PPAP Automotive Limited
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18th August, 2025

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Symbol: 532934

The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051
Symbol: PPAP

Subject: Transcript of earning conference call for the quarter ended 30th June 2025.

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 enclosing herewith transcript of earnings conference call held on Monday, 11th August 2025 to discuss financial results for the quarter ended 30th June 2025.

The transcripts are also available on Company's website at:

https://www.ppapco.in/financials#conference_call_transcript

This is for your information and record.

Thanking you,

Yours faithfully,
For **PPAP Automotive Limited**

PANKHURI AGARWAL

Digitally signed by PANKHURI AGARWAL
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Date: 2025.08.18 16:37:00 +05'30'

Pankhuri Agarwal
Company Secretary & Compliance Officer

"PPAP Automotive Limited Q1FY26 Earnings Conference Call"

August 11, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th August 2025 will prevail."

MANAGEMENT: MR. ABHISHEK JAIN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. SACHIN JAIN – CHIEF FINANCIAL OFFICER
STRATEGIC GROWTH ADVISORS- INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to the PPAP Automotive Limited Earnings Call for Q1 FY '26.

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 the 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 participants' 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Jain – Managing Director and CEO of PPAP Automotive Limited. Thank you and over to you, sir.

Abhishek Jain: Yes, thank you very much. A very good morning to everyone. I extend a very warm welcome to all the participants joining us on this call.

I am also joined today by Mr. Sachin Jain – the CFO of the Company, along with our Investor Relations Advisors, Strategic Growth Advisors.

I hope all of you have had a chance to look at our Results and Investor Presentation which are available on the Stock Exchanges as well as on our website.

I would like to start today with the industry highlights:

India's Automobile industry registered an overall sales decline of 5.1% in Quarter 1 of Financial Year '26. Passenger vehicle volume fell by 1.4% year-on-year, and 2-wheeler sales contracted by 6.2%, while 3-wheelers inched up by 0.1%. Commercial vehicle sales were marginally down 5.6%(wrongly said kindly read it as 0.6%).

Looking ahead, SIAM maintains a cautiously optimistic outlook for Q2, supported by expectations of a normal monsoon, festive season demand, and accommodative monetary policy. However, supply constraints on rare earth magnets from China remain a key risk factor to monitor for the sector.

Now let me take you through the operational highlights for our Company during Quarter 1:

We began the financial year on a strong strategic footing by securing lifetime orders worth Rs. 86 crores, including Rs. 11 crores from EV programs.

These wins underscore the continued trust of our OEM partners and our growing traction in the EV space. With these additions, our lifetime order book now stands at Rs. 3,439 crores, providing healthy revenue visibility. The newly secured orders will be executed over the next 3 to 5 years. That said, Quarter 1 is typically a seasonally soft quarter for us.

Consolidated revenue from operations declined by 4.9% year-on-year to Rs. 116.6 crores, primarily on account of subdued demand and deferment of project launches by key OEMs. Capacity utilization in the Parts business stood at 62%, reflecting lower volumes and irregular order inflows from major customers.

Despite these near-term challenges, we expect a gradual recovery from Q2, supported by improved execution and ramp-up of recently secured orders as well as new models. We are optimistic that we are on track to deliver our stated guidance for Financial Year '26.

Automotive Parts business remains our primary growth engine, with a strategic focus on enhancing content per vehicle, introducing higher-value-added products, and expanding our customer base. We continue to engage for new business opportunities with all the OEM manufacturers, underscoring our deep-rooted relationships and robust presence across both ICE and EV sectors.

In our Aftermarket business under Elpis, we maintained a healthy momentum with 1,275 SKUs, supported by both offline and online sales channels. The revenues from this business increased by 27% year-on-year in Quarter 1.Our focus remains on expanding the domestic network and growing exports, targeting 10% revenue share overall by Financial Year '27.

Our Commercial Toolroom business under Meraki Precision Tool Engineering is on track with a strong order pipeline across automotive and non-automotive customers, supported by capacity-enhancing plans to 150 molds per year. The order book showed a healthy increase of 30% year-on-year in Q1.

