



“Popular Vehicles and Services Limited  
Q3 & 9M FY25 Earnings Conference Call”  
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**Moderator:**

Ladies and gentlemen, good day, and welcome to the Q3 and 9 months FY '25 Earnings Conference Call of Popular Vehicles and Services Limited.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Naveen Philip, Promoter and Managing Director of Popular Vehicles and Services Limited. Thank you, and over to you, sir.

**Naveen Philip:**

Thank you. Morning, everyone, and a very warm welcome to our Q3 and 9 months FY '25 Earnings Call. Joining me today are Raj Narayan, our CEO of Popular Vehicles and Services; John Verghese, the Group CFO; and other senior members.

I would also like to extend a warm welcome to Mr. Abraham Mammen who has been appointed as the Group CFO Designate and Senior Managerial Personnel of the company effective February 12, 2025. He will succeed John Verghese as the Group CFO and key managerial person effective July 1, 2025. John shall continue as a Consultant with effect from 1st July, 2025 to September 30, 2025, and we assure you that the transition will be smooth.

Let me give you a quick update on the business front. The entire consumer industry, including auto, continues to remain subdued due to various uncertainties in the ecosystem. These challenges have kept overall demand weak, leading to a volume decline in Q3 FY '25 of approximately 4% Y-o-Y.

Additionally, we have been carrying higher inventory levels from March '24 and have increased -- and that increased our interest burden. The average September inventory days was approximately 54 days, which has now come down to 44 days in December, resulting in an inventory reduction of approximately INR714 crores in September to INR575 crores in December. We achieved this to reduce volume offtake and offering significant discounts to the customer to drive sales, which resulted in the loss of the quarter.

Recent RBI rate cuts and the revision in IT rates announced in the union budget would result in higher passenger vehicle sales in the coming quarters. Likewise, in commercial vehicles also showing green shoots and our Ather 2-wheeler EV also should have positive impact -- have a positive impact from these rate cuts and IT rates.

In the first 9 months of FY '25 compared to the same period last year, we observed a rapidly shifting demand trend favoring SUVs and premiumization as the preferred choice for many car buyers. While these segments do not drive high volumes, they contribute significantly to revenue realization. As a result, despite a 5% decline in our volume, our revenue drop was limited to just 2% for the 9 months FY '25 vis-a-vis 9 months FY '24.

Happy to announce that Popular Autoworks Limited, the Jaguar Land Rover 100% step down subsidiary, has received a letter of intent to establish a state-of-the-art 3S facility for JLR vehicles in Nagpur, Maharashtra, which also comprises of the neighboring 8 districts that we've cover. The expansion marks the company's growth beyond Southern India, complementing the existing operations in Karnataka. Operations are expected to commence by September FY '26.

Kuttukaran Cars Private Limited, another 100% step down subsidiary, has received a total of 4 LOIs for establishing Ather, of which three will be in Kerala and one will be in Tamil Nadu. Operations at all four locations are expected to commence in Q1 FY '26.

We remain committed to further strengthen our offerings in the luxury PV segment, augment our geographical presence of our 2-wheeler EV business and diversifying revenue beyond Kerala. While short-term demand challenges persist, we anticipate improved performance from FY '26 onwards.

Given the challenging environment, we have taken a few strategic measures, especially cost optimization, by divesting two subsidiaries and reallocating these resources towards our upcoming expansion plans. One of the divestment is our Piaggio business, which is the EV 3-wheeler business. We commenced our Piaggio dealership in fiscal 2022 in Cochin, driven with the vision to establish presence in the 3-wheeler EV sector and it currently operates 7 showrooms and 7 authorized service centers across 6 districts in Kerala.

However, the past 3 years, the financials in the segment have been subdued with profitability falling short of expectations. Given this underperformance, continuing this investment is no longer financially or strategically viable. The whole idea of the EV 3-wheeler being the last mile mobility has not taken off the wave that we anticipated because CNG and alternate fuels did far better. The company believes in reallocating the financial and human resources of this business and will -- hopefully can achieve a better financial profitability return.

Hence, the Board of Directors has decided to disinvest from this venture, a process which is expected to take approximately 6 months. The proceeds of this disinvestment will be reinvested in expanding the presence in other opportunities in the EV space, aligning with the long-term growth strategy in this segment.

