

**Popular Vehicles
& Services**
IPO NOTE

POPULAR VEHICLES & SERVICES LIMITED



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ISSUE OFFER

Issue Opens on	MARCH 12, 2024
Issue Close on	MARCH 14, 2024
Total IPO size (cr)	₹601.55
Fresh issue (cr)	₹250.00
Offer For Sale (cr)	₹351.55
Price Band (INR)	280-295
Market Lot	50
Face Value (INR)	2
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	50%
NII Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	35%

SHAREHOLDING (No. of Shares)
Pre Issue

62,721,445

Post Issue

71,196,021

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	15-03-2024
Refunds/Unblocking ASBA Fund	18-03-2024
Credit of equity shares to DP A/c	18-03-2024
Trading commences	19-03-2024

Popular Vehicles & Services Limited is a diversified automobile dealership in India having a fully integrated business model. It caters to the complete life cycle of vehicle ownership, from selling new vehicles, servicing and repairing vehicles, distributing spare parts and accessories, facilitating the sale and exchange of pre-owned vehicles, operating driving schools, and facilitating the sale of third-party financial and insurance products.

OBJECTS OF THE ISSUE

- Payment of certain borrowings.
- General corporate purposes.

OUTLOOK & VALUATION

Popular Vehicles & Services (PV&S), a well-established automobile dealer with a presence across four states and longstanding relationships with leading OEMs, PV&S boasts a fully integrated business model and a proven track record of capitalizing on growth opportunities. The company's consistent profitability further underscores its financial strength.

However, some key risks necessitate careful consideration. PV&S's reliance on OEMs. Additionally, the Indian auto market is highly competitive, and unresolved customer complaints can negatively impact the brand's reputation.

Despite these risks, the IPO valuation of 28.86x P/E appears reasonable. Considering its strengths, growth potential, and moderate valuation, we recommend that investors consider applying for this IPO with a long-term perspective.



01

Jacob Kurian

Chairman and Non-Executive Independent Director of the company. He holds a bachelor's degree in electrical engineering from the University of Madras. He also holds a post-graduate diploma in business management from Xavier Labour Relations Institute, Jamshedpur. Prior to joining this Company, he was the country manager at TATA Unisys Limited and also worked at TATA Services Limited and Titan Industries Limited.

02

Naveen Philip

Managing Director of the Company. He holds a bachelor's degree in mechanical engineering from the University of Calicut and a postgraduate diploma in management from the Xavier Institute of Management, Bhubaneswar. He has more than 26 years of experience in the automobile industry. He is a member of the Federation of Automobile Dealers Association's Governing Council. Previously, he held the position of a manager at Godrej Telecom Limited.

03

Varun T.V

Company Secretary and Compliance Officer of the Company. He has been associated with the Company since May 15, 2018. Prior to joining this Company he was working as a company secretary with Joyalukkas India Limited and as a company secretary and compliance officer with Muthoot Capital Services Limited.

04

Raj Narayan

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 this Company, he was the director, retail sales and distribution at Globacom Limited.

04

John Verghese

Chief Financial Officer of the Company. He is an associate member of the Institute of Chartered Accountants of India. Prior to joining this Company, he worked as a chief financial officer with Plant Lipids Private Limited and as the president with Rane NSK Steering Systems Limited.



COMPANY PROFILE

- Popular Vehicles & Services Limited categorizes its 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.
- The Company operates (a) passenger vehicle dealerships of Maruti Suzuki, Honda, and JLR; Commercial vehicle dealerships of Tata Motors Commercial and “BharatBenz through its Subsidiaries; and electric three-wheeler vehicle dealerships of Piaggio and Ather.
- As of December 31, 2023, it operated through its network of 61 showrooms, 133 sales outlets and booking offices, 32 preowned vehicle showrooms and outlets, 139 authorized service centers, 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.

COMPETITIVE STRENGTHS

- Long-standing presence in the automobile industry and well-established relationships with leading OEMs.
- Penetration in markets in which it operates complemented by innovative marketing strategies.
- Fully integrated business model leading to business stability and higher margins.
- Proven ability to identify and capture inorganic as well as organic growth opportunities.
- Consistent track record of profitable financial performance and increasing growth.
- Experienced promoters and management team.

KEY STRATEGIES

- Sustained growth of its higher margin services and repair business, sale of pre-owned passenger vehicles, and facilitation of sale of third-party financial products.
- Continue to increase sales at its existing dealerships.
- Expansion of its network and diversification of its product portfolio.
- Grow through strategic acquisitions.

KEY CONCERNS

- The automotive industry is sensitive to changing economic conditions and various other factors.
- Subject to the significant influence of its OEMs and its vehicle sales are impacted by the incentive, marketing, and other programs of the OEMs
- Non-renewal, termination, or any adverse material modifications made by its OEMs to the dealership agreements, will have an adverse impact on its business.
- The Company had negative cash flows in the past including negative cash flows from operating activities.
- Increasing competition among automotive dealerships through online and offline marketing reduces its profit margins.

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

Name of the Company	EPS (Basic)	NAV	Revenue (Rs. in Million)	P/E	RoNW (%)
Popular Vehicles and Services Limited	10.22	54.69	48,750.02	-	18.68%
Peer Group					
Landmark Cars Limited	22.56	118.55	33,823.51	34.84	18.04%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	125.44	125.44	125.44
Other Equity	3,305.00	2,673.42	2,334.58
Net Worth	3,430.44	2,798.86	2,460.02
Total Borrowings	911.32	880.55	893.29
Revenue from Operations	48,750.02	34,658.79	28,935.25
EBITDA	2,348.46	1,786.63	1,748.53
Profit/loss before Tax	848.67	485.46	472.52
Net profit of the year	640.74	336.69	324.55



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