



“PPAP Automotive Limited Q2 FY‘26 Earnings Conference Call”

November 14, 2025

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**MANAGEMENT: MR. ABHISHEK JAIN – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER
MR. SACHIN JAIN – CHIEF FINANCIAL OFFICER
SGA – INVESTOR RELATIONS ADVISOR**

Moderator:

Ladies and gentlemen, good day, and welcome to the PPAP Automotive Limited Earnings Conference Call for Q2 and H1 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 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 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:

Thank you very much, Bhoomika, and good afternoon to everyone. I extend a very warm welcome to all the participants joining us on this call. I'm joined today by Mr. Sachin Jain, our CFO; and with our Investor Relations advisors, Strategic Growth Advisors. Our earnings presentation has been uploaded on our website and on the stock exchanges, and I hope everybody has had a chance to go through the same.

Before we move to the detailed performance, I would like to begin with a brief overview of the industry landscape during the quarter and then take you through the key highlights of our operational and financial performance for quarter 2 and the first half of financial year '26.

The Indian automobile industry remained subdued through most of quarter 2 with a gradual recovery visible only towards the end of the quarter. Demand remained uneven across segments impacted by the shifting of OEM production schedules, high inventory levels and cautious retail sentiment in the early part of the quarter and also because of the proposed GST reforms, which were slated to be introduced by the end of September.

Passenger vehicle sales remained slightly lower year-on-year. 2-wheelers witnessed moderate growth driven by rural demand and better affordability, while 3-wheeler and commercial vehicles continued to see healthy traction, particularly from exports and freight movement.

Against this muted backdrop, our consolidated revenue from operations stood at INR253.6 crores in first half of financial year '26, down by 5.2% year-on-year basis, primarily due to subdued offtake from key automotive customers and the shifting of the production startups for certain new programs, which led to a temporary volume softness and delay in project ramp-ups by key OEMs.

Capacity utilization in the part business stood at 65% in the first half of financial year '26 and the tool business capacity utilization stood at 85%. The lithium-ion battery pack facility, however, operated at just 5% of the capacity utilization.

Our consolidated EBITDA stood at INR22 crores in the first half, which is down 21.9% year-on-year, primarily due to the lower utilization of assets, leading to under-absorption of fixed costs resulting from the decline in production volumes.

At the consolidated PAT level, we reported a loss of INR2.3 crores for the first half. This was largely due to the lower operating leverage of the entire business and a loss of INR2.1 crores attributed by the battery business itself as initial discussions with prospective marquee customers got delayed and will materialize in Q3 instead of Q2, leading to lower sales in quarter 2.

On the order book front, during the quarter, we secured lifetime orders worth INR621 crores, taking the new order book inflow for the first half of financial year '26 to INR707 crores, which includes INR16 crores from the EV programs. These wins reaffirm our growing capabilities in both ICE engine and electric vehicle segments. With these additions, our lifetime order book now stands at INR4,171 crores, providing long-term revenue visibility.

During the quarter, we have also commenced supplies for new vehicles launched by our marquee customers in the market like Tata Altroz, Maruti Victoris, and Vinfast VF6. These model -- start of supplies of these models will further diversify our offerings and strengthen our partnership with key OEMs.

As we move into the second half of the year, the automotive industry outlook appears more positive, supported by the festive demand, improving rural sentiment and the impact of GST 2.0 and monetary easing measures. With consumer confidence gradually improving, the sector is expected to witness a steady pickup in demand through the rest of the year.

The improvement in capacity utilization levels due to start-up of new projects like Tata Sierra, Renault Duster, Maruti Suzuki e Vitara is expected to improve the overall financial performance of the company.

Our Aftermarket business under the Elpis brand is continuing the growth momentum. With 133 active distribution partners and a product offering of 1,269 products, the business grew 37% year-on-year in quarter 2.

Going forward, we will be increasing our product offering in the areas of spare parts, service parts as well as accessories and improving our distribution outreach to continue our journey for growth. We are quite hopeful that this division will contribute about 10% of the consolidated revenues in the next 2 years.

Our Commercial Tool Room business under Meraki brand continues to build a robust order pipeline across both automotive and nonautomotive segments. This division has already received orders for 106 molds till quarter 2. The order book as on today is of 138 molds worth INR30 crores.