Divestment of the Honda business. We established the Honda business 17 years ago as a second passenger vehicle dealership in our group. And at the time, Honda had a very strong presence in the premium car category. The lowest selling Honda vehicle at that point of time was the Honda City, and today, which is the highest selling car -- I mean, highest value vehicle that the Honda sells. Honda was the ideal partner for us as we sought to expand the product portfolio into premium segments.

Over the years, the price points with Maruti and Honda have more or less aligned itself, hence not giving us an additional premium opportunity with the Honda vehicles per se. Overtime the company's, though we have expanded our footprint to 8 showrooms and 10 authorized centers between 2008 and 2024, during the last 5 period, the revenue grew only by 1%. Honda, as I said, in terms of the number of vehicles that they offer, has been curtailed to about 3.

Given this outlook, the Board of Directors have decided to disinvest in its Honda operations and strategically reallocate the proceeds towards expanding the presence in the high-end premium and luxury segments which are available and while also reducing the debt levels. The disinvestment will allow the company to achieve key synergies, including the efficient utilization of resources by directing its workforce to focus on high-end premium and luxury new vehicles.

Now coming to our operational performance. The quarterly loss was primarily driven by higher discounts. As you can see in these, that our gross margins Q3 to Q3 have dropped by about 2.5%. This resulted in -- and also with the higher inventory levels resulted in higher interest burden having a double impact that negatively impacted profitability. The discounts offered by us saw a significant 84% increase in -- for the 9 months FY '25 vis-a-vis the same period.

Arena volumes declined by 14% Y-o-Y, while Nexa volumes grew by 17% Y-o-Y for the 9 months FY '25, indicating that the premium car segment is performing better. While in January, we are seeing offshoots of Arena increasing by 5% and with the income tax rate cuts and the RBI cuts of the interest rates, we are hoping that the mass market segment will come back in favor. We are focused on expanding our luxury clientele portfolio and anticipate growing contribution, which will drive revenue and profitability in the future. Luxury segment grew by 11% for Y-o-Y for the 9 months FY '25.

Over and above this, we have been continuously adding to our service business, which we have approximately added another 6% to the total number of bays. Our total bay count was about 1,316 in the previous market business, which we have added another field. By March 2025 we'll add another 70-odd bays to it. Our CV business showed subdued performance due to general as well as state elections, monsoon, and slow infrastructure spending. This is expected to pick up with one in terms of infrastructure spending going up and the RBI rate cuts.

Coming to pre-owned car business, demands for low and mid-range vehicles has remained subdued as consumers in the segment have upgraded to premium pre-owned vehicles. The strong demand for premium vehicles contributed to an improved average selling price.

In terms of our service business, while we are flat in terms of the overall volumes and it has got affected by various factors. However, our focus on converting routine service vehicles to high-value services like body shop repairs has improved our average selling prices in the service segment also. Adjusting the DEF volume last year, service volume growth would be flat.

With this, I would like to hand over the call to John Verghese, our Group CFO, to update you on the financial performance of the 9 months gone by. Over to you, John.

**John Verghese:**

Thanks, Naveen. Good morning, everyone. I will take you through the company's operational and financial performance for Q3 and 9 months FY '25. As regards Q3 of FY '25 operational performance, in the new vehicle business, the company sold 11,151 new vehicles versus 11,556 in similar quarter previous year, showing a 3.5% Y-o-Y degrowth. Total income from new vehicles sold was INR959 crores, down 7.1% Y-o-Y from INR1,032 crores in Q3 of FY '24. Average selling price decreased by 3.7% from INR8,92,955 to INR8,59,799.

In the pre-owned car business, we found that the company sold 2,715 pre-owned vehicles versus 2,653 in similar quarter previous year, showing a 2.3% Y-o-Y growth. Total income from pre-owned vehicles sold was at INR93 crores, up 3.9% from Q3 of FY '24. The average selling price increased by 1.5% from INR3,37,848 to INR3,42,950.

Company service and repair business did volume of 2,63,287 vehicles versus 2,68,478 in Q3 of FY '24, showing a 1.9% year-on-year degrowth. Total income from vehicle services and repair businesses stood at INR244 crores, up 3.2% from INR236 crores in Q3 of FY '24. Average selling price increased by 5.2% from INR8,791 to INR9,249. Company's spare parts distribution business clocked total income of INR70 crores, up 9.8% year-on-year.

