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Date: 21<sup>st</sup> August, 2025

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

**Scrip Code: 544144**  
**ISIN: INE772T01024**

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

**NSE Code: PVSL**  
**ISIN: INE772T01024**

Dear Sir/Madam,

**Sub: Transcript of the Investor Conference Call – Un-Audited Financial Results for the quarter ended June 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 07<sup>th</sup> August, 2025, and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Investor Call held on Monday, 18<sup>th</sup> August, 2025 on the Un-audited Financial Results for the quarter ended 30<sup>th</sup> June, 2025 is enclosed herewith.

The same is available on the Company’s website at [www.popularmaruti.com](http://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  
Q1 FY26 Earnings Conference Call”  
August 18, 2025

**E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 18<sup>th</sup> August 2025 will prevail.**



**MANAGEMENT: MR. NAVEEN PHILIP – PROMOTER AND MANAGING  
DIRECTOR – 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 the Popular Vehicles and Services Limited Q1 FY '26 Earnings Conference Call. 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 of the company and it may 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 star then zero on your touchtone telephone. Please note this conference is being recorded. I will now hand the conference over to Mr. Naveen Philip, Promoter and Managing Director from Popular Vehicles and Services Limited for opening remarks. Thank you, and over to you, sir.

**Naveen Philip:**

Thank you. Good morning, everyone and a very warm welcome to our Q1 FY '26 earnings call. Joining me today are Mr. Raj Narayan, our CEO of PVSL and Abraham Mammen, Group CFO and other senior team members. The last 12 to 15 months have been challenging for the auto industry and particularly the small car scenario. Several external factors weighed on consumer sentiment and our own performance too was impacted by these headwinds.

This prompted us to look at our internal levers. Through effective cost control measures, we managed to improve our operating margins and reduce losses compared to Q4 of FY '25. As part of our broader strategy to build a more resilient business, we are continuously focusing on cost control initiatives, undertaking selective divestments and channelling resources towards high-growth opportunities.

Our revenue improved by ~2%, supported by strong performance of our EV and luxury portfolio. At the same time, we remain committed to our expansion journey. We are strengthening our presence in existing markets, while also entering new geographies in partnership with our OEMs.

To elaborate further, we have received an LOI to establish eight state-of-the-art 3S facilities in Punjab for Bharat Benz, making our entry into a new state as the exclusive Bharat Benz dealer across the entire region. This will be our third state for Bharat Benz operations. This represents significant steps in strengthening our footprint in North India, building on our strong presence in Maharashtra and Tamil Nadu with Bharat Benz.

The facilities are strategically located across 8 locations, housing 3S facilities with a total of 32 service bays, the facilities represent a cumulative investment of approximately INR12 crores. For Ather, we have received an LOI for Chennai -- in fact two LOIs for Chennai. The operations will be spread across two locations.

The service center will initially feature five bays with the capacity to service approximately 450 vehicles per month. Total investment for setting up these facilities is approximately INR75 lakhs, and we expect to commence operations by the first week of September. Maharashtra, we will be opening up -- the early LOI that we had for Maharashtra for Ather, we will be opening up two outlets by the end of this month.

We have also received LOIs for Bangalore, marking an entry into Karnataka, our fourth state with Ather in this growing network. The facilities will be spread across 2 locations, one dedicated to an experience center, the other accommodating the experience center, service center and warehouse.

The service center will feature five bays with the capacity to service approximately 500 vehicles per month. The total investment for setting up these facilities is estimated around INR1.2 crores. We expect operations to commence from second week of September. For Maruti, we continue to expand our operations in Bangalore.

Operations are expected to commence by the end of August this year in terms of True Value extended service, etc. All these initiatives are in line with our strategy to diversify and reduce our revenue contribution from Kerala to below 50%.

Coming to the business overview. FY '26 began with several uncertainties for the domestic passenger vehicle segment, with demand momentum remaining weak. Q1 is typically seasonally soft quarter for us, & both volumes and revenues declined. While we saw marginal uptick in April; May and June remain subdued.

