FINANCIAL OPPORTUNITIES FORUM

Today's topic:

Showroom to Spreadsheets: Decoding Indian Car Dealerships

Upcoming FOFs:

Thursday, March 12, 2026

Thursday, April 23, 2026

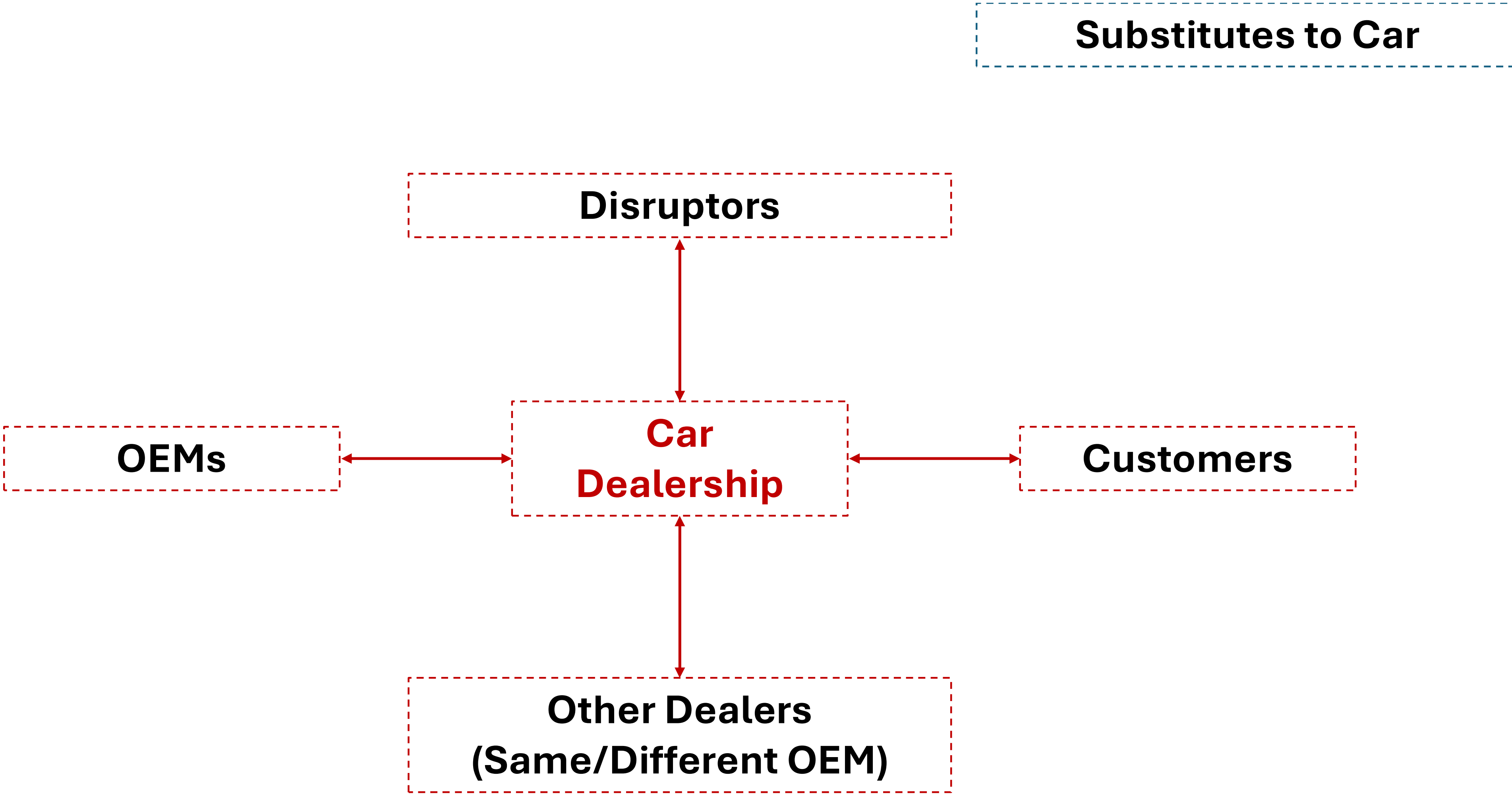
All archives available at: ppfasfof.com

Mr Pratik Rathi

Senior Manager - Research

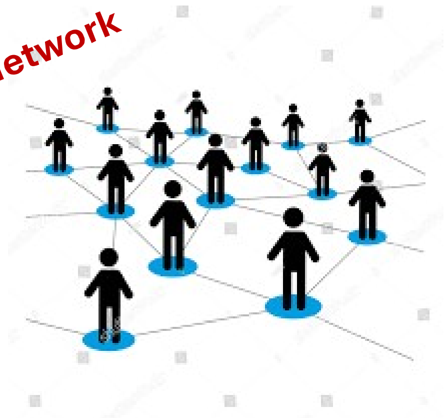
PPFAS Asset Management Pvt Ltd

A Simple Business?

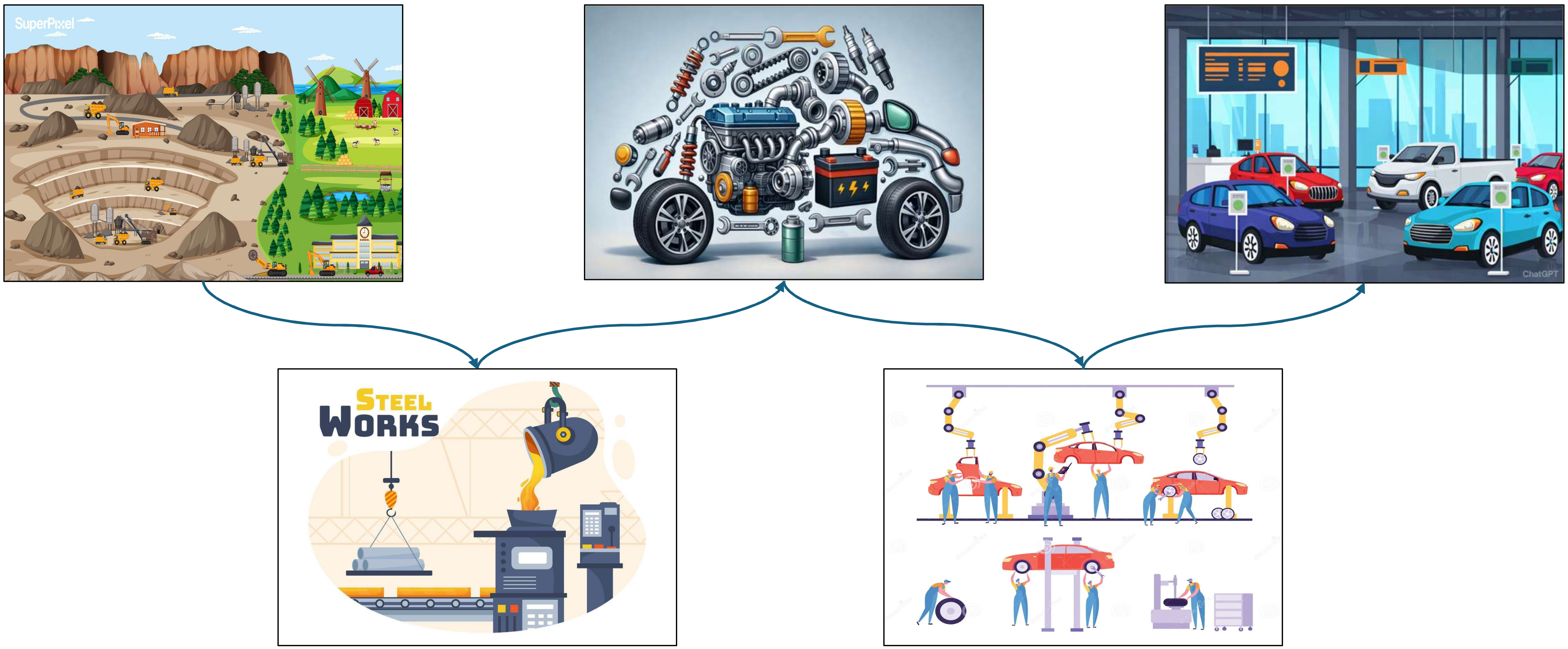

Substitutes to Car
Disruptors
OEMs
Car Dealership
Customers
Other Dealers (Same/Different OEM)

Why do we even need dealerships?

(OEM Perspective)

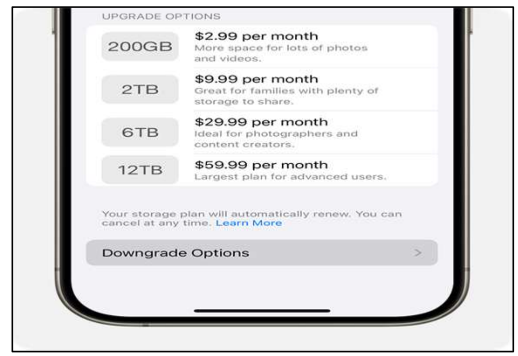


Why invest in the last part of value chain?



Blending Both

(One-time sale & Recurring Revenue)



Growth Drivers

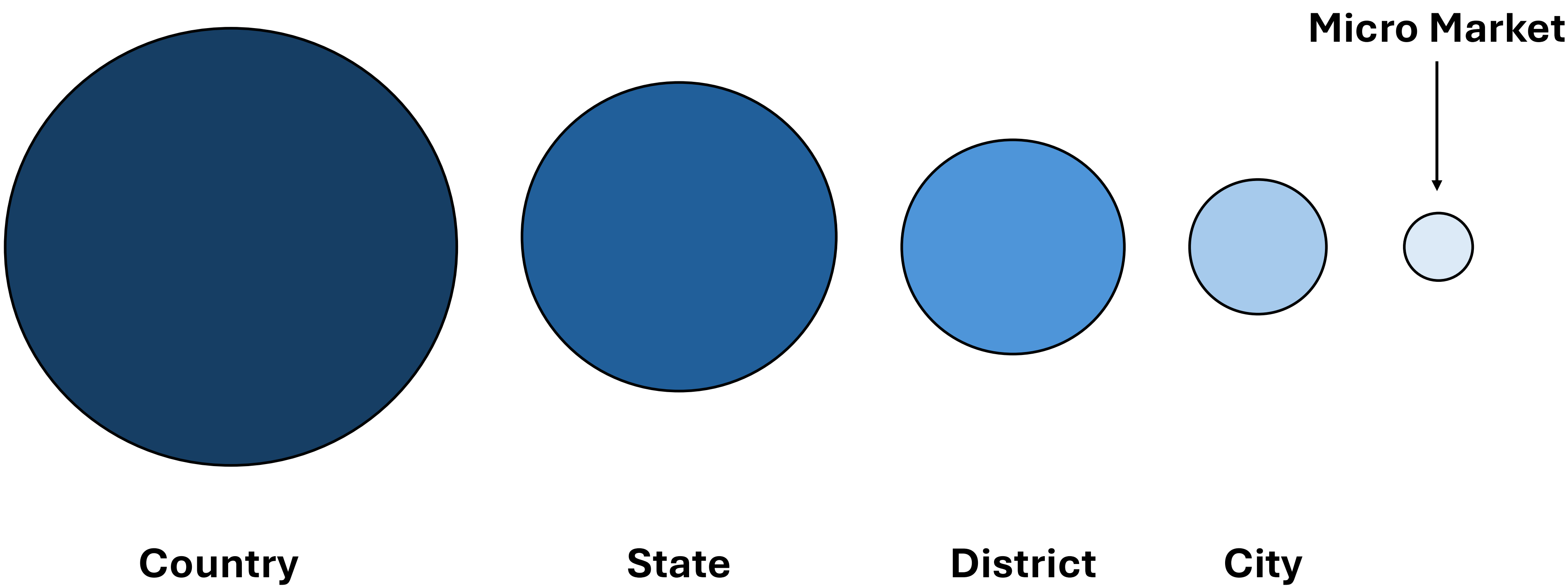
- New Vehicles
- Servicing
- Pre-Owned
- Finance + Insurance
- Accessories + Car Care

Good to have multiple profit centers!

Axiom: India's automotive industry is going to grow!

Geographical Footprint

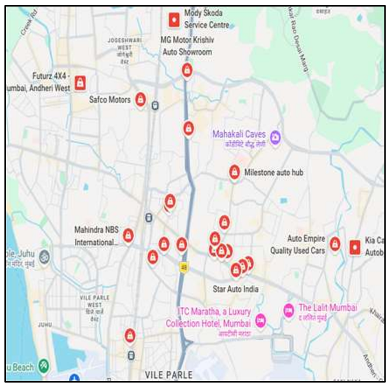
Dealerships




Exclusivity
Agreement

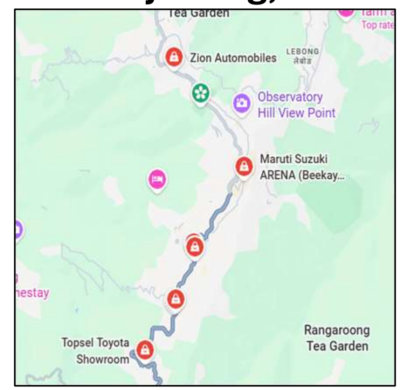
Showroom reach and density

Mumbai, 1

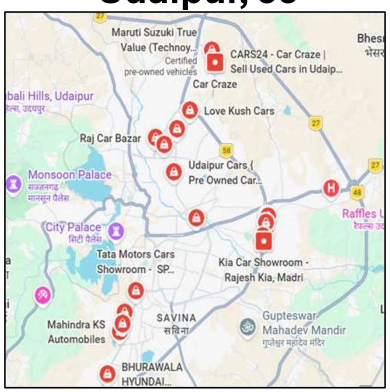


Bulandshahr, 200

Darjeeling, 401



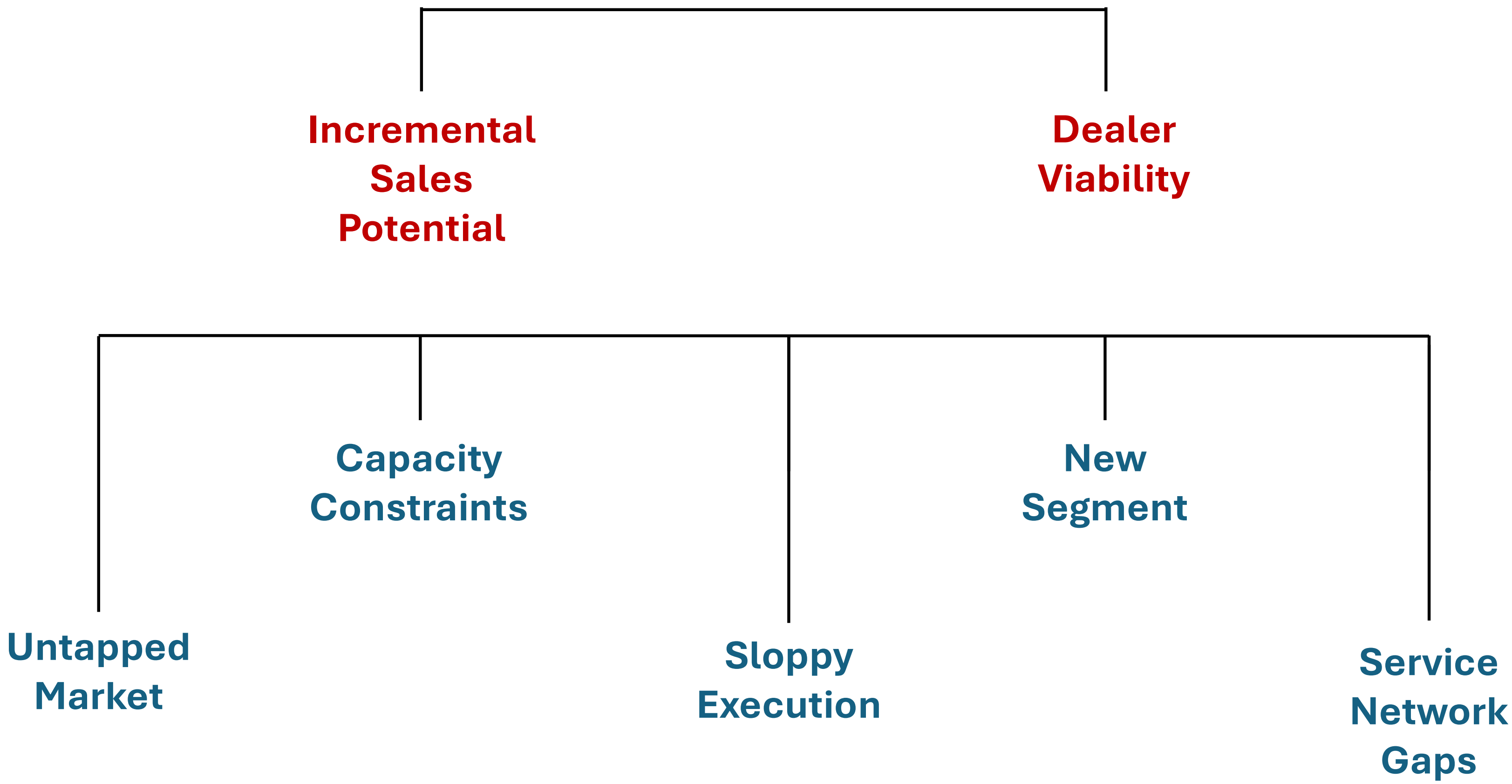
Udaipur, 99



Kishangarh, 300

Source: Census 2011 Data, Google Maps, PPFAS Research

Case for New Dealerships?




