

IPO ANALYSIS

Sector: Automobile
Issue Price: INR 280 to INR 295
Issue Size: INR 584 to 602 Crores
Issue Opens/Closes: Mar 12 / Mar 14

IPO Basics

Promoters: John K. Paul, Francis K. Paul and Naveen Philip
Selling Shareholders: BanyanTree Growth Capital II, LLC
Lead Managers: ICICI Securities, Nuvama Wealth, Centrum Capital
Registered Office: Kerala
Registrar: Link Intime India Pvt Ltd
Listing: BSE and NSE

IPO Capital Structure

Fresh Issue	8,474,575 equity shares upto INR 250 Cr
Offer for Sale	11,917,075 equity shares upto INR 352 Cr
Total Issue as % of total capital (Post-Issue)	28.67%
Employee Reservation	37,453 equity shares upto INR 1 Cr
Post Issue No. of Shares	71,196,020
Post Issue Market Cap	INR 2,006 – 2,100 Cr
Face Value	INR 2
Issue Route	Book Build Issue

All values calculated at upper band

Financial Snapshot (INR in crs)

Y/E Mar	FY21	FY22	FY23
Equity Share Capital	12.54	12.54	12.54
Reserves	233.46	267.34	330.50
Net worth	246.00	279.89	343.04
Revenue from Ops	2,893.53	3,465.88	4,875.00
Growth (%)	-	19.78%	40.66%
EBITDA	174.85	178.66	234.85
EBITDA (%)	5.99%	5.13%	4.80%
Net Profit	32.46	33.67	64.07
Net Profit (%)	1.11%	0.97%	1.31%
Basic EPS	5.17	5.37	10.22
Diluted EPS	5.17	5.37	10.22
RONW (%)	13.19%	12.03%	18.68%
ROCE (%)	17.09%	16.79%	18.32%
NAV (INR)	39.22	44.62	54.69
P/E (Based on Upper Band)			28.86
Average Industry P/E			34.84
P/B (Based on Upper Band)			5.39

Shareholding Pattern

Holders	Pre-issue	Post Issue
Promoters	69.45%	61.18%
Public	30.55%	38.82%
Total	100.00%	100.00%

Particulars	Retail Category	NII bid between Rs 2 lakhs- Rs 10 lakhs	NII bid above Rs 10 lakhs
Minimum Bid Lot (Shares)	50	700	3,400
Minimum Bid Lot Amount (₹)	₹14,750	₹ 2,06,500	₹ 10,03,000
No of Applications for 1x	1,42,504	1,454	599

Popular Vehicles and Services Limited

Mar 11, 2024

Issue Highlights:

- Popular Vehicles and Services Limited ("PVSL") stands as a prominent diversified automobile dealership in India, boasting leading revenue figures as of Fiscal 2023 through its fully integrated business model. Covering the entire vehicle ownership life cycle, PVSL engages in new vehicle sales, servicing, spare parts distribution, pre-owned vehicle transactions, driving schools, and third-party financial and insurance product facilitation. The company's automobile dealership business spans three key segments: (a) passenger vehicles (including luxury vehicles), (b) commercial vehicles, and (c) electric 2-wheeler and 3-wheeler vehicles, contributing ₹1,691.85 crore, ₹961.63 crore, and ₹45.04 crore, respectively, during the 6 months ending September 30, 2023.
- PVSL operates diverse vehicle dealerships, including Maruti Suzuki, Honda, JLR for passenger vehicles, and Tata Motors (Commercial) and BharatBenz for commercial vehicles. In 2021, the company ventured into the electric 2-wheeler and 3-wheeler segment, managing dealerships for Ather and Piaggio. Their comprehensive services cover warranty and post-warranty repairs, including running repairs and collision services. Additionally, they engage in the exchange, acquisition, and sale of pre-owned passenger vehicles across their dealership network.
- As of December 31, 2023, PVSL operates through a network comprising 61 showrooms, 133 sales outlets and booking offices, 32 pre-owned vehicle showrooms and outlets, 139 authorized service centers, 43 retail outlets, and 24 warehouses across 14 districts in Kerala, 8 in Karnataka, 12 in Tamil Nadu, and 9 in Maharashtra. Notably, the company has achieved organic growth in revenue from sales over the past three fiscals. Key acquisitions include 11 service centers and 2 showrooms from a Maruti Suzuki dealer in Kerala in 2021, and 8 showrooms, 17 service centers, and 3 sales outlets and booking offices of BharatBenz in Tamil Nadu and Maharashtra.
- In terms of vehicle servicing, PVSL has experienced significant growth, with revenue from servicing passenger vehicles and commercial vehicles increasing from ₹365.16 crore and ₹67.51 crore in Fiscal 2021 to ₹571.61 crore and ₹141.87 crore in Fiscal 2023, respectively. Notably, in Fiscal 2023, the company was ranked 'All India Highest in the Bodyshop Load' for Maruti Suzuki. Additionally, the sale of electric 2-wheeler and 3-wheeler vehicles witnessed an increase from 252 in Fiscal 2022 to 3,381 in Fiscal 2023.
- Founded in 1983, PVSL, part of the Kuttukaran Group, boasts over 70 years of experience in the automobile industry. The promoters, John K. Paul, Francis K. Paul, and Naveen Philip, hold 69.45% of the pre-offer issued, subscribed, and paid-up equity share capital.

