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Date: 18th November, 2025

To,
BSE Limited (“BSE”),
Corporate Relationship Department,
2nd Floor, New Trading Ring,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

To,
**National Stock Exchange of India
Limited (“NSE”),**
“Exchange Plaza”, Plot No. C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051.

Scrip Code: 544144
ISIN: INE772T01024

NSE Code: PVSL
ISIN: INE772T01024

Dear Sir/Madam,

Sub: Transcript of the Investor Conference Call – Un-Audited Financial Results for the quarter and half year ended September 30, 2025.

Reference- Disclosure under Regulation 30- Schedule III- Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our intimation dated 03rd November, 2025, and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Investor Call held on Wednesday, 12th November, 2025 on the Un-audited Financial Results for the quarter and half year ended 30th September, 2025 is enclosed herewith.

The same is available on the Company’s website at www.popularmaruti.com

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,

For Popular Vehicles and Services Limited

Varun T.V.
Company Secretary & Compliance Officer
Membership No: A22044
Place: Kochi



“Popular Vehicles and Services Limited
Q2 and H1 FY '26 Earnings Conference Call”
November 12, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 12th November 2025 will prevail.



**MANAGEMENT: MR. NAVEEN PHILIP – MANAGING DIRECTOR AND
PROMOTER – POPULAR VEHICLES AND SERVICES
LIMITED
MR. RAJ NARAYAN – CHIEF EXECUTIVE OFFICER –
POPULAR VEHICLES AND SERVICES LIMITED
MR. ABRAHAM MAMMEN – GROUP CHIEF FINANCIAL
OFFICER – POPULAR VEHICLES AND SERVICES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Popular Vehicles and Services Limited Q2 and H1 FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not guarantee of future performance and involves 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Naveen Philip: Thank you. Good morning, everyone, and a very warm welcome to our Q2 and H1 FY '26 earnings call. Joining me today are Raj Narayan, our CEO of Popular Vehicles and Services; Mr. Abraham Mammen, the Group CFO; and other senior team members.

To begin with, we have shared during our Q1 update, we were evaluating an opportunity to expand our presence into the state of Telangana. I'm pleased to inform you that we have successfully completed this acquisition. Effective 15th October, we have acquired the authorized Maruti Suzuki dealership of R.K.S Motors Private Limited through a slump sale transaction.

The transaction value is approximately INR90-odd crores, excluding the inventory. This acquisition includes all operational assets of the dealership, excluding the land and building, which remain with the seller. This covers leasehold premises, plant, machinery, service tools, furnitures, digital and IT assets and other operational infrastructure.

On the people side, we have selectively onboarded 1,039 employees based on role requirements and cultural alignment. We believe this approach will ensure continuity of operations, service quality and a smooth customer experience. To support brand continuity during the transition phase, the outgoing dealer has also provided a limited non-exclusive royalty-free co-branding license for up to 36 months. The division would be called the Popular R.K.S.

This marks an important milestone in our strategic journey with Maruti Suzuki. The acquired dealership operates across 19 locations, including 27 authorized touchpoints covering Arena, NEXA, True Value, service, bodyshop, commercial driving schools and supporting back-end functions. This provides us with a strong and ready operational platform in the fast-growing Telangana market.

R.K.S has been a dealer for Maruti Suzuki for approximately 30-odd years. With this expansion, PVSL further strengthens its geographic footprint beyond Kerala and builds on the scale we have already established in Karnataka and Tamil Nadu and partly in Maharashtra. Most importantly, it reflects the continued trust and partnership we enjoy with Maruti Suzuki.

We see this as a long-term accretive opportunity that enhances our market presence and positions us for sustainable growth in the southern region. JLR faced a massive cyberattack from the end

of August, which paused the production and continuity in supply of spares for most of September and part of October, which impacted our business performance in Q2.

Similarly, we had also completed the acquisition of BharatBenz's dealership of Globe CV Private Limited in the state of Punjab through a slump sale. The total consideration for this transaction was approximately INR12 crores. The dealership operates 8 state-of-the-art facilities across key cities of Punjab.

Of these, 7 are integrated 3S outlets and one is a dedicated aftermarket spare parts facility, with a combined service capacity of approximately 37 bays. With this acquisition, Prabal Motors now become the exclusive dealer partner for BharatBenz in Punjab, significantly enhancing our sales and service reach in that region.

All these initiatives are in line with our strategic objective to diversify our geographic presence and reduce the revenue contribution from Kerala to below 50% by FY '27. Outside of these acquisitions, we have also continued to strengthen our presence in existing markets. We have received an LOI to set up NEXA workshop at Perumbavoor and Thodupuzha in Ernakulam and neighboring district.

This facility will have 2 dedicated service bays and 3 bodyshop bays, with an expected monthly throughput of approximately 500 vehicles. The investment for this workshop is estimated to be around INR2 crores and will operate in close alignment with NEXA Studios.

In addition, we have taken a step towards building a stronger digital and retail parts ecosystem by establishing an e-commerce platform for spare parts and accessories under the entity ZPAREX Digisolutions Private Limited, which has been formed as a step-down subsidiary under Popular Mega Motors Private Limited.