BAJAJ

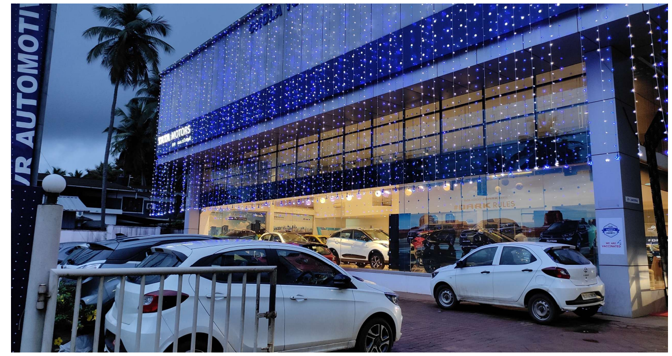

BAJAJ


Husqvarna
KTM


Chetak
CHETAK
HAMARA
KAL

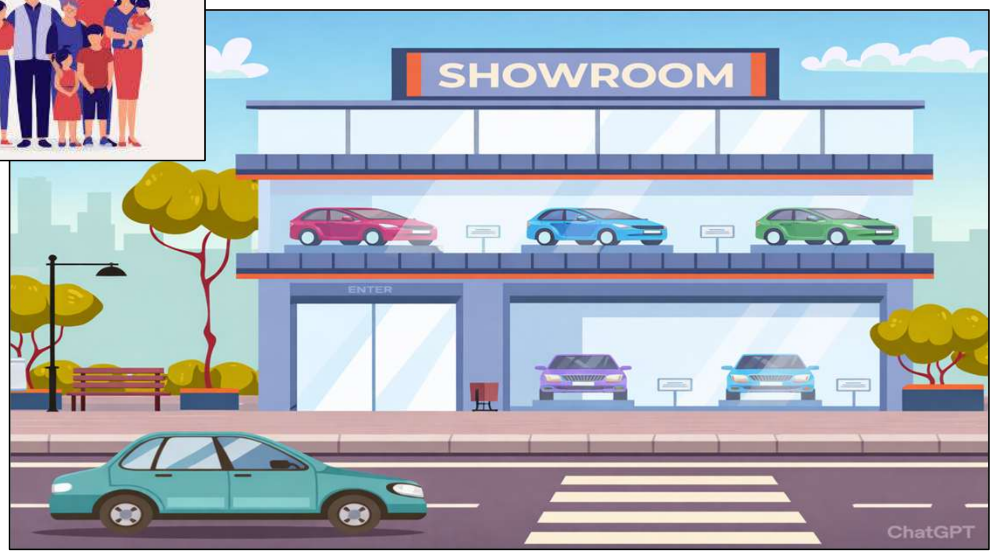

KEERTHI
TRIUMPH

Bajaj Auto




OEMs – MG, MSIL & TTMT

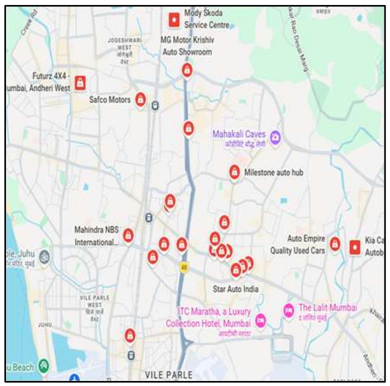
Typical Dealership in India



~90% of the dealerships are family owned with 2nd and 3rd generation in-charge now!

Is consolidation possible?

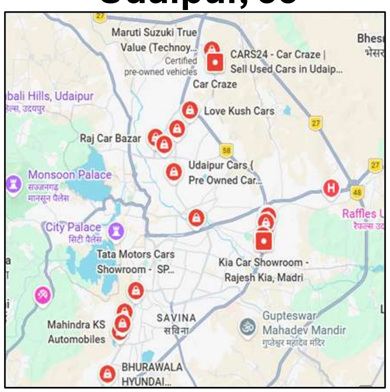
Mumbai, 1



Bulandshahr, 200

Darjeeling, 401

Udaipur, 99

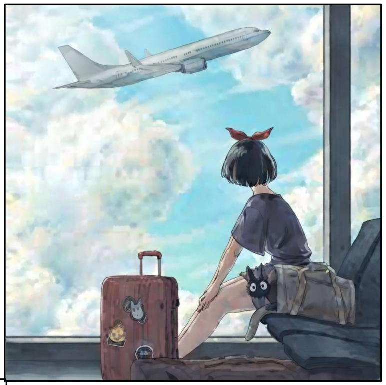


Kishangarh, 300

Source: Census 2011 Data, Google Maps, PPFAS Research

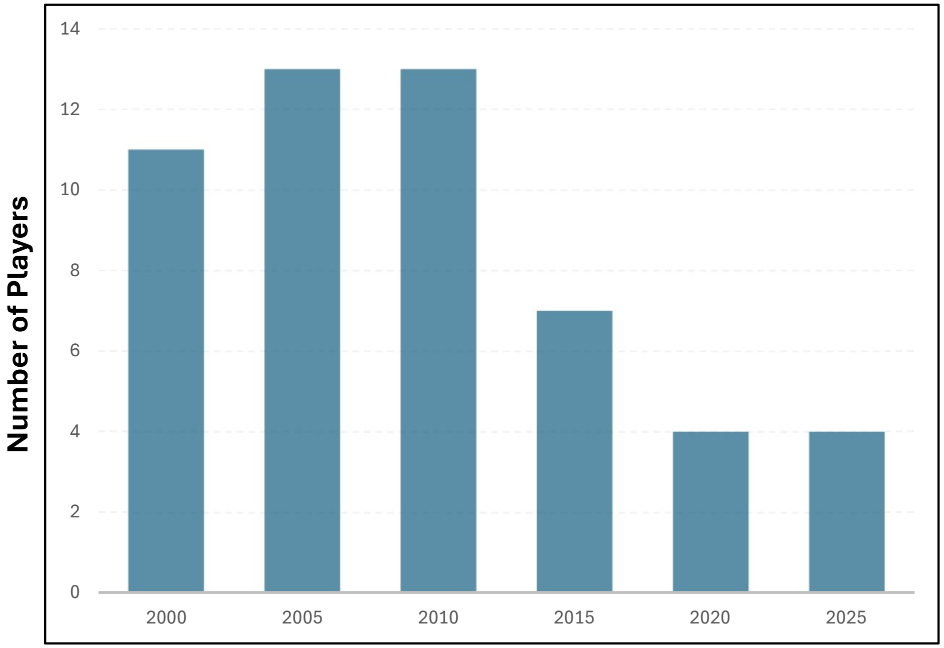
Consolidation

(you need somebody to sell ...)

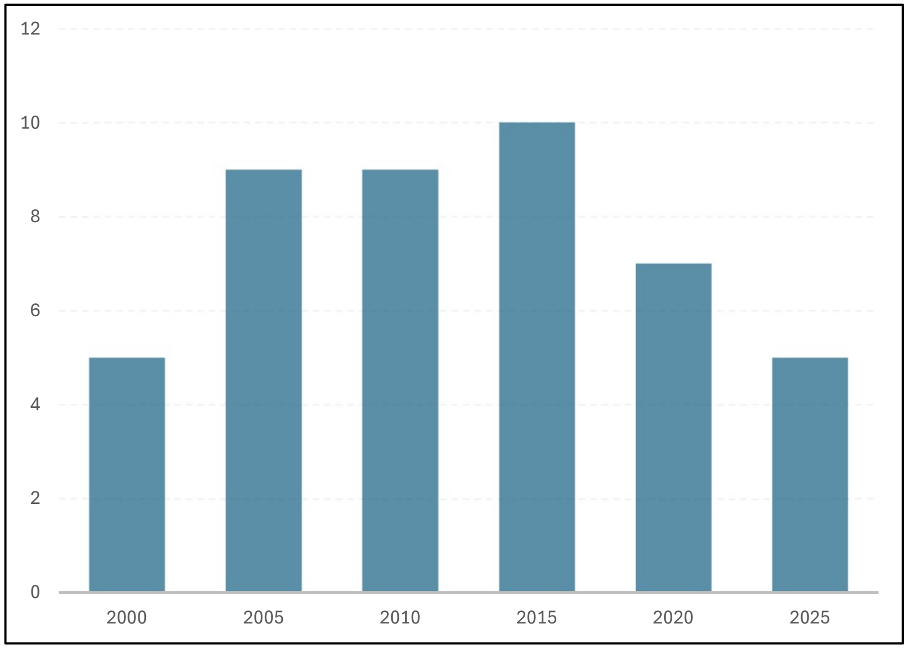


One may wait for consolidation to play out …

Telecom



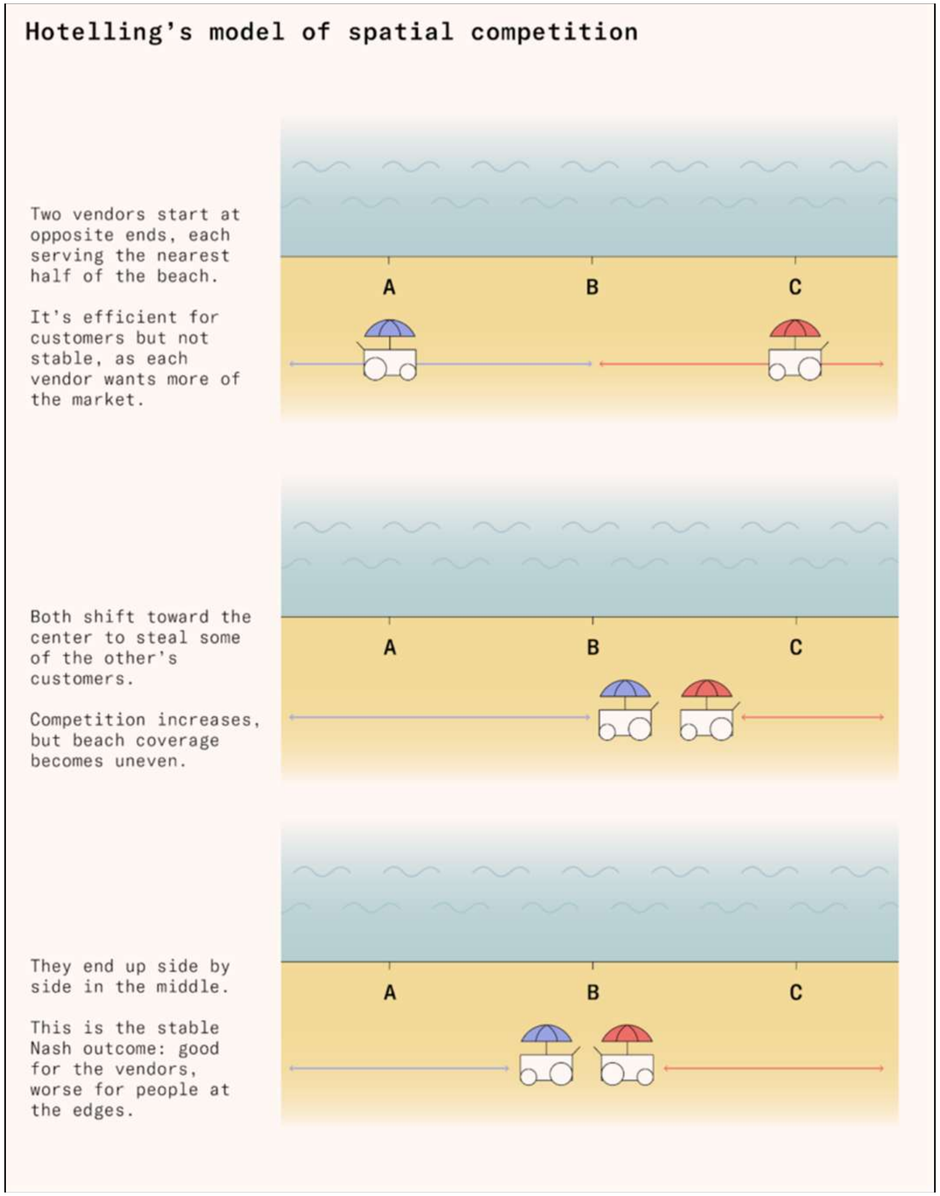
Airlines



Source: PPFAS Research

Sectors:

- Automobile
- Gas Pumps
- Jewellery
- Fashion
- QSR, etc.



Source: Works in Progress, PPFAS Research

New Vehicle Sales

New Vehicles

Location

Industry

Brand

Modes of Transportation …






Scooters

ATHER

HONDA

SUZUKI

YAMAHA

TVS

Hero

BAJAJ

Motorcycles

ROYAL ENFIELD

HONDA

SUZUKI

YAMAHA

TVS

Hero

BAJAJ

3Ws

PIAGGIO

Mahindra

TVS

BAJAJ

4Ws

RENAULT

MARUTI SUZUKI

NISSAN

mahindra

HONDA

HYUNDAI

MG

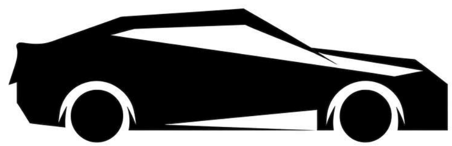
TATA MOTORS

KIA

SKODA

TOYOTA

4Ws (Luxury)



Tractors

mahindra TRACTORS

SWARAJ

MASSEY FERGUSON

ESCORTS

SONALIKA

Kubota

JOHN DEERE

NEW HOLLAND

Commercial Vehicles

TATA MOTORS
COMMERCIAL VEHICLES

EICHER

BHARATBENZ

mahindra
TRUCK AND BUS

VOLVO

SML
Formerly SML Isuzu

FORCE
MOTORS

ASHOK LEYLAND

Momentum

(Successful Product -> Cash -> Ability to Invest)

Mahindra

Hyundai

Bajaj

Royal Enfield

Mix Use of Space

Source: Google Maps, PPFAS Research

India 4W Penetration

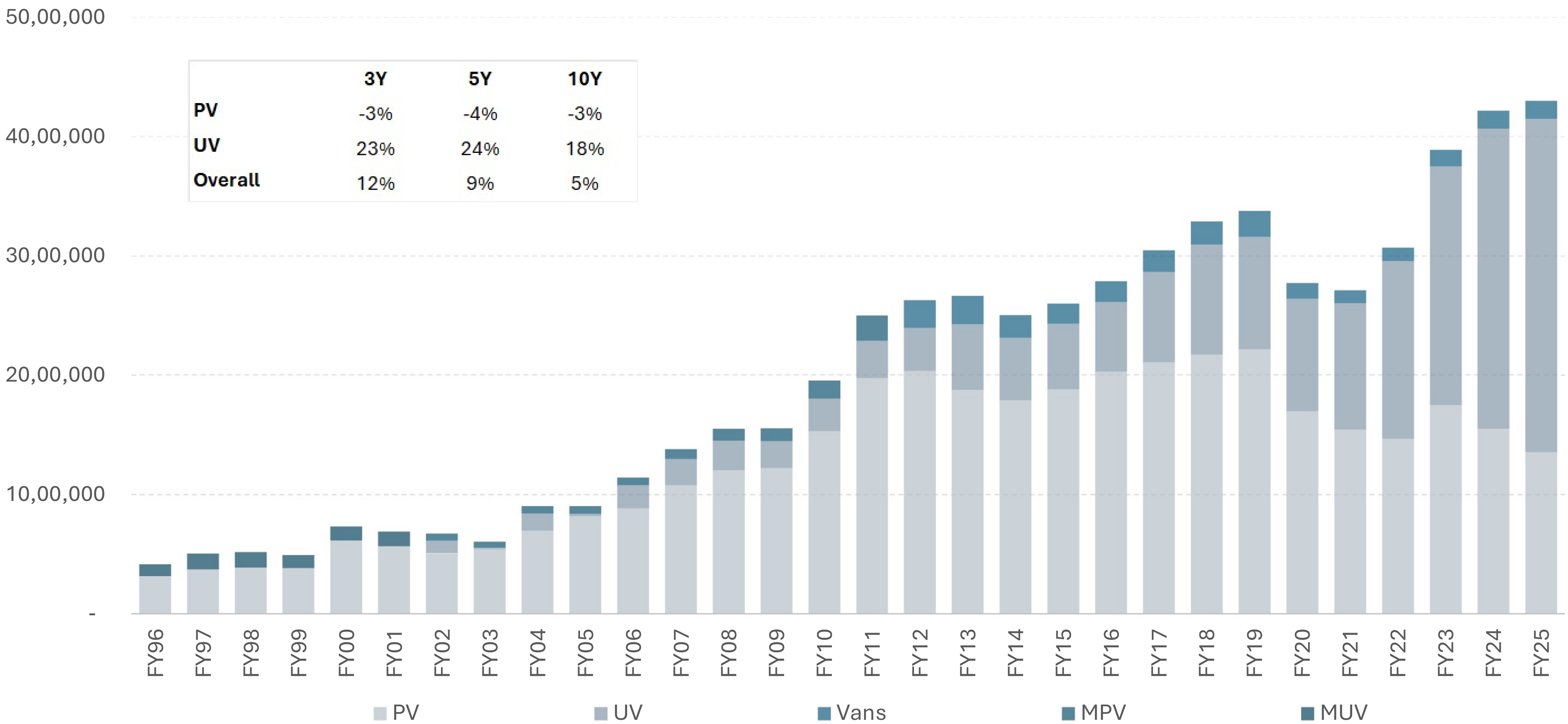
Year	No. of People (Cr.)	No of people per household	No. of households (Cr.)	Vehicle population (Cr.)	4w Penetration	4w per Thousand
FY11	124	5.0	25	1.6	7%	13
FY12	126	4.9	26	1.8	7%	15
FY13	128	4.9	26	2.1	8%	16
FY14	130	4.8	27	2.3	8%	17
FY15	131	4.7	28	2.5	9%	19
FY16	133	4.7	28	2.7	9%	20
FY17	134	4.6	29	2.9	10%	22
FY18	136	4.5	30	3.2	11%	23
FY19	137	4.5	31	3.4	11%	25
FY20	139	4.4	32	3.6	11%	26
FY21	140	4.3	32	3.7	12%	27
FY22	141	4.3	33	3.9	12%	28
FY23	143	4.2	34	4.1	12%	29
FY24	144	4.1	35	4.4	13%	31
FY25	145	4.0	36	4.6	13%	32