This division is on track to achieve a growth of 20% plus this year. It is operating at a capacity utilization of 85% and is expected to continue the trend for the remaining of the year as well. For better governance as well as financial discipline, this division will start operating as an

independent company by the name of Meraki Precision Tool Engineering Limited from quarter 4 onwards.

Our Industrial Products division is leveraging the company's core competencies in plastic and rubber extrusion technologies to diversify into nonautomotive applications. This year, this division is expected to grow multifold compared to the previous year, backed by strong traction from domestic as well as export markets.

Our battery division under Avinya Batteries continues its engagement with marquee customers. As communicated in last quarter con call, we have developed the products and have completed the trial orders. However, due to certain delays in approvals, the sales could not be fully realized during the quarter 2. However, we expect the sales situation to improve in the second half of this year and anticipate a reduction of losses going forward.

In light of all these developments in various businesses and various divisions, we see a visibility of achieving a consolidated revenue for financial year '26 in the range of INR575 crores to INR600 crores, EBITDA in the range of INR60 crores to INR65 crores and PAT in the range of INR10 crores to INR12 crores.

Friends, that's all from my side. We will now open the floor for any questions that you may have. Bhoomika, please moderate the question-and-answer session.

Moderator: Thank you very much. The first question comes from the line of Dhruv Rawani from Shreeji Finserv. Please go ahead.

Dhruv Rawani: My first question is there are talks about antidumping duty being levied on...

Moderator: I'm sorry to interrupt you, Mr. Dhruv, but your voice is breaking. Can you please speak through handset?

Dhruv Rawani: Yes. My question was there are talks about antidumping duty on the PVC, which is one of our key RMs. What is the strategy or how does the management feel we'll be able to mitigate that as and when it is likely?

Abhishek Jain: For the PVC, the government had already issued orders since last 1.5 years for the compound side. And since then, we've localized all the PVC materials which are used in the company. So even if they put antidumping duty on it, our materials, what we buy are from the local market, which are produced in India.

Dhruv Rawani: Okay. My second question is with regards to the guidance and the overall -- the broad picture that industry is doing and you have a good share in Maruti, Maruti is talking about good sales number. So what is the reason for the lowering of the guidance for this year?

Abhishek Jain: Primarily is because of the battery business, which we anticipated to do a little better, but the sales are unfortunately not coming through. It's not -- the pivot that we've done is working well for us. It's just that when we are engaging with the marquee customers, the approval process is like getting slightly longer than we anticipated.

- Dhruv Rawani:** Okay. And just a follow-up on that battery division itself. What would it take for us to break even at least in the battery division?
- Sachin Jain:** On a quarterly basis?
- Dhruv Rawani:** Yes, because we are running now INR2 crores...
- Sachin Jain:** Yes, it is around INR15 crores of the sales we need to generate to have breakeven at the operational level.
- Moderator:** The next question comes from the line of Vijay Pandey from Nuvama.
- Vijay Pandey:** Just I wanted to check like the industry production has increased in the first half of this year by around 4% to 5% post -- even all our customers have -- their numbers have come out to be pretty strong, showing a decent production numbers. But then also our sales have declined. So what -- where is this mismatch coming? Are we losing some market share or some of the products that we had we are not able to supply? Like what is driving this decline versus industry growth?
- Abhishek Jain:** Vijay-ji, the decline is primarily due to the models which we have business for, their numbers have come down. So we have high business with Honda, with MG Motor and one particular model of Tata, which is called Curvv. So it is just a model impact. Maybe the entire OEM has done overall well with production numbers, but the models which we are present in, they have had an impact of losing the production numbers, and that is what has impacted us.
- Vijay Pandey::** Are we expecting in the second half, are we -- do we have some new models that -- where we are participating because the old models are not doing well, then that should continue even going forward. So where do we expect the growth to come from in the second half?
- Abhishek Jain:** So that is what I said in the opening remarks as well. In the second half of this year, we have three new projects which are going to start. You must have heard about Maruti Suzuki e Vitara, that was launched in quarter 2, but the full production is going to start in quarter 3. So that will improve our sales situation.
- Then the recent buzz in the market about Tata Sierra, that is expected to start production this month in November. That will drive our sales. And in the next quarter, quarter 4, you must have heard about Renault Duster being launched in the Indian market. So that we have a business for. So these three models will primarily drive the growth going forward in the automotive space.
- And apart from this, our Aftermarket business is also continuing with growth. And in the Industrial Product division also, we have to execute some export orders as well in quarter 3 and in quarter 4. So all these things put together, we anticipate that the second half of the year will be much better for us compared to the first half.
- Vijay Pandey:** Okay. That's pretty good. That's pretty good to hear. Sir, our order book of INR621 crores. So what is the time line for when -- like is it like 2 years, 3 years or when can we expect it to be completed?