The financial performance -- our total income for the quarter stood at INR1,368.6 crores versus INR1,426.5 crores in Q3 of FY '24, showing a 4.1% year-on-year degrowth. EBITDA was INR34.6 crores versus INR70.8 crores in Q3 of FY '24, a decrease of 51.2% year-on-year. EBITDA margin stands at 2.5% for Q3 of FY '25. There was a loss of INR9.8 crores versus PAT of INR15.9 crores in Q3 of FY '24.

Segmental performance. The passenger vehicle revenue stood at INR816.8 crores versus INR867.2 crores in Q3 of FY '24, a decrease of 6%. CV revenue was INR451.3 crores versus INR464.3 crores in Q3 of FY '24, a decrease of 2.8%. EV revenue was INR24.7 crores versus INR18.6 crores in Q3 of FY '24, an increase of 33%.

Going to the 9 months FY '25 performance, operational performance of new vehicles. The new vehicle sales was 33,717 units versus 35,549 of last year, showing a degrowth of 5.2%. Total income for the segment was INR3,016 crores, down 3.5%, from INR3,127 crores for same period of last year. The average selling price increased by 1.7% from INR8,79,532 to INR8,94,475.

As regards to pre-owned cars, the pre-owned car sale was 7,977 vehicles versus 8,264 of last year, showing a 3.5% degrowth. Total income from this segment was INR275 crores, a degrowth of 1.1% from INR278 crores for same period of last year. Average selling price increased by 2.5% from INR3,36,128 to INR3,44,474.

Service and repair business did volume of 7,802,75 vehicles versus 7,96,324 last year, degrowth of 2%. Total income from this business was INR687 crores, up 4.1% from INR659 crores. The average selling price increased by 6.3% from INR8,281 to INR8,803.

Company's spare part distribution business clocked total income of INR202 crores with a growth of 2.1% from INR197 crores in 9 months of FY '24. As regards the financial performance, our total income for 9 months of FY '25 stood at INR4,185 crores versus INR2,474 crores in 9 months of FY '24, showing 2% Y-o-Y degrowth. EBITDA was at INR145.7 crores versus INR215.1 crores in 9 months of FY '24, a decrease of 32% Y-o-Y. EBITDA margin stands at 3.5% for 9 months of FY '25. Profit after tax comes to INR3.3 crores versus INR56 crores in 9 months of FY '24, a decrease of 94% Y-o-Y. PAT margin stands at 0.1% for 9 months of FY '25.

Coming to segmental performance. PV revenue stood at INR2,515 crores versus INR2,561 crores of 9 months of FY '24, a decrease of 1.8%. CV revenue was at INR1,385 crores versus INR1,426 crores in 9 months of FY '24, a decrease of 2.8%. EV revenue was INR61 crores versus INR61 crores, same of last year 9 months, a flattish growth in EV.

As regard the other updates in Popular Vehicle and Services, we had commenced in the state of Kerala expansion of 2 Maruti body shop and 2 Nexa studios and even one Maruti service center. As mentioned, we received in-principal approval for setting up an Arena E-workshop at -- in Chavakkad in Kerela.

As mentioned by Naveen, PAW, that's Popular Autoworks, received an LOI to establish a state-of-art 3S facility in Nagpur, Maharashtra. We inaugurated the -- in our Ather subsidiary, we inaugurated the pan-India first Gold Category Service Center for Ather at Trivandrum, Kerala. We received total of 4 LOIs for establishing Ather Space 3.0, of which 3 will be in Kerala and one in Tamil Nadu.

As regards to awards and recognition, Popular Mega Motors, a company-owned subsidiary, has received the Best DSE Productivity Dealer Award in small commercial segments and the Highest Growth in Market Share award in ILMCV segment for H1 of FY25 for its Chennai branch from Tata Motors.

Both the Popular Autoworks as well as Vision Motors, the wholly owned subsidiaries of the company, were certified as Great Place to Work in the mid-sized organizations category for sixth year in a row. The state-wise revenue breakup as of 31st December '24, Kerala has got 61%, Tamil Nadu 25%, Karnataka 10%, Maharashtra 4%.