Note – Rolling 15 Year Number for 4W Population

Source: World Bank, SIAM, PPFAS Research

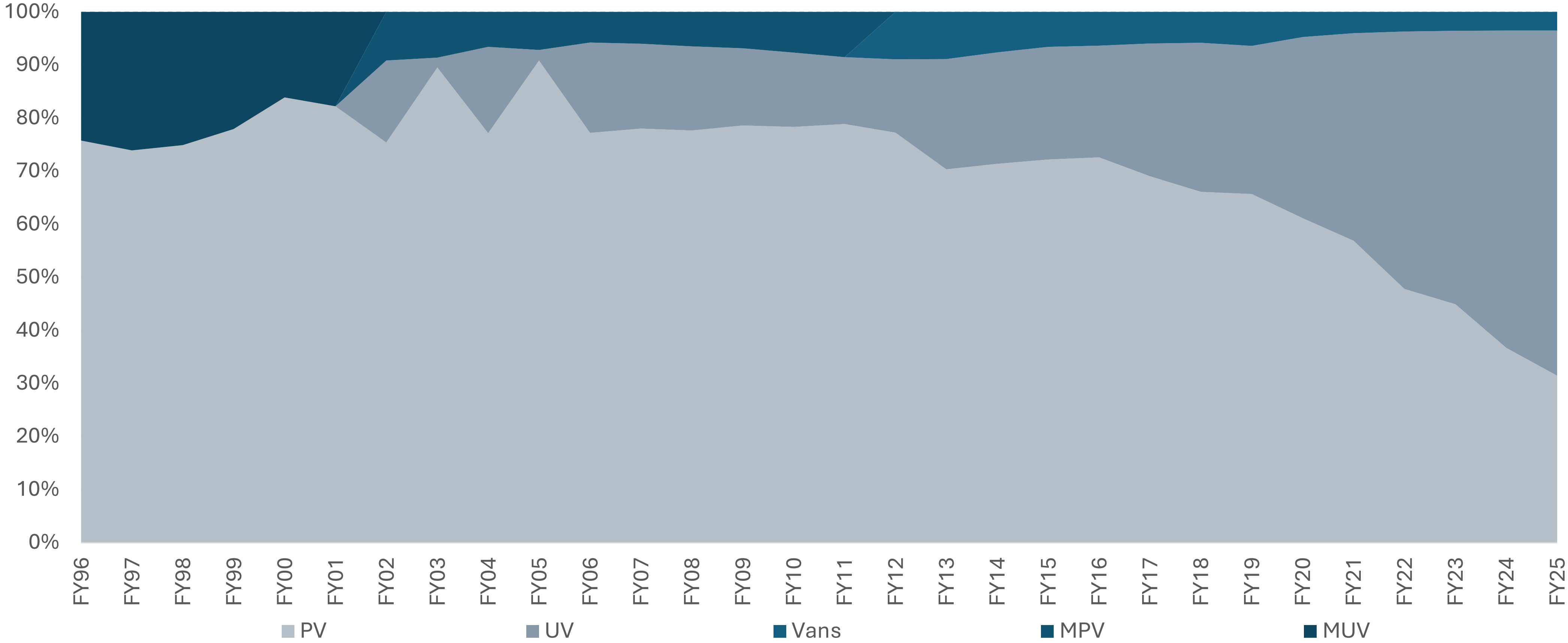
India 4W Volumes

	3Y	5Y	10Y
PV	-3%	-4%	-3%
UV	23%	24%	18%
Overall	12%	9%	5%



Source: SIAM, PPFAS Research

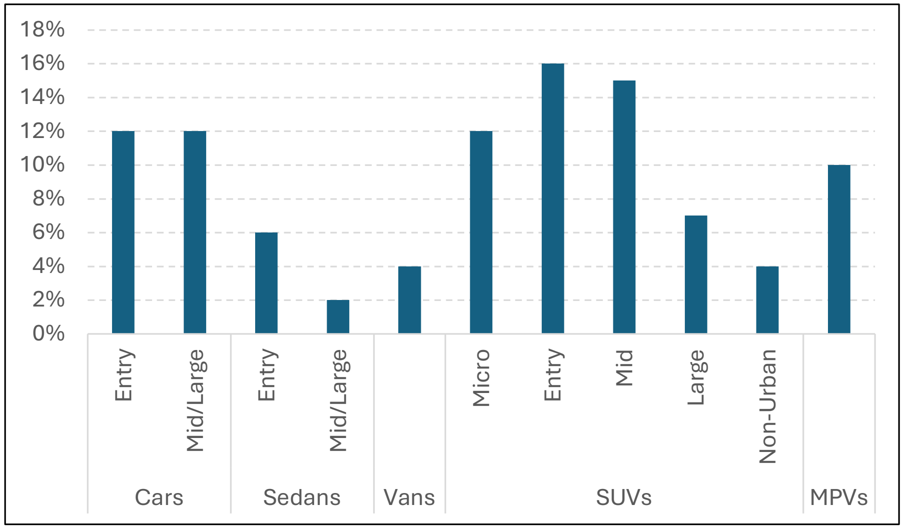
India 4W Volume Mix (%)



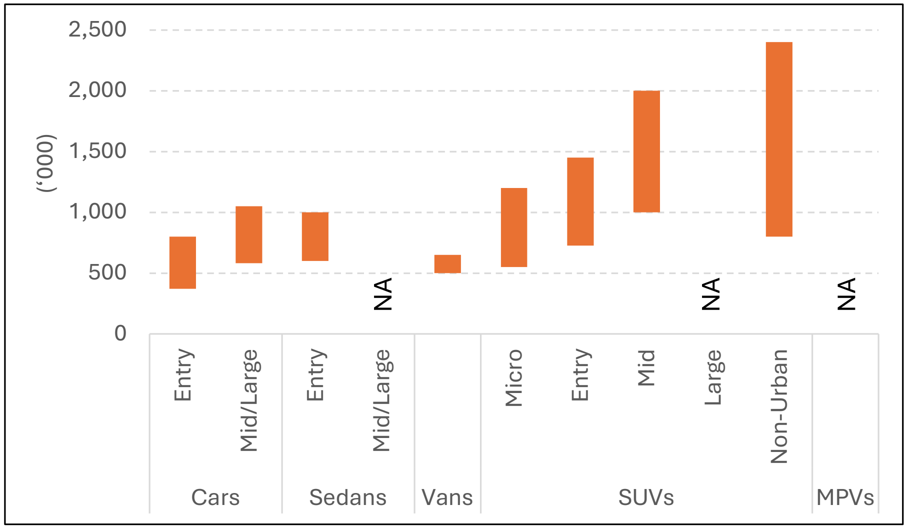
Source: SIAM, PPFAS Research

Indian Car Market (FY25)

Volume Split (%)



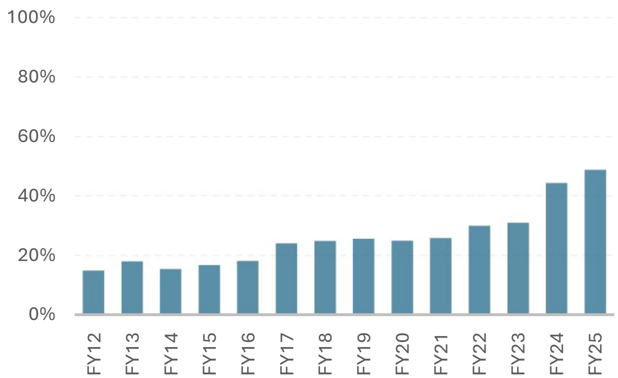
Pricing (%)



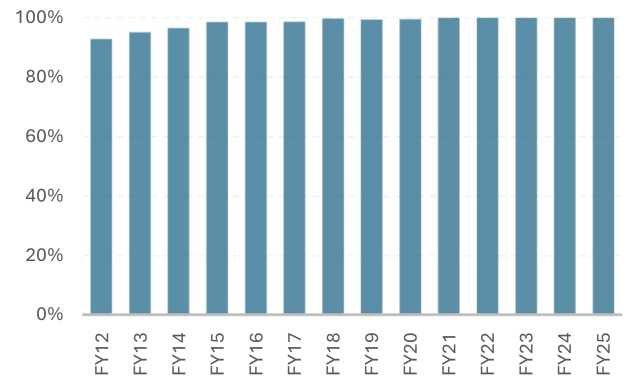
Source: CarWale, SIAM, PPFAS Research

SUV Share in Volume Mix (%)

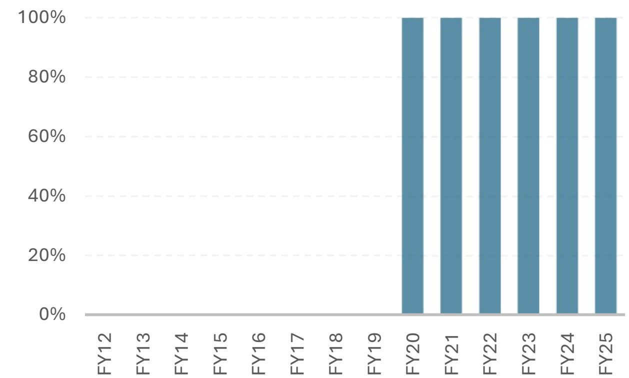
Maruti Suzuki



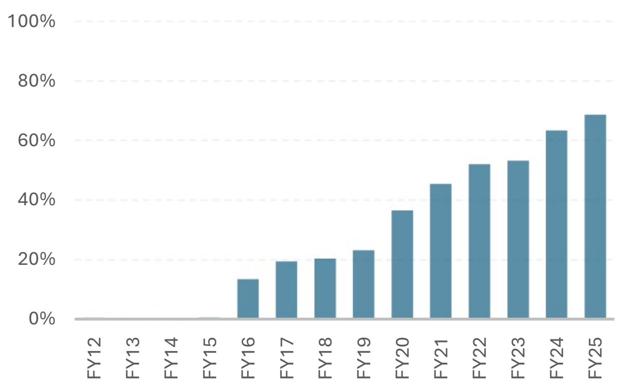
Mahindra



Kia



Hyundai



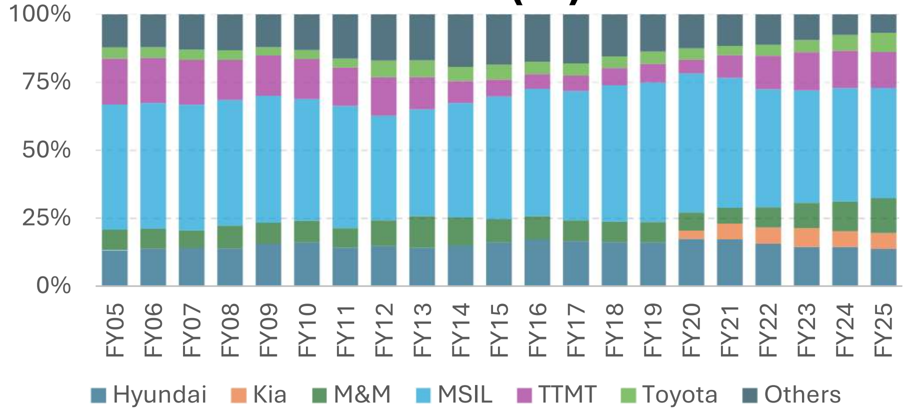
TATA Motors

Toyota

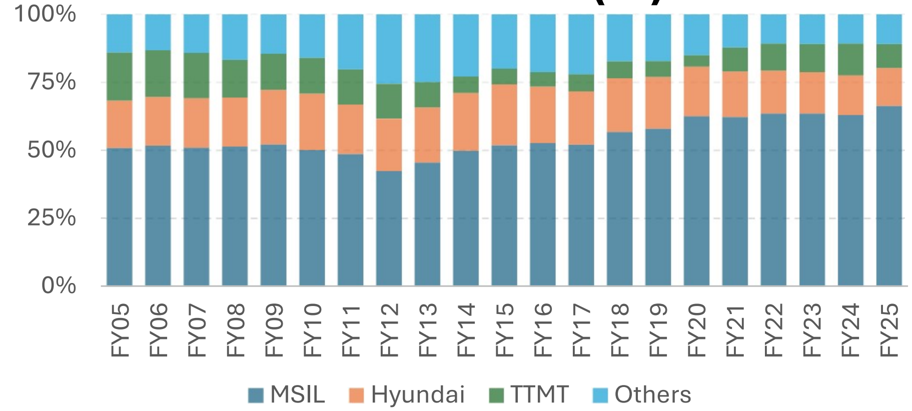
Source: SIAM, PPFAS Research

Volume Market Share (%)

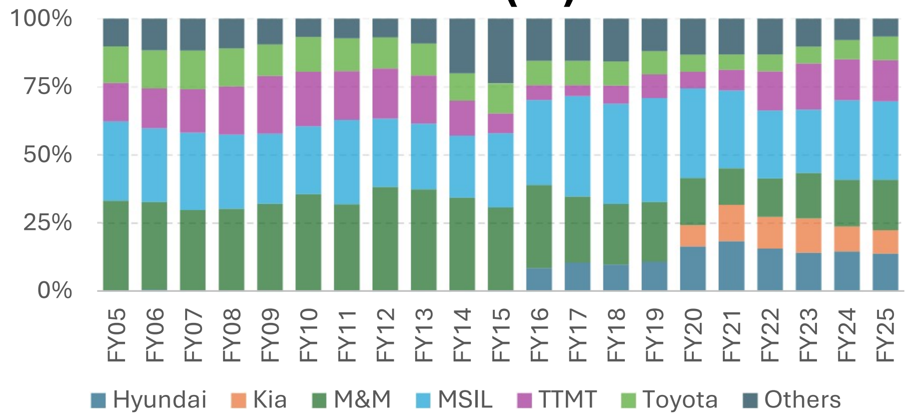
PV MS (%)



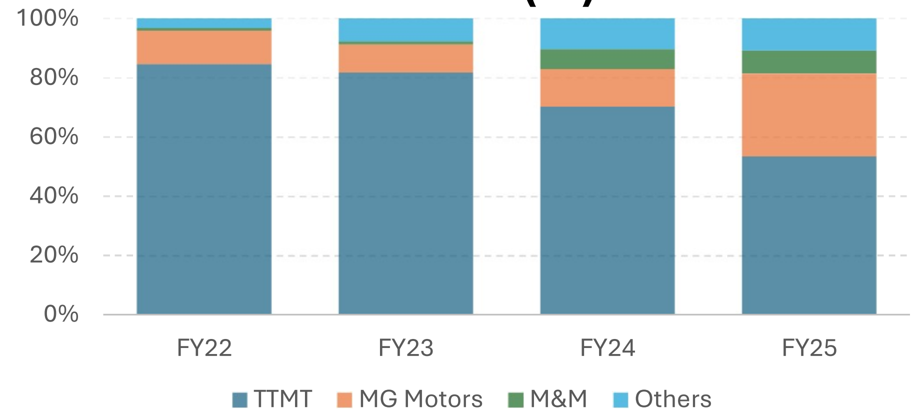
Small Car MS (%)



UV MS (%)