Key Risks:

- Significant dependence on top OEMs, Maruti Suzuki and Tata Motors (Commercial), representing over 80% of consolidated revenue in various periods.
- High concentration (96.91%) of business operations in Kerala, Tamil Nadu, and Karnataka, posing risks due to adverse developments, including natural calamities.
- Margins from services, repair, spare parts, and accessories distribution may be impacted by OEM pricing guidelines, potentially affecting financial condition and results of operations.

Particulars	No. of shares at Lower band (Cr.)	No. of shares at Upper band (Cr.)	Issue Size Amount at Lower band (Rs. Cr.)	Issue SizeAmount at Upper band (Rs. Cr.)	% Of Issue
QIB	1.04	1.02	291.34	300.28	50.00%
NIB	0.31	0.30	87.40	90.08	15.00%
-NIB2 (Bid above ₹ 10 Lakhs)	0.21	0.20	58.27	60.06	-
-NIB1 (Bid between ₹ 2 to 10 Lakhs)	0.10	0.10	29.13	30.03	-
Retail	0.73	0.71	203.94	210.19	35.00%
Employee	0.00	0.00	1.00	1.00	
Total	2.08	2.04	583.68	601.55	100.00%

An Indicative Timetable Post Issue Closing

Particulars	Tentative Date
Finalization of Basis of Allotment	March 15, 2023
Refunds/un-blocking of ASBA Accounts	March 18, 2023
Credit of Equity Shares to DP Ac	March 18, 2023
Trading Commences	March 19, 2023

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND**Brief Biographies of Directors**

Jacob Kurian is the Chairman and Non-Executive Independent Director of the company. Prior to joining the company, he was the country manager at TATA Unisys Ltd and also worked at TATA Services Ltd and Titan Industries Ltd.

John K. Paul is the Whole-time Director of the company. He is responsible for the Maruti Suzuki dealership operations of the group. He has more than 49 years of experience in automobile industry.

Francis K. Paul is a Whole-time Director of the company. He is responsible for corporate social responsibility activities and other policy matters of the company. He has more than 49 years of experience in the automobile sector.

Naveen Philip is a Managing Director of the company. He has more than 26 years of experience in the automobile industry. Previously, he held the position of a manager at Godrej Telecom Ltd.

Preeti Reddy is a Non-Executive Independent Director of the company. She has previously worked in consumer consulting as a vice president at KSA Technopak (I) Pvt Ltd and has worked as Market Research Manager at VST Industries Ltd.

George Joseph is a Non-Executive Independent Director of the company. He retired as chairman and managing director of Syndicate Bank. He was associated with Canara Bank for a period of over 36 years. He has also served as chairman, whole time director and joint managing director of Wonderla Holidays Ltd. He has in the past served as the independent director of Muthoot Finance Ltd and ESAF Small Finance Bank Ltd.

Rakesh Kumar Bhutoria is the Non-Executive Nominee Director of the company. He has also previously worked as a managing director of Standard Chartered Bank UAE and group executive vice president in commercial banking at IDFC Bank Ltd.

Varun T.V is the Company Secretary and Compliance Officer of the company. He has been associated with the company since May 15, 2018. Prior to joining the company, he was working with Joyalukkas India Ltd and Muthoot Capital Services Ltd.

Raj Narayan is the Chief Executive Officer of the company. He has been associated with the company since October 10, 2022 and is in charge of the entire divisions of Maruti dealership business of the company. Prior to joining the company, he was associated with Globacom Ltd.

John Verghese is the Group Chief Financial Officer of the company. He has been associated with the company since July 31, 2018. He is responsible for the entire finance divisions of the Kuttukaran Group. Prior to joining the company, he worked as a chief financial officer with Plant Lipids Pvt Ltd and as the president with Rane NSK Steering Systems Ltd.

Biju Jose Thomas is the chief executive officer of PMMIL- Company's subsidiary. He has been associated with PMMIL since January 3, 2022 and is in charge of the operations of Tata Motors business.