Our Industrial Product Division business is being rebranded as Avinya Industrial Products. The focus continues in leveraging our plastic and rubber extrusion capabilities as well as plastic injection molding capabilities for diversified industrial applications. The sales were almost similar to the same quarter last year. However, this year, this division should do twice as much as business done last year.

Our Battery business under Avinya Batteries continues to advance its repositioning towards storage solutions, following the strategic shift from mobility applications last year. While market adoption remains gradual, the division is making steady operational progress, engaging with marquee customers, and laying the groundwork for scaling in the upcoming quarters.

We remain confident that our new business initiatives will gain strong traction this year, helping to de-risk our portfolio from sector-specific fluctuations. We are energized about the opportunities ahead and look forward to delivering a successful year.

Thank you very much for your time and engagement. We can now open the session for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jigar Shah from Elevate. Please go ahead.

Jigar Shah: Hi, good morning, sir. Just a couple of questions from my side. So, were there any supply chain challenges faced during the quarter and also the subdued margins were mainly due to lower capacity utilization or higher material costs? And additionally, how do you view the stability of raw material prices in coming quarters?

Abhishek Jain: Yes, thank you very much for your question. There were no supply chain challenges during this quarter from our side, things have been quite smooth. Raw material prices have been stable and they are getting on the lower side as well. We are improving our utilization all. So, material utilization percentage is also getting better. The margins that you see here are primarily because of lower capacity utilization and lower sales. If you look at the profile margin, the profile is getting better operationally. But only because of drop in sales, where the bottom line is subdued.

Jigar Shah: Okay, understood, sir. Sir, secondly, with Q1 starting on a lighter note, so what gives us confidence of achieving Rs. 600 crores revenue guidance for FY '26?

Abhishek Jain: Like I said, Q1 typically is the slowest quarter for us, and we already are sitting on 11th of August today. And whatever sales we have seen in July and August and not only from the Automotive side, but from all the business side, I think we are on track to achieve that guidance. One more important factor is that there were a couple of new models that production was supposed to start in this Quarter 1, which has gotten delayed, which is delayed by the customer, not by us. We are ready for it. So as soon as these models start picking up their committed volume and the time when it's supposed to start, we will again come on track for the guidance.

Jigar Shah: Understood, sir. Understood. Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Rajiv Saraf from Saraf Broking. Please go ahead.

Rajiv Saraf: Sir, given the current demand environment, how do you see the Domestic Auto sector performing over the next 2 quarters in terms of volumes, new model launches and customer off-take? And how does this outlook support your confidence in achieving the FY '26 revenue and margin guidance?

Abhishek Jain: Yes. Thank you very much, Rajiv ji, for that question. As I said in my opening address, I think there are a little bit of challenges for the entire Automotive industry for overall growth. For this year, I think it's quite a challenging environment and we have to wait for how things will pan out from the demand perspective. Your second part was about the new launches and all that. So like I have been saying in all the previous conferences as well, we are closely monitoring the trends which are following the industry. And as you know, SUVs are getting very popular, Tata and Mahindra are gaining market share. And EVs also are going to play an important role in the coming future. So our strategy of getting new business is completely aligned with all these market trends. Unfortunately, some projects have gotten delayed. They were either the customer was not able to make that many cars when it comes to EVs, because of all these rare earth problems and approvals which are happening now. And some projects which were supposed to start SUV for the ICE part, they have gotten delayed by 3 months, which was supposed to start somewhere around end of Quarter 2. So, all these things put together, I think we are on the right footing. Whatever best we can do, we are doing, getting all the business based on the latest market trends.

Rajiv Saraf: Okay. One more follow-up question. So, margins came under pressure in this quarter alongside weaker top-line performance. How should we look at margins trending in the coming quarters?

Abhishek Jain: Well, as I said… Yes, Sachin ji, you want to take that?

Sachin Jain: Yes, Yes. So, on the margin side, if you see our margin is primarily dropped due to the subdued sales. And we are quite positive for the rest of nine months that we will be able to achieve the sales which we have planned for the rest of the quarter. So definitely, we are again back into the double-digit margin side on the standalone basis also and the consolidated basis also.

Rajiv Saraf: Okay, okay. Yes, that's it from my side. Thank you, sir.

Moderator: Thank you. The next question is from the line of Rajvi Shah from Bright Securities. Please go ahead.