Abhishek Jain: So automotive side, order book, any particular model that has a volume declaration of 3 to 5 years. So whatever business we have received in quarter 2, after we develop it and launch it, it will have a life cycle of somewhere between 3 to 5 years.

Moderator: The next question comes from the line of Jigar Shah from Elevate Research.

Jigar Shah: Sir, in our previous call, I believe you have guided to achieve breakeven in our battery division. Sir, how are we progressing on the same? And what is our current capacity utilization and how revenue trajectory is shaping up for the coming quarters?

Abhishek Jain: See Jiger-ji, as I said in the opening remarks also, and I explained in the last conference call also, last year, last year we had done a pivot from to storage systems battery pack solutions. So that pivot is doing well for us.

It is just that the approval process for the -- in these marquee customers, which we are dealing with now, developing products for them, it is taking a little bit of more time than anticipated. And for this first half, the sales was quite low, but we anticipate much higher sales in the second half of this year. So the guidance that has been reduced is primarily because of this. Primary reason is because of this battery division only. And that's why...

Jigar Shah: Yes, sir, you can go ahead, yes.

Abhishek Jain: That's why the breakeven discussion which happened in the last con call also, that is also getting delayed due to this reason, due to the sales...

Jigar Shah: Got it, got it, sir. Sir, my second question is that what are the key structural measures we are taking to enhance capital efficiency over the medium term?

Abhishek Jain: You mean for the utilization side?

Jigar Shah: Yes.

Abhishek Jain: It is only -- it is mainly a factor of sales only. So I mean, all these new models which are getting launched, which I just spoke about, so those will drive up the utilization levels in the automotive segment. And the Aftermarket and the Industrial Product business also, like I was telling the previous caller, we have increased orders in the second half of this year compared to the first half. And those will also contribute to the higher utilization of all the assets in the company.

Moderator: The next question comes from the line of Dhruv Rawani from Shreeji Finserv.

Dhruv Rawani: I have a follow-up question. We had announced our tie-up with Mahindra, I think, in the last quarter but hasn't been able to launch any models...

Abhishek Jain: Sorry, your...

Moderator: Mr. Dhruv, I'm sorry to interrupt you, but your voice is breaking a lot. Can you please move to a better network area?

Dhruv Rawani: Yes. My question was with the Mahindra tie-up, any developments on that front?

Abhishek Jain: So we have already started the development of the model which was awarded to us. And now we are engaging with them for two new models. One model is in advanced stages of discussion now and the other model, we are just starting up our discussions.

Dhruv Rawani: And with Maruti, which are the models where we are, especially in the small car segment, if you can just highlight?

Abhishek Jain: In Maruti, we are present across all the segments.

Moderator: The next question comes from the line of Raj Mehta, an investor.

Raj Mehta: So my first question is on the capacity utilization front. So in H1, our capacity utilization was around 65% to 68%. So given the strong orders in hand, how you are looking at the utilization level for H2?

Sachin Jain: So for the H2, we are expecting the utilization to be in somewhere between 75% to 80%.

Raj Mehta: Okay, okay. And my second question is that what is our internal target in terms of top line and profitability over the next 3 to 5 years? So if you can throw some light on how should we look at PPAP over medium to long-term perspective?

Sachin Jain: So for the medium term, we have already anticipated that our expectation to have the 12% to 14% kind of EBITDA margin. And on the top line, we want to grow more than the market. So that is our expectation, especially in the automotive area. And because of the new area like Avinya Industrial Products and the Aftermarket division, we expect the multiple growth in the next 3 to 5 years.

