

## IPO NOTE

### Issue Details

**Price Band:** ₹ 280 to ₹ 295

**Employee Discount:** ₹ 28/share

**Issue Opens on:** March 12, 2024

**Issue Closes on:** March 14, 2024

**Lot Size:** 50 Shares & in Multiples thereafter

### Issue Highlights

**Issue Size:** ₹ 601.55 Cr.

**No of Shares:** 20,391,651

**Face Value:** ₹ 2

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	250.00
Offer for Sale	351.55
<b>Total</b>	<b>601.55</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	300.28
HNI	15	90.08
Retail	35	210.19
Employee	-	1.00
<b>Total</b>	<b>100</b>	<b>601.55</b>

### Listing

**BSE & NSE**

### Lead Managers

- Centrum Capital Limited  
 - ICICI Securities Limited  
 - Nuvama Wealth Management Limited

### Registrar

**Link Intime India Pvt. Ltd.**

### ANALYST

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## COMPANY OVERVIEW

Popular vehicles & services Ltd. is a diversified automobile dealership in India in terms of revenue as of Fiscal 2023 having a fully integrated business model. It caters to the complete life cycle of vehicle ownership, right from the sale of new vehicles, servicing and repairing vehicles, distributing spare parts and accessories, to facilitating sale and exchange of pre-owned vehicles, operating driving schools and facilitating the sale of third-party financial and insurance products. They categorise their automobile dealership business into three key segments, namely, (a) passenger vehicles including luxury vehicles, (b) commercial vehicles and (c) electric two-wheeler and three-wheeler vehicles.

As of December 31, 2023, they 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.

The company was ranked 'All India Highest in the Bodyshop Load' for Fiscal 2023 for Maruti Suzuki. During the 6 months ended September 30, 2023, they sold an aggregate of 16,476 new passenger vehicles, 5,350 new commercial vehicles and 2,167 new electric 2-wheeler and 3-wheeler vehicles.

## HIGHLIGHTS

1. Long standing presence in the automobile industry and well-established relationships with leading OEMs
2. Penetration in markets in which they operate complemented by innovative marketing strategies
3. Fully integrated business model leading to business stability and higher margin
4. Proven ability to identify and capture inorganic as well as organic growth opportunities

## OBJECTS OF THE ISSUE

1. 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 Cr.)
2. General corporate purposes.

Offer for sale of 11,917,075 equity shares. The company will not receive any proceeds from the offer for sale.

## OUR VIEW

Incorporated in 1983, Popular Vehicles & Services Ltd. is engaged in the business of sale and service of automobiles, sale of spare parts and accessories, finance and insurance commission. The Company is headquartered in Kochi, India and has operations in Kerala and Tamil Nadu.

The company has a long-standing relationship with leading OEMs and a strategic presence in the automobile industry. They have a deeper penetration in semi-urban and rural areas in the states they operate in. The company plans to strategize growth of higher margin services and repair business, sale of pre-owned passenger vehicles and facilitation of sale of third-party financial products.

The top 2 OEM's Maruti Suzuki and Tata Motors (commercial), account for more than 80% of the Company's consolidated revenue H1FY24 and each of Fiscal 2023, 2022 and 2021. The revenue of the company may be impacted by changes in the demand, preferences, disposable income of the target consumers. A significant part of the revenue is derived from the dealership business.

The revenue CAGR for the period FY21-23 stood at about 29.8%. The company operated on an EBITDA margin of 4.8% and PAT margin of 1.31% for year ended FY23. The number was 5.12% and 1.41% respectively for H1FY24. Generating ROCE and ROE of 18.32% and 18.68% respectively for FY23.

The issue is priced at a P/BV of 4.82 based on its NAV of Rs. 61.26 as at H1FY24. The company is asking for a PE multiple of 28.86x on the upper end of the price band and using diluted EPS for FY23 (₹ 10.22) and a PE of 23.12x annualizing diluted EPS for H1FY24 (₹ 6.38). The industry average is 34.84x. The issue seems fully priced. **Looking at all the factors, risks, opportunities and valuation. cash rich investors may apply for the issue.**

### Brief Financials

PARTICULARS	As at Sept. 30, 2023	₹ in Million		
		FY '23	FY '22	FY '21
Total Income	28,482.08	48,926.28	34,841.99	29,192.52
Total Expenditure	27,959.37	48,077.61	34,356.53	28,720.00
EBITDA	1,459.09	2,348.46	1,786.63	1,748.53
Profit before Tax	538.76	848.67	485.46	472.52
Profit after Tax	400.44	640.74	336.69	324.55
E.P.S. (Diluted)	6.38*	10.22	5.37	5.17
P/E (x) (Diluted)	-	28.86	-	-
RONW (%)	10.42*	18.68	12.03	13.19

\* Not Annualised

### PRICE CHART (@ ₹ 295) (Retail Category)

LOT SIZE	Amount
50	14,750
100	29,500
150	44,250
200	59,000
250	73,750
300	88,500
350	103,250
400	118,000
450	132,750
500	147,500
550	162,250
600	177,000
650	191,750

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	700	206,500
Big HNI	3,400	1,003,000

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	15/03/2024
Initiation of refunds/unblocking ASBA Fund	18/03/2024
Credit of Equity Shares to demat accounts of Allottees	18/03/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	19/03/2024

For more details, Please refer RHP,

[https://www.sebi.gov.in/filings/public-issues/mar-2024/popular-vehicles-and-services-ltd-rhp\\_82068.html](https://www.sebi.gov.in/filings/public-issues/mar-2024/popular-vehicles-and-services-ltd-rhp_82068.html)

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