

Jagdish Khattar announces the launch of "Carnation Auto"- India's first independent multi brand auto sales & service venture

Former MD of Maruti Suzuki announced his ambitious plans of creating India's largest independent multi-brand auto sales and service venture. Raises first round of funding of over Rs.100 Crores from marquee investors including PremjiInvest and IFCI Ventures

Noida, Uttar Pradesh, September 30, 2008 /[India PRwire](#)/ -- Former MD of Maruti Suzuki, Mr. Jagdish Khattar today announced his next venture - Carnation Auto. With a vision of developing India's largest independent multi-brand automobile sales and service network, he also announced the company's first round of funding of over Rs.100 crore from marquee names in the industry such as PremjiInvest and IFCI Ventures.

New car sales are projected to be 3 million and the car park 19 million by 2015. To meet the needs of these customers, an incremental investment of Rs.12,000 to Rs.15,000 crores is required in the network, which would be challenging in the existing franchise model. Upto 60-70% of car owners go outside of the manufactures network post warranty. Carnation would provide an alternative to these customers as well as families owning multiple brands, fleet owners and corporates- all under one roof.

"Our Auto Solution Hubs will provide everything a car owner would need to maximize his ownership experience." Elaborating on his vision for Carnation Auto, Mr. Khattar said, "The multi-brand concept will allow us to provide automobile manufacturers, especially new entrants and those with limited market share, small car park & capacity constraints, a more efficient route-to-market through faster nation wide retail presence, scale efficiencies and servicing support."

According to Mr. Khattar, initially the company will focus on providing service, mechanical repair and body shop solutions across its facilities. The service and parts markets is valued at just under Rs.15,000 crores. Carnation's pioneering venture of setting up a chain of auto solution hubs across the country is in an advance stage of its execution plan. Carnation plans to launch its service and sales network in 100 locations across 65 cities throughout India over the next 5 years. The first few Auto Solution Hubs would be operational early next year, which will include Delhi NCR, Hyderabad and Cochin. The total investment in the project is estimated to be Rs. 1,000 Crores.

In an effort to provide complete auto care solutions to its customers under one roof, Carnation is tying up with leading value added product and service providers for tyres, batteries, car detailing, accessorizing, CNG/LPG fitment and windshield replacement among other things. Carnation will subsequently also develop multi-brand facilities to retail new and pre-owned vehicles. The company is adopting world-class technology, equipment and IT systems to implement transparency and to enhance service quality in the entire automotive sales and service processes. Carnation is in advanced discussions with some leading automobile manufacturers for strategic partnerships with an objective of meeting the service needs of their customers.

PremjiInvest, a fund sponsored by Mr. Azim Premji, has committed to invest Rs. 80 crore to acquire a significant minority stake in the company. Mr. Prakash Parthasarathy, Chief Investment Officer, PremjiInvest, said, "Carnation is addressing several changing needs in the manufacturer- to-buyer relationship through a scalable business model. Mr. Khattar is a visionary who can rewrite the auto industry landscape again - this time in the services chain. We are excited to support the accomplished management team under his leadership and look forward to working together in creating a world class organization." Mr. Prakash Parthasarathy and Mr. Syed Mustafa of PremjiInvest would join the Board of Directors of Carnation Auto.

IFCI Ventures is also investing Rs.28 Crore. " Carnation's plan to set up the country's first multi-brand car sales and service network is a unique business proposition and will fill the gap in this underserved market," said Mr. A.K.Choudhary, Managing Director of IFCI Venture Funds, " Mr. Khattar brings with him tremendous experience, and under his leadership Carnation will strive to achieve the highest standards of customer satisfaction."

Carnation Auto is creating Joint Ventures in some key states with those who have the capability of running successful automobile dealerships in their areas. This would provide Carnation Auto with not only critical local insights but also help in an accelerated roll out of its operations. Mr. Khattar announced that the company has two Joint Venture partners already on board and is in discussions with various others.

To support its service and sales model, Carnation Auto has a wholly owned subsidiary in the infrastructure space, Carnation Realty, which will focus on investing in the acquisition of key properties for the parent company. Carnation Realty will also work on developing and executing new concepts for auto solution hubs, multi-brand showrooms and auto cities. Carnation Realty is in discussions with real estate firms to jointly develop these concepts.

Carnation is planning to set up an Automotive Training Institute, to train automotive technicians, sales and support personnel for the industry. According to the Automotive Mission Plan, the automobile industry will need close to 22 million trained (skilled and semi skilled) manpower by 2016. There is a need for an organized approach to train this manpower for this leading industry. Carnation plans to work closely with government, OEM's and other industry bodies, bringing together best practices with the latest technology to create an industry ready manpower pool for the automobile industry.

Talking about the brand Mr. Khattar said that the Company is named after one of the most popular flowers. Carnation Auto wants to imbibe its qualities of being warm, friendly and inviting. The identity too is built around the essence of the flower but turned around into a graphic rendition to give a vibrant and spirited feel to the brand. The logo contains different shades, which represent different promises to their customers. The representation of a "bouquet" represents a total and comprehensive set of services they plan on providing to their customers to give them a unique ownership experience.

Notes to Editor

Carnation Auto is an initiative by Mr. Jagdish Khattar, which is in the process of setting up a state-of-the-art network of integrated multi-brand auto sales, services and related solutions across the country-an industry consolidator attempting to bring automobile dealerships under a standardized business model. It will provide automobile manufacturers, especially those with a limited market share, or those looking for a pan-India footprint but don't have the volumes to sustain stand alone dealerships & other capacity constraints, a more efficient route-to-market through faster nation wide retail presence, scale efficiencies and servicing support. Providing them dedicated outlets within the Carnation network resulting in higher revenues through cross-selling across business lines (new cars, servicing, used cars, accessories, financial and insurance products, auto leasing).

For more information, please contact:

Mohit Agarwal
VP

© copyright 2012 India PRwire (<http://www.indiaprwire.com>)

India PRwire disclaims any content contained in press release. Use of our service is governed by our privacy policy and terms of service.