



PPAP AUTOMOTIVE LIMITED

"PPAP Automotive Limited Q3 FY17 & Nine months Results Conference Call"

Transcript

January 31, 2017

MANAGEMENT: MR. ABHISHEK JAIN - EXECUTIVE DIRECTOR

MR. MANISH DHARIWAL - CHIEF FINANCIAL OFFICER



Moderator: Good Afternoon, ladies and gentlemen. I am Lizann, the moderator for this conference. Welcome to Conference Call of PPAP Automotive Limited arranged by Concept Investor Relation to discuss its Q3 FY17 and nine months results. We have with us today Mr. Abhishek Jain – Whole time Director and Mr. Manish Dhariwal – CFO. At this moment all participants' lines are in the listen-only mode, later we will conduct a question and answer session. At that time, if you have a question, please press '*' and '1' on your telephone keypad. Please note that this conference is recorded. I would now like to hand the conference over to Mr. Abhishek Jain. Thank you and over to you, sir.

Abhishek Jain: Thank you Lizann. Ladies and gentlemen, a very good afternoon to all of you and welcome to the conference call to discuss the financial performance of Q3 FY17 of our company. The company's Chief Financial Officer Mr. Manish Dhariwal is also joining us on this call. To begin with, I will provide you our perspective on the Auto sector and thereafter, I will provide you a brief background of the company. Then I will take you through our financial performance in the quarter ended 31st Dec'16. Ladies and gentlemen, December 2016 was expected to be a litmus test for the Auto Industry with the impact of demonetization getting starker in the presence of inventory pile up at the dealers' ends post the festival season of Diwali. Automobile sales including two and three wheelers, PVs and CVs in India on a consolidated basis fell by 18.66% in December; the steepest in 16 years; hit by weak consumer sentiment and cash crunch post demonetization. While the magnitude of demonetization impact is still unclear, developments seem to suggest a differential categorical dynamics within the various segments of the industry. While analyzing the data available for the month of December 2016, PVs seem to be the least impacted with single digit decline Y-o-Y while two wheelers and CVs seem to be the most affected with a strong Y-o-Y double digit decline. Two wheelers sales crunched by almost 20% Y-o-Y while Passenger domestic sales declined by 8%. Players like Maruti Suzuki and Renault India have managed to report good volume numbers on the back of the strong order books and new launches like Baleno, Vitara Brezza and Kwid. TATA Motors and Toyota India have also outperformed, supported by the launch of their



new products Innova Crysta, Fortuner and Tiago and a low base of reference last year. Hyundai India performed in line with the industry; however Honda Cars India registered a 19% Y-o-Y decline in its monthly domestic sales during December. Mahindra & Mahindra also underperformed reporting an 8% fall in volumes owing to higher exposures in the rural economy. According to media reports, Maruti Suzuki has a target to outperform industry volume growth in the current financial year with volume expected to increase in double digits and incremental volume coming from new launches like Brezza. The management of Maruti has indicated that it is expected to grow at least 10% in the current financial year despite the impact of demonetization. Against this backdrop, the launch of the Ignis which was announced on 13th January is expected to keep the tempo high for Maruti. App-based cab aggregators such as Uber and Ola are also pushing overall car sales accounting for over 1 lakh cars or almost 1/3rd of total sales to fleet operators last year. Overall in the Automobile sector, PVs will be the least hurt as bulk of the sales happens through financing and with the interest rates getting cut, thick and fast, now we expect PVs sales to outperform the industry. High waiting period for most of the new model launches on the PVs side will lead to buoyancy in the demand for them. Amid a volatile demand scenario nearly 24% of the passenger car volume over the past year has come from the sale of new models. With a slew of new model launches, Maruti Suzuki will be one of the biggest beneficiaries of this trend.

I will now provide you a brief background of our company, I apologize if some of you have to listen to this introduction again. Please refer to the presentation which is already been shared with you. Our company was incorporated in 1978 for the manufacture of custom made extrusion products and we commenced the automotive business in 1985 with a start of Maruti cars in the Indian market. The company was converted into a public limited company in 1995 and was listed on the Indian Stock Exchange in 2008. In 2014, we changed the company's name to its current name. We are a leading manufacturer of Automotive Sealing Systems, interior and exterior injection molded products. Our company's State of the Art manufacturing facilities are