Our PV business, excluding luxury, was also impacted by the prolonged slowdown with entry & small car segment under pressure. However, our luxury cars delivered robust growth. In CV, India saw a robust Y-o-Y growth driven by the early month deliveries, though there was muted infrastructure activity.

For us, CV volumes improved sequentially but remained lower than the corresponding period of last year. The EV 2-wheeler segment recorded strong Y-o-Y growth in Q1 FY '26, reflecting rising consumer adoption and structural shift towards electrification. Our 2-wheeler EV business also saw strong momentum with both volumes and revenue doubling year-on-year. Sequential growth was modest in line with the seasonal nature of Q1.

Ather's product continues to bring strong market acceptance and as indicated earlier, we are successfully expanding our network in alignment with their growth plans. In new vehicle business, sales volume growth remains subdued due to weaker demand in the mass market segment. However, our ASPs improved driven by a higher sales mix of premium and luxury vehicles as well as better realization in CVs.

The luxury portfolio posted healthy Y-o-Y growth in both volumes and realizations; however, sequentially declined as Q1 is seasonally weaker than Q4 in terms of volume pick-up. In pre-owned vehicle segment, we saw positive development, as volumes and realizations have increased. We saw more synergies between the new vehicles and pre-owned car sales.

In our service business, though volumes remained flat due to little bit of seasonality, we were able to capture a higher wallet share and improved our ASPs, especially in the CV and luxury vehicles. We remain optimistic about service volumes picking up going forward. As part of the festive season preparedness, there was a little ramp up of inventory, but in terms of overall inventory, which currently stands at 43 or 44 days and we expect this to taper down to upward 37 days by end of September.

We have implemented a discount control measures, which significantly reduced discount levels from the FY '25 peak. On employee cost, the savings achieved through cost control measures, have been strategically deployed towards expansion, annual increments and strengthening the frontline sales team for the next phase of growth.

In essence, these functions as an internal accrual, with these additional expenses being offset by the efficiencies generated through cost discipline, which would otherwise have added to cost and further pressured margins. Consequently, the net impact of these savings is not immediately visible.

That being said, we are consciously channelling resources towards their most effective use. To summarize, while Q1 is typically a seasonally slow quarter, we are encouraged by the early trends across segments. Luxury demand continues to grow, reflecting positive consumer sentiment in the premium category. Pre-festive footfalls have also been encouraging, giving us confidence ahead of the festive season.

Despite a tough environment, with the Indian economy expected to grow at a healthy pace and consumption likely to improve, we are continuing to execute our growth strategies, anticipating a demand recovery as we believe this is merely a prolonged slowdown and the long-term India growth remains intact.

We believe that as industry growth picks up, the investments made, and internal measures implemented over the last 12 to 15 months will enable us to deliver stronger performance going forward. With this, I would like to hand over the call to Abraham Mammen, our Group CFO, to update you on the financial performance for the quarter gone by. Thank you.

**Abraham Mammen:**

Thank you, Naveen, and good morning, everyone. I will take you all through the company's operational and financial performance for Q1 FY '26. In the new vehicle business, the company sold 9,532 new vehicles versus 9,676 in similar quarter previous year, showing a 1.5% year-on-year de-growth. The total income from new vehicles sold was INR932 crores, up 0.1% year-on-year from INR931 crores in Q1 of FY '25.

The average selling price increased by 1.6% from approximately INR962,000 to INR977,000. In new vehicle sales volume, passenger vehicle constituted 60%, commercial vehicles 26% and EV 14%. Moving on to the pre-owned business. The company sold approximately 2,575 vehicles versus 2,472 in a similar quarter previous year, showing a 4.2% year-on-year growth.

The total income from pre-owned vehicles sold was INR93 crores, up 10.2% from INR85 crores in Q1 of FY '25. The average selling price increased by 5.7% from approximately INR342,000 to INR362,000. In pre-owned car sales volume, passenger vehicles constituted 99% of the sales volume.

In services, company's services and repairs business did a volume of 253,851 vehicles vis-a-vis 254,358 in Q1 of FY '25, showing a 0.2% year-on-year de-growth. The total income from vehicle services and repairs business stood at INR227 crores, up 4.5% from INR217 crores in Q1 of FY '25.