Before I open this to the floor for Q&A, I'm sure there will -- I mean, some common questions, I mean, I'm presuming would arise and hence, I thought I'd clarify right in the beginning itself. Definitely, Q3 has been a turnaround for us as far as performance is concerned. If you were to compare Q3 versus Q2, even though Q2 was the festival month for us, nevertheless, if you have to compare Q2 versus Q3, the revenue degrew by about INR150 crores. And if you look at the PBT level, there was a INR17 crores gap between Q2 and Q3.

So in Q2, we had ended up with a profit of INR7.6 crores. And in Q3, it was minus INR9.8 crores, hence, a gap of INR17 crores. So the INR17 crores primarily came from the top line degrowth. The contribution itself because of the lower revenues and disturbed discounts given more than INR20 crores we had hit in the gross margin level. Overheads per se, there was about a INR4 crore increase only. That's primarily again due to the finance cost for the higher inventory levels. So this broadly gives you an idea of how our Q3 was versus Q2.

If you were to look at the YTD also of December FY'25 versus December FY'24, 9 months period, here again, while the top line degrew by INR90 crores, in the bottom line, there was around about INR65 crores gap between this year and last year. If you see the last year, we ended up with a PBT of INR74 crores. And this year, we ended up with a PBT of INR7.3 crores. Here again, the primary reasons are because of the top line.

So if I were to break up into few parts. One is, of course, discounts we gave about INR15 crores additional. On average per car, we were nearly double the discounts that we were giving to the customers, nearly from INR6,500 levels to nearly INR12,000 per car.

Then in JLR, there was some margin drop which was driven by the OEM because the vehicles were transferred from CBU to CKD. So there was a 1% vehicle margin drop as well as a VRM drop that is the margin that we get from the OEM. There was another 1% drop that accounted to nearly about INR4 crores of drop in the bottom line.

And similarly, there was other -- overheads basically were increased by around totally about INR10 crores, which is hardly about, less than about 2% of our total overheads. That is primarily the inflation and other employee costs. And there was some extraordinary income that we generated in FY '24 in terms of VAT warranty, which we claimed and some land sales. So that came to about INR5.5 crores.

So primarily, it was basically the top line degrowth, the discounts that we gave and that really affected our bottom line. But having said that, I mean, as we stand in February, we find a lot of green shoots here and we hope that -- we are hoping that Q4 will definitely be better than Q2 because normally, typically in our industry, Q2 and Q4 are the best quarters for the year. And we do find -- in fact, January, we find that while Arena till last year was showing a degrowth, in January, we found in the month of January, there was a growth of 3% in Arena. Whereas Nexa, we have more than 48% of growth in the Nexa. JLR continues to show growth.

So both -- even the commercial segment, we are finding some green shoots. So we are confident. We are hopeful that Q4 definitely would be better than Q2. And on top of that, as Naveen mentioned, the 25 basis point reduction in RBI as well as the income tax reduction given in the budget, surely, this will give a lot of impetus for sales, especially at the Maruti segment. And yes, so these are some of -- and another thing is the inventory levels have come down.

So just again, to give you some statistics, the inventory days that we were carrying in December '23 was 34 days. In September, it rose to 50 days. And in December this year, it came down to 37 days. So we are more or less in line with what we were in last year. This is as a group. But specifically, in Maruti, it was much higher. As you recall, the last conversation that we had, we said we were carrying 75 days of inventory in September in Maruti. That in December came down to 43 days, and the endeavor is to bring it down to 35 days by March.

So hence, due to this, definitely, the interest cost, we find -- we hope that there will be a lot of savings that we have in Q4. More than INR5 crores of higher inventory costs we are incurring every quarter, which hopefully we should be saving in Q4. So, these were some of the tailwinds that we are hoping to get in Q4 and moving forward next year also.

With this, I hand over to -- for -- open the floor for Q&A.

**Moderator:**

First question is from the line of Basudeb Banerjee from CLSA.

**Basudeb Banerjee:**

A few questions. One, what has been the revenue growth trajectory of CV servicing business because servicing is an integral part of generating EBITDA? So if new CV sales growth

momentum was not that great, but servicing is function of vehicle population, how that has been moving?