A Suresh Kumar is the chief executive officer of PAWL – company's subsidiary. He has been associated with PAWL since July 10, 2019 and is in charge of the entire operations of JLR dealership business. Prior to joining PAWL, he was associated with Olympus Motors Pvt Ltd, A. K. Capital Finance Pvt Ltd, Saud Bahwan Automatic LLC and Sundaram Motors.

OBJECTS OF THE ISSUE

(₹ In Cr)	
Objects	Amount
▪ Repayment and/or pre-payment, in full or part, of certain borrowings, availed by the company and certain of their Subsidiaries, namely, PAWL, PMMIL, KGPL, KCPL and PMPL	192.00
▪ General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

Fresh Issue	No. of Shares	WACA per Equity Share on a fully diluted basis (₹)
Fresh Issue (₹ 250 Cr)	Upto 8,928,570~ - 8,474,575^ Equity Shares^	–
The Offer for Sale by:	Upto 11,917,075 Equity Shares	
The Investor Selling Shareholders:		
BanyanTree Growth Capital II, LLC	Upto 11,917,075 Equity Shares	27.28

(~ at lower price band and ^at upper price band); WACA=Weighted Average Cost of Acquisition ^ without employee shares effect

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Fresh Issue and Offer for Sale Shares^	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	43,558,086	69.45%		43,558,086	61.18%
Total for Promoter and Promoter Group	43,558,086	69.45%		43,558,086	61.18%
Public – Investor Selling Shareholders	19,042,119	30.36%	11,917,075	7,125,044	10.01%
Public – Other	121,240	0.19%	8,474,575	20,512,890	28.82%
Total for Public Shareholders	19,163,359	30.55%	20,391,650	27,637,934	38.82%
Total Equity Share Capital	62,721,445	100.00%		71,196,020	100.00%

(^ at upper price band)

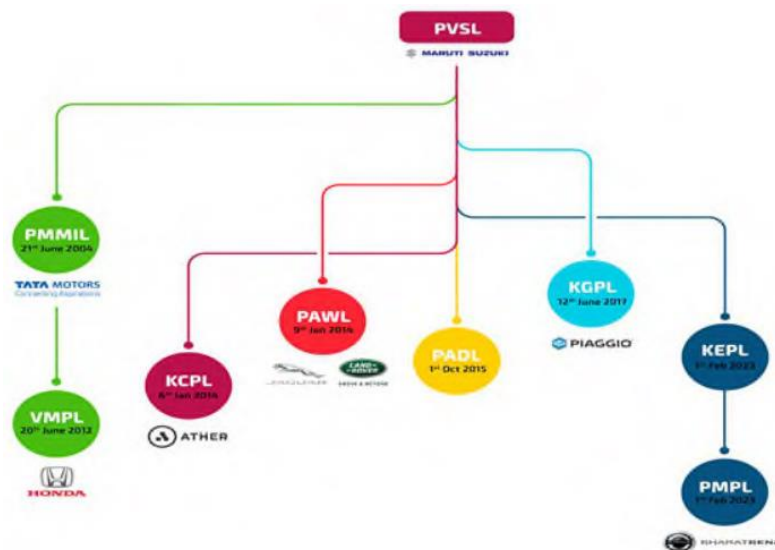
PVSL operates dealerships for the following OEMs:

Segment	Dealership through:
Passenger Vehicle Dealerships	
- Maruti Suzuki India Ltd (“Maruti Suzuki”)	for both Arena and Nexa, through the company (“PVSL”),
- Honda Cars India Ltd (“Honda”)	through the Subsidiary, Vision Motors Pvt Ltd (“VMPL”),
- Jaguar Land Rover India Ltd (“JLR”)	through the Subsidiary, Popular Autoworks Pvt Ltd (“PAWL”);
Commercial Vehicle Dealerships	
- Tata Motors Ltd (“Tata Motors (Commercial)”)	through the Subsidiary, Popular Mega Motors (India) Pvt Ltd (“PMMIL”)
- Daimler India Commercial Vehicles Pvt Ltd (“BharatBenz”)	Through the Subsidiary, Prabal Motors Pvt Ltd (“PMPL”)
Electric 3-wheeler vehicle dealership	
- Piaggio Vehicles Pvt Ltd	through the Subsidiary, Kuttukaran Green Pvt Ltd (“KGPL”)
- Ather Energy Pvt Ltd (“Ather”)	through the Subsidiary, Kuttukaran Cars Pvt Ltd (“KCPL”).