located in Noida, Greater Noida, Chennai and Pathredi in Rajasthan. All our plants are environment quality, safety and health related certified. We are working with three Japanese companies for our technology requirements and relationships with these companies are up to 25 years old. Apart from our main company, we have established a JV with our technology partner as well. After the establishment of this company, as a group, PPAP can cater to the entire Automotive Sealing System requirements of our customers. Today we manufacture over 500 different products for our customers and our target is to achieve Zero defect and Zero PPM in quality and delivery performance. Our company is led by Mr. Ajay Kumar Jain who is the Chairman and Managing Director. He is also the President of Toyota Kirloskar Suppliers Association. I myself part of the Executive Committee of Honda Suppliers Association. Our company's target is always to be our customer's number 1 supplier. We strive to proactively meet the customer's expectations and are continuously evolving our products and services to meet their enhanced requirements. All our policies and decisions are in line with what the customer desires from us. It is this strategy that has resulted in our leadership position in the respective product segments that we cater to. The company's core competence is in Automotive Sealing system and Injection molded products. In the presentation which is already shared with you, you can see the products that are manufactured by us. The company primarily services the Passenger Car segment and we have recently started supplying to the LCV segment as well. All Japanese OEMs operating in India are our customers, a few European, local car makers like TATA and Mahindra are also being catered by us. About 10% of our products are CKD Exports to our customers to various countries all over the world like Japan, Europe, Mexico, Venezuela, Argentina and other countries. We are also capable of doing in-house product designing and manufacturing of tools and validation of our products also. This integrated capability gives us a very strong competitive edge over our competitors as we are able to give our customers an integrated cost effective solution for their product requirements. We have a track record of superior performance with all our customers and we will continue to be amongst the preferred suppliers



for them. In our continuous process to add new customers and to expand our product portfolio, we are happy to announce that we have recently added Suzuki Motorcycles which is a leading two wheeler manufacturer as a new customer. We would be manufacturing injection molded parts for them.

Now I will take you through the financial performance for the current financial year. The detailed slides have already been shared with you; I would like to give you a brief summary of the same. For the quarter under review, PPAP recorded a total income of INR 84.23 crores as compared to INR 71.78 crores in the corresponding quarter of last year. Further breaking down this total income, parts contributed INR 74.14 crores and tools contributed INR 9.89 crores with INR 21 lakhs coming from the subsidy from Rajasthan government. Part sales have grown by 7% Y-o-Y. EBITDA grew by 32.7% in the current quarter under review and stood at INR 15.99 crores as compared to INR 12.05 crores in the previous quarter last year. Sequentially the EBITDA was up by 6.03% as compared to INR 15.08 crores in Q2 FY17. The company's EBITDA margin stood at a robust 18.98% in Q3 FY17 as compared to 16.79% last year and 18.4% in the previous quarter. Profit after tax stood at INR 6.33 crores in this quarter compared to INR 3.51 crores last year and INR 5.27 crores in the previous quarter. The company recorded a PAT margin of 7.52% in the quarter under review as compared to 4.89% last year same quarter and 6.43% in the previous quarter of this financial year. I will also briefly take you through the nine months' figures. Total income stood at INR 247.19 crores as compared to INR 225.69 crores in the same period last year. EBITDA for nine months was at INR 43.98 crores as compared to INR 39.01 crores last year. The company recorded an EBITDA margin of 17.79%; the net profit was at INR 15.17 crores which is up by 37.41% compared to INR 11.04 crores in nine months last year. Our efforts of working on internal improvements have been giving results and we see more such opportunities of improving efficiency across all areas of operations. We are also exploring growth prospects at domestic as well as export level. By these endeavors, we are confident that our objective of achieving profitable growth will be achieved. In this quarter, we have commenced part sales for the new Fortuner to Toyota and for the



Ignis to Maruti. I am also happy to share with you that PPAP has been awarded the 'Economic Times Polymers Award' for 2017 for excellence in plastics under the automotive category. The debt equity ratio of the company as on 31st Dec'16 stands at 0.28. Our CAPEX commitments are being met by our internal accruals. Now I would like to leave the floor open for questions that you may have. Mr. Dhariwal and I will try our best to answer your queries, over to you Lizann.

Moderator: Thank you. Ladies and gentleman we will now begin the question and answer session. First question comes from the line of Viraj Kacharia from Securities Investment Management, please go ahead.

Viraj Kacharia: I just have certain basic numbers' query. So one is on a nine months' basis, if you can just provide a revenue split between Automotive Sealing and Other divisions? And typically what is the margin differential between the divisions which we have?

Manish Dhariwal: Good afternoon to all of you. If you look at the revenue split for the nine months, the Extrusion business has contributed on a little higher side and the total revenue from the tools for the nine months is close to INR 22 crores.

Viraj Kacharia: And typically what the margin differential is across segments?

Manish Dhariwal: The margin differential is not very significant when we look at the part business, on the tool side; obviously this is more of a support activity to the OEMs, so it is more of reimbursement.

Viraj Kacharia: And bulk of our sales would primarily be to OEMs, we do not cater to aftermarket?