**Naveen Philip:** So, the ASP in terms of service business of the PV segment grew by about 9% December FY '24 to December FY '25. Growth in numbers, as we said, was flat.

**Basudeb Banerjee:** Okay. And like is -- has it anything to do with the weak numbers of new trucks sold year-to-date. So even in the replacement service market, the demand has been sluggish, anything from that angle or...?

**Naveen Philip:** Not just based on new car sales per se because service is also a lag of probably about 6 months to 1 year from new car sales. But also in terms of actual spending power of the people. And hence, in terms of actual spending, so on regular services, they would or running repairs they wouldn't come. So that's where the numbers became flat.

But since as -- in the past, we've said over the last 3 years, our Nexa volumes have been up, and that would result in a higher service ASP, and that is showing now. So the last 3 years, we've grown Nexa, this year by 17% from the previous year and previous year by close to about -- CAGR of about 40%, 45%. So that is showing up in terms of the ASP.

**Basudeb Banerjee:** And sir, CV service volume also is flattish or that is down?

**Naveen Philip:** CV -- the ASP has gone up again by about 3%. In terms of numbers per se, it's about -- down by about 10%.

**Basudeb Banerjee:** Yes. So that was what I was looking for. Basically, like the new CVs are down, but CV servicing is function of vehicle population, that is also down 10%. So that is a reflection of market momentum as such, business activity?

**Naveen Philip:** Yes. So, CV, if you look at it in terms of -- so when I say CV service volume down by about 10%, one is we promote the regular DEF volumes that we used to do. So that has had an impact. But as you said, in terms of the overall CV market for the last 8 to 12 months has been sluggish. And hence, fleet operator's utilization of vehicles is lower and thus, servicing of vehicles is also lower from their side. And construction activity has also been very low.

**Basudeb Banerjee:** And similar to cars where discounts moved up, as Verghese sir mentioned, in commercial vehicle, how is the discounting momentum going on?

**Naveen Philip:** So commercial vehicle discounting is not -- so other than the heavy vehicle discount, the rest of it is more or less controlled in terms of discounts.

**Basudeb Banerjee:** One feedback I got from few fleet owners that post BS6 change, the extra fluid which one needs to add is also a costly part. And for many fleet owners are trying to bypass that mechanism and change the technology in the new trucks through outside garages and use it as if it is a BS4 truck, but one can't do that bypassing for Daimler trucks. Is that true or from a technology angle, if you can highlight that and that is impacting truckers to buy new Daimler trucks as such?



- Naveen Philip:** No. So we have not seen that impact. Our service volumes, people coming back to the service center for both Tata, Daimler, all remain the same in terms of post BS6, our retention of vehicle.
- Basudeb Banerjee:** So broadly, new truck decline --
- Naveen Philip:** I'll relook into this. I'm not aware of this as such.
- Basudeb Banerjee:** And the discount for cars, which was -- which impacted your Q3 numbers, how that is now in February? Has it come down a bit or it's still elevated?
- Raj Narayan:** So we have a mix of 2024 models and 2025 models. So about -- currently, we will have about 36%, 37% of our stocks, lower than 40%, which is 2024, where we do sell out discounts so that it moves out fast. But 2025, it's hardly anything. So with that, I think over the next 2 to 3 months, there will be substantial savings on the discounts also. Plus the other factors that Naveen and John mentioned our inventory level has also come down, and it's still coming down. So that will result in considerable savings in the discounts.
- Basudeb Banerjee:** And last question, sir, this recent tax cuts announced in the budget. So what's your outlook from that benefiting the retail demand momentum for mass market players like Maruti?
- Naveen Philip:** Yes. So if you see up to INR12 lakhs, your basic savings will be about INR60,000, which is about INR5,000 per month. So if you look at, as I said in the beginning part of my statement, the lower end of cars, the Arena cars, the Wagon R, the Alto, all that should see a boost from this in terms of purchase. There would be a boost in the used car sales and in terms of the Ather 2-wheelers per se.
- Higher-end vehicles, the savings actually doesn't affect and somebody who's earning INR12 lakhs is not getting into the higher-end vehicles per se. Having said that, even if you're taking a greater than INR50 lakhs earning, you're saving approximately about, I think, about INR8,000 to INR9,000 per month in terms of taxes in terms of savings. So that should help boost in some way. That's part one.
- Part 2 is with the RBI cut, I don't know when the cut will flow into the banking system per se to the end consumer, but that should also help out. And I think the Finance Minister has just made an announcement yesterday that there will be more booster programs in terms of consumer spending. So hopefully, we'll look forward to that also.
- Moderator:** The next question is from the line of Aman Agrawal from Carnelian Capital.
- Aman Agrawal:** My first question was on the divestment business, sir, like Honda and Piaggio business, which we have divested. So have we agreed to divest or like have we started looking out to divest those businesses? And what would be the value we can fetch for like one-off costs we may need to incur to close down these businesses?
- Naveen Philip:** I didn't quite catch that. Can you just repeat it? The voice was not clear.