We expanded our operational footprint during the quarter with the commencement of operations at several new touchpoints. This includes the launch of Tata Commercial Vehicle service center in Calicut. During the quarter, Tata Motors also introduced ACE Pro, which has been gaining strong market traction and is expected to contribute an additional 15% to 25% in terms of volumes.

In line with our focus on strengthening aftermarket reach, we established a new spare parts retail outlets in Kollam and Pathanamthitta. Additionally, in the electric 2-wheeler segment, we enhanced our presence through Ather -- through its outlets across Maharashtra at Chandrapur, Kamptee, Nagpur and Waluj as well as in Chennai.

Lastly, during the quarter, we completed the divestment of the 2 subsidiaries, Kuttukaran Green Private Limited, which operated our Piaggio business and Vision Motors Private Limited, which operated our Honda business. This has enabled us to sharpen our portfolio focus and reallocate management bandwidth towards higher growth and higher synergy business.

Coming to the business overview. Q2 is seasonally a strong quarter for us, supported by the Onam festive period from mid-August to mid-September. We began the quarter with healthy inquiry levels and improved footfalls. Coming in with a strong order book from a muted Q1, we were expecting a meaningful pickup in the passenger vehicle volumes. However, during mid-

August, the discussions around a potential GST rate revision created a wait-and-watch approach among customers.

The rate cut was announced in early September and became effective at the end of the month. This led to postponement of purchases, particularly in the mass segment. As a result, passenger vehicle sales, excluding the luxury segment, declined on a year-on-year basis, though in August, particularly, we had a growth. Sequentially, both the volumes and revenue improved, reflecting the underlying demand momentum. This impact is primarily a timing shift rather than any deterioration in consumer sentiment.

The demand environment remains supportive. We expect the deferred purchases to flow through Q3, and we're already seeing signs of a pickup. Raj will probably quantify what we have been able to do in October. Notably, the Arena portfolio, which had been relatively subdued for the last 2-3 years is showing renewed traction. Demand trends in premium hatchbacks and SUVs also continue to be encouraging.

Having said that, Q2 also marked our strongest quarterly performance in terms of volumes over the last 6 to 8 quarters. This was achieved despite the absence of Honda volumes for 1 month during the quarter. In fact, our volumes in Q2 surpassed the quarterly averages of FY '23, FY '24, reflecting the scale benefits of our diversified and network expansion. Coming to the inventory side. To cater to the improving demand environment, we carried a higher inventory during the quarter.

Inventory levels have come down in June, but festive stocking led to an increase thereafter. This was a deliberate buildup for August and September during the festival season. We expect inventory levels to normalize gradually through the remainder of Q3, which I think by the end of October, Raj will give a view. I think we are below approximately 30, 35 days of inventory. On the cess front, we are still awaiting the final clarity from the government, writ petition has been filed in the Supreme Court by the Federation of Automobile Dealers Association.

However, we have taken a provision of INR3.6 crores for compensation sales for the amount lying in the electronic credit ledger during this quarter. This includes approximately INR2.5 crores on PVSL books and about INR1.2 crores on the subsidiary books. And this has been accounted for under other expenditure at the group level. If we adjust for this provision, our EBITDA degrowth of 16% would reduce to around 10% and our EBITDA margin would stand at around 3.5% compared to reported 3.2%. We believe this was a prudent step in the current environment to remain aligned with the potential outcomes.

We have an additional exposure of approximately INR3.6 crores for the vehicles in transit at the end of the Q3 and not reflecting in ECL balances. Future growth prospects. As part of our growth strategy, we continue to expand the business growth organically and through strategic acquisitions. On the organic front, we have been strengthening our network across categories and in new regions. On the inorganic side, we have completed 2 acquisitions in the first half of FY '26, one in commercial vehicles and one in passenger vehicles.

We are also evaluating opportunities to add another luxury dealership brand. To support this, we have proposed incorporation of a new step-down subsidiary under the wholly owned subsidiary Popular Mega Motors India Limited.

These initiatives are aimed at further strengthening our portfolio and expanding our geographic presence. Alongside this, we are working to diversify our revenue streams. The first step in this direction has been the incorporation of a new step-down subsidiary under Popular Mega Motors for developing an e-commerce platform for spare parts and accessories.

The thought process here is straightforward. This is a high-volume, high-margin segment where customer purchasing behavior is increasingly shifted towards digital channels. We intend to leverage our multi-brand portfolio, starting with parts for Maruti Suzuki, Tata Motors, BharatBenz and Ather and over time, we expand to product range that include other OEMs where we have relevant scale. This will allow us to build a stable recurring revenue line that is less cyclical compared to vehicle sales. Looking ahead, the economic environment remains supportive, aided by GST rate reductions and improving consumer sentiment.

We expect a sustained recovery in demand across key segments with the momentum from our recent acquisitions, continued network expansion and disciplined operational execution. We believe that, we are well positioned to deliver a much stronger performance in the coming quarters and close FY '26 on a positive growth trajectory. Thank you, and handing over to our CFO to present the other details.

Abraham Mammen:

Thank you, Naveen, and good morning, everyone. I will take you all through the company's operational and financial performance for the quarter and the first half of FY'26. Before I start, please note that the Honda and Piaggio volume and revenue was till August '25 only, so financial year '26 quarter 2 represents only through 2 months of these OEMs. The key highlights for the quarter in passenger vehicles. New vehicle volumes stood at 8,498 units, up 48% quarter-on-quarter from 5,736 units in quarter 1 of FY '26.

