Turnout to some of the mega IPOs



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Hyundai India will be valued at ₹1.6 trn

The price range for the issue was set at ₹1,865-1,960 per share. At the top end, Hyundai India will be valued at almost ₹1.6 trillion.

Based on its 2023-24 (FY24) earnings, the stock is valued 26.3 times, only 10 per cent lower than that of the market leader, Maruti Suzuki India.

Arguably, Hyundai has a superior margin and return profile that Maruti does but in terms of volumes, market share, and distribution reach it is still a third of the market leader.

Hyundai's IPO was seen as a pivotal test for gauging the depth and attractiveness of the domestic equity market. Through the IPO, the Seoul-headquartered parent divested a 17.5 per cent stake and mobilised ₹27,870 crore — the highest ever by way of an IPO.

While most brokerages had a "subscribe" rating on the IPO, they were unanimous the stock will deliver only in



the long run.

"We believe that the outlook for Hyundai remains strong due to its strong parentage, leveraging of parent technology and research and development capabilities, as well as a solid balance sheet.

However, at the upper price band, Hyundai is available at a rich valuation of 26 times its FY24 earnings per share, leaving little on the table for investors," Aditya Birla Capital had said in its IPO note.