

**HYUNDAI IPO**

# REVVING UP

**Strong institutional investor participation helps the ₹27,856-crore Hyundai IPO, India’s largest public offer, but tepid debut dampens sentiment**

**BY RAHUL OBEROI**

► **AUTO MAJOR HYUNDAI** Motor India made history on October 17, 2024, by successfully completing the country’s largest-ever initial public offering (IPO) worth ₹27,856 crore in the primary market, thanks to strong bidding from institutional investors on the final day of the IPO. The three-day public offering concluded with 2.37 times oversubscription. The IPO attracted bids for 236 million shares against 99.77 million shares on offer. Notably, 83.46% of the bids came from qualified institutional buyers, with their reserved quota being subscribed 6.97 times. In that, 58% of the bids—totalling ₹22,540 crore—came from overseas investors.

However, some of that sheen wore off on listing day on October 22, as the stock fell 7% against its

issue price, ending the day at ₹1,820 apiece on the BSE, down ₹140 from the issue price of ₹1,960. The stock managed to recover some of the losses the next day as it rose 4% to end at ₹1,897 apiece.

“Institutional investors have ample liquidity, and hence have participated well in the IPO with a long-term view,” says Rakesh Vyas, Co-CIO and Portfolio Manager, Quest Investment Advisors. Despite seeing heavy FII outflows in the markets in the past few days, the issue has been able to garner decent foreign investor interest, reflected from large participation among anchor investors, as they see this as a play in India’s growth story, given low penetration, he adds.

Meanwhile, the quota for retail individual investors (RIIs) was subscribed just 50%, much lower than in other major IPOs like Life Insurance Corporation of India (LIC) and One97 Communications (Paytm).

Sunil Damania, Chief Investment Officer, MojoPMS, attributes the tepid response from retail investors to the IPO’s “high valuation” amid weak market sentiment in the automotive sector. “Investors are increasingly resistant to premium valuations. Additionally, significant fluctuations in grey market premiums dampened subscription volumes,” Damania says.

This public offer, per G. Chokalingam, Founder of Equinomics Research, emphasised that IPOs must instil a lot of confidence in retail investors about potential listing gains. “That confidence may stem from attractive pricing of the issue in terms of earnings; even if earnings do not justify it, the business models should generate excitement about the valuation multiples. If forthcoming large IPOs fulfil any of these two expectations, there will be no limitations on mobilising even a large quantum of resources,” he says. **BT**

**TEPID DEMAND**  
On listing day (October 22), the Hyundai Motor India stock fell 7% against its issue price

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## LARGEST INDIAN IPOs

● Hyundai Motor India IPO is the first listing by its parent outside S. Korea

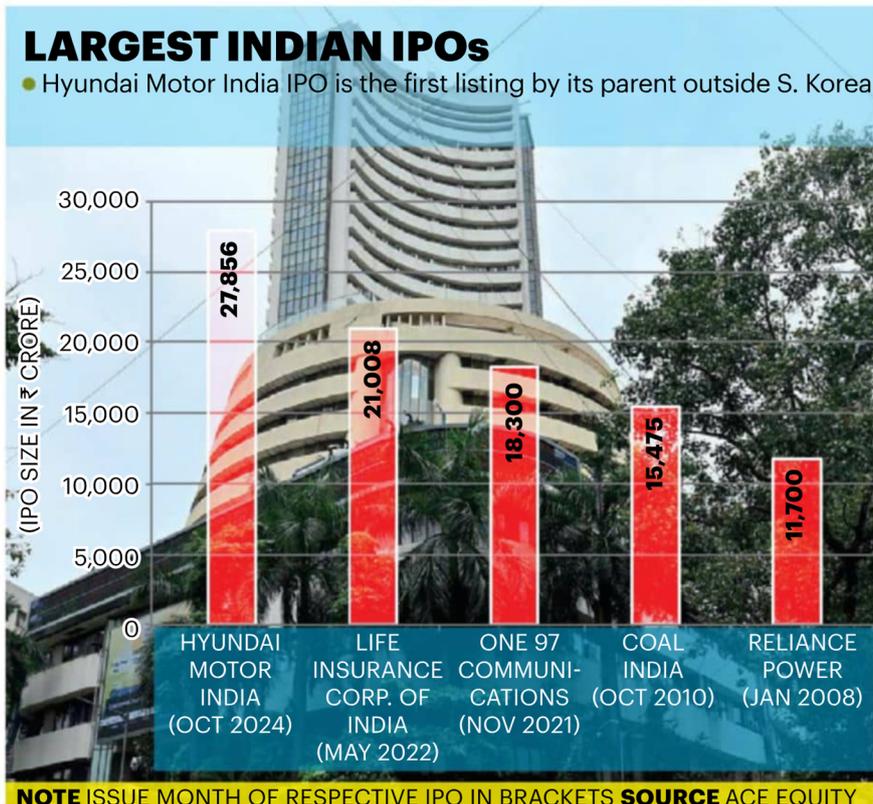


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