Total income from this segment stood at INR664 crores, up 37% from INR484 crores in quarter 1 of '26. Service volume stood at 1,86,503 units, down 7% quarter-on-quarter from 1,99,807 in quarter 1 of FY '26. Total income from the segment stood at INR149 crores, down 3% from INR154 crores in quarter 1 of FY '26. Quarter 2 being a festive season quarter witnessed higher volume momentum versus quarter 1. The full impact on sales was moderated as some customers deferred purchases after the GST rate cut announcement and Honda volumes not represented for 1 month.

The luxury segment continues to perform well and is trending upwards. The Service segment remained subdued. Overall service volumes were impacted during the quarter. However, the impact on revenue was relatively low. This was because high-value services such as collision and repair continued to maintain a steady volume.

Moving to the commercial vehicles. New vehicle volumes stood at 2,797 units, up 13% quarter-on-quarter from 2,478 units in quarter 1 of FY '26. Total income from the segment stood at INR452 crores, up 6% from INR425 crores in quarter 1 of FY '26. From the -- services volume stood at 50,469 units, up 10% quarter-on-quarter from 45,786 in quarter 1 of FY '26. Total

income from the segment stood at INR87 crores, up 20% from INR73 crores in quarter 1 of FY '26.

The growth in volumes was supported by improving demand environment, addition & the integration of the Punjab operations. The EV segment. New vehicle volume stood at 1,717 units, up 30% quarter-on-quarter, from 1,318 units in quarter 1 of FY '26. Total income from the segment stood at INR28 crores, up 14% from INR25 crores in quarter 1 of FY '26. Services volumes stood at 9,940 units, up 20% quarter-on-quarter from 8,258 units in quarter 1 of FY '26.

Total income from the segment stood at INR2 crores, a flattish quarter-on-quarter. We continued the strong momentum in quarter 2, showing overall year-on-year growth, reflecting increasing penetration and structural shift towards electrification. The EV 2-wheeler penetration is increasing and Ather is gaining market share, enabling us to grow our volumes. Services volumes increased strongly. However, realizations remained flat.

Now moving to the financial performance. Our total income for the quarter stood at INR1,534.6 crores, up 16.6% quarter-on-quarter from INR1,316 crores in quarter 1 of FY '26 and up 1.1% year-on-year from INR1,518.3 crores in quarter 2 of FY '25. Impairment losses reduced to INR1.7 crores from INR3.4 crores in quarter 1 FY '26, driven by lower debtor provisions and improved collections during this quarter.

Employee costs increased during the quarter, primarily due to the integration of the Punjab operations. EBITDA stood at INR49.4 crores, up 29.1% quarter-on-quarter from INR38.3 crores in quarter 1 of FY '26 and down 16.5% year-on-year from INR59.2 crores in quarter 2 of FY '25.

EBITDA margin stands at 3.2% for quarter 2 FY '26. The other expenses, includes a cess provision of INR3.5 crores in quarter 2 of FY '26. The adjusted EBITDA comes at INR53 crores in quarter 2 of FY '26, up 38.5% quarter-on-quarter and down 10.4% year-on-year. Adjusted EBITDA margin stands at 3.5% for quarter 2 of FY '26. An exceptional gain of INR15.3 crores was recorded on account of the divestments.

There was a PAT of INR0.6 crores versus loss of INR8.8 crores in quarter 1 FY '26 and PAT of INR7.6 crores in quarter 2 of FY '25. The half year of FY '26 financial performance. Our total income stood at INR2,850.5 crores, up 1.2% year-on-year from INR2,816.7 crores in H1 of FY '25. EBITDA was at INR87.7 crores versus INR111.2 crores in H1 of FY '25, a decrease of 21.1% year-on-year. EBITDA margin stands at 3.1% for H1 of FY '26.

Adjusted EBITDA comes at INR91.3 crores in H1 of FY '26, down 17.8%. Adjusted margin stands at 3.2% for H1 FY '26. There was a loss of INR8.2 crores versus PAT of INR30 (Errata: Actual number to be read as INR13) crores in H1 of FY '25. On the other updates, Popular Mega Motors India Private Limited, company's wholly owned subsidiary is certified as a Great Place to Work.

The credit ratings update, CARE Ratings Limited have upgraded the rating awarded to the subsidiary company, Popular Autoworks Private Limited for the long-term bank facilities from CARE BBB+; STABLE to CARE A-; STABLE on the outstanding of INR2.5 crores and have

also upgraded the rating for long-term / short-term bank facilities from CARE BBB+; STABLE/CARE A2 to CARE A-; Stable/CARE A2+.

CRISIL Limited has reaffirmed the ratings awarded to the company as a long-term rating at CRISIL A/Stable and the short-term rating at CRISIL A1 on the outstandings. Awards and recognition, Popular Mega Motors India Private Limited, company's wholly owned subsidiary received multiple accolades from Tata Motors for the South India region for H1 FY '26.