Rajvi Shah: Hi, sir. Thank you for the opportunity. I just had few questions. The first one is, could you share the segment-wise breakup of the order book along with the anticipated revenue conversion around the next 4 to 5 years?

Abhishek Jain: So you are asking about the segment-wise order book breakup?

Rajvi Shah: Yes, sir.

Sachin Jain: Yes, in the con call itself, we have informed that from the Automotive side, we have the order book of Rs. 3,439 crores. So it is to be executed across 3 to 5 years, based on the model life. And beyond that, the Tooling side, we have the order book of, as of now, around Rs. 30 crores. So that is to be executed over 1.5 years. And we will also keep on adding more orders in the rest of the 9 months. If you talk about Aftermarket, so Aftermarket side, you see, it is more sale to the dealer in that segment. So you have the recurring order in that segment. So we have also grown by around 27% in the Quarter 1 itself.

Rajvi Shah: Okay. And additionally, sir, who are the 3 top customers and what proportion of the order book would they represent?

Sachin Jain: So again, currently, our top 3 customer is Maruti along with SMG. And now Tata is our, again, the second biggest customer. And third is currently Honda. And if you talk about the order book, so order book side also, it is in the same way. Because currently, Maruti holds up more than 50% share in the car industry. And all the models which are coming, going to be come up in next 3 to 4 years, for which RFQ has been floated or LOI has been issued. So order book is also like that only.

Rajvi Shah: Okay, sir. And sir, my next question was like in Q1, consolidated revenue declined by 5% y-o-y, and the capacity utilization in the Automotive Part business to that roughly 62%. So could you elaborate on the key factors driving this softness?

Sachin Jain: So majorly because of the subdued demand from the customer side and shifting of the certain SOPs, which were due in the Q1 itself. So that resulted to the lower capacity utilization in Quarter 1

Rajvi Shah: Okay. And also, what is your near-term visibility on order schedules and production volumes? And how do you expect capacity utilization to trend in the coming quarters?

Sachin Jain: For the Automotive side?

Rajvi Shah: Yes, sir.

Sachin Jain: Yes. So as already suggested by Mr. Abhishek Jain in the previous call also, so there are certain SOPs also due in the Q2, which were shifted in the Q2, which were due initially in the Q1. And based on the current order book in our hands, so there would be definitely a pick in our capacity utilization also in Q2 and Q3 and Q4, based on that.

Rajvi Shah: Okay. Okay. Understood. That was helpful. Thank you.

Moderator: Thank you. The next question is from the line of Navin Saraogi, an individual investor. Please go ahead.

Navin Saraogi: Yes. Thank you very much for this opportunity. Sir, I have 2 questions for 2 different segments. One is about your Battery segment. So going by your presentation, I understand we are expecting some turnaround in this year. And there is an improvement of margin as well in the Battery segment. So this turnaround very much intact in this year or this can be deferred considering the kind of concerns you have just said that this year will be very challenging and all that.

Abhishek Jain: Saraogi ji, the challenge what is there is on the Automotive industry. In Battery Business, we are basically doing energy storage solution, that has nothing to do with Mobility segment. That said, the turnaround that we are talking about is very much happening now. What we have done is, earlier we were engaging with lot of different customers, getting small, small trial orders from them, and keeping ourselves very busy in developing products and then very low volume of business happening. Then we pivoted this whole thing from mobility to storage solution. Now we have also pivoted, we are not going to get to do business with a lot of customers. We are keeping a very tight focus on our customer base. 5-6 customers are there, promising customers, which are big players in the industry, and we are continuously engaging with them. And we have had positive feedback from them. So, this month, I think will be very crucial for this Battery business. This month we should be able to sign a few contracts, which will put this Battery business on path to recovery. And hopefully, this year we should come out of the concerns for this business.

Navin Saraogi: Great to hear this. And I understand you, this BSS segment is very buzzed vertical currently in Automotive business. Just one thing, do we have any ambitious target? Like if we are expecting that there is a turnaround in this year, so how we position ourselves down the line, let's say in 2 - 5 years. If someone is taking a very long-term bet on your Company, particular to this segment, BSS segment, Battery Energy Storage segment. So, what is at least our vision for this vertical for the next 4-5 years?