- Aman Agrawal:** Sir my question was on the Honda business and Piaggio business. So like have we found a buyer for these businesses and like will we generate any value by sale of these businesses, like if you can talk a bit on that?
- Naveen Philip:** Yes. So we've been on the lookout. So we have approximately got some guidance of that. So we should be getting...
- John Verghese:** We have roped in one of the big 4 for supporting us on this whole process. And the Board sanctioned it yesterday. Based on this, we've been coordinating with them to scout the market to get the best price for the organization.
- Aman Agrawal:** So no deal has been agreed as of now, right, sir?
- John Verghese:** No.
- Aman Agrawal:** And sir like since Maruti inventory is very high for us right now, like 45 days, can you talk about like how the inventory situation is for Arena and Nexa? Is it mainly Arena inventory which we are carrying? Or like is it also a mix of Nexa?
- Raj Narayan:** So during the September, October, it has gone up all the way up to about 85 to 90 days, which we've been able to bring down. And currently, we are at about 40 to 43 days. Between Arena and Nexa, it's more or less the same. And during September, October, Nexa used to be much higher than Arena. But over a period of time, we've been able to bring it down. So both are more or less on par right now. And we are hoping to bring it down to about 35 to 37 days by March.
- Aman Agrawal:** So the gross margin impact which we have seen in Q3, this we expect to continue in Q4 as well, right, because of the discounting to clear out these models?
- Raj Narayan:** No. As I said earlier, because of the inventory coming down, the overall discount is coming down. But generally, there is a -- customers expect a discount on the year back model. So we still have about 37%, 38% of our total stocks, which is from 2024, which we should be able to clear mostly by February. Maybe some specific color or model may remain into March. But otherwise, majority will be cleared in February itself. On 2025, neither us nor any other co-dealers are discounting. So that will definitely bring in a good savings on the discounts.
- John Verghese:** As I mentioned earlier that last year, we were selling about INR6,500 per vehicle on discounts in Maruti. This has doubled to around INR12,000. We think that Q4, maximum you come to that last year's level, if not less.
- Aman Agrawal:** And sir, can you talk about the Kerala PV demand? Like are we seeing any green shoots of recovery and like because the monsoon was good and now with this tax cut, do you think that could help in the overall sentiment revival in PV industry? Or do you think the change we are seeing towards premium and higher-end cars, that will be structural for the Kerala market as well?
- Naveen Philip:** So January, we've already seen some offshoots in terms of growth, both in terms of Arena and Nexa continues to grow. So going forward, I think this quarter should see a growth factor per se.

And Kerala market has been subdued, but this year, there has been a slight growth in terms of the overall market.

**Raj Narayan:** And about 19,500 vehicles got registered in Jan, which is actually a reasonably good number compared to the yearly average of about 14,000 numbers.

**John Verghese:** As I mentioned, Jan, we ended up Arena with a 3% growth and Nexa maybe about 48% growth. So those are indicators. And of course, if you recall, if you go back, it's from Jan onwards from last year that the slowdown in the industry happened. So hence, we are positive that this year should show higher growth month-on-month.

**Aman Agrawal:** And on that trend, sir, like are we seeing small car segment also reviving? Like Arena 3% growth is encouraging. But do you see that segment starting to do well because last 3, 4 years has not been very good for that segment, right? So anything on that like you are reading on the ground?