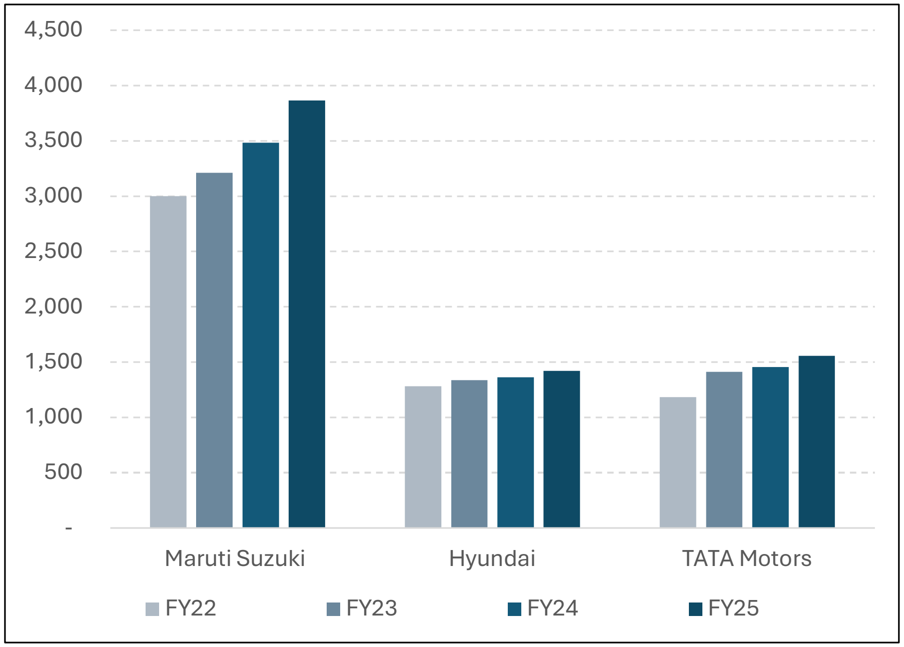
E4W MS (%)



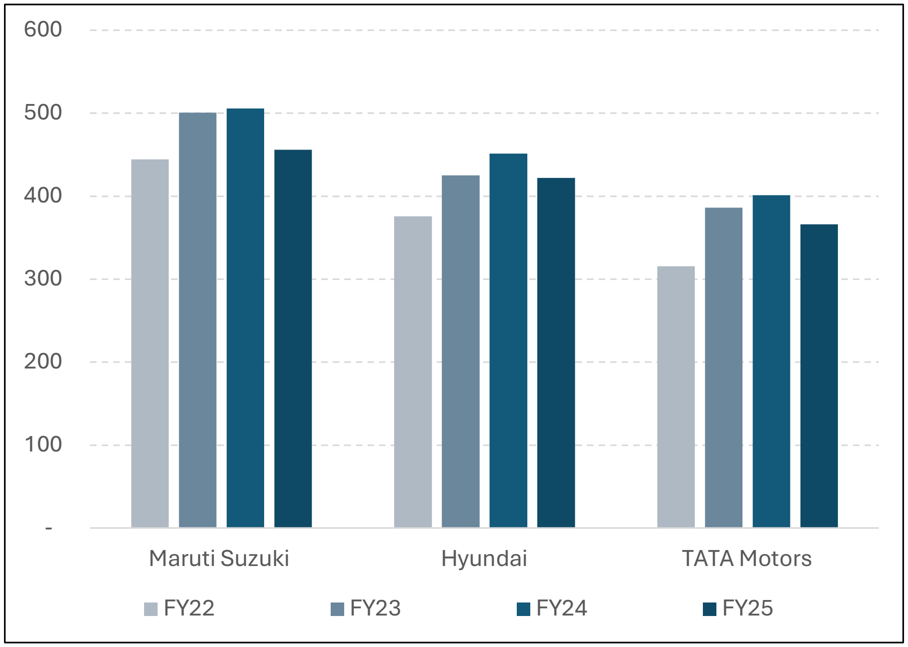
Source: SIAM, PPFAS Research

New Car Sales and Showrooms

OEM Showrooms

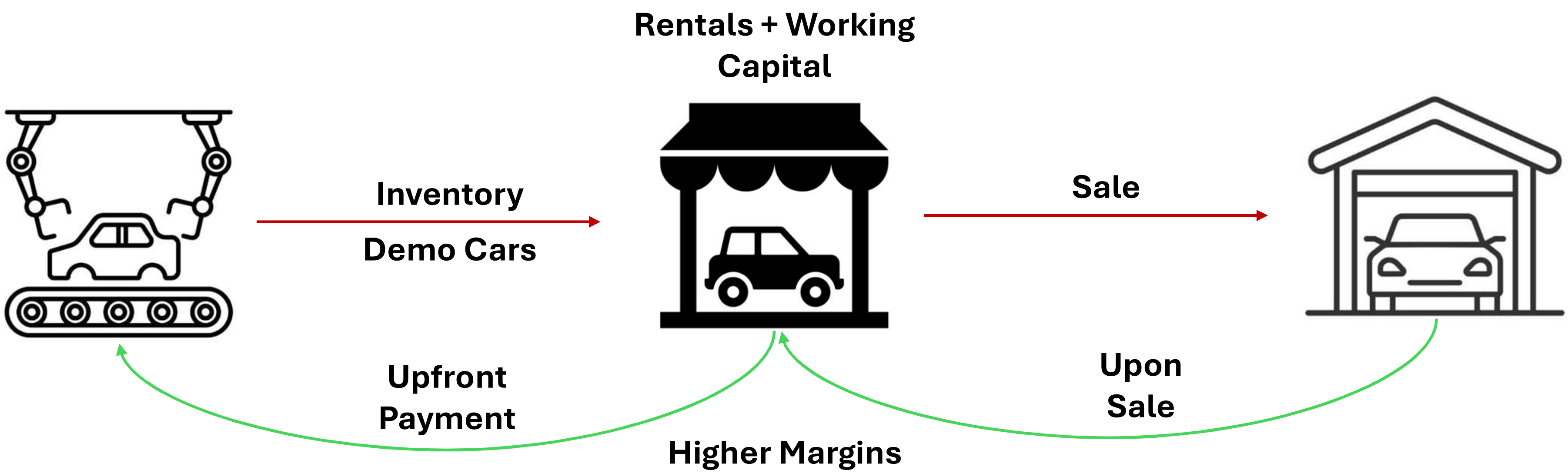


Cars Sold / Year / Showroom



Source: Company Annual Reports, SIAM, PPFAS Research

Traditional Model

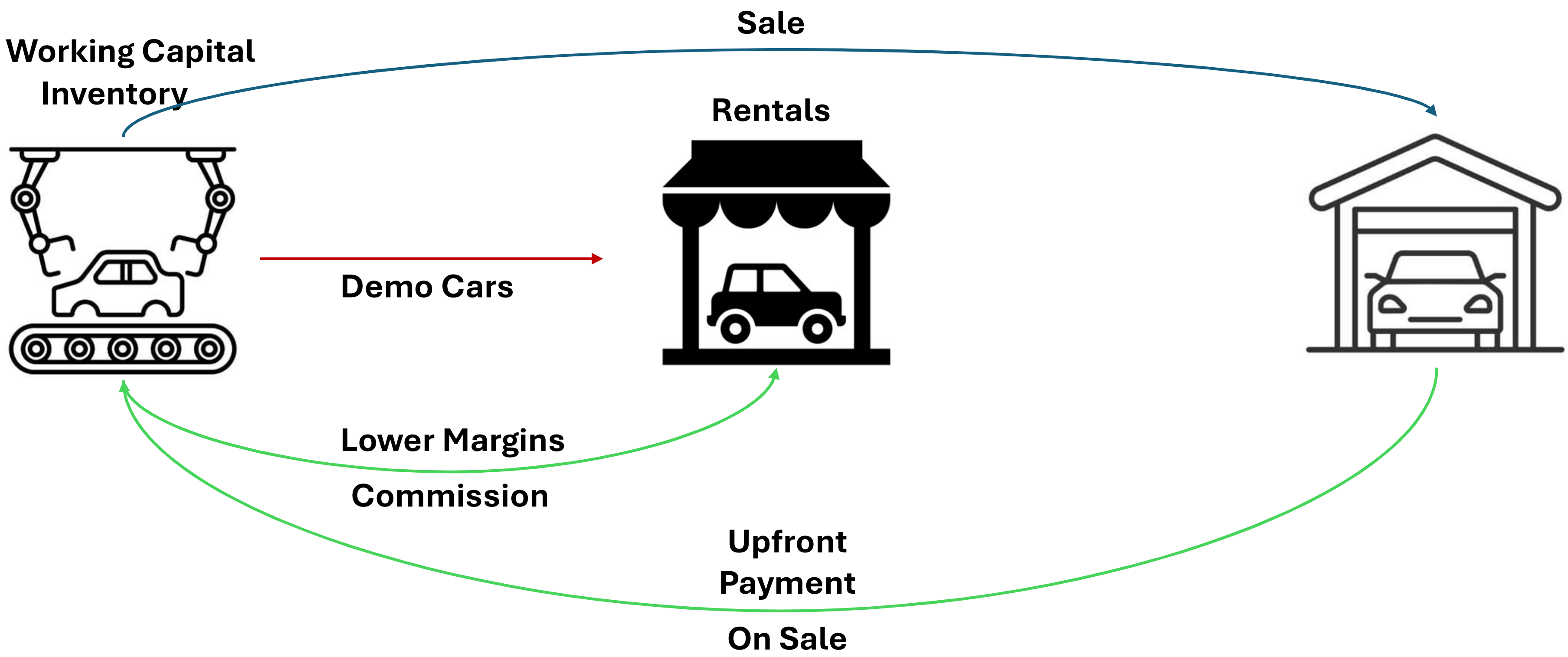


Economics of Showroom

	Showroom	Rs. Crore	
	Financials	**Amount**	**Description**
->	Capex	3.5	Interiors, etc.
->	No. of Cars	35	per Month
	Price per Car	10	Lakhs
	Inventory	3.5	Always there at month end
->	Capital Employed	7.0	Capex + Inventory
->	**Financials**	**Yearly**	
	Sales	42	Depleting the Whole Inventory
	EBITDA	1.5	
	EBITDA Margin	*3.5%*	Generally Speaking
	D&A	0.2	15 Year Showroom Life
	EBIT	1.2	
	EBIT Margin	*2.9%*	
	EBIT*(1-t)	0.9	Marginal Tax Rate
	Capital Employed	7.0	
->	***RoCE***	***13%***	

Source: PPFAS Research

Agency Model

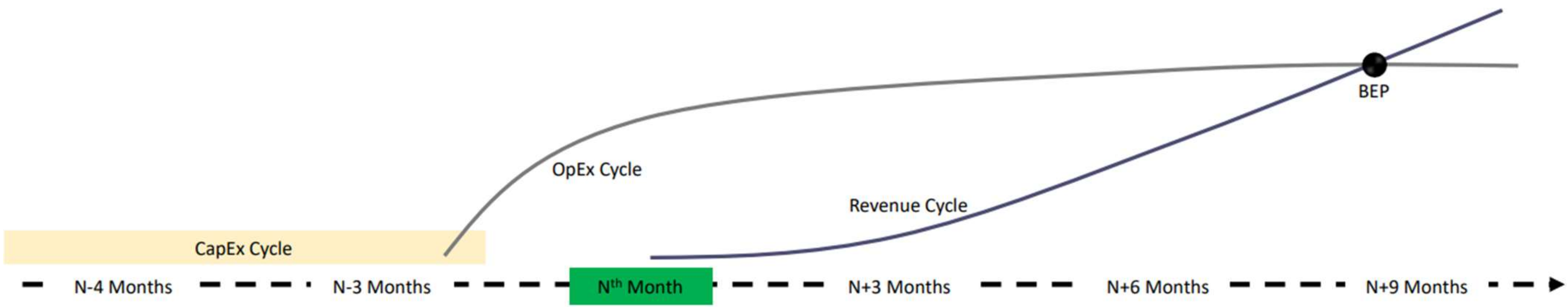


Economics of Showroom (Agency)

	Showroom	**Rs. Crore**	
	Financials	**Amount**	**Description**
->	Capex	3.5	Interiors, etc.
->	No. of Cars	35	per Month
	Price per Car	10	Lakhs
	Inventory	0	No Inventory
->	Capital Employed	3.5	Capex + Inventory
->	**Financials**	**Yearly**	
	Sales	42	
	EBITDA	1.1	
	EBITDA Margin	*2.5%*	100bps less
	D&A	0.2	15 Year Showroom Life
	EBIT	0.8	
	EBIT Margin	*1.9%*	
	EBIT*(1-t)	0.6	Marginal Tax Rate
	Capital Employed	3.5	
->	***RoCE***	***18%***	

Source: PPFAS Research

It’s a feature and not a bug …



Source: Landmark Cars

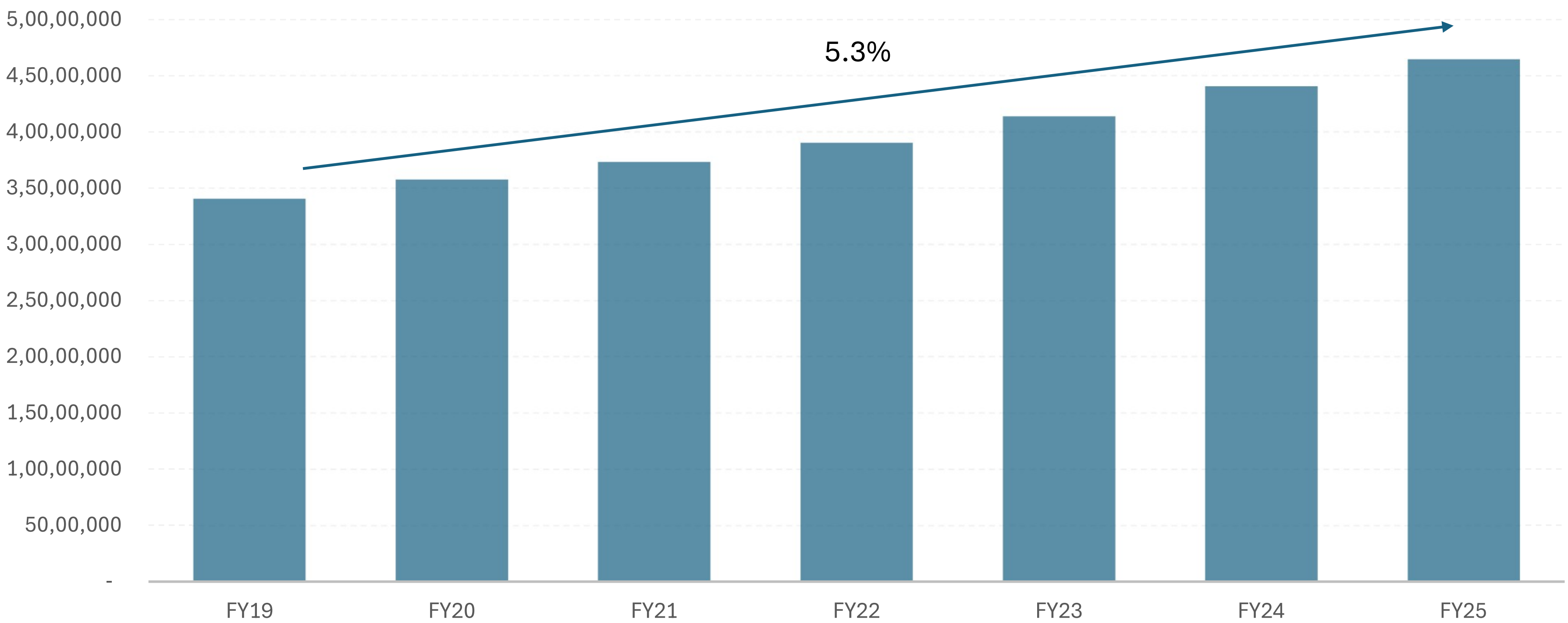
Servicing

Identifying new trends and making money on that is fine!