The average selling price increased by 4.7% from INR8,534 to INR8,938. In services volume, passenger vehicle constituted 79%, commercial vehicles 18% and EV 3%. The company's spare parts distribution business clocked a total income of INR64 crores, up 1.8% year-on-year. Moving to the financial performance.

Our total income for the quarter stood at INR1,316 crores vis-a-vis INR1,298 crores in Q1 of FY '25, showing 1.3% year-on-year growth. EBITDA was INR38.3 crores versus INR52 crores in Q1 of FY '25, a decrease of 26.3% year-on-year. EBITDA margin stands at 2.9% for Q1 of FY '26.

There was a loss of INR8.8 crores versus PAT of INR5.4 crores in Q1 of FY '25. Despite weaker volumes and revenue, we were able to lower the losses from Q4 of FY '25. In the segmental performance, passenger vehicle revenue stood at INR724 crores versus INR734 crores in Q1 FY '25, a decrease of 1.3%.

Commercial vehicle revenue was INR497.3 crores versus INR479.9 crores in Q1 of FY '25, an increase of 3.6%. In EV, revenue was INR26.8 crores versus INR13.6 crores in Q1 FY '25, an increase of 97.7%. In other updates. Credit rating. CRISIL Ratings Limited have reaffirmed the rating awarded to the company, as the long-term rating at CRISIL A stable and the short-term rating at CRISIL A1 on the outstanding INR468 crores bank loan facilities of the company.

Popular Mega Motors India Limited, CRISIL Ratings Limited have reaffirmed the rating awarded to the company as the long-term rating at CRISIL A stable and the short-term rating at CRISIL A1 on the outstanding of INR235 crores bank loan facilities. Awards and recognition.

Popular Autoworks Private Limited, company's wholly owned subsidiary received the All-India 1<sup>st</sup> runner-up award for 'Retail of the Year 2024-2025' by JLR. Ranked number one in new bookings and new bookings growth across the JLR network in India. Popular Vehicles and Services Limited received the award for 'Dealer with the highest paid service to sales ratio' for NEXA by Maruti Suzuki.

Popular Mega Motors India Private Limited, company's wholly owned subsidiary received multiple accolades from Tata Motors. 'Best Customer Success Center for South India' for months of May and June. Spare parts 'Highest Volume Growth' FY '25 in South India. In the business vertical revenue breakup for Q1 FY '26, passenger vehicles, including luxury, is 55%; commercial vehicle contributes 38%; EV 2% and the spare parts distribution 5%.

State-wise revenue breakup for Q1 of FY '26. Kerala stands at 58%, Tamil Nadu 26%, Karnataka 11% and Maharashtra at 5%. That's it from my side. Now I would like to open the floor for question and answers.

**Moderator:**

Thank you. We will now begin the question and answer session. The first question comes from Preet with InCred AMC.

**Preet:**

My first question would be on the line of discount. How much was the discount in absolute terms for this quarter? And how much higher was it from previous levels like 1 or 2 years back levels?