The revenue generated by each of their key segments as a percentage of their revenue from operations:

Key segments	6 months period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Passenger vehicles including luxury vehicles	59.68%	61.83%	67.52%	71.56%
Commercial vehicles	33.92%	32.21%	27.67%	23.87%
Electric two-wheeler and three-wheeler vehicles	1.59%	1.15%	0.15%	Na

The various dealerships operated by the company and the subsidiaries along with the date of acquisition of the Subsidiaries by the company:



KEY SEGMENTS

▪ **Passenger Vehicles**

PVSL operates passenger vehicle dealerships of **Maruti Suzuki, Honda** and **JLR**. Their passenger vehicle offerings cover a complete spectrum of vehicles ranging from economy to premium and luxury vehicles including electric vehicles. Their product and brand mix is well-suited to what customers demand in the markets where they operate. During Fiscal 2023, PVSL sold an aggregate of 33,681 passenger vehicles across their dealerships.

- **Maruti Suzuki dealership**

The first dealership in Kerala for Maruti Suzuki vehicles was awarded to PVSL in 1984 and formed part of the first batch of dealerships awarded by Maruti Suzuki across India. The Maruti Suzuki dealerships are operated under the '**Popular**' brand and cater to economy and premium passenger vehicles under the brands, 'Arena' and 'Nexa'.

The Maruti Suzuki dealerships are operated through 20 showrooms, 81 sales outlets and booking offices, 29 pre-owned vehicle showrooms and outlets and 74 authorised service centres located across Kerala and Tamil Nadu, as of December 31, 2023.

In Fiscal 2023, they were recognised as the 7th largest selling Maruti Suzuki dealership in India under the Arena network (by volume), and the 9th largest selling Maruti Suzuki dealership in India under the Nexa network (by volume). Maruti Suzuki was the highest contributor to sales of passenger vehicles in Kerala and Tamil Nadu, accounting for 49% and 37%, respectively, of the total sales volume mix in these states in Fiscal 2023.

- **Honda dealership**

PVSL commenced their Honda dealership in 2008 in Kerala. The Honda dealership is operated under the 'Vision' brand and caters to the premium vehicle sub-segment of their passenger vehicle offerings. The Honda dealership was operated through 8 showrooms, 3 sales outlets and booking offices and 8 authorised service centres located across 6 districts in Kerala as of December 31, 2023. In Fiscal 2023, PVSL is recognised as the 6th largest Honda dealership in India in terms of volume of sales. As of September 30, 2023, they contributed to the sale of 32.82% of Honda's total sales volume mix in Kerala.

- **JLR Dealership**

The company commenced their JLR dealership in 2010 in Karnataka. The JLR dealership is operated under the 'Marqland' brand and caters to the luxury vehicle sub-segment of their passenger vehicle offerings. The JLR dealership was operated through 2 showrooms and 3 authorised service centres and 1 pre-owned vehicle outlet in Karnataka as of December 31, 2023. In Fiscal 2023, the total revenue from sale of luxury passenger vehicles was ₹187.30 crore.

OEMs	Showrooms	Sales outlets and Booking offices	Authorised service centres	Showrooms and outlets for pre-owned vehicles
Maruti Suzuki	20	81	74	29
Honda	8	3	8	-
JLR	2	-	3	1
Total	30	84	85	30

Passenger vehicle segment	6 months period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Maruti Suzuki	15,405	30,948	26,142	26,123
Honda	934	2,595	2,939	2,314
JLR	137	138	148	164
Total	16,476	33,681	29,229	28,601
Revenue from sale of new passenger vehicles (₹ Cr)	1,214.62	2,107.28	1,636.87	1,479.08

▪ **Commercial Vehicles**

The company operates commercial vehicle dealerships of Tata Motors (Commercial) and BharatBenz. PVSL also sell commercial vehicles of Maruti Suzuki since February 2019, and sold 85 commercial vehicles, as of September 30, 2023.

- Tata Motors Dealership

PVSL obtained its first Tata Motors (Commercial) dealership in 1997, operating under the 'Popular Mega Motors' brand. This dealership spans 13 showrooms, 32 sales outlets, and 27 authorized service centers across 14 districts in Kerala and 5 districts in Tamil Nadu as of December 31, 2023. In Fiscal 2023, PVSL ranked as the 4th largest Tata Motors (Commercial) dealership by sales volumes. As of September 30, 2023, they contributed significantly to the sale of Tata Motors (Commercial) vehicles, capturing 76.73% and 48.02% of the total sales in Kerala and Tamil Nadu, respectively.

- BharatBenz Dealership

The BharatBenz dealership is operated under the 'Prabal Trucking' brand and caters to a range of commercial vehicles. As of December 31, 2023, the BharatBenz dealership was operated through 8 showrooms, 12 sales outlets and booking offices and 17 authorised service centres, across 9 districts in Maharashtra and 8 districts in Tamil Nadu. As of September 30, 2023, they sold 793 BharatBenz vehicles.