**Raj Narayan:** So with this new reforms and all, obviously, the affordability on the EMIs will increase. That will also help on the lower end segment. And the Dzire launch has also brought in some bit of it because we were generally selling a Dzire about closer to 15, 20 on an average, which has now gone to about 100 across December and Jan. So that should -- and there also the supply is a little lower than the demand. So that can also go up. So definitely, we will see some kind of recovery on the smaller segment car, entry level segment.

**Aman Agrawal:** On the service business, I had a question like we had guided for 10% kind of volume growth in H2. But Q3 if we see the volumes have declined by 2%. So even the new stores opening have not helped them in overall volume recovery. So what is happening on the ground? And like are we seeing -- what factors might lead to improvement in service business as well for us? Like what will lead to the revival and growth in the service business?

**Naveen Philip:** Definitely, we're looking at growth. We have given a guidance that we grow service by a CAGR of 20%. This year, in terms of the ASP alone, we have grown about --

**Raj Narayan:** I think it's 8,800 from an 8000.

**Naveen Philip:** No, in terms of ASP the growth is --

**Raj Narayan:** 19% overall.

**John Verghese:** 6%.

**Naveen Philip:** 6% is the ASP growth. Volume growth has not been there, but we expect with these -- both in terms of the IT rate cut and the RBI thing, spending will increase a little bit, and hence, we'll see the service volumes also going up. This year, we won't achieve the target of about -- we had said that we'll probably grow by about 8% to 10% in volumes. That won't come through. But we're expecting next year and the year after to grow at the same rate. We're also adding more service centers anticipating this growth while increasing the efficiency of our existing service centers.

- Aman Agrawal:** Sir, final question from my side. On the inorganic side, we were thinking about closing some deals by Q4, right? So are we on track? And like are we seeing good value in the inorganic deals, just on that sir.
- Naveen Philip:** Yes. We definitely do hope to close out in Q4, might spill on to Q1, but we are hoping to close it out in Q4. And other than the acquisition, we've also, as we announced that we are expanding the Jaguar Land Rover facility into Maharashtra also, headquartered out of Nagpur, where we already have operations of BharatBenz also and hoping to have one more setup there from one of our OEMs in the near future.
- Moderator:** The next question is from the line of Kartikeyan from Suyash Advisors.
- Kartikeyan:** Can you talk about the potential for the 3S facility that you're talking about? What is the investment involved? And what kind of revenue potential do you foresee there?
- Naveen Philip:** So the place -- the location that we have identified is already a 3S facility of one of the OEMs. So we have just been refurbishing this facility. The exact cost I'll probably come back to you by the end of this month. We're just getting the AutoCAD drawings done, etc. But since the facility already exists, there is no major -- it's only in terms of putting the CI norms of Jaguar Land Rover and some amount of refurbishing that needs to be done there. We targeted September to kick off, but we are hoping that we'll be able to kick off much earlier.
- In terms of potential, we are taking Nagpur as -- I mean, in terms of the numbers that would come in, at least to start off with, it is about 8 to 10 cars a month to kick off the operations. And we also have about 8 to 9 bays. And since there's already an existing population of cars, I think the overall population we have estimated there, we should be getting about 35 to 50 vehicles a month in terms of servicing.
- And my correction. Earlier I had said about 8 districts of Maharashtra, headquartered Nagpur, but it will be 11 districts. Out of the 36 districts in Maharashtra, we'll be covering one third of it.
- Kartikeyan:** In your initial comments, you spoke about the relative growth in Arena versus Nexa on a 9-month basis. I couldn't catch that. Can you repeat those numbers?
- Raj Narayan:** So Arena was on a degrowth of about 14%, while Nexa is on a growth of 17%. That is the full year. But when we look at Jan, Arena is slowly coming back. We have touched a 3% growth in Arena and Nexa has gone to 48%. And we are hoping that, that trajectory will continue in the coming --
- Naveen Philip:** But that's only for Jan.
- Management:** Yes. That's only for Jan, yes.
- Kartikeyan:** Yes, I could catch this, but early commentary, I couldn't make notes quickly. Just one quick thing. Would the divestments more than offset any capex requirements you would have both on the inorganic side as well as on these investments you're making for net?