- Raj Narayan:** Okay. On the Maruti side of the business, we've been able to bring down the discounts by almost 50% compared to Q4 of last year. On the Arena business, the average discount for the 3 months of Q4 was averaging around INR12,000, which we were able to bring down to about INR5,500 to INR6,000 range.
- Nexa was running around approximately INR15,000 per car. We've been able to bring that down to between INR7,500 to INR8,000 per car, Q1 over Q4. And Q4 over the past, say, a longer period, maybe 1 or 2 years, has been pretty high because last year, the discount has been increasing every quarter throughout the entire year. So we've been able to bring it down in Q1 of this year.
- Preet:** Will it be more better in coming quarters or this is the usual discount which you have to give?
- Raj Narayan:** So this quarter, it is Onam season where -- I mean, Maruti is also running a lot of offers from their side, whereby the dealers need not necessarily bring in -- put in a lot of discounts. So mostly, we should be able to hold it around there, maybe plus or minus INR500 per car.
- Preet:** Okay. Got it, sir. My next question would be on the line of debt. What are your outlook on debt? Are you planning for any debt reduction? And by when we can see reduction in debt, if any?
- Abraham Mammen:** Okay. So when we look at the debt position from the last year, our debt position has actually gone up because the previous year, we had the benefits in terms of the IPO funding. With the expansion plans that we've actually -- Naveen had mentioned, at this point, our debt is a little on the higher side, but we are expecting this to come down by Q3 of this year.
- Preet:** And if you can quantify by how much?
- Abraham Mammen:** We are currently at around INR540 crores in terms of the debt that we're looking at. We are trying to bring this down by at least 5% to 6% in terms of the numbers.
- Preet:** Okay. Got it, sir. And next question on the line of margin. How much more margin expansion we can see in coming quarters? And what would be the driver for this margin expansion? And as per your internal targets, when we will be back positive for the quarter?
- Naveen Philip:** Q2, I think with the announcement of the GST and all that, we're just going to evaluate how that would play out for the entire festival season for us in Kerala. The remaining areas would be subdued itself. So Q2, unless we get clarity on that, it will be tough to estimate in terms of how the margins will play out in Q2. But Q3 and Q4, we expect a very high growth with the GST norms coming into play and hence, the effect on margins also coming.
- Naveen Philip:** The expansion into some of the new locations might have been subdued, but we will still be better off from the Q2 and Q1 EBITDA margins.
- Preet:** Sorry, but sir, I was not able to hear you properly. What I can interpret is you told that we will be better off from Q1 in coming quarters. Am I correct?

- Naveen Philip:** In Q3 and Q4. Q2, we are not estimating it because of the GST announcements that have been made. And hence, we don't know what the effect will be. So we'll have to wait and watch how that would play out over the next 10 to 15 days.
- Preet:** Okay. Got it. And on inventory days, if you can mention, how much was the inventory day as of June or the current...
- Raj Narayan:** As of June, we were able to bring down the overall inventory by about approximately 500 numbers, which translates to about 3, 3.5 days. So as we speak, the overall inventory is in the range of about 45, 46 days.
- Preet:** So is it usual business level case, right?
- Raj Narayan:** Yes, with the festive season coming -- just started yesterday. So we expect increase in the purchase of the customer plus generally, with the festive season starting off in the rest of the country from October onwards, the dispatches to Kerala and all will be much lower, which -- so hopefully, we should be able to bring down the inventories to under.... Naveen mentioned 37 days earlier in his speech, so about 37, 38 days by September 30.
- Moderator:** The next question comes from Amit Agicha with HG Hawa & CO.
- Amit Agicha:** Sir, this is in continuation to the previous participant's question like about debt. Like what is the blended cost of debt, current average rate of interest of borrowings?
- Abraham Mammen:** See, current blended average in terms of the debt that we have is close to around 8%, 8.2% is the blended average that we're looking at. And that is primarily because of the higher interest rates in the subsidiaries that we have, but this is expected to come down to below 8% in this quarter because of the lower rates that the RBI has come back with.
- Amit Agicha:** Sir, can you speak something about the competition intensity also like all the 4 states where you are belonging in Kerala, Tamil Nadu, Karnataka, Maharashtra?
- Abraham Mammen:** Sorry, I didn't get your question. Could you please repeat?
- Amit Agicha:** The competition intensity?
- Naveen Philip:** So if you look at our expansion -- if you look at -- so if you look at each of it specifically, so Ather does not have dealers within the Maharashtra areas that we have expanded to, 1 or 2 dealers per se in the Nagpur to Aurangabad area. In terms of Jaguar Land Rover, where we would be opening up by November or so, we would be the sole dealer in that area, in the 14 district that we're comprising with centered out of Nagpur.
- Bharat Benz in Punjab, we are the sole dealer. So intensity across brands would be very different. Maruti in Karnataka, in Arena, we would be having about 9 dealers in Arena. But Bangalore market per se is -- in terms of numbers would be as large as the Kerala market, which also has the same number of dealers, but many more outlets per se.
- Amit Agicha:** And sir, does the company plan to enter into new business verticals like leasing or digital platform or used car financing? Are these sectors being explored?