Moderator: Next question comes from the line of Jimit Shah, an investor.

Jimit Shah: Yes. So you have basically guided for an EBITDA of INR60 crores to INR65 crores. That means you need to do at least INR20 crores EBITDA in each quarter from now. Is that possible?

Sachin Jain: Yes. As of now, as we have shared already the revenue guidance and the expected capacity utilization. So based on that, we are quite confident that we'll be able to achieve that kind of EBITDA for the full year.

Jimit Shah: So you need to do almost INR180 crores, INR190 crores top line in Q3 and Q4 both quarters. So is that possible given the current run rate?

Sachin Jain: Yes. Based on the current run rate, we are expecting to achieve the top line guidance of INR575 crores to INR600 crores on a consol basis.

Jimit Shah: Okay. And EBITDA guidance also...

Sachin Jain: Yes, because certain new models are also coming up and there is a volume ramp-up of the new models, which were launched in Q2. So we are quite hopeful for that.

- Jimit Shah:** So almost half part of the Q3 is already done today. So you think that the run rate is possible INR170 crores, INR180 crores in Q3?
- Sachin Jain:** It will depend because the customer has given the volume ramp-up plan. So some will flow in the Q3 and some will flow in the Q4. And we also have some tooling sales, which is lined up in Q3 and Q4.
- Jimit Shah:** Okay, okay. So you will be able to achieve 15% EBITDA margin in Q3 and Q4 both quarters, you mean to say?
- Sachin Jain:** Yes. For Q4, we will be able to achieve that.
- Jimit Shah:** And Q3?
- Sachin Jain:** Q3, it will depend based on the production volume. So it is the overall guidance which we have given for the full financial year.
- Moderator:** The next question comes from the line of Kaushal Shrof, an investor.
- Kaushal Shrof:** For the aftermarket and the commercial...
- Moderator:** I'm sorry to interrupt you, Mr. Kaushal, but you sound very low. Can you speak loudly?
- Kaushal Shrof:** Yes, just a minute. For the Aftermarket and Commercial Tool Room businesses, could you provide the revenue contribution of each segment in H1? And how do you see the business margin profiles?
- Sachin Jain:** So for the H1 if you talk about, the Aftermarket has contributed around 5% and the Commercial Tooling has contributed around 3% because certain -- because tooling business is long lead time business. So most of the sales will come in the Q3 and Q4. And so for the full year basis, it will also contribute around 5% of the total top line.
- As far as the margin profile of both our business, Aftermarket contribute around 7-8% of the EBITDA margin. And the Commercial Tool Room is around 16% to 17% kind of EBITDA margin.
- Kaushal Shrof:** Okay. And do we receive any export orders in these verticals?
- Abhishek Jain:** Not for the Aftermarket, but for the Industrial Products division. In quarter 2, we had sent one consignment. And quarter 3 also, we are expected to send certain more consignments.
- Moderator:** The next question comes from the line of Vijay Pandey from Nuvama.
- Vijay Pandey:** Just one more question, a follow-up. Sir, what is our revenue in terms of automotive products, industrial, tooling and battery packs, both revenue and EBITDA margin?
- Sachin Jain:** So for the Automotive Part business side, we have the top line of around INR117 crores. Aftermarket has contributed around INR7.5 crores. Industrial Product is around INR2 crores and

the Meraki, the commercial tooling business has contributed around INR5 crores. The rest is other tooling and -- and about the EBITDA margin, if you talk about, so Meraki, as I already told you, around 15% to 17%, aftermarket is around 7%, and the part business has contributed around 11% to 12%.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I would now like to hand the conference over to Mr. Abhishek Jain for closing comments.

Abhishek Jain: Yes. Thank you very much, Bhoomika, for moderating today's session. Friends, financial year '26 has begun with a strong strategic win and a healthy order book even as quarter 2 reflected near short-term revenue moderation amid a subdued industry environment. We expect that the coming quarters will gain momentum, supported by new program launches, enhanced execution and a gradual recovery in automotive sector demand.

Thank you all for joining us today. We hope we were able to address your questions effectively. For any further queries or clarifications, please feel free to reach out to our Investor Relations advisors. Thank you very much.

Sachin Jain: Thank you.

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