How would one make money with existing cars on the road …

India Car Population

(Rolling 15 Years)

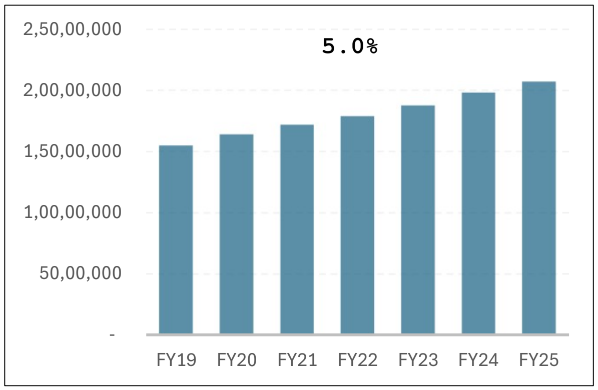


Source: SIAM, PPFAS Research

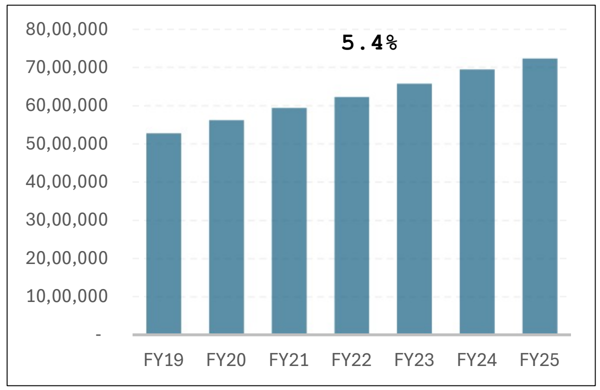
OEMs Car Population

(Rolling 15 Years)

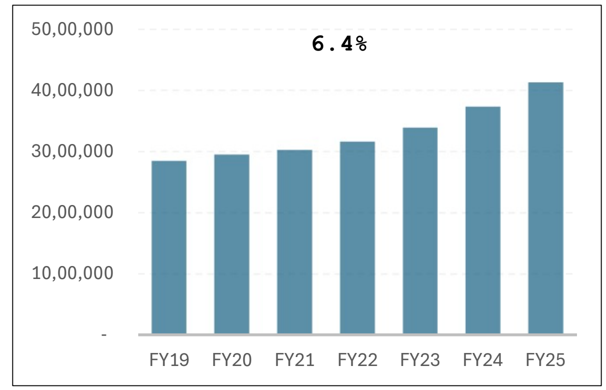
Maruti Suzuki



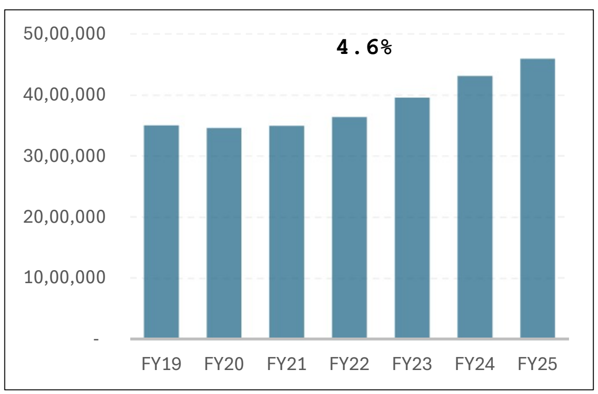
Hyundai



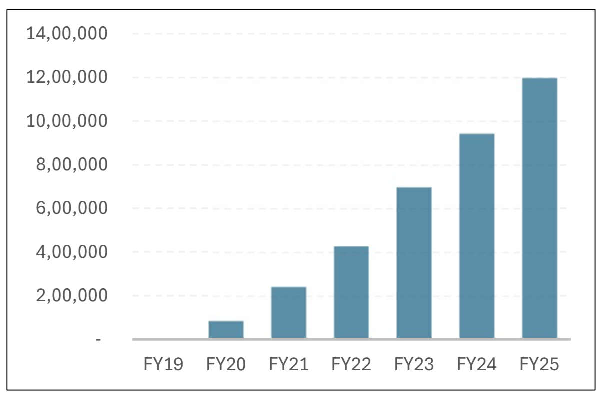
M&M



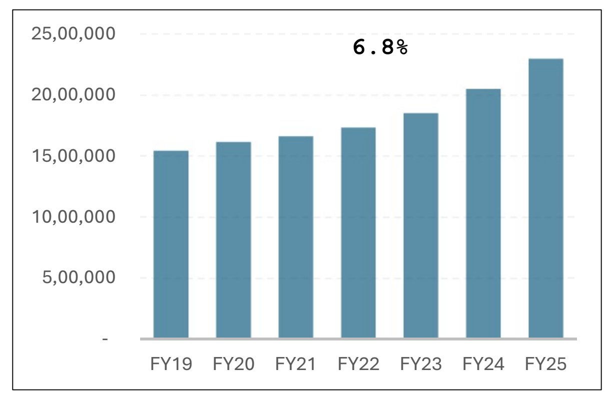
TATA Motors



KIA Motors



Toyota

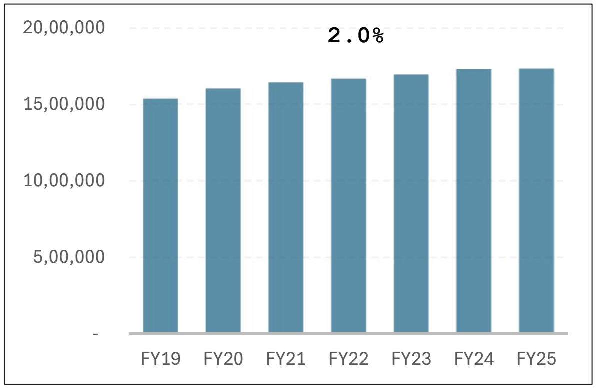


Source: SIAM, PPFAS Research

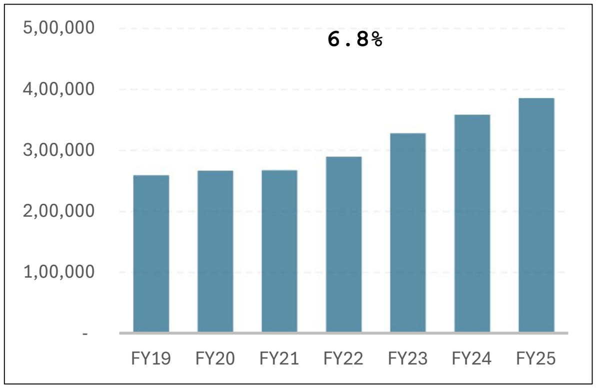
OEMs Car Population

(Rolling 15 Years)

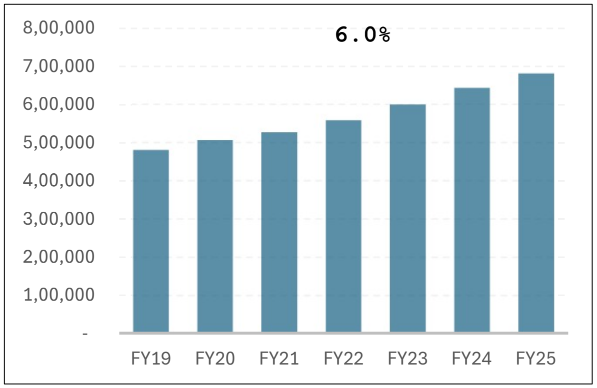
Honda



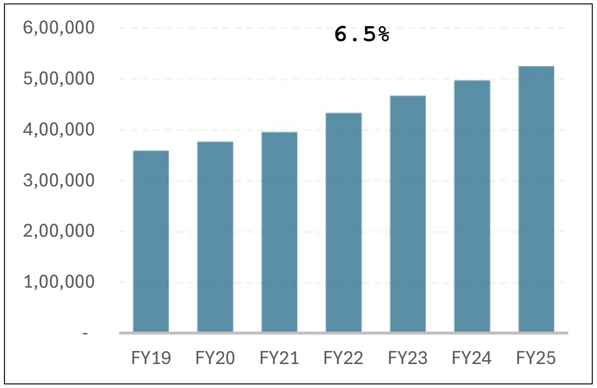
Skoda



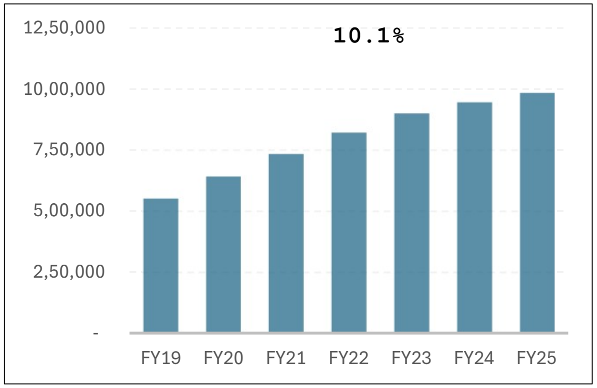
Volkswagen



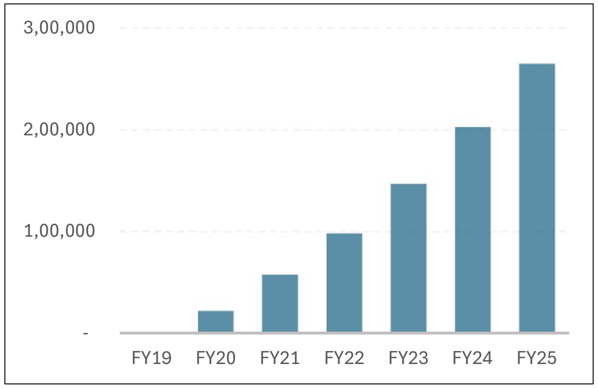
Nissan



Renault

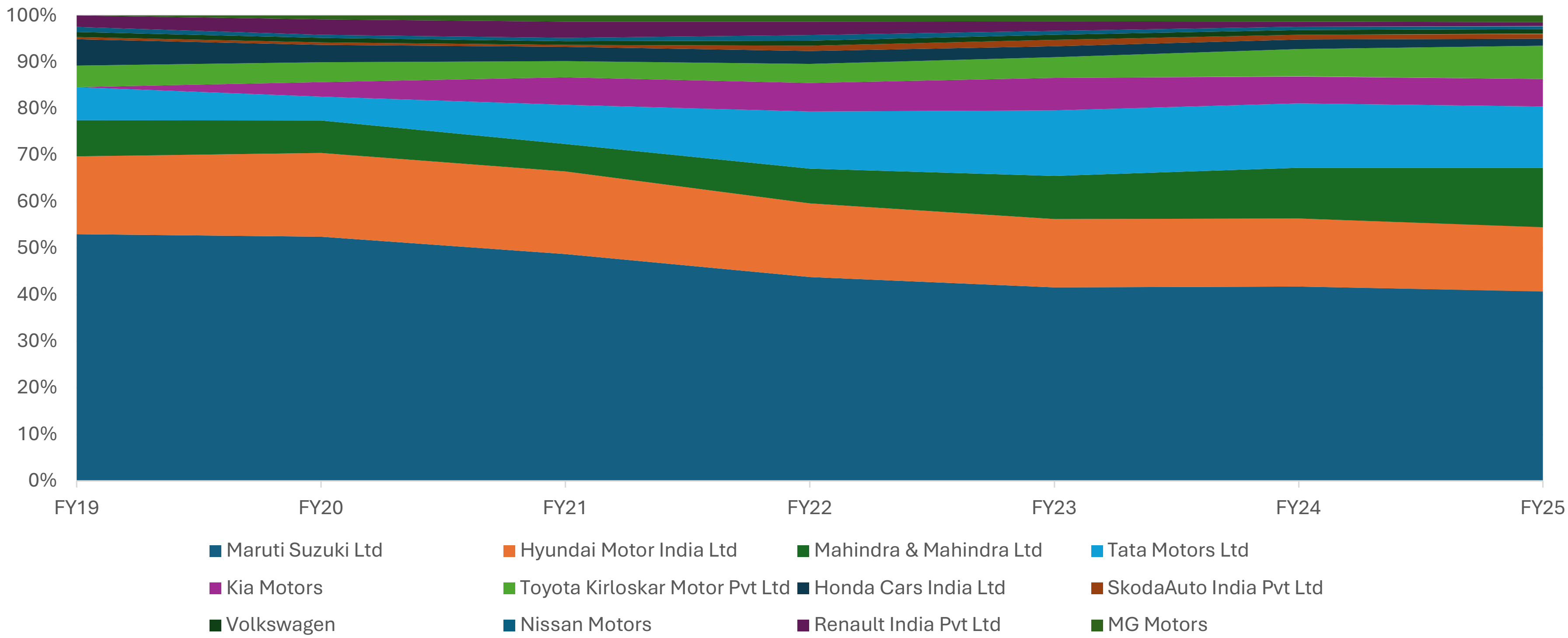


MG



Source: SIAM, PPFAS Research

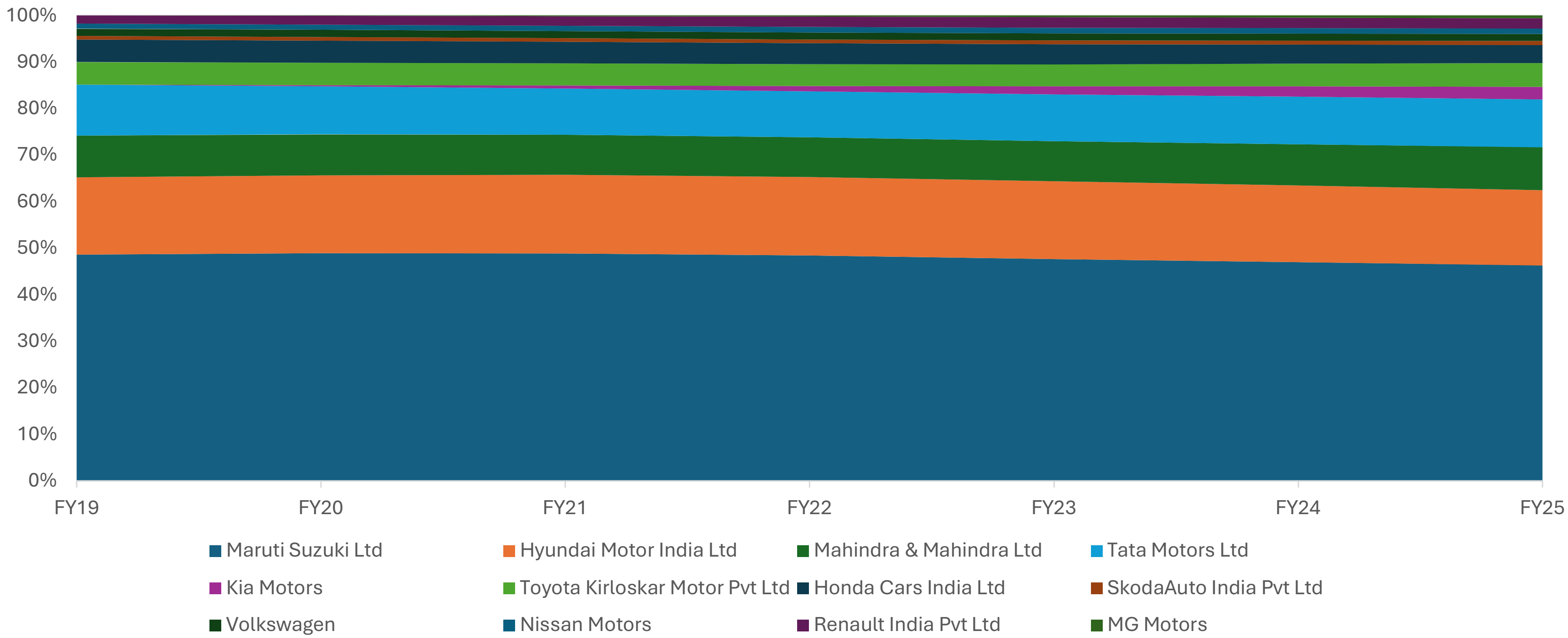
Car Sales



Source: SIAM, PPFAS Research

Car Population

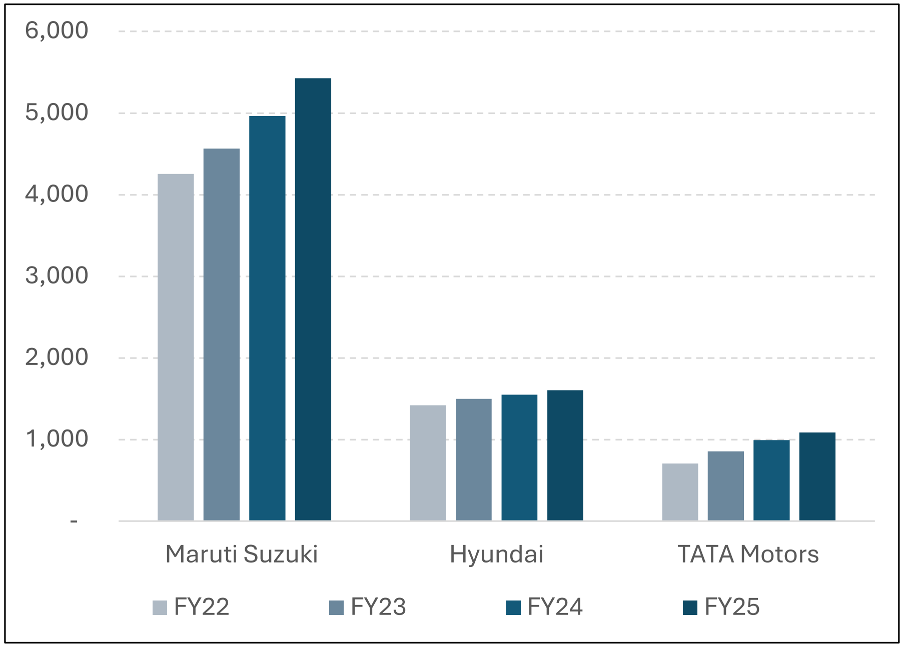
(Rolling 15 Years)