- Naveen Philip:** So we are exploring. We are constantly exploring where all we can expand in terms of not just within the dealerships, but outside of dealership thing, as you had mentioned in terms of used car or used CV financing. We're evaluating those options. We have not taken a decision yet.
- Amit Agicha:** Sir, last question, can you share your 5-year vision?
- Naveen Philip:** So in terms of -- as we mentioned earlier and when we went for the IPO also, we said that we would like to double ourselves every 3.5 to 4 years so that we have a CAGR of at least approximately about 18% to 20%. So that going forward, we continue to keep that as the vision. So today, we are at around INR5,600 crores turnover.
- So within 4 years, we should be able to double that at about INR11,000 crores turnover. But then this keeping EBITDA margins, our FY '24 EBITDA margins of approximately 5%, having a delta increase on the EBITDA margin to closer to 6%.
- Moderator:** The next question comes from Shirish Pardeshi with Motilal Oswal.
- Shirish Pardeshi:** So I think I have a few questions. Starting from the GST, obviously, we don't have a clarity at this time. But in your conversation with the OEMs, what will happen? I mean there are three things. One is the current inventory. Hopefully, the GST rate will get revised downwards. So what will happen to the existing inventory then? And given this event is going to happen in the next 45, 50 days, do you think the discounting will continue to -- at the elevated level?
- Naveen Philip:** Shirish, it's too early for us to say because none of the OEMs have come back with clarity on any of these. But if you look at it in terms of schemes, for example, what Maruti has schemes for most of the smaller car segment is in the region of about INR45,000 to INR50,000 in terms of schemes for the festival season in Kerala.
- If you look at -- if there's a GST reduction of, say, from 28% to 18%, that's about 10% on an average ASP of about 5.5% in the Arena sector, which is about INR50,000, which would probably be lower in terms of flow-through to about INR40,000, INR45,000. I would assume that the net savings to the consumer would be in the region of about INR5,000 to INR7,000 less of schemes, etc. But it's too early to say. In terms of inventory and how to go forward with it, I think most of the OEMs will wait for clarity from the government before deciding on how to tackle the inventory.
- Shirish Pardeshi:** Okay. My second question, if we go back when GST was implemented in 2017-'18, initially, we had a lot of -- so the question here is that if there is a clarity, do you think the customer will prepone or postpone its purchase because if discounting is not going to go up? So I'm just talking about consumer behavior. Is there any inquiry?
- Is there anything you can pick up from 2017 experience, how the consumer behavior changes? And second, given Kerala, do you think any particular segment of SUV or you can say that the hatchback will show a higher momentum because of the tax relief?
- Naveen Philip:** Yes. So that's what we are saying. If you look into H2 numbers, and that's the statement that I made earlier, in terms of -- if the GST is implemented and there's a drop in GST and etc, H2

numbers, given the fact that there's a 10% drop or whatever that percentage drop that will be there, I mean, the smaller cars should have a positive impact.

This should be combined with the fact that the interest rates are also getting lower, which is starting to have effect now. So I think combine that, I think H2 should be a very robust H2. In terms of the consumer sentiment as of today, since our -- I mean, the Kerala festival season is on, the inquiries, the bookings, etc, are still on track right now.

**Shirish Pardeshi:** Okay. No, I just wanted to confirm my thesis because Arena segment has been struggling last 2, 3 years. So if this material change happens, do you think Arena will become again positive in second half and going forward?

**Naveen Philip:** That's our viewpoint also.

**Shirish Pardeshi:** Okay. My second question is on the margins. You have been saying that there is a margin lever, but I think we are around 1.5% to 2.2%, 2.9% segment. What are the margin levers you have going forward? Because if the volume picks up, obviously, that is one tailwind, you will have operating leverage. But beyond that, what are the costs which you think will be under control and we will see the margin expansion?

**Raj Narayan:** So, we have started consultation with an outside entity. We did some surveys and we started something on increasing the revenue per car in service. And as of July end, we were -- compared to Q1, we were able to show traction in terms of per car revenue and that traction is continuing in this month also. Plus, we have also done some cost restructuring on the employee side, which we mentioned in the earlier call also, some of these are the main levers, plus we intend to increase our body shop revenue also.