OEMs	Showrooms	Sales outlets and Booking offices	Authorised service centres
Tata Motors (Commercial)	13	32	27
BharatBenz	8	12	17
Total	21	44	44

Commercial vehicle segment	6 months period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Tata Motors (Commercial)	4,557	10,367	8,390	6,504
BharatBenz	793	391	-	-
Total	5,350	10,758	8,390	6,504
Revenue from sale of new Commercial vehicles (₹ Cr)	839.93	1,423.77	867.51	615.50

▪ Electric Two-Wheeler and Three-Wheeler Vehicles

The company entered the electric 2-wheeler and 3-wheeler vehicles segment in 2021 and they operate their electric 2-wheeler and 3-wheeler vehicle dealerships of Ather and Piaggio, respectively.

- Piaggio dealership

The Piaggio dealership is operated under the 'Ecomarq' brand and caters to a wide range of electric 3-wheeler vehicles. The Piaggio dealership was operated through 7 showrooms and 7 authorised service centres across 6 districts in Kerala as of December 31, 2023. As of September 25, 2023, KGPL was recognised as the biggest dealer of Piaggio electric 3-wheeler vehicles in Kerala and the 5th largest dealer at an all-India level

- Ather dealership

The Ather dealership is operated under the 'Ecomarq' brand and caters to a wide range of electric 2-wheeler vehicles. The Ather dealership was operated through 3 showrooms, 5 sales outlets and booking offices, and 3 authorised service centres across 2 districts in Kerala and 1 district in Tamil Nadu as of December 31, 2023.

OEMs	Showrooms	Sales outlets and Booking offices	Authorised service centres
Ather	3	5	3
Piaggio	7	-	7
Total	10	5	10

Electric 2-wheeler and 3-wheeler vehicles segment	6 months period ended September 30, 2023	Fiscal 2023	Fiscal 2022
Ather	1,771	2,886	163
Piaggio	396	495	89
Total	2,167	3,381	252
Revenue from sale of Electric 2-wheeler & 3-wheeler vehicles (₹ Cr)	43.70	55.28	5.08

The total number of showrooms, sales outlets and booking offices and authorised service centres, across the 3 business segments:

Particulars	6 months ended September 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	No. of showrooms and sales outlets and booking offices	No. of service centres	No. of showrooms and sales outlets and booking offices	No. of service centres	No. of showrooms and sales outlets and booking offices	No. of service centres	No. of showrooms and sales outlets and booking offices	No. of service centres
Passenger Vehicles								
- Maruti Suzuki (New Vehicles)	101	74	97	68	96	63	84	48
- Maruti Suzuki (Pre-owned)	29	NA	30	NA	27	NA	22	NA
- Honda	11	8	11	8	9	8	8	7
- JLR	3	3	2	3	2	3	3	3
Commercial Vehicles								
- Tata Motors	45	27	48	27	44	25	41	25
- Bharat Benz	20	17	10	17	NA	NA	NA	NA
Electric 2-wheeler and 3-wheeler								
- Piaggio	7	7	6	5	5	4	NA	NA
- Ather	8	3	7	2	1	NA	NA	NA
Total	224	139	211	130	184	103	158	83

Electric Two-Wheeler and Three-Wheeler Vehicles

Company's services, repairs and maintenance under each of their dealerships include work undertaken during warranty period, outside warranty period paid by the customer, running repair and collision repair services. During the 6 months period ended September 30, 2023, they serviced 419,729 passenger vehicles including 2,762 luxury vehicles, 103,116 commercial vehicles, 4,118 electric 2-wheeler vehicles and 883 electric 3-wheeler vehicles through their network of 137 authorised service centres across their dealerships.

Name of OEM	Ranking in terms of volume of service/ service satisfaction index	Ranking in terms of volume of sales
Maruti Suzuki	Number-1 at national level, in terms of volume of services (Arena and Nexa) handled for Maruti Suzuki	7 th largest passenger vehicle dealership for Maruti Suzuki in terms of sales by volume
Honda	Number-1 dealership for Honda in terms of volume of services in Kerala	6 th largest car dealership for Honda in terms of sales by volume
JLR	3 rd largest retailer of JLR in terms of the service volume, by the combined service volume of both outlets at Bangalore and Mangalore	5 th largest retailer for JLR in terms of retail sales by volume
Tata Motors (Commercial)	3 rd largest commercial vehicle dealership group for Tata Motors in terms of services handled	4 th largest commercial vehicle dealership group for Tata Motors in terms of sales volume
BharatBenz	1 st , on a national level, in terms of the service satisfaction index for BharatBenz	2 nd , on a national level in terms of volume of sales handled for BharatBenz
Piaggio	5 th biggest dealer, all India level, for Piaggio	5 th biggest dealer, all India level, for Piaggio
Ather	27 th on a national level in terms of volume of services handled for Ather	9 th on a national level in terms of volumes of sale handled for Ather

Pre-Owned Vehicles: PVSL deal in the exchange, acquisition and sale of pre-owned passenger vehicles across their vehicle dealerships. During the 6 months period ended September 30, 2023,, they sold an aggregate of 5,611 pre-owned vehicles through 32 dedicated pre-owned vehicle showrooms and sales outlets and booking offices and 30 of their new passenger vehicles showrooms in Kerala, Tamil Nadu and Karnataka.