Highest ACE PRO Sales – Winner: recognizing exceptional performance and leadership in ACE PRO sales. Customer Success Center – Winner: awarded for outstanding customer engagement, service excellence and commitment to enhancing customer satisfaction. Highest SCV EV Sales – Winner: conferred on Popular Mega Motors - Chennai for remarkable sales growth and leadership in SCV EV category.

The state-wise revenue breakup for quarter 2 of FY '26 is Kerala at 59%, Tamil Nadu 25%, Karnataka 11%, Maharashtra 5%, and Punjab at 1%. That's it from my side. Now, I would like to open the floor for questions and answers.

- Moderator:** The first question is from the line of Preet from InCred Asset Management Company.
- Preet:** As you mentioned in FY '25 revenue of the acquisition, what kind of EBITDA margin we expect from this acquisition? Will it go in a ramp-up stage or it is already -- if it was already running, at what kind of margin it was running?
- Abraham Mammen:** Sorry, Preet, could you just repeat the question, please?
- Naveen Philip:** It's on EBITDA margins of the Hyderabad acquisition.
- Preet:** Telangana as well as BharatBenz acquisition.
- Naveen Philip:** Okay. Both the acquisitions.
- Abraham Mammen:** So, on the acquisitions that we did in the Telangana region, they were working at close to around INR8 crores in terms of the profit that they ended in the previous years. We currently, with the acquisitions that we've actually done at this point of time, we've only started around the 15th of October.
- The first year that we are actually looking at the operate -- because of the preoperative expenses that we actually have, we are expecting this -- the first year to have kind of a negative in terms of the margins that we will have, but we are -- we will actually try to breakeven towards the first quarter of the next year.
- Preet:** It was on BharatBenz or both the acquisitions?
- Naveen Philip:** No. This is on Telangana.
- Abraham Mammen:** On the R.K.S. acquisition that we are talking about and on the Punjab operations that we are having, we've had low margins in terms of the first half - in the August and September months. But towards the end of the year, we are expecting the BharatBenz operations to actually

breakeven or minimal - very low in terms of the profitability there. So we will probably be breakeven or close to breakeven in BharatBenz business in Punjab.

Preet: Okay. So what I understand is for BharatBenz, we would be close to breakeven. And for R.K.S Motors, we would be at loss for this year, and we will be breakeven by next financial year, first quarter. Is my understanding correct?

Abraham Mammen: Yes.

Naveen Philip: Yes, right.

Abraham Mammen: Yes. Yes.

Naveen Philip: Just to give a color on both, the BharatBenz dealership, when we acquired it, it has been a profitably running dealership for the whole of last 2 years. August and September, because of the floods of Punjab, there was a little bit of a slowdown, but we're assuming that the second half -- I mean, October onwards it would be good. We have started averaging, I think, about 50, 60 vehicles in terms of sales, which is a larger number.

In terms of the Telangana acquisition, I think in September, they did about 350-odd vehicles, 300-odd vehicles. We're expecting by the year end, we should be touching about 500 vehicles by March itself and hoping to turn around things. As Abraham mentioned, only the preoperative expenses we have incurred during September, October during the acquisition will be the negative part of it.

Preet: Apart from this, if you can give some insight on Service business, it was not growing as expected. Like if I'm not wrong, you have given the guidance of 12% or 15% kind of growth in the Service business. But for the first half, we are seeing almost flattish numbers. So do we -- are we changing any guidance on the Service business? Or do we expect it to ramp up in the next 2 quarters?

Naveen Philip: So in the next 2 quarters, Raj can probably add color to it. Raj, do you want to add some numbers on it in terms of Q3, Q4?

Raj Narayan: So one good thing that has happened is that the overall retail numbers have also started going up. In terms of our Q1, we were on a growth. And if you look at August, September, again, there was a little bit of a slowdown. And then October also, we are going on a high growth, in excess of 50%. So that will bring in a lot more vehicles, free service and all in the coming months.

We have -- even more heartening thing, that's what I'd like to add on a point here is that the ASPs have grown by 12% in service for Maruti business, while the overall volumes have de-grown. That's because I think in the last call, we had mentioned that we had a strategic tie-up with the consulting company, Accenture, who works closely with us to enhance both our sales retail conversion as well as in terms of the service revenues.

So we had a lot of programs running on the revenue per car, largely on the labor per car where we get about closer to an 8% margin and the spare per car also where the margins are in the

range of about 17% to 18%. So that with the volumes coming in on the revenue front, it will be a good growth. But on the retail front, Q3 versus Q3 should be slightly closer to 4% to 5%.

Abraham Mammen: So, Preet, just to add on to the margin part, the half year that we look at in the quarter 1 as we had lower in terms of the gross margins when compared to the quarter 2. And with the efforts that we are doing in terms of the revenue per car and looking at different parameters, there has definitely been an improvement and our gross margin in the second quarter of the year has been higher than the first quarter.

So we are trending at close to around 59% on an average, which was actually close to around 56% in the first half of the year. So we are seeing improvements on those aspects. And also we're focusing on the volumes part to see how the volumes can actually add on to the margin so that we could see a better second half of the year.