**Naveen Philip:** One is in terms of service margin expansion. And to add, as we have mentioned that with the ASP of the cars going up and the NEXA, Arena mix also shifting towards NEXA, that would have a margin impact also going forward.

**Shirish Pardeshi:** Okay. Just last question. We have, at this time, 64 showrooms. If I look at next 3 to 4 quarters, what are the showrooms we have in pipeline? And what is the number we are looking at the end of FY '26 and maybe mid-'27?

**Naveen Philip:** So across, as we said, in terms of expansion, Bharat Benz, Tata Motors, Ather, Jaguar Land Rover, all of them we would be expanding in a similar manner what we have expanded in the last 3 years plus over and above that in terms of acquisitions. So to put an exact number would be tough, but the guidance that we have said that we would double our turnover in the next -- within that 3, 4 years, that continues. So accordingly, both the showroom and the service station count would increase.

**Moderator:** The next question comes from Nilesh Doshi with AMC Asset Management.

**Nilesh Doshi:** Okay. Sir, we are the dealer of the vehicle for Maruti, JLR, Bharat Benz, Tata Motor, etc. So particularly, we are selling the product of the other OEM and the other dealers are also selling the product of the same OEM. So, what difference Popular is doing better than other dealers? And is there any area Popular succeed to gain the market share?

**Raj Narayan:** So we are strengthening our frontline manpower. I mean I'll break it into two, three critical actions that we've initiated, right, in terms of -- we've gone back to the basics in Q1 and started retraining the people in terms of the sales pitch. Second thing, our overall lead management system, we completely restructured it across May and June and effectively July functioning where the inquiry being passed on to one executive.

For example, a walk-in inquiry or a digital inquiry, which all comes this side. It is not created by that executive, so to whom do we allocate. That was happening parallelly by the immediate supervisor. So we brought a scientific thing in terms of the past inquiry to retail conversion, how much is his self-generated inquiries versus the inquiry that the company has given. We brought in a mix and we started that.

So that is beginning to show some traction in terms of absolute numbers. We have also looked at our entire manpower placement down to the level of talukas and smaller towns to check what is the industry size there and what is our manpower strength there. And we realized that in some of those smaller talukas, our manpower strength was also low, where the size of the business is high. So that we have done. I'm just giving you two, three examples. So we see Q1, there's a lot of effort has gone into some of these very micro granular detailing as well as corrections of basics, which should help us bring this up.

**Naveen Philip:** And it's more than that in terms of the differentiating factor across all the segments that we operate, be it passenger cars, luxury cars, EVs, commercial vehicles is in terms of the service that we provide and the accessibility to service. And there, we score above most dealers and we continue to strengthen that area per se and which is the driving force for the sales also and increasing market share across all segments.

**Raj Narayan:** And also a lot of automation to improve our efficiencies. Nilesh, when you called me last about a month back, I was explaining about the automated test drive module, and you said you like it because you had an issue with -- when you wanted to buy Grand Vitara in Bombay or some other area. So all that actually bring in those efficiencies, whereby the percentage of conversion from an inquiry will improve pretty strongly.

**Nilesh Doshi:** So, the result of the action will be seen from the next or by the year-end. Is it possible?

**Naveen Philip:** Yes.

**Nilesh Doshi:** Okay. And see, we have main two business segments. One is the vehicle sale and other is the service business. The vehicle sales revenue is higher, but the EBITDA contribution is comparatively lower than the service business, but the large capex or opex are involved in the vehicle sale business, and it is contributing less at the PBT level.

Particularly currently because there is an interest cost component also because of the higher inventory we have to maintain. So what is the reason right now? Is it -- is there any feeling that it is changing and it will start at least one-third of the EBITDA of the total EBITDA from the vehicle sale? Is it possible?

**Abraham Mammen:** So will it be contributing to one-third of the total sales? The investment that we do in sales and services, sales is much higher. Will it contribute to one-third?