Spare Parts and Accessories Distribution: PVSL commenced their spare parts and accessories distribution business in 2005, through their Subsidiary, PADL. As on December 31, 2023, their spare parts and accessories distribution business was operated through 69 touch points comprising of 2 multi-brand pre-owned vehicle retail outlet under the brand name 'Kartrenz', 43 retail outlets and 24 warehouses across Kerala and Karnataka. They have catered to 3,200 customers including active sellers, independent workshops, authorised service centres and vehicle dealers over the last 18 years.

Facilitating the Sale of Third-party Financial and Insurance Products: PVSL sells third-party finance and insurance products, extended warranties, maintenance contracts, and replacement services. In the 6 months ending September 30, 2023, they facilitated the sale of 21,131 third-party insurance policies, renewing 119,803 policies with a gross premium of ₹139.42 crore. Additionally, they provided ₹1,079.05 crore in financial assistance through their empanelled lenders.

Driving Schools: PVSL set up their first driving school in Ernakulam in the year 2006. Over the years, they expanded their network of driving schools by setting up a total of 7 driving schools across Kerala

REVENUE FROM OPERATIONS

(₹ In Cr)

Particulars	6 months ended September 30, 2023	Year ended March 31,		
	2023	2023	2022	2021
Sale of products	2,546.54	4,383.12	3,078.26	2,565.21
- Sales of new vehicles	1,941.11	3,330.51	2,322.26	1,939.54
- Sale of spare parts and accessories	411.55	682.02	468.71	378.36
- Sale of pre-owned vehicles	193.87	370.60	287.28	247.31
Sale of Services	160.58	287.29	218.40	180.36
Other operating income	127.88	204.58	169.23	147.94
- Income from schemes and incentives	87.39	135.82	117.80	99.10
- Finance and insurance commission	35.96	61.38	46.69	45.60
- Income from driving school	1.93	3.05	1.80	1.31
- Other operating income	2.60	4.33	2.94	1.93
Total	2,835.00	4,875.00	3,465.88	2,893.53

Revenue by Category:

(₹ In Cr)

Particulars	6 months ended September 30, 2023	Year ended March 31,		
	2023	2023	2022	2021
Passenger cars (excluding luxury vehicles)	1,505.03	2,832.01	2,179.05	1,926.27
Luxury vehicles	186.82	182.34	161.25	144.20
Commercial vehicles	961.63	1,570.25	959.13	690.67
Others	181.51	290.40	166.45	132.39
Total	2,835.00	4,875.00	3,465.88	2,893.53

GEOGRAPHICAL PRESENCE



As of December 31, 2023, PVSL operated through their network of 61 showrooms, 133 sales outlets and booking offices, 32 pre-owned vehicle showrooms and outlets, 139 authorised service centres, 43 retail outlets, and 24 warehouses located across 14 districts of Kerala, 8 districts in Karnataka, 12 districts in Tamil Nadu and 9 districts in Maharashtra.

While the sales outlets and booking offices complement the sales through their showrooms, their retail outlets facilitate sale and distribution of spare parts and accessories.

COMPETITIVE STRENGTHS

Long-standing Industry Presence and OEM Relationships: The Kuttukaran Group's entry into the automobile industry in 1953 marks over 70 years of experience. With strong ties to Maruti Suzuki, Honda, Tata Motors (Commercial), Piaggio, and Ather, they've become valued partners.

Market Penetration with Innovative Marketing Strategies: PVSL's deep reach in semi-urban and rural areas is driven by innovative models, including the "hub and spoke" approach. Their strategic marketing, online portals, customer engagement, and advertising contribute to robust market penetration.

Fully Integrated Business Model for Stability and Margins: PVSL's diversified dealerships and fully integrated business model provide stability and higher margins. The synergies across business verticals and focus on electric vehicle sales contribute to profitability.

Proven Ability in Identifying Growth Opportunities: Strategic acquisitions and organic growth characterize PVSL's approach. Adding 22 showrooms, 23 sales outlets, and 47 service stations from Fiscal 2021 to Fiscal 2023 demonstrates their ability to seize opportunities.