Preet: Another thing on impairment loss. If I'm not wrong, last quarter, you told that we have booked around INR3 crores, INR3.5 crores of impairment loss. And we have told that we may see the reversal in this impairment loss. But for this quarter also, we see an impairment loss of INR1.7 crores. If you could just brief about what this loss exactly is? And will it be a sustainable loss of INR1 crores and INR1.5 crores?

Abraham Mammen: Okay. So this impairment loss is basically coming because of the ECL provisions that we do. We had an impairment loss last time of around INR3.7 (Errata: Actual number to be read as Rs 3.4) crores. There has been improvement in terms of the collections that has happened in this particular quarter. There has been reversal come consequent to it and the provisions that we are doing for the bad debt, according to the estimated credit loss has come through.

So if you see, it has come down to INR1.7 crores. There has also been an increase in debtors in this particular quarter because of it being a seasonal business and our increased volume. But having said that, there is -- we are not expecting any increase. There is additional focus in terms of the collection and more focus in terms of the aged collection so that we get benefits out of it.

Preet: And on the cess, it is mentioned that INR3.6 crores of provision we added. Do we have any clarity from the government? Are we able to recover that back or...?

Naveen Philip: So, there is no clarity from the government. In fact, the OEMs also speaking to the government because the total cess impact across India on the cess ECL ledger is about INR2,500 crores for all dealers put together. So the government has asked for a dialogue with the OEMs to see how this can be compensated partly through the OEMs also, I think.

What the association has done is they filed a writ petition, quite confident that the case would be in the favor of the dealerships because even in the past, even when VAT was there and specific states had cess collected, and when the cess was removed, this amount was credited back by the government through a High Court order. So we're hoping that, that would take into effect. But as a prudent measure, after speaking to the auditors, we have decided to take the hit right now on the P&L account.

Preet: And if you can mention something on tax, why was tax higher for this quarter?

- Abraham Mammen:** Okay. So basically, whatever was available on the ECL ledger as on 30th September is what we provided for. So what happened is that there were certain vehicles that were on stock and transit as on end of 30th September. So the balance of 30th September did not reflect the stock and transit amount. So whatever has come in the month of October -- sorry?
- Naveen Philip:** I think the question was on tax, I thought.
- Abraham Mammen:** This was on the ECL, right?
- Preet:** No. No. It was on tax. I can see that figure, the INR11 crores of PBT and same has been paid for the tax -- provision for tax. So I just wanted to have understanding why the tax is so higher in this quarter?
- Abraham Mammen:** Okay. So basically, the tax is on the higher side because...
- Naveen Philip:** Abraham, we lost you.
- Moderator:** Just a moment. Ladies and gentlemen, the management line has been disconnected. Please hold while we get them reconnected. Ladies and gentlemen, thank you for being on hold. The management line has been reconnected. Thank you, over to you.
- Abraham Mammen:** Okay. So Preet, on the tax part of it, the tax is coming because of the profits that are made in the subsidiaries. We have close to around INR18 crores in terms of the profits that are provision that -- tax provisions that we have there, and it is set off against the deferred tax asset that we have for the loss-making units of PVSL and KCPL, that's close to around INR7 crores, if I remember right. So that's the reason we are actually seeing INR11 crores there.
- Naveen Philip:** But having said that, I think we've also spoken to the auditors to see if there is any way that we can look at tax in a different angle. And hopefully, in Q3 or Q4, we'll get some benefits out of that.
- Preet:** Sir, last question on the guidance. If you can give -- last quarter, you have given the guidance on three things. If you can give the guidance for the full year on the same. First was the service business. What kind of growth we assume as compared to FY '25?
- Second on the EBITDA margin, if I'm not wrong, you have mentioned that you will be doing around 4%, 4.5% EBITDA margin for this and maybe 5% for the next fiscal year. Now post the acquisition because you are saying that it could be breakeven or at the loss, what kind of EBITDA margin we can see -- reported EBITDA margin we can see for this year and for the next year?
- Naveen Philip:** Yes. So next year 5%, first, we stand back. The servicing in terms of volume growth, we should probably be at around 2% to 3% for the whole year in terms of volume growth, I mean, outside of the acquisition. So acquisition also should drive probably about -- approximately about 40,000 vehicles in terms of service, in terms of Maruti. So which would -- on a base of the 5 lakh, 5.5 lakh, 6 lakh vehicles that we do, that will be closer to about 4% growth from there.

So other than the growth that we see from the businesses that we're already existing in. So 3% from the current businesses and probably about 4% from the acquisition. So about 7% or 8% is what we do in terms of volume growth. But in terms of revenue growth, we are already at, I think, about 3%. We will tend to do higher than that over the next 2 quarters.

Preet: So it will be like -- if I heard it correctly, it was 3% organic volume growth, 4% inorganic, and on revenue front, we will be at the similar lines?

Naveen Philip: Yes.

Preet: And on the EBITDA margin, what kind of EBITDA margin are we planning for this fiscal year?

Naveen Philip: Yes. EBITDA margins, I think we should be able to do about 4.2%, 4.3% from the current 3.5% margins that we are at.

Preet: 4.2%, 4.3% except -- keeping aside the inorganic part, right?

Naveen Philip: Keeping aside the inorganic part.