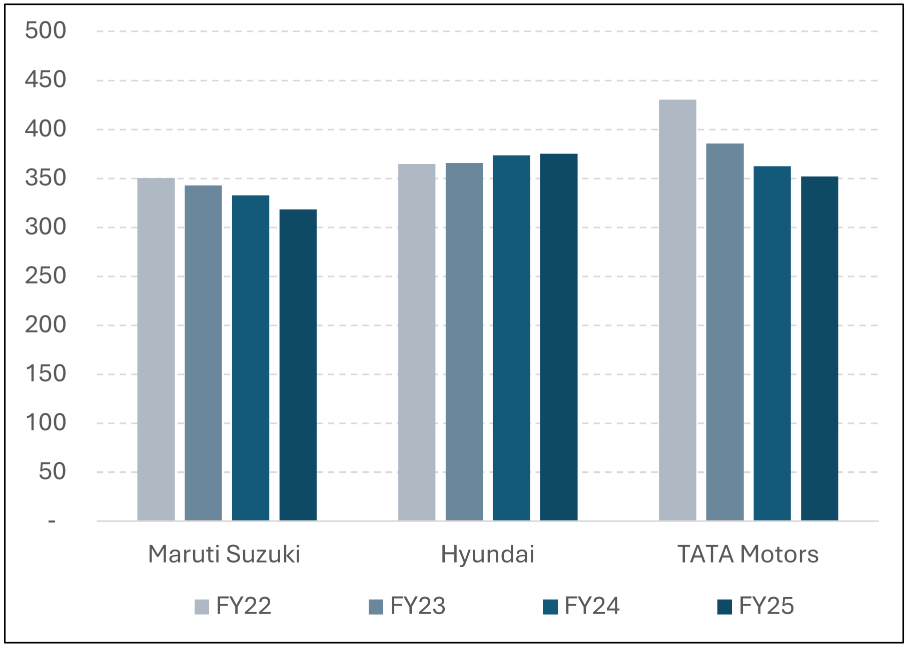
Source: SIAM, PPFAS Research

Servicing and Car Population

OEM Service Centers



Cars Serviced per Month



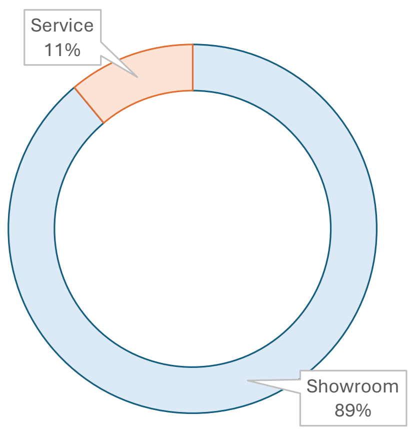
Source: Company Annual Reports, SIAM, PPFAS Research

Economics of Servicing

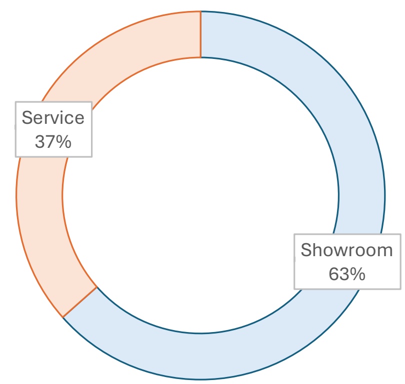
	Service	Rs. Crore	
	Financials	**Amount**	**Description**
->	Capex	3.5	Service bays, etc.
->	Service to Sales Ratio	10	General
	Cars Serviced	350	per month
	Revenue per Serviced Car	12,500	Rs.
	Spare parts inventory	0.25	Crore
->	Capital Employed	3.8	Capex + Inventory
->	**Financials**	**Yearly**	
	Sales	5	
	EBITDA	0.9	
	EBITDA Margin	*18%*	Generally Speaking
	D&A	0.2	15 Year Showroom Life
	EBIT	0.7	
	EBIT Margin	*14%*	
	EBIT*(1-t)	0.5	Marginal Tax Rate
	Capital Employed	3.8	
->	***RoCE***	***14%***	

Source: PPFAS Research

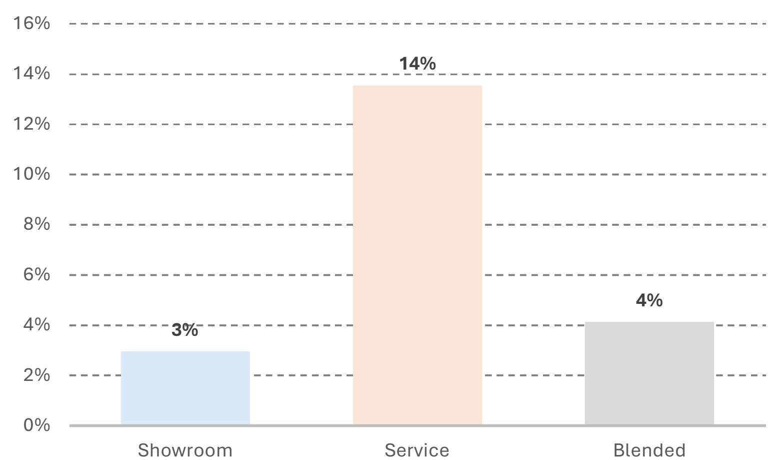
Sales Contribution (%)



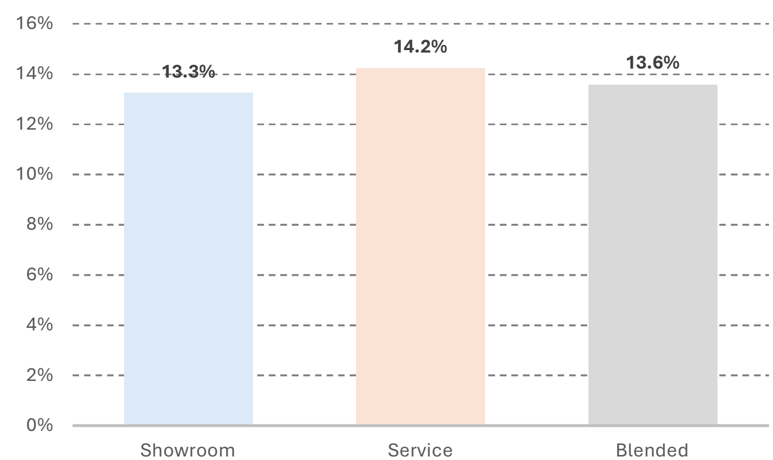
EBIT Contribution (%)



EBIT Margins (%)



RoCE (%)



Source: PPFAS Research

Servicing Sensitivity

RoCE (%)

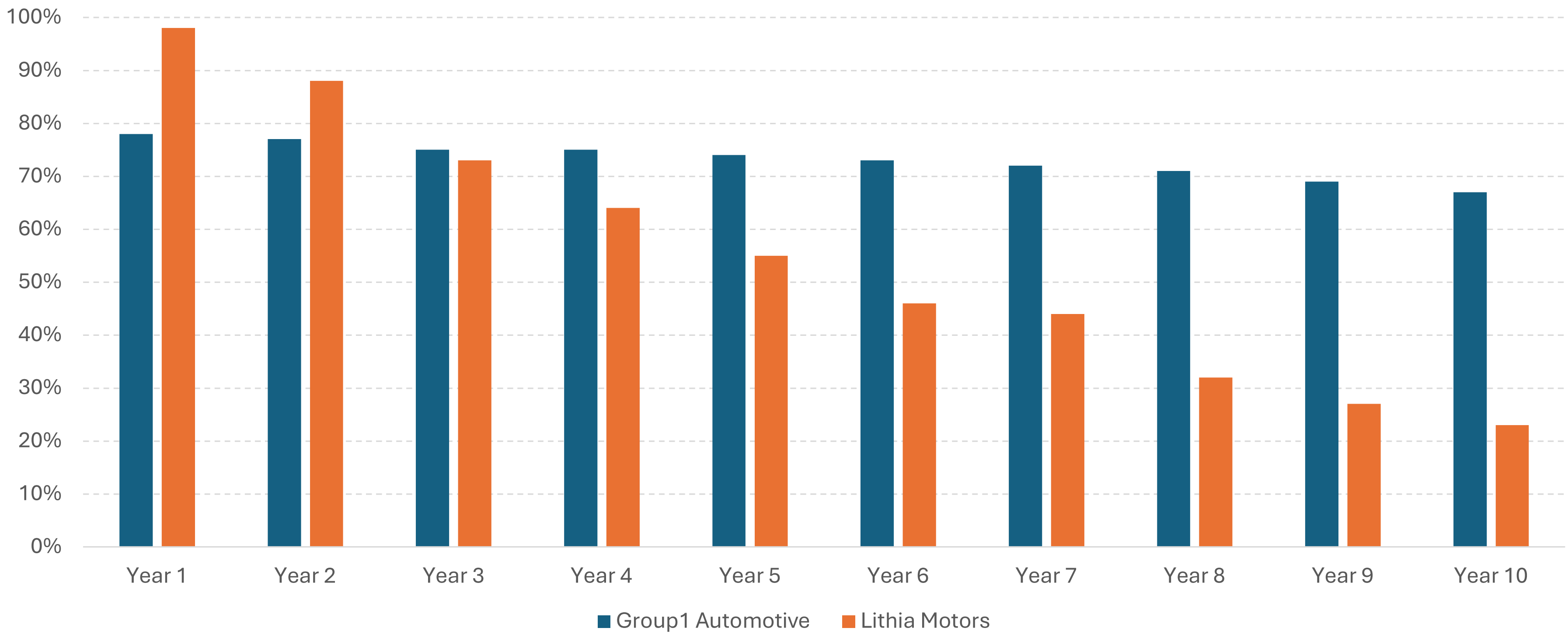
Service Revenue Per Car	Cars Serviced per Month: 250	300	350	400	450
7,500	3%	5%	7%	8%	10%
10,000	6%	8%	10%	13%	15%
12,500	9%	12%	14%	17%	20%
15,000	12%	15%	18%	21%	24%
18,500	15%	19%	23%	27%	31%

Contribution to EBIT (%)

Service Revenue Per Car	Cars Serviced per Month: 250	300	350	400	450
7,500	12%	17%	21%	25%	29%
10,000	20%	25%	30%	34%	37%
12,500	26%	32%	37%	41%	44%
15,000	32%	37%	42%	46%	50%
18,500	38%	44%	49%	52%	56%

Source: PPFAS Research

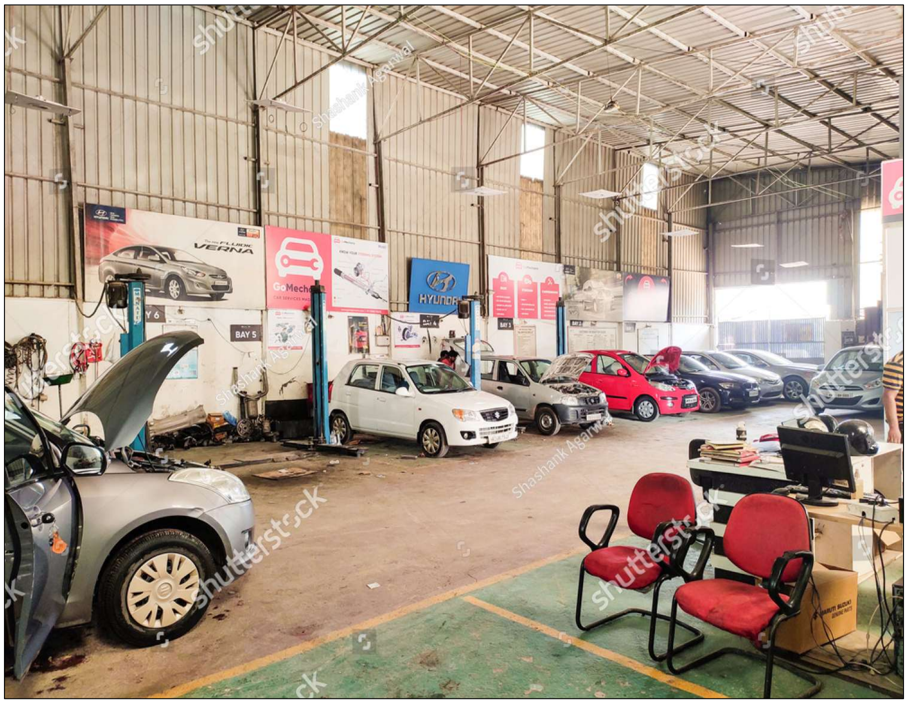
Service Retention



*Group1 Automotive - Represents vehicles having 2 service visits in 12 months.
**Lithia Motors - Service Retention defined as customers within market who have previously purchased a vehicle from LAD and have returned for service within the past 12 months.US operations only.

Source: Group1 Automotive, Lithia Motors, PPFAS Research

What happens to garages ...



- **Spare parts** (Availability)
- **Manpower** (Know How)
- **Equipment** (Latest)
- **Software** (Rising EVs)
- **Insurance** (Coverage)
- **Service** (Quality)

After-Market

Residual Values

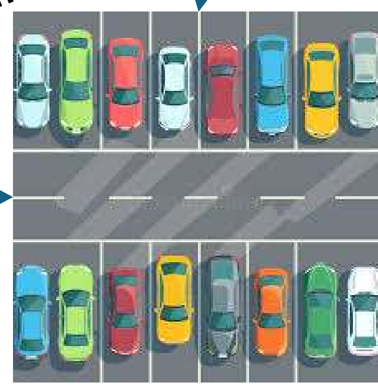
After-market

Generate Liquidity

Cross-Sell

Seller

Inventory



Customer

Brokers

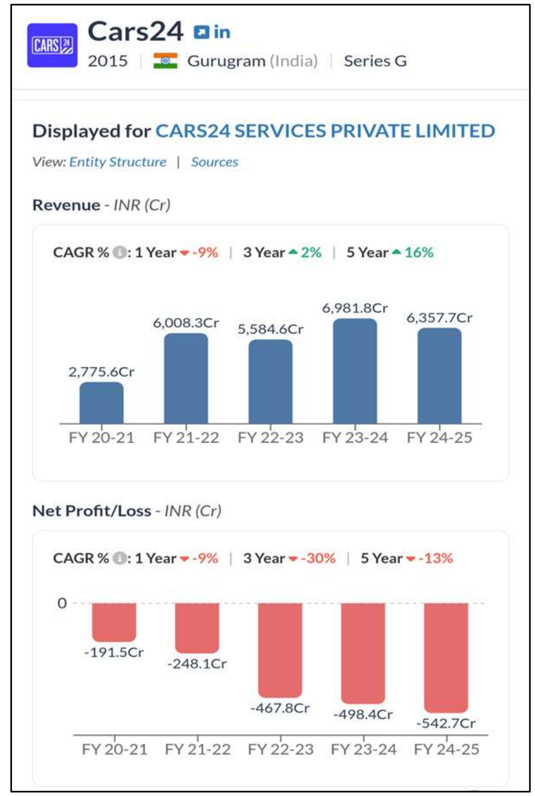
Extended Warranty

Financing


Spinny
Trade.com
CarDekho
CARS 24
CARS 24
DELIVERING JOY TO YOUR DOORSTEP

The Disrupters

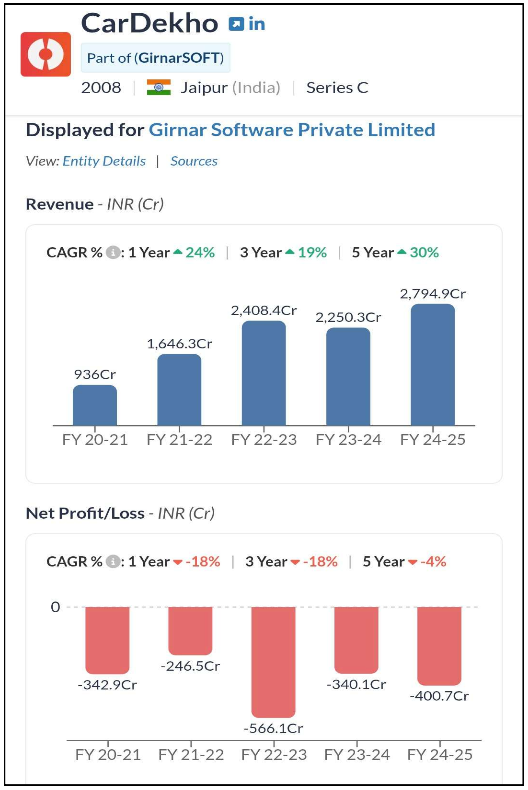
(Marketplace and Inventory Focus)



Source: Tracxn

The Disrupters

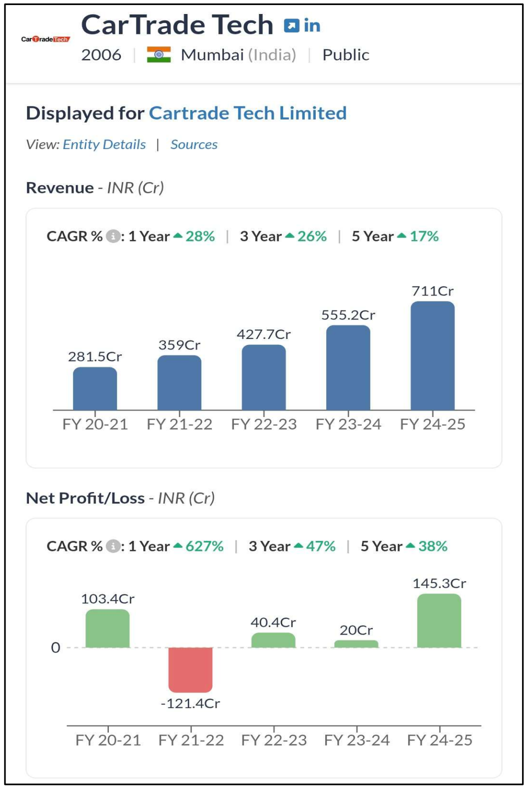
(Classifieds Focus)



Source: Tracxn

The Disrupters

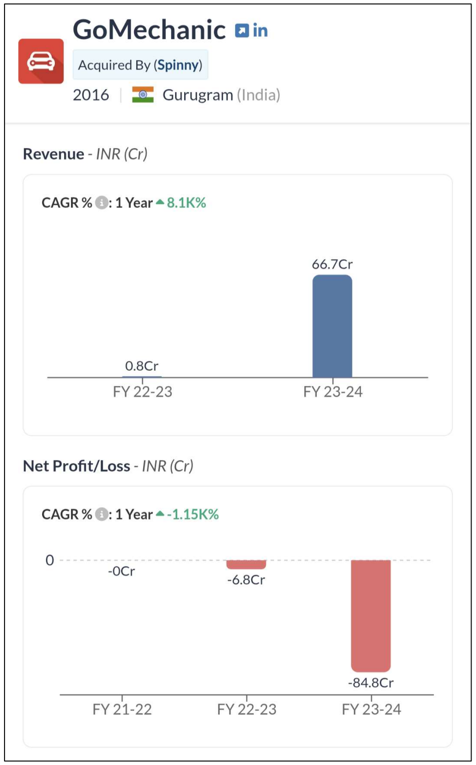
(Classifieds + Physical Focus)



SHRIRAM® automall
THE POWER OF CHOICE

Source: Tracxn

The Disrupters
(Physical Presence)



Source: Tracxn

From OEMs stable …

Mahindra First Choice
MULTIBRAND CAR WORKSHOP

MARUTI SUZUKI
TRUE VALUE

Other Income Streams

Finance & Insurance

Finance

Insurance

Ancillary Services

Car Care

Accessories

The US Market
(World’s most developed car market)

Full stack Dealers ...