Consistent Financial Performance and Growth: PVSL's growth aligns with OEMs' expansion, evidenced by their profitable financial performance and strategic geographical expansion, including entry into Maharashtra.

Experienced Promoters and Management Team: With the Kuttukaran Group's 70 years of industry experience and John K. Paul and Francis K. Paul's 49 years of experience each, PVSL benefits from a seasoned leadership team, providing a distinct competitive advantage.

KEY BUSINESS STRATEGIES

Sustained Growth of High-Margin Verticals: PVSL aims to sustain and boost the growth of their high-margin services and repair business, pre-owned vehicle sales, and third-party financial product facilitation. Strategies include expanding authorized service centers, enhancing customer retention, promoting preventive maintenance, and efficiently managing parts inventory. The company collaborates with multiple insurers and financial institutions, offering a diverse range of products.

Continued Sales Expansion at Existing Dealerships: Capitalizing on the anticipated growth in automobile demand, PVSL plans to increase sales of passenger vehicles, commercial vehicles, and electric vehicles at existing showrooms. Targeted marketing, operational efficiencies, and strategic capital investments will support this growth trajectory.

Network Expansion and Product Portfolio Diversification: With the domestic passenger vehicle market projected to grow, PVSL aims to expand its network by adding new showrooms, sales outlets, booking offices, and authorized service centers. The focus includes tapping into the rising demand for new and pre-owned vehicles, particularly in semi-urban and rural areas where the company has established a strong presence.

Strategic Acquisitions for Sustainable Growth: PVSL seeks strategic acquisitions of high-growth automobile brands, considering geographic and dealership additions to their portfolio. This approach involves targeting areas with concentrated or growing demographics, leveraging their management expertise, manufacturer relations, and operational scale.

Technology Investment and Digital Presence Enhancement: PVSL plans to invest in technology to enhance its digital and online presence, making it more user-friendly and informative. Leveraging proprietary software and their website, along with OEM partner sites, the company aims to create awareness among internet users about new and pre-owned vehicle models, facilitating future purchases.

INDUSTRY OVERVIEW

The Indian automobile industry significantly impacts the economy, contributing 7.10% to the GDP in Fiscal 2023, up from 2.80% in Fiscal 1993. With an annual domestic sales volume exceeding 20 million vehicles in Fiscal 2023, India boasts one of the world's largest automobile markets.

In the same fiscal year, the two-wheeler segment dominated the domestic automobile industry, constituting over 70% of sales, followed by passenger vehicles at 18.00%. Tractors, commercial vehicles, and three-wheelers comprised the remaining 10%.

Passenger vehicle sales were concentrated in a few key states, with Maharashtra, Uttar Pradesh, Gujarat, Karnataka, and Tamil Nadu contributing over 40% to national sales. In Fiscal 2023, Kerala, Tamil Nadu, and Maharashtra, among the top 10 contributing states, collectively accounted for 23.00% of national sales, with Maruti Suzuki maintaining dominance in these regions.

Player-wise financial comparison (fiscal 2023)

Particulars	Popular Vehicles and Services	Sai Service	Landmark Cars#	Competent Automobiles	Pebco Motors	VST Motors
Operating revenue (₹ Cr)	4,880	3,760	3,380	1,730	180	1,390
Type (national/ regional)	South	West and South	West	North	East	South
OEM	Maruti (PV), Honda (PV), JLR (PV), Tata Motors (CV), Bharat Benz (CV), Ather (2W), Piaggio (3W)	Maruti (PV)	Honda (PV), Renault, VW, Jeep, Mercedes (PV), BharatBenz (CV)	Maruti (PV)	Maruti (PV)	Tata Motors (CV and PV)
No. of Outlets	150+	70+	115+	25+	10+	20+
OP. margin (%)	4.5%	6.0%	7.1%	3.7%	4.0%	5.2%
PAT margin (%)	1.3%	3.4%	2.5%	1.4%	2.9%	2.6%
ROCE (3-year moving average) (%)	19%	24%	22%	10%	12%	20%
Return on Tangible Networth (%)	20%	14%	21%	8%	7%	21%
Gearing Ratio	1.6	0	0.7	0.5	0.1	1.0

#: Proforma Revenue

Player-wise OEM presence

Player		Popular Vehicles and Services	Sai Service	Bhandari Automobiles	Kataria Automobiles	Landmark Cars	Navnit Motors	Competent Automobiles	Pebco Motors	Indus Motor	VST Motors
PV	Maruti	✓	✓	✓	✓		✓	✓	✓	✓	
	Hyundai										
	Tata (PV)										✓
	Mahindra										
	Honda	✓				✓					
	Renault					✓					
	VW					✓					
	Jeep					✓					
	JLR	✓					✓				
	Mercedes					✓					
	BMW						✓				
	Ferrari						✓				
	Mini						✓				
	Porsche				✓		✓				
CV	Tata (CV)	✓		✓							✓
	Bharat Benz	✓			✓						
	Ashok Leyland					✓					
2W	Ather	✓									
3W	Piaggio	✓									