Preet: Okay. And lastly, on the debt, last quarter, we mentioned that we can see a significant reduction in the debt. But this quarter, that was a little higher as compared to FY '25. So if you can mention on FY '26 closing basis, will the debt be higher than FY '25 or it will be lower or it will be in the similar line?

Naveen Philip: No, FY '26 closing debt would be lower because, as I said, for the festive season, we had built up stock, but the GST announcement came as a complete surprise to us. So our festive season in Kerala didn't go too well. But if you look at it in terms of from October onwards, I think, Raj, can you tell us what was the October closing?

Moderator: Ladies and gentlemen, the management line has been disconnected. Please hold while we get them reconnected. Ladies and gentlemen, thank you for being on hold. The management line has been reconnected. Thank you, and over to you.

Raj Narayan: Are we audible now?

Moderator: Yes, sir, you're audible. Please go ahead.

Raj Narayan: Okay. So I was talking about the stock. We were holding a stock base of about 75 to 85 during the earlier part of Q1 and also the first month of Q2. However, we've been able to bring it down drastically, and we brought it down to almost 34 days in October. One is in terms of the increased retail, which really contributed.

So this has also resulted in a reduction of our interest cost by almost half. So -- and our overall ability to earn the OEM incentives also increased and the discount will also come down. So multiple impact is happening because otherwise, we were throughout from the H2 of last...

Naveen Philip: I think we have lost him again. I'll just continue. Throughout last year and the beginning of this year, we've been carrying higher stock. We started correcting in April, May. We had bought it down.

And in July, August, because of the festive, we had picked up a bit of stock. But by September end, we were down to about approximately 45, 47 days. And October end, we are down to about 33 days. This is for the Maruti. The rest of the businesses are anyway at the lower level, except for BharatBenz. But all businesses put together, we would be down to about under 30 days of stock by October, November.

Preet: And do we need to take any debt for this acquisition? Like we have only -- we have acquired around 9 to...

Moderator: Sorry to interrupt, Preet, sorry to interrupt. Due to time concern, we need to move further to the next question.

Naveen Philip: Yes, you can just mail us also. We'll be happy to send all the details.

Moderator: The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited.

Jyoti Singh: So sir, basically, I wanted to understand like the cess thing, when it will go into resolve because of that, it is getting impacted. And another thing, what impact will be the -- on the Punjab and Telangana acquisition? I think you already explained a little bit on that. And also wanted to understand the -- on the premium car side, how is the demand outlook going forward? Because in this quarter, a lot of demand traction was there because of the festive season.

But what kind of demand we are seeing going forward basically on the luxury cars? And how are the luxury car trend like JLR shaping up? And do you expect further share gain in the premium segment? So largely, I wanted to -- your view on the luxury car segment.

Naveen Philip: Okay. On the cess side, I already explained on the call. The cess is actually -- it is right now in the Supreme Court. The government is also having dialogues with the OEMs. We don't know where that will end up with.

But since this is a very large amount, I'm thinking that it could be a very favorable decision because it's INR2,500 crores, some of the dealers would actually be wiped out with this sort of impact. Nobody has taken this impact onto the books right now, most of the dealers.

We have taken a provision, and we have decided to take the hit on our P&L. There's also the fact that GST has not removed the ECL ledger balances as of now since the Supreme Court case is pending. So I think it will be favorable by the -- I don't know how long it will take.

Hopefully, by the end of the year, in which case, we would be able to revise the provisions of the INR7-odd crores that we have taken a hit on over Q2 and Q3. In terms of the Telangana and Punjab, I've already described the growth.

And luxury cars, you asked me whether there's been an effect of the GST reductions. Actually, luxury car is the one that has had the least impact in terms of the reductions because earlier, the GST, including cess component was about 50%. And today, it would stand around 40% without the cess component.

The luxury car market is not that price elastic as the small car or the sub 15 lakh market. So the impact of cess and the reduction based on that has been not too much. We at JLR, we have taken our Q3, that is September and early part of October -- I mean, part of October has been not too good because of the cyberattack that happened in JLR.

And hence, supply of spare parts, vehicles, all that was impacted to a large extent. Going forward, they have given us a guidance that November, December would be decent numbers and Jan, Feb, March should be back to regular deliveries.

In terms of growth of the luxury market, this year would be very muted. We don't see much of a growth of the overall luxury market. JLR, we would have a growth because Q1 and Q2 were very strong for us in terms of JLR.

But overall luxury market, we don't see too much of a growth for this year, FY '26. FY '27, for us, we would see a growth because by December second week or third week, we would be opening up our Nagpur facility. And hopefully, we would be able to acquire a new brand by the end of December.

Jyoti Singh: And sir, just like I was not asking on the GST side. So for the Punjab and Telangana, I was asking that how is the premium industry currently doing and you very well mentioned on that side. So similarly, I wanted to understand like are we there on the region of Bihar side, Patna side and if we are -- because I'm new to the company. So I wanted to understand how is the market over there? And are we planning to enter in those markets?

Naveen Philip: I didn't get -- in which markets are you asking? Which are the markets you were asking?

Jyoti Singh: Bihar and Patna region.

Naveen Philip: No, no. So as of now, we don't have plans to enter into those markets. We had plans of consolidating the Southern region, Maharashtra, and we said we will be there in and around NCR, and that's how we have been growing. So we have now presence in 6 states, Kerala, Tamil Nadu, Karnataka, Telangana, Maharashtra and now Punjab. We'll consolidate this over the next 1 year or so.