Manish Dhariwal: Correct.

Viraj Kacharia: And if we look on a historical basis, there have been times when we have made plus 25%-30% ROCE on a consistent basis. So I am talking about a period between 2006 and 2012. Post that we have seen a very dismissal ROCE in last



4 to 5 years. So what is the kind of ROCE target we have internally, say for next 2-3 years? What factors or what initiatives we are taking to help us to reach that?

Manish Dhariwal: See, if you look at the ROCE for the quarter, it is over 15%.

Viraj Kacharia: Sir, I am just talking on a yearly basis.

Manish Dhariwal: Yes, on yearly basis you will observe that profitability reduced in 2013 and since then we are again on an upturn and we are improving on a regular basis. What I was saying was that the ROCE for this quarter is over 15%. We have been improving on a consistent basis.

Viraj Kacharia: Okay, so internally what are the kinds of benchmarks we have in terms of say over next 2-3 years?

Abhishek Jain: See if you look at our presentation which has been shared with you, so we have got a slide on the growth strategy, so where we are focusing on broadly four areas which is driving all these financial improvements in the company. First is, we are focusing on improving our operational efficiency by an internal benchmarking and by valuing each and every paisa that is being spent on the company operations. Second is, we are now optimizing our assets utilization. So currently our utilization is slightly on the lower side but we have got capability to further increase our sales by not adding any direct machines to our production lines. Third is we are focusing on increasing our customer base, so in the last quarter we added the SML Isuzu as our customer, in this quarter we have already added Suzuki Motorcycle as our customer and we are discussing on a lot of other opportunities as well domestically and internationally at both levels. Then fourth strategy what we have is optimization of our investments, so each paisa that is being spent for CAPEX or OPEX or maintenance CAPEX, we are very closely reviewing the timing, the efficiency and the best possible way either a make scenario or a buy scenario, what is the best possible way of doing that business. So these are the broad four strategies that we are using to improve our company operations and if



you notice the trend of ROCE in the last three years, it is again on the improvement side and we hope that we will be able to achieve what we have already achieved in the past.

Viraj Kacharia: So that is the mixes of 25%-30%, is that the right way to look at it?

Abhishek Jain: See we are focusing fundamentally on making the operations of the company strong. So ROCE is going to be a good result of those all of the improvement activities that are being done on the ground.

Viraj Kacharia: Just two more questions; if we look at our revenue mix, Maruti is somewhere around 45% of our revenue. In terms of our market share of Maruti business, where would we be? I mean would we be somewhere around 30%, 40% of Maruti's overall business buy and if you can just provide some idea on that?

Abhishek Jain: See I will explain you the overall market. For Plastic Sealing System, we are catering to almost 70% of the Indian market and there we have more than 90% market share with each of our customers. Injection side, our market share is still very small because we have only Honda as our major customer there and Maruti we have a very insignificant type of market share.

Moderator: Thank you. We will take the next question from the line of Sailesh S from B&K Securities, please go ahead.

Sailesh S: What is the current gross block from Q3 FY17 and how much peak revenue we can do it with this existing means of block?

Manish Dhariwal: See if you look at on a consolidated basis, we are at around 65% - 70% capacity utilization, so that much further scope remains.

Sailesh S: What is the current gross block from Q3 FY17?

Manish Dhariwal: It will be about INR 300+ crores.



Sailesh S: What are the plans on new Gujarat Suzuki plant since they have come out with INR 2.5 lakhs in every three years, ramp up which is going to happen and they are focusing more on the exports. What is our plan from that and any new facility we are going to put up in the Gujarat or currently from which plant we are going to supply to the new Suzuki Gujarat since our capacity utilization is very low, what is the plan on that?

Abhishek Jain: See for SMG (Suzuki Motors Gujarat) business, primarily what information we have is they are going to make two models; one is the Baleno is going to get shifted there and the new Swift is going to come. So, for the Baleno model we are going to support Maruti from our existing locations because that model is going to be produced in two locations, which will be continued in Manesar also and in Gujarat also. So, that will be catered from here and new Swift we already have secured business from Maruti so the current business setup is from our existing locations but at the same time we are also exploring new opportunities especially in the region of injection molded parts with SMG. So, we have been discussing with them for over three months now and they are showing lot of keenness in giving business to us. They are just doing some internal reorganization because whatever parts they give to us was actually awarded to someone else and they are just deciding on whether to have a duplicate tool strategy or to shift the business, what is the strategy going to be. I think this quarter business will be confirmed from SMG regarding injection molding parts and as far as our preparation goes for Gujarat area, we have already bought land last year and our building plan and everything is ready, we are just waiting for the confirmation from Maruti as soon as we have that we will be starting to build up small facility which is there, which is again in line with the expected business coming from SMG.