- Naveen Philip:** Nilesh, actually, in terms of service, the number of service stations that we open up are far higher than the number of showrooms that we open up and even when we acquire other businesses. So actual investments in service business is actually larger than the sales business per se.
- Nilesh Doshi:** But in vehicle sales, we have to maintain the certain inventory and which block our working capital. And so we require -- there is -- an interest component is also there, but showroom is lavish. We have to appoint some high-paid salaried person. So I think the opex is higher in the showroom maintenance as well as the -- require the large capex, but the contribution from the showroom is lesser in the EBITDA of the total overall EBITDA. So can we expect at least out of the total EBITDA, one-third comes from the showroom business?
- Abraham Mammen:** So basically, Nilesh, the way we look at it is that if we don't have a sales center, then getting our services out of that particular location would actually be very difficult to do -- to get into a new market. So it has to be a mix of both. So when we look at it, we look at it collectively to see whether the sales and the service center can together contribute to the total.
- If you look at isolation, Nilesh, it might be a little difficult. But yes, we are looking at those parameters to see how much of volume can we generate from that sales unit being there, what is my investment, what is my cost, what is my inventory that I put in and how much more vehicles that I can add to make it actually more profitable and breakeven faster.
- Nilesh Doshi:** We have exited from the Honda as well as the Piaggio and adding -- expanding for the...
- Naveen Philip:** Expanding the...
- Nilesh Doshi:** Because we have -- only the PV segment is the Maruti. Earlier, there was a Honda, though the Honda was not performing at the India level also. And so we rightly exited from the Honda. Is there any plan to add any other OEM or we are satisfied with the Maruti and we are expanding the network of the Maruti? Is it like that or we are focusing more in the CV segment and expanding the Bharat Benz business?
- Naveen Philip:** No. So we have given guidance that we would expand with all the current OEMs that we have. With Maruti, definitely, we have expansion plans. And other than that, in the PV segment, we are also expanding with Jaguar Land Rover, which is why we are opening up Nagpur and we're also in discussions with them to see if any other state is available for us to open up our operation. We would also be looking at other luxury brands also.
- Moderator:** The next question comes from Preet with InCred AMC.
- Preet:** I would like to ask about the gross margin. Like you have mentioned that almost we are at par with the discount levels. Plus we can see that in the current quarter or past 2, 3 quarters, we have grown a good amount in service and sales business. Why are our gross margins less than the usual margins which we were having? Like we were used to have 14%, 15%, 16% the gross margin. And for the current quarter, it is just 13.8% something?
- Abraham Mammen:** Sorry, could you repeat the question, please?

- Preet:** Asking about the gross margin like 15%, 16% blended gross margins, which has come down to 13.4%, 13.5% despite better product mix like we have more contribution from service business this quarter and also discount has come back to the previous levels. Then why our gross margins...
- Naveen Philip:** So actually, the gross margins are about 14.7%, 14.6%, where we have had a major drop in gross margins is in terms of Piaggio where it has gone down from 18% to about 14%. So there's a huge drop there. Whereas in terms of most of the -- be it Maruti, the gross margins are still about 18.7%. So the PAWL and PMMIL, Tata is still around 9.8%, Bharat Benz is around 12%. The spares remain approximately around 12%.
- So it's only in Piaggio and there has been some drop in terms of the JLR gross margins because of the product mix that we have. And the fact that the higher in terms of overall share -- I mean, ASPs in terms of JLR, the drop in prices and the gross margins. Yes. So rest of it remains steady and the overall gross margins at the group level, we are around 14.6%, 14.7%.
- Preet:** And you will be continuing to have the same kind of margin or will it grow?
- Naveen Philip:** No, it should go up further because we have -- also there is a movement out of Piaggio. We should have some increase in margin there and plus Q2, Q3, Q4 in terms of JLR margin and the rest of it should be increasing. And if there's any positive coming out of the GST thing, that should add to it...
- Preet:** Next question on the line of sale of Honda and Piaggio business. What kind of amount we received from sale of this? And will we be using it for another acquisition, which we are planning? And also on the acquisition upfront, if you can tell what kind of acquisition are we targeting? And when can we expect the acquisition?
- Naveen Philip:** So our acquisition, I mean, what we had predicted is slow -- I mean, in terms of there has been a delay in the acquisition front. But hopefully, that should end -- I mean, be done with Q2. In terms of Honda and Piaggio exit, we are expecting approximately INR70 crores to flow into the company. And yes, that would be used not just for acquisition, but for any expansion.
- Preet:** It will be -- all the INR70 crores will be used for expansion and not for the debt reduction. Am I right?
- Abraham Mammen:** It could be a combination of whatever it is. So at that point of time, we will look at it. So it could be a combination of a new acquisition, expansion or the debt reduction that we really do.
- Preet:** And when can we expect this sale to occur and money to receive?
- Abraham Mammen:** We should be...
- Naveen Philip:** We expect by end of this month.
- Preet:** By end of this month?
- Naveen Philip:** Yes.