Abhishek Jain: Saraogi, because this vertical has been in pain for the last 2-3 years, so we are not setting ourselves a target till the time we have recovery in this business, and we become at least zero-loss making division. So, right now we are not setting a target for ourselves what to do. First, we have to make sure that this business becomes stable, and is not detrimental to the financial interests of the Company. After that, once we have confidence in this business, then we will take a call about what has to be done on the long-term basis. Right now, we are not planning to do any investment in this Company. Whatever investments are already done, we want to make sure that they are utilized to the maximum cost, and then look at the business and then start thinking about investment. So, as of now, there is no target for us on long-term basis. So, we are not planning to do any capital investment or something in this business right now. Whatever investments have been done, we want to utilize those investments first, and then stabilize and then think about expanding.

Navin Saraogi: Yes, fair enough. And one more thing about our Aftermarket segment, ELPIS. So see there are 2 channels, PPAP is using. One is through OEM route, right, where we are sending Aftersales products to directly the original equipment manufacturer. Another approach is online approach, where we have our own ELPIS along with Amazon, Flipkart, et cetera, right. I think this segment is also kind of stagnant. If I see your last 3- 4 quarters number, going by your presentation. So do we have any plan of making some expenditure on promotional activity or some kind of sales expenditure to expand or to increase our access into this Online segment?

Abhishek Jain: See, the segments which you are talking about. First of all, this After-market division of ours, they focus on 3 different kinds of products. One is Body Parts and Spare Parts; second is Consumables; and third is Accessories. So all 3 of them have different product range, which are different from the OEM customers. We make our tools and everything by ourselves and we supply it to the after-market. Online sales channel is basically used for the accessories part. And we do a lot of digital marketing and Google ads, everything we are doing to promote sales over there. The first 2 segments, the Body Parts and the Consumables, this is basically an offline channel in which we have a system of distributors across the country. Today also we have around 150 active distributors and we continuously engage with them. Just last month, we did our distributor meet wherein we called the top 35 distributors to Delhi, and we showed them all the manufacturing facilities here in North, and then we engaged with them about what is the vision for this Company, what is their concern, and how we should work together as partners in the business instead of having a short-term relationship. So, lot of things are happening there as well, and this in the Quarter 1, compared to the previous year, we have already grown this business by 27%. So, every year there is growth happening and we are quite positive about it now. We already have a team of around 40 people, including the sales people on the ground and on the office to organize, and in the warehouse to manage the operations and all, and we are planning to increase those numbers by around 60 people by the end of this year. So, gradually we are increasing our power for this business.

Navin Saraogi: Okay, thank you so much for all the response. Thank you.

Moderator: Thank you. The next question is from the line of Pooja Mehta from JK Securities. Please go ahead.

Pooja Mehta: Hi sir, good morning. Just 1 question from my end as of now. So just wanted to view or outlook, given the current global and geopolitical uncertainty, how do you view the Export business for the industrial product? Just wanted like your view on the same.

Abhishek Jain: Well Pooja, I think your concerns are very profound. We are engaging with all the customers, especially for the U.S. market. One customer of ours, they have kind of delayed their decision by another 3-4 months due to this tariff war. They are also waiting to see what is the final tariff that is going to happen. It is obviously going to affect the export plan for the Industrial Product business. But certain customers are continuing as of now, but we don't know what is going to be the situation. It is, I think, very difficult for anyone to make any prediction of how export is going to pan out this year.

Pooja Mehta: Understood, sir. In case of any further questions, I will come back. I will get back in the queue now. Thanks.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Abhishek Jain for his closing remarks.

Abhishek Jain: Yes, thank you very much. Financial Year '26 has begun with strong strategic wins and a healthy order book, even as Quarter 1 reflected near-term revenue moderation amid a subdued industry environment. We expect the coming quarters to gain momentum, supported by new product program launches, enhanced execution and a gradual recovery for the Automotive sector.

Thank you all for joining us today. We hope we were able to address your questions effectively. In case you have any further queries or clarifications, please feel free to reach out to us or to our investor relations advisor, Strategic Growth Advisors. Thank you very much, everyone.

Moderator: Thank you.

Sachin Jain: Thank you.

Moderator: Thank you, sir. Thank you. On behalf of PPAP Automotive Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.