- Naveen Philip:** Absolutely.
- Moderator:** The next question is from the line of Nirmal, an Individual Investor. The current participant has been disconnected. We will move on to the next question. It's from the line of Dhruv Modi from DFL Securities.
- Dhruv Modi:** So I have a couple of questions. First question being, are there any existing JLR dealers in the Nagpur region or we are the first one?
- Naveen Philip:** There are no existing dealers in JLR for Nagpur. There used to be one about, I think, about 4, 5 years ago.
- Dhruv Modi:** And what kind of growth prospects for this opportunity we are expecting? And how could it contribute to improving EBITDA margins?
- Naveen Philip:** Yes. So in terms of the luxury car growth rate in India it's approximately double-digits, about 15% to 16%. We're expecting Nagpur to grow much faster, one, because of the network, because of the industries that are there and the focus by both the state government and the central government in that region. So we're expecting a CAGR of about 20% in terms of JLR in that particular region.
- And it's been underrepresented. I mean JLR, I mean, didn't have a facility there. It's coming up, service will be there. So the propensity for people to buy the luxury car would be much higher. So we're looking at, as I said, about 8 to 10 cars in the initial year and to grow by about 20%, 25% year-on-year.
- Dhruv Modi:** Okay. And what kind of estimated investment is required to set up this dealership, JLR dealership?
- Naveen Philip:** Yes. So as I said in the earlier part, we should be able to come out with the estimate by the end of this month. But as I said, the facility already exists. It is a 3S facility of one of the OEMs which we are taking over. So there is no structure that we would go into. It is only in terms of CI norms and refurbishment of the place and equipment for service that we would have to set up.
- Dhruv Modi:** And so last question from my side. The inorganic deal you mentioned to close by quarter 4 or quarter 1, whether you are looking in PV or CV? And if it's in PV, then it would be in luxury segment or in a mass market segment?
- Naveen Philip:** So PV, we are looking at mass market segment, but we're also looking at CV. So in both, we are looking at the opportunity to close it out by Q1FY26.
- Moderator:** The next question is from the line of Praneeta Gupta, an Individual Investor.
- Praneeta Gupta:** Actually, I'm an individual investor and I got the share in the allotment -- Actually, I got the share in the allotment. One thing actually I'm not very aware with all the financials of yours. But after keeping my allotment with the hope that the management will work better and will grow

the share price. But unfortunately, the same -- currently, I'm sitting at a loss of 50% right now. And I just want to exit from this share right now.

I just want to ask what is the growth trajectory and the revenue guidance? Is there any positive hope for at least this year because I can't sit in loss anymore. So I just want to exit from this share right now. So I just want to ask that the performance of the quarter 4 -- what will be the performance of the quarter 4? Can you people give any guidance right now?

**Naveen Philip:** I think we have given the guidance that Q4 will be far better and we are hoping to bounce back from Q4 onwards. But FY '26 guidance that we have given earlier stands also.

**Praneeta Gupta:** Sorry, FY '26?

**Naveen Philip:** The guidance that we had given earlier in terms of profitability and growth that stands. We are hoping both PV and CV to bounce back in FY '26.

**Praneeta Gupta:** But the result of the Q4 can we expect better than Q3 because Q3 has presented very weak, sir?

**Naveen Philip:** Yes, definitely.

**Praneeta Gupta:** Okay. And what would be the revenue guidance and how much percentage we can see as an improvement from this year, I mean I'm talking about FY '25 to FY '26?

**Naveen Philip:** In terms of revenue growth?

**Praneeta Gupta:** Yes, in terms of revenue growth and also in terms of profit because ultimately the profit comes into...

**Naveen Philip:** Sure. I mean we are expecting a revenue growth of about 20%, 25% in FY '26 over FY '25. In terms of profitability, we should be back on track of where we left over in FY '24.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. Naveen Philip for closing comments.

**Naveen Philip:** In conclusion, we are actively taking the right steps to achieve our long-term growth targets, ensuring our vision remains firmly on track. Thank you all for joining our earnings call today. We appreciate your participation and trust we have addressed all your queries. For any further questions, please feel free to reach out to Strategic Growth Advisors, our Investor Relations advisors. Thank you, and have a good day.

**Moderator:** On behalf of Popular Vehicles and Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.