- Abraham Mammen:** Yes.
- Preet:** Okay. And on acquisition upfront, you mentioned something which I missed. Can you repeat what kind of acquisition are we planning? And when can we expect?
- Naveen Philip:** We're hoping that by Q2, we should be able to close out one or two acquisitions per se. We are looking at it in the state of Telangana as of now.
- Moderator:** The next question comes from Ashish Raut with DC Securities. Please go ahead.
- Ashish Raut:** So, I have a couple of questions. So, the first question on how has our Kerala markets performed in terms of the new vehicle growth from Q4 FY '25 to Q1 FY '26? And have you seen any erosion in the market share there?
- Raj Narayan:** So, you're asking about the overall Kerala industry, right?
- Ashish Raut:** Yes.
- Raj Narayan:** All OEMs put together, right?
- Ashish Raut:** No. So in terms of our market share.
- Raj Narayan:** Okay. Our market share sequentially, quarter-on-quarter, we've been more or less on par. We have neither gained nor lost in Kerala...
- Naveen Philip:** In PVSL...
- Raj Narayan:** In Maruti side of the business. In Chennai, we've been able to grow by about 0.4%, 0.5%. We've been able to grow in this quarter.
- Naveen Philip:** In across the businesses, both in terms of -- in Kerala, if you look at the other businesses, both Tata Motors and Ather, we've been able to grow our market share in the areas that we operate.
- Raj Narayan:** Even JLR has gone up.
- Naveen Philip:** No, he specifically asked about Kerala market business. And yes, in Karnataka, our JLR market share has also gone up by about 2, 3 percentage points.
- Ashish Raut:** Okay. And one book-keeping question. What is the impairment loss as it has increased by around INR3 crores?
- Abraham Mammen:** So this is more in terms of a provision that we've actually created in the books, and we are in the process of actually collecting those outstanding. So we may probably get a benefit of this in the next quarter that we have. The collection process in terms of debtors, we've started a rigorous process of collection. So we're hoping that this impairment that we've created in the books for the Q1, we will get a reversal. The benefit should come through in Q2.
- Moderator:** The next question comes from the line of Preet with InCred AMC.

- Preet:** Sir, you have mentioned about your vision for like 4, 5 years that you have to grow revenue by 3, 3.5x and making EBITDA margin to be around 6%. If you can give some guidance on short term ex of acquisition, which we are planning, like what kind of top line are we expecting and margin are we expecting in FY '26 and FY '27?
- Naveen Philip:** FY '26, I'm saying -- keeping the acquisitions and the expansion aside, we would probably -- with the H2 being stronger, we will be closer to the FY '25 group margins about 4%, 4.5% in terms of EBITDA. And if you look at FY '27, we are expecting our EBITDA margins to go back to about 5% in terms of EBITDA.
- Preet:** Sir, what did you mention about FY '26, can you repeat?
- Naveen Philip:** FY '26, I'm keeping the new acquisitions because we don't know when that will happen. But if you leave aside the new acquisition, the EBITDA margins would be closer to FY '25, which would be about 4% to 4.5%.
- 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:** Thank you all for participating in our earnings call today. We are taking decisive steps to remain steadfast in our commitment to achieving our growth ambitions with our long-term vision firmly on track. We trust that we have addressed all your queries. Should you have any further queries, please free to reach out to Strategic Growth Advisors, our Investor Relations adviser. Thank you.
- Moderator:** Thank you. On behalf of Popular Vehicles and Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.