LITHIA MOTORS, INC.

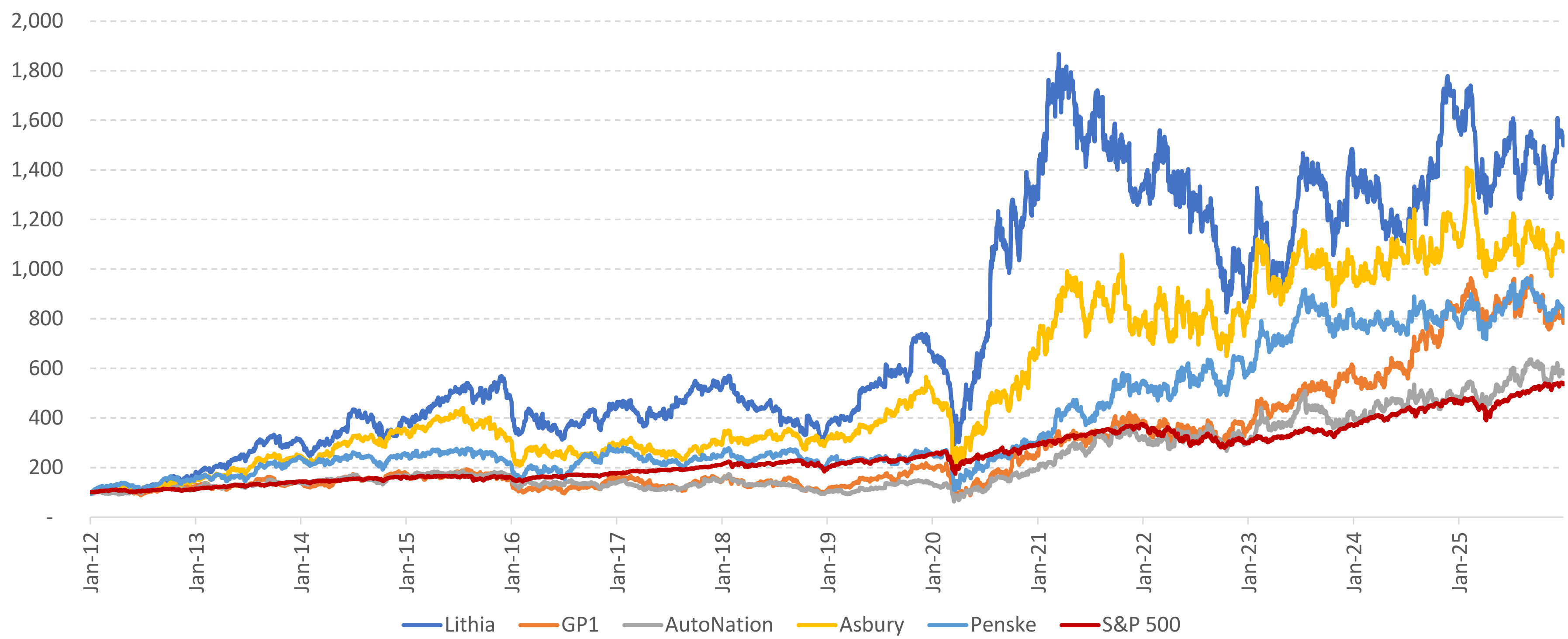
AutoNation

PENSKE Automotive

GROUP 1 AUTOMOTIVE

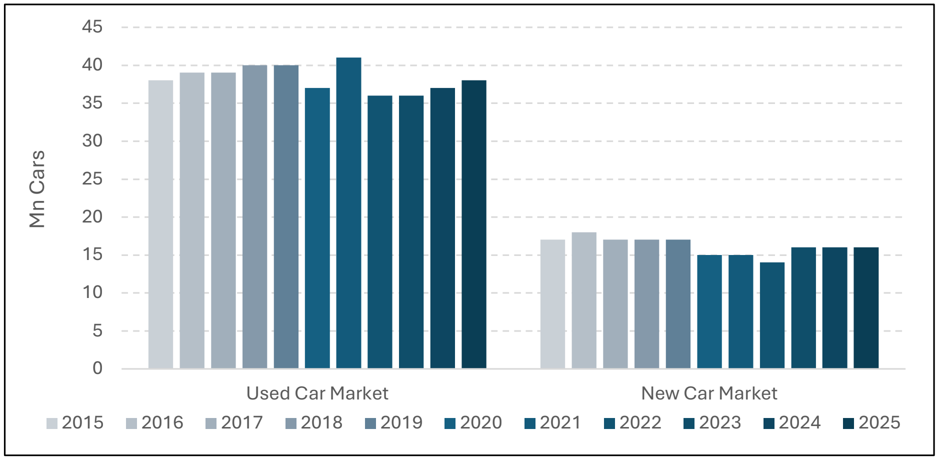
ASBURY AUTOMOTIVE GROUP

Auto Dealerships vs S&P 500

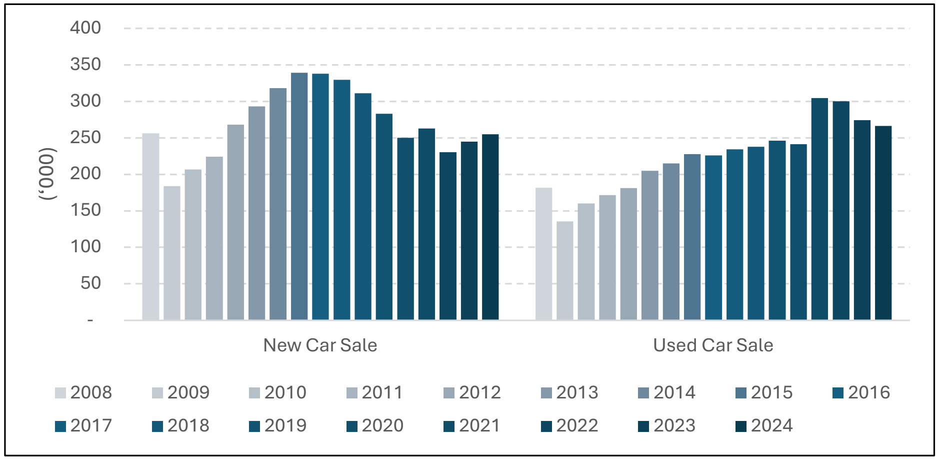


Source: Bloomberg, PPFAS Research

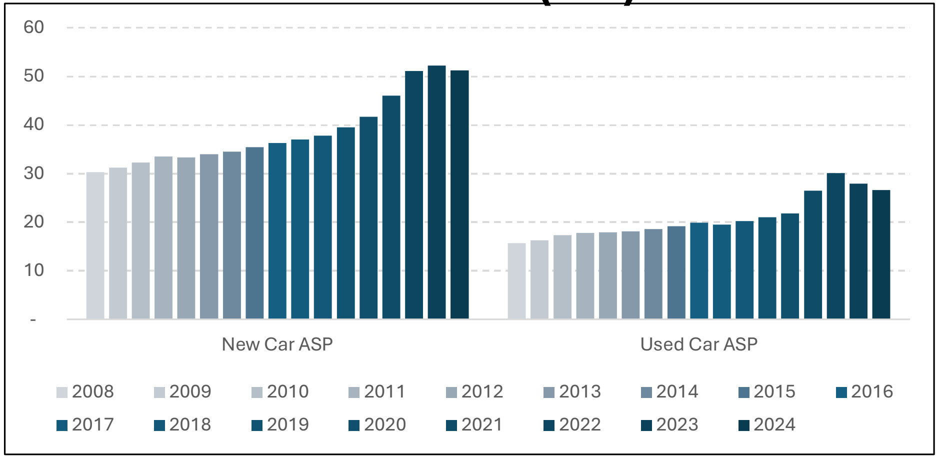
USA Market Size



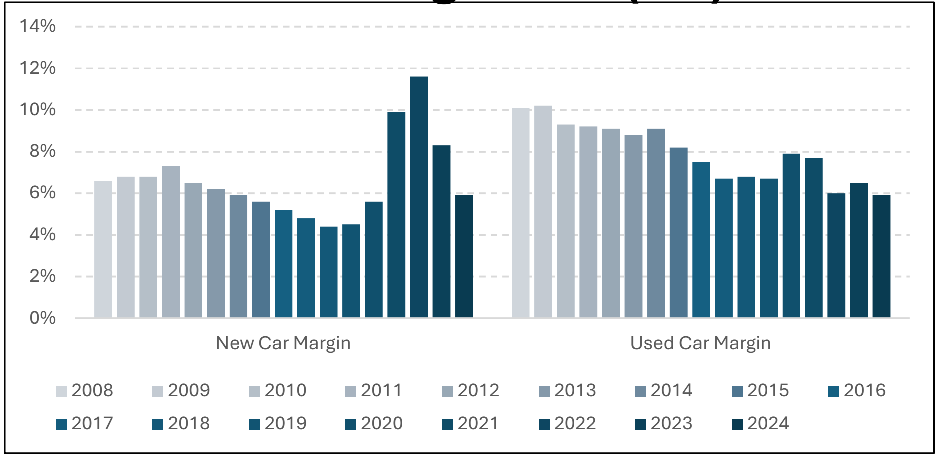
Unit Sales (AN)



Unit ASPs (AN)

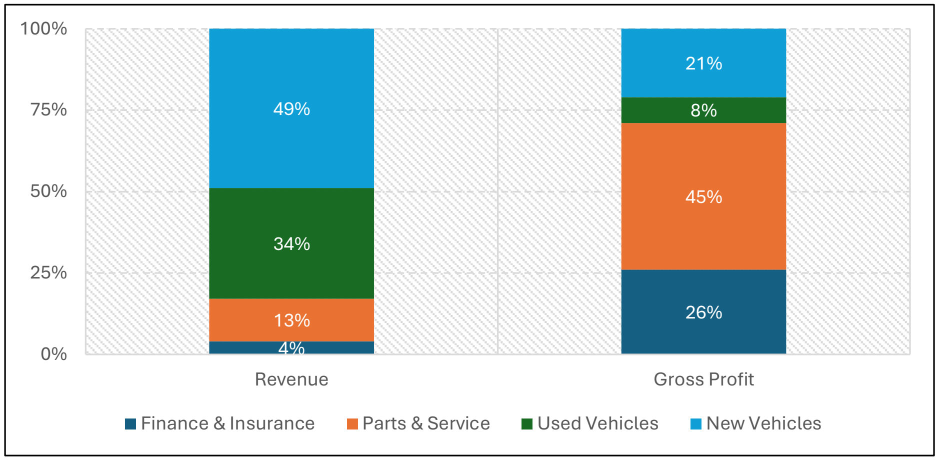


Unit Margins - % (AN)

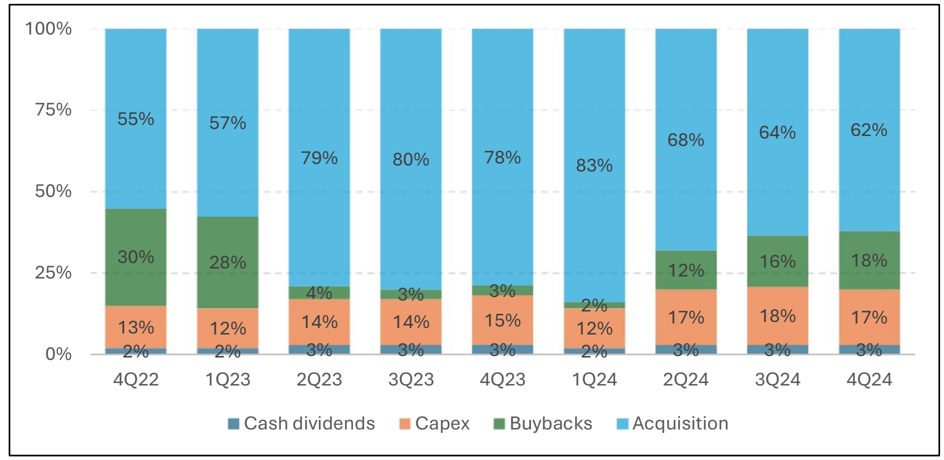


Source: Group1 Automotive, AutoNation, PPFAS Research

Profitability (GP1)



Capital Allocation (LM)



In-House Financing

Lithia

driveway FINANCE CORPORATION

AutoNation Finance

Value Added Service

RETAIL COMMERCIAL TRUCK SERVICE & PARTS

- 225,000 Annual Repair Orders
- 838 Technicians
- 896 Service Bays
- 77 Field Service Technician
- 80 mobile service trucks

Source: Group1 Automotive, Lithia Motors, AutoNation, Penske Automotive, PPFAS Research

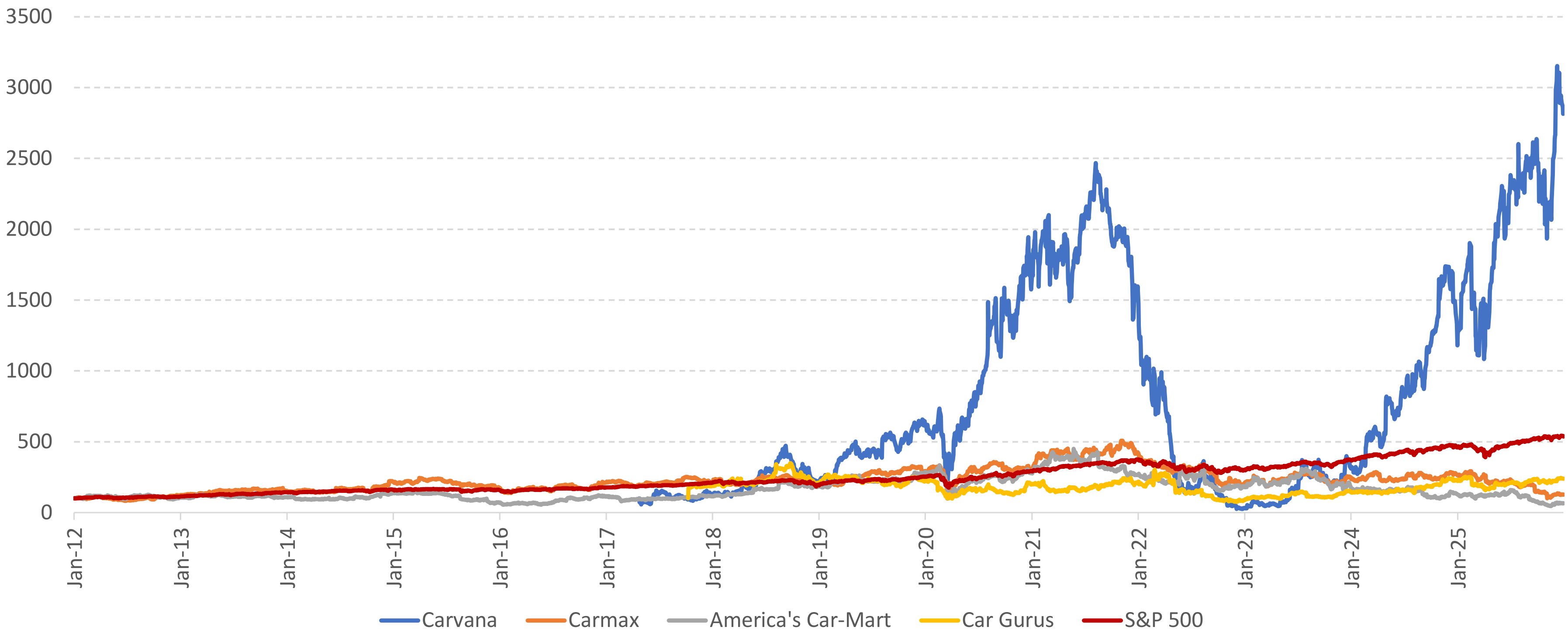
Used Cars ...