Player-wise service offerings

Player	Popular Vehicles and Services	Sai Service	Bhandari Automobiles	Kataria Automobiles	Landmark Cars	Navnit Motors	Competent Automobiles	Pebco Motors	Indus Motor	VST Motors
New vehicle sales	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pre-owned vehicle sales	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pre-owned vehicle sales	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Service	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Spares	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accident repair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Company Name	Consolidated / Standalone	Face Value	Revenue from Operations for Fiscal 2023 (₹ in Cr)	EPS		NAV	P/E	RoNW (%)
				Basic	Diluted			
Popular Vehicles and Services Ltd	Restated	2	4,875.00	10.22	10.22	54.69	28.86	18.68%
Landmark Cars Ltd	Consolidated	5	3,382.35	22.56	21.74	118.55	34.84	18.04%

Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on BSE on March 1, 2024

Comparison with listed industry peers

(in ₹ Cr, unless otherwise specified)

KPI	Popular Vehicle and Services				Landmark Cars			
	6 months ended September 30, 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021	6 months ended September 30, 2024	Fiscal 2023	Fiscal 2022	Fiscal 2021
Number of new vehicles sold	23,993	47,820	37,871	35,105	NA	21,310	19,264	13,282
Number of pre-owned vehicles sold	5,611	11,806	10,594	10,098	NA	NA	NA	NA
Number of vehicles serviced	527,846	957,148	721,400	646,280	158,636	317,954	279,078	221,468
Revenue from Operations (₹ Cr)	2,835.00	4,875.00	3,465.88	2,893.53	1,464.67	3,382.35	2,976.52	1,956.10
Sales of new vehicles (₹ Cr)	1,941.11	3,330.51	2,322.26	1,939.54	NA	2,439.82	2,274.93	1,444.98
Sale of spare parts and accessories (₹ Cr)	411.55	682.02	468.71	378.36	NA	493.76	398.03	290.67
Sale of pre-owned vehicles (₹ Cr)	193.87	370.60	287.28	247.31	NA	40.10	21.44	35.37
Sale of services (₹ Cr)	160.58	287.29	218.40	180.36	NA	230.11	188.88	132.28
Other Operating income (₹ Cr)	127.88	204.59	169.23	147.95	NA	178.56	93.25	52.81
Total Income (₹ Cr)	2,848.21	4,892.63	3,484.20	2,919.25	1,469.75	3,394.43	2,989.12	1,966.34
Profit for the year (₹ Cr)	40.04	64.07	33.67	32.46	27.77	85.10	66.18	11.15
EPS - Basic	6.38	10.22	5.37	5.17	6.80	22.56	17.88	3.09
EPS - Diluted	6.38	10.22	5.37	5.17	6.64	21.74	17.45	3.05
Inventory turnover days	1403	38	45	47	181	59	48	64
Working capital days	95	34	37	35	135	40	22	44
Net cash generated -Operating activities	(161.10)	108.89	69.69	95.17	(15.85)	70.99	76.44	42.76
Gross Profit (₹ Cr)	433.40	732.40	549.11	460.50	299.46	600.69	464.78	308.73
Gross Margin (%)	15.29%	15.02%	15.84%	15.91%	20.45%	17.76%	15.61%	15.78%
EBITDA (₹ Cr)	145.91	234.85	178.66	174.85	101.60	242.51	187.28	120.06
Adjusted EBITDA (₹ Cr)	144.30	234.85	178.66	174.85	103.90	249.98	187.28	120.06
EBITDA Margin	5.12%	4.80%	5.13%	5.99%	6.91%	7.14%	6.27%	6.11%
PAT Margin	1.41%	1.31%	0.97%	1.11%	1.89%	2.51%	2.21%	0.57%
RoE	10.42%	18.68%	12.03%	13.19%	5.56%	18.04%	26.66%	6.11%
RoCE	8.83%	18.32%	16.79%	17.09%	5.63%	20.38%	21.10%	11.30%
Net Debt / EBITDA	5.00	2.03	1.97	1.68	4.10	1.03	1.49	2.54
Debt to Equity	1.99	1.47	1.33	1.44	0.91	0.62	1.24	1.80
Net worth (₹ Cr)	384.21	343.04	279.89	246.00	499.77	471.65	248.25	182.38

Note: Ratios are not annualised for the 6 months period ended September 30, 2023

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