And there's one more acquisition that, as we said, in terms of the luxury car brand. So with that, we would be done with our acquisition for the next 12 to 18 months unless some really good opportunity comes up as such.

Jyoti Singh: And sir, what kind of margin profile are we expecting from this digital spare parts business versus the physical retail model?

Naveen Philip: We are not -- so in terms of margins today, the gross margins of the spare parts is about 18%. Our end of year in terms of EBITDA margins is in the -- is approximately 7% to 8%. We are looking at -- not in the first 2 years, but over the next -- over a 3- to 5-year period, we are expecting a higher EBITDA margin than the physical thing because we don't need physical stores, the costs associated with that, manpower, etcetera, in the digital model.

And more on the platform side, we had -- in fact, the reason why we got into, we had actually invested in the business long back, and we had exited that business, which was into the e-commerce solution of spare parts, and we have seen how that business has grown. And I think that business was later taken over by a company called Schaeffler. So we've seen the growth. Since we have been in the spare parts business for the last 5, 6 decades, we thought that this is the right time to make a pitch into that.

Jyoti Singh: And sir, one last question. What is your medium-term target for the service to sales ratio and margin contribution from this service and repair business? And are we targeting to increase it further?

Naveen Philip: Yes. So service to sales ratio, we are at about 15x to 20x in terms of number of vehicles sold to number of vehicles that we service. We'll continue to grow that, both organically and inorganically. And the gross margins, as Abraham said, are inching upwards quarter-on-quarter, and we hope to get back the growth also into the service business.

Moderator: The next question is from the line of Gautham Madhavan from Fedex Securities.

Gautham Madhavan: Just a couple of questions from my side. Maruti on their call, I think, just gave some numbers of the festive season growth on a Y-o-Y basis, which is roughly around 50% from last year. I understand this quarter, we are not seeing that festive impact because of delayed purchases. But if you all can just guide at least in terms of where would we be looking one from an Onam standpoint and Diwali for other regions. On a Y-o-Y basis, what would that growth number be roughly?

And just the second question is on EV service. How do you view that business? Because even with volume growth, revenues are flat and it's a small number. Just wanted to understand how do you think about the EV servicing business specifically?

Naveen Philip: So the first question was on the growth. So as we said, August, we had a growth because it was a festive season starting 17th, though the Prime Minister announced on August 15th on the GST thing, we didn't see much of an impact in August. In fact, August, we grew by -- in the Maruti business, we grew by approximately, I think 20%, 25% over the previous year. It was September that was a let down because of the GST announcements and it saying that it will get implemented by the 22nd. But as Raj mentioned in his I think -- I don't know, Raj, are you back on the call?

No. So in October, we have had a growth of approximately 45%, 50% over the -- year-on-year on our Maruti business. This is in Kerala itself and Chennai also. Chennai, the growth was slightly lower, but the overall growth, we have grown by about 40% Y-o-Y. And November, we are seeing a similar traction in terms of growth. So we are looking at Q3 ending making up for Q1, Q2. And by the end of Q3, we should be at an overall growth for H1 plus Q3.

Gautham Madhavan: Naveen, and on the EV servicing?

Naveen Philip: Yes. So EV service, I don't know if you -- are you looking at passenger cars? Or are you looking at 2-wheelers? Which one are you looking at?

- Gautham Madhavan:** I'm looking at the service slide that you all have put out and the EV services, which you all have broken out as PV, CV and EV on the presentation, where I think the volume growth from Q1 to Q2 is roughly 20%, but revenues total income seems to be flat at INR2 crores.
- Naveen Philip:** So yes, for the Ather business, you're talking about because we don't do...
- Gautham Madhavan:** Yes, I am guessing.
- Naveen Philip:** So Ather, as you said -- so the volume growth has been there because we have opened up new centers I think. Once we started selling from those centers, those numbers, the vehicle services would start from a phase lag of approximately 4 to 6 months. So that will be seen in the Q4 and the succeeding year.
- Moderator:** The next question is from the line of Hitaindra Pradhan from Maximal Capital.
- Hitaindra Pradhan:** So sir, my question is regarding your like -- the volume sales outlook. So it's always GST and it is favoring as you highlighted being the tailwind. So what kind of growth that you anticipate for the full year? You mentioned that Q3 plus -- sorry, Q3 plus H1, you will be flat. But FY '26 and FY '27, if you can give us some color like what kind of pickup you are anticipating?
- Naveen Philip:** So FY '26 overall growth of our passenger car business would be about -- organic growth would be about 6%. We would end up approximately 6% growth because of the GST cuts, etcetera, with Q3 and Q4 being very strong. Add to that, the inorganic, we should be adding probably approximately 2,500 vehicles, which would give us another 6% to 7% growth. So we should end up the year with organic and inorganic combined with a double-digit growth in terms of volumes.
- Yes, so FY '27, we are hoping that we'll maintain that growth because the GST in terms of inquiries on the small car has been very strong. And this is something that we have had a degrowth over the past 4, 5 years in the markets that we operate in the small car, which included Alto, S-Presso, Celerio, etcetera. Looking at the inquiry levels, etcetera, we are looking at approximately a double-digit growth in year 2 in FY '27 also.
- Hitaindra Pradhan:** Sir, just 2 related questions to this. First, there has been discounting and there have been incentives and that has kind of compressed your gross margin on your new car sales. So when do you see that normalizing and recovering?
- Naveen Philip:** So that is yes -- so that has already started.... That already, yes, sorry.
- Raj Narayan:** The discount that we were putting from our hand from the dealer side in H2 of last year had gone up to about closer to INR14,000. And earlier part of this -- so H1, we've been able to bring it down to INR9,000. But in November, as we speak, it has come to about INR5,000, INR6,000. So it will further reduce because now the demand is much higher than the supply. You have reached that stage.
- The reason for the higher discounts was that our stock levels, like I was mentioning earlier, had touched about 75, 80 -- in excess of 75, 80 days in -- from H2 onwards of last year. So with discounts -- with the demand being much higher than the supply, the discounts will considerably come down. Plus the stock level, while coming down to about 34 days, we opened November