CARVANA

CARMAX

AMERICA'S CAR-MART

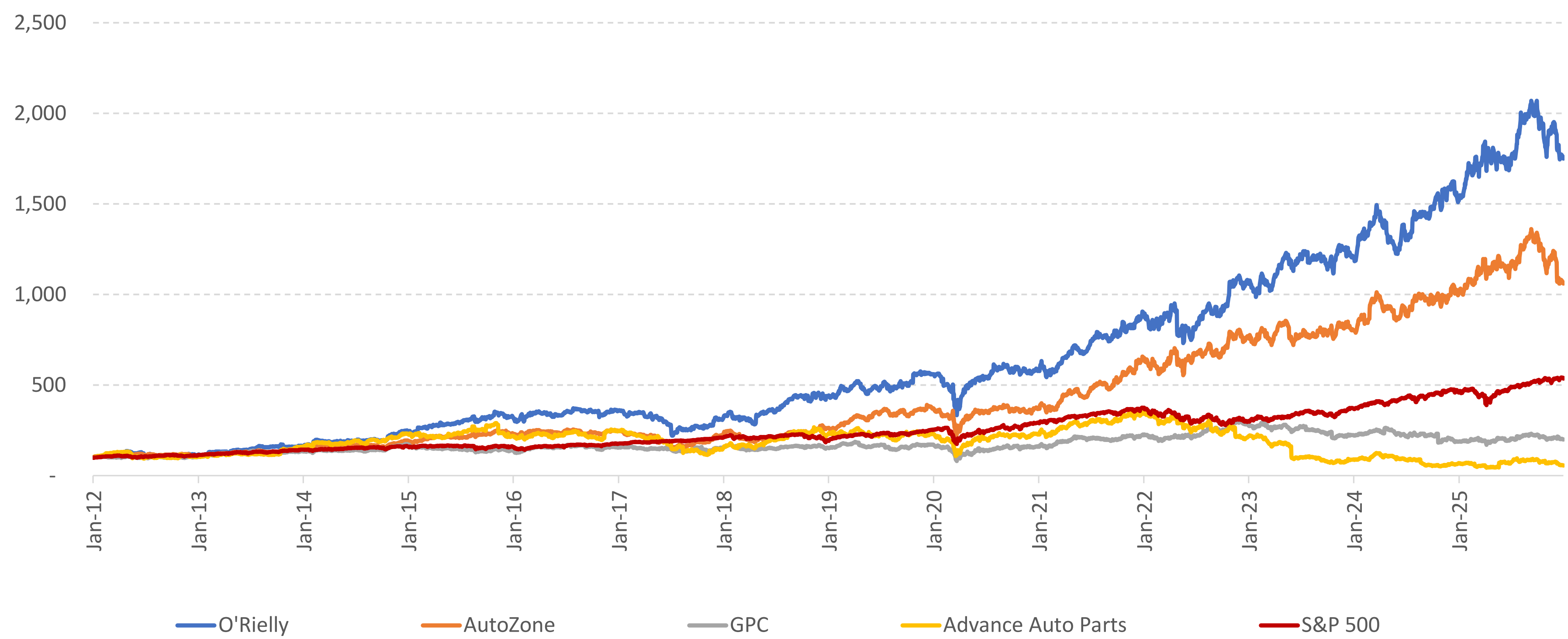
Used Car Businesses vs S&P 500



Source: Bloomberg, PPFAS Research

Auto Parts ...

Auto Part Businesses vs S&P 500

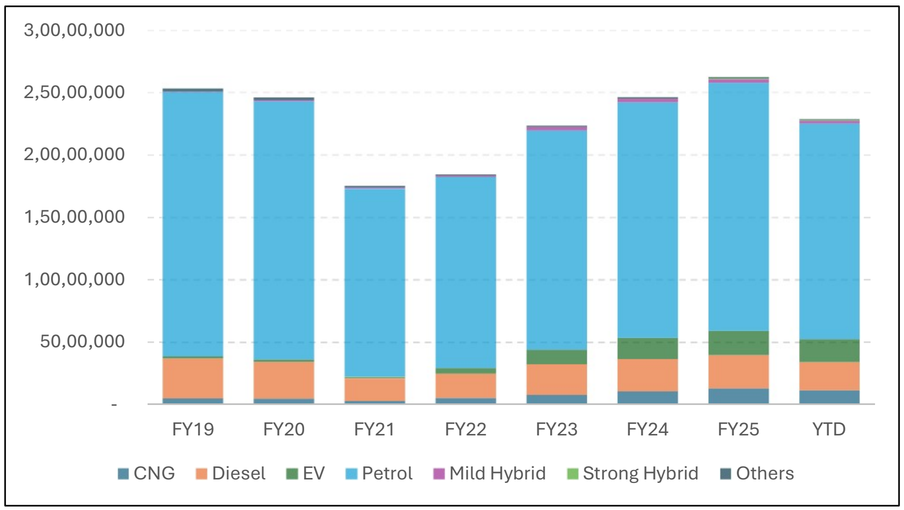


Source: Bloomberg, PPFAS Research

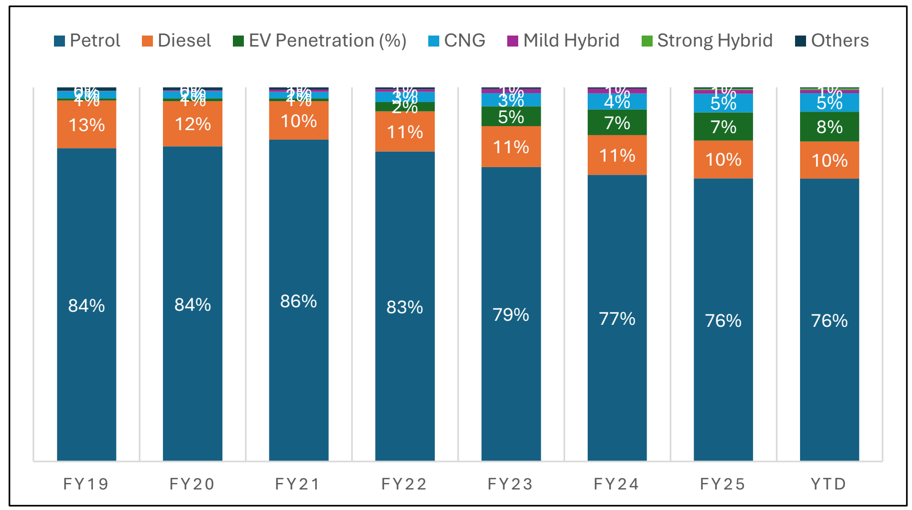
Threat from EVs?

EV Penetration in India

Volumes



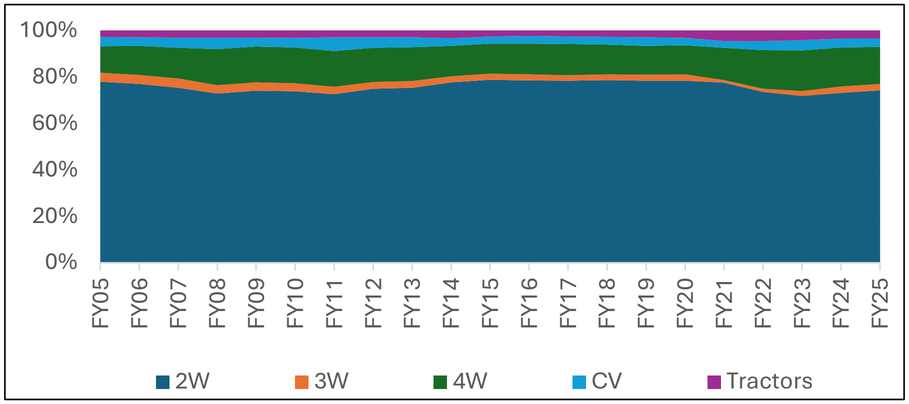
Mix (%)



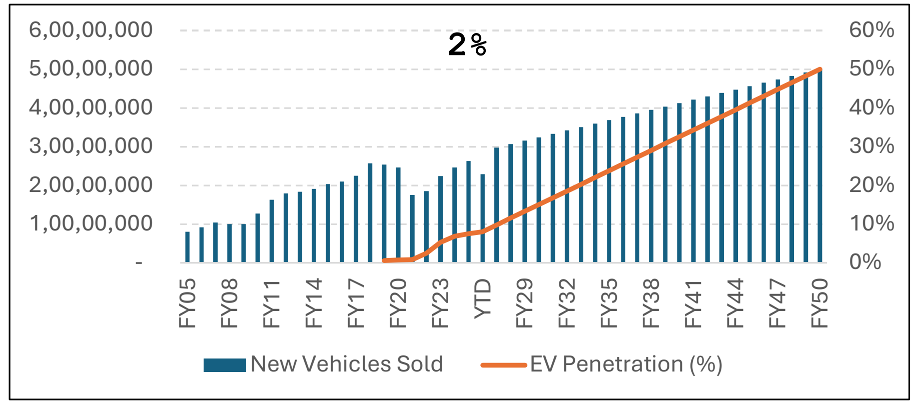
Source: Vahan, PPFAS Research

China sold ~50Mn Vehicles this year with highest category PV at ~54% penetration

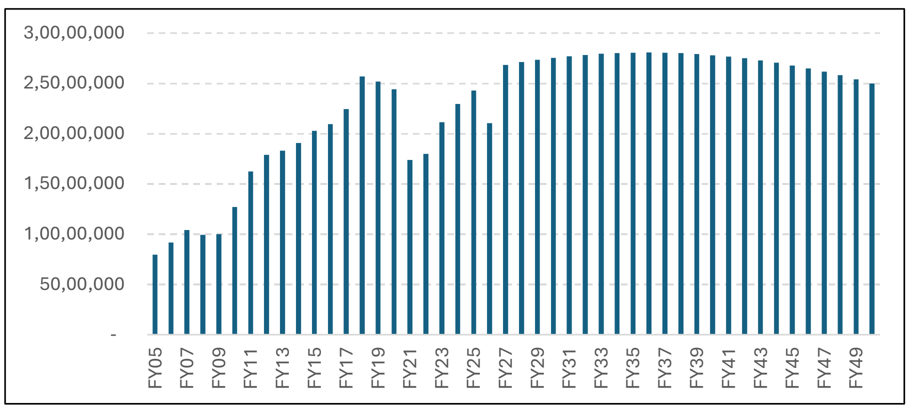
Vehicle Mix



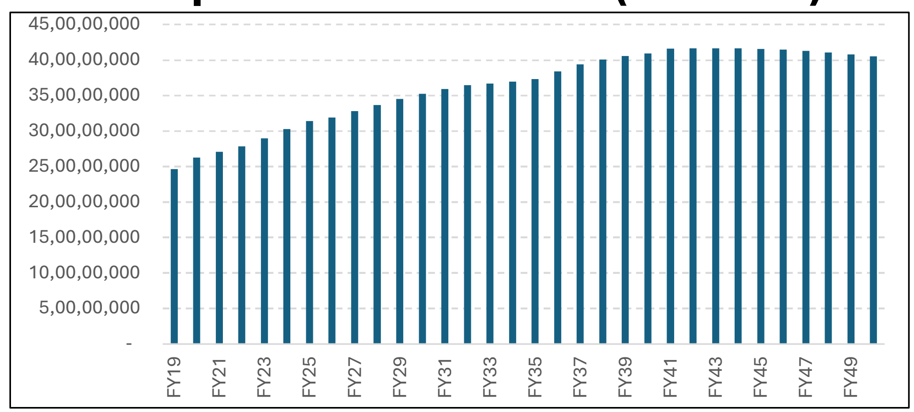
New Vehicles Sold



Non-EV Vehicles Sold



Population - 15 Year (Non-EV)



***Vahan numbers starting FY19**

Source: SIAM, Vahan, PPFAS Research

Impact of EVs

As EV technology matures and becomes more reliable, the service revenue opportunity may decrease compared to traditional ICE vehicles that require more frequent maintenance and repairs over their lifecycle.

- **Lithia Motors**
  BEV service work generates significantly higher revenue per repair order, though they noted this could normalize as vehicles mature over time – 2Q25

  EVs may have different parts-to-labor ratios in service work, which affects overall profitability margins since labor typically carries higher margins than parts – 4Q24

- **Penske Automotive**
  All of BEV work is warranty at present - most EV service revenue is coming from manufacturer-paid warranty repairs rather than customer-pay maintenance – 1Q25

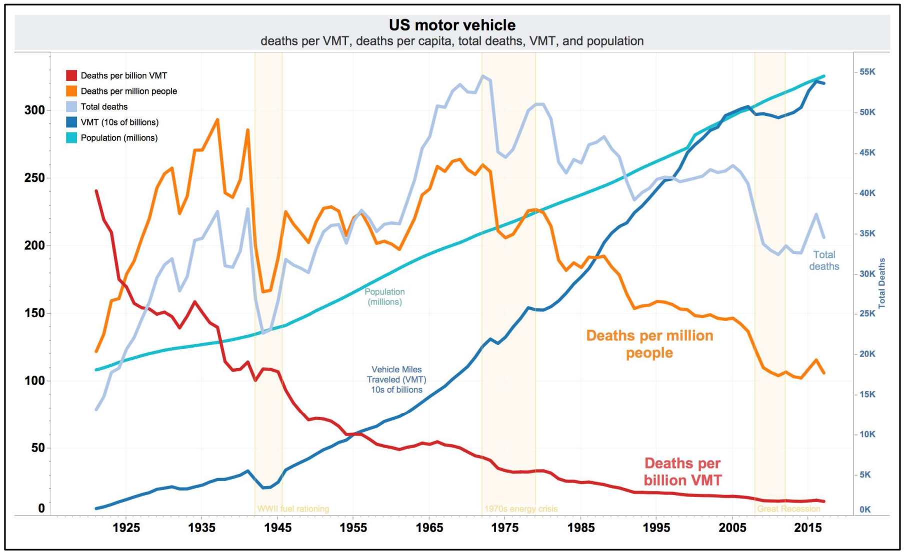
Source: Group 1 Automotive

Technical Training

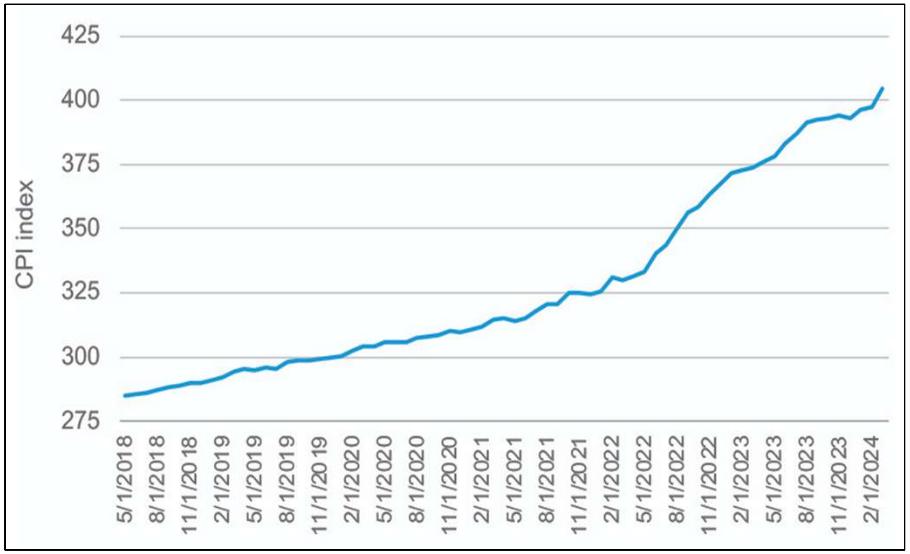
- Done 3-4 months before model launch.
- Regional offices of OEMs (physical training).

Are roads getting safer?

Accidents in USA



Cost of Repair



Source: Wikimedia, RSM

Growth Drivers?

- Showrooms
- Volumes & Mix
- Service
- 2nd Hand Market
- Financing + Insurance
- Rationalize Real Estate

Thank You!