with -- 1st of November with about 34 days of stock. So that will also bring down the discount substantially.

Hitaindra Pradhan: So sir, FY '26 exit demand sustaining, can we anticipate that the discount will be gone and the gross margin will recover?

Raj Narayan: Yes, it will. Discount will -- the interest rates will come down.

Hitaindra Pradhan: Right. That is understood, sir. Sir, second associated question on this demand recovery is like your servicing sales or servicing volume has kind of stagnated this year, minus 3% and for H1, minus 7% for Q2. So assuming that this new car sales volume sales pick up, so when can we see the recovery, sir, in terms of your servicing volume side of your business? I mean, do we anticipate that FY '27 would be the year where you can see, again, the growth coming back to your servicing business?

Or there can be a lag, as you had mentioned earlier as well, like there is a warranty and there is an accident-related servicing, but somehow for some reason, the accident-related servicing has also kind of got impacted for our company. So assuming that the volume recovery kind of sustains and that picks up. So from the servicing side, when can we see the growth coming back? So is that FY '27 event, sir? Or we can -- that can happen earlier than that?

Raj Narayan: So as Naveen mentioned earlier, this full year, we are expecting to close the service volumes closer to about 2% to a max 3%. But as you rightly said, with the volumes coming in towards the second half of this year, next year, for example, you can see, when you -- while you must be very clear in terms of the national growth in volumes. For example, if you just take standalone October as a month, Maruti grew at about 17%, almost 18% on the Vahan registration in all India. But when it comes to Kerala, they've grown at about 36%. In Chennai, they've grown at about 54%.

And in Bangalore, they've got about 77%. So I'm saying the market that we are present right now has been showing high good growth. Even right now in November also, the inquiries are growing, the bookings are growing at about closer to 50% and the retail is growing closer to about 37%, 38%. So with that kind and then December generally is a very good month because Maruti has also announced all those earlier price cuts. The earlier price cuts of Maruti has also been announced only until December.

So there will be some bit of growth because of the urgency that people create in terms of buying it before, if at all, any price revision is happening in Jan. So all that put together, in FY'27, the growth should be much higher than what we are going to see in H2.

Hitaindra Pradhan: So FY'27 servicing volume-wise, can we anticipate double-digit growth?

Raj Narayan: Yes. We should be or closer to double digit for sure. Yes.

Moderator: The next question is from the line of Nilesh Doshi from Prospero Tree Asset Management LLP.

Nilesh Doshi: Sir, I had -- one is related to the future outlook. Sir, since the listing, the company...

Moderator: Sorry to interrupt, Nilesh. Your voice is cracking in between.

Naveen Philip: Yes, I can't hear him.

Moderator: Excuse me, Nilesh. Please rejoin the queue. As there was disconnection from this participant, we are moving on to the next question. The next question is from the line of Preet from InCred Asset Management.

Preet: I would like to ask about the discount, like you mentioned, it has reduced from INR12,000 to INR9,000. And now for the month of October, it has been -- it has come down to INR6,000. So what are the average levels and what kind of discounts that we have to give? So INR6,000 is a max or we can reduce it more than that?

Raj Narayan: Too early to talk about it. I think that will continue because we are also anticipating some bit of a supply constraint going forward because we were not having any waiting period. We were having full stock. But some models, there's been some bit of a waiting period happening, but that's about -- for example, if you talk about Fronx and Baleno Sigma, now they're talking about a 4 weeks kind of a waiting period. So all that, when you talk about this entire thing, it can come down a little bit more. Too early to quantify it.

Preet: Sir, last question on the side of profit at the PAT level. I just wanted to understand that I can see that in FY '24, we have done around INR70 crores, INR80 crores of PAT. When are we targeting to reach back to that level as per our internal estimates, maybe?

Naveen Philip: FY '27, we should be crossing that.

Moderator: As there are no further questions, I would now like to hand the conference over to management for closing comments. Over to you, sir.

Naveen Philip: Thank you all, and we appreciate your participation in our earnings call today. In summary, we are actively taking the right measures and remain fully committed to achieving our growth targets. Our long-term vision and goals continue to stay on course. We trust that we have addressed all your queries. Should you have 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.