Sailesh S: What is the content per vehicle in value terms, if you see for Maruti you are supplying only the sealing parts, for Honda we are supplying both sealing and injection, in last conference call itself you have mentioned that it is around INR 7000-8000/- value per car, so what is the value per car of Maruti for Alto, how much it is for Baleno and in future after getting this injection molding



order, if at all if we get that injection molding order, how much it is going to be for Baleno and the new Swift including injection molding along with sealing?

Abhishek Jain: See currently we are supplying almost INR 1200-1300/- per car for Maruti and if we are able to get the extra business from Suzuki Motors Gujarat then that should be in the range of about INR 1500-2000/-.

Sailesh S: Is it for basic models sir or for premium models like Baleno, Vitara, and Brezza?

Abhishek Jain: This probably I am telling you about the new Swift situation.

Sailesh S: Sir, in last call you mentioned about this Korean customer, so what is the update on that, Korean customer they are importing sealing products currently or what is the status on that? What is the business opportunity you see in this year from the Korean customer? Also do we have any plans for technology tie up with Korean companies, to get more business?

Abhishek Jain: Yes, Korean customers, specially Hyundai is a very high focus area for us and we are working on two fronts on developing the Hyundai business, one is localization of the existing parts under mass production, we have already developed the part and submitted to Hyundai for evaluations and the parts have been on trial on the vehicle as early as last week and the results are positive.

Sailesh S: Which vehicle model sir?

Abhishek Jain: This one is for i10 and second area of avenue what we are exploring is possible tie up with one of their existing vendors who is present in Chennai, they are basically focusing on rubber sealing systems, so for plastic sealing systems we are discussing if we can have some synergy.

Sailesh S: These are only sealing products sir, not injection molding?



Abhishek Jain: No, not really, first we want to establish ourselves for the sealing system in Hyundai and then may be at a later stage start with the injection products.

Sailesh S: Okay, can you update on this performance of PPAP Tokai Japan JV numbers for nine months?

Manish Dhariwal: See we will be discussing that at the end of the year.

Moderator: Thank you. The next question is from the line of Pradeep Chaudhary an Individual Investor. Please go ahead.

Pradeep Chaudhary: Sir, could you tell me since we supply sealing system we basically supply the plastic segment, so how is the shift. In the last call you had mentioned that the rubber segment is slightly higher in terms of the mix than the plastic based extrusion products, so how has the shift changed over the last few years?

Abhishek Jain: Well in the sealing system we have primary sealing and the secondary sealing, so primary sealing is going to continue in the rubber space only, basically due to an important property called compression set, which is much higher in rubber compared to a plastic or a thermoplastic compound, so due to this property the primary sealing system is going to continue in the rubber space only, secondary sealing system like outer, inner these can be shifted from rubber to thermoplastics, so for the Indian market all the Japanese OEMs are already using plastic or thermoplastic as the secondary sealing system which is already being supplied by us. TATA has already converted from rubber to thermoplastics and we are giving them these parts as well, now there is only Mahindra & Mahindra left and European OEMs which are left. They could use plastic for secondary sealing system.

Pradeep Chaudhary: Were you referring to Hyundai Yes?

Abhishek Jain: No, Hyundai is a Korean maker, Korean they basically follow Japanese specs so they have already shifted from rubber to thermoplastics and plastics. So Korean customers we are already targeting and the only problem left for us is European



makers. They are very difficult to change as they follow European Specs and Europe believes more in rubber product than thermoplastic and plastics

Pradeep Chaudhary: Are these plastic sealing cheaper than the rubber ones?

Abhishek Jain: You can't call them cheaper, they are almost similar priced but the functionality and the appearance is lot different than the rubber products. It depends actually on case to case basis.

Pradeep Chaudhary: So, which one would you call as more premium?

Abhishek Jain: Again it depends on what application you are talking about. If you look at the secondary sealing system than a plastic product is more premium because it gives a better appearance than rubber product. If you look at the primary sealing system than rubber product is much better because it gives higher compression set ratio so that you can have better insulation from air, water, noise and dust from getting in the vehicle. It all depends on what application you are talking about.

Pradeep Chaudhary: Okay, so basically would it be right to say that our share of business in the secondary sealing system which is largely plastic based is close to 90% for Maruti?

Abhishek Jain: Yes.

Pradeep Chaudhary: Okay is that the same even for new models? Like as the share of business changed for new models?

Abhishek Jain: Yes, we lost couple of products for new models in the past but not in the future now, so whatever Maruti is planning to make in the next 3 years we have the business with us.

Pradeep Chaudhary: I mean what share of business would we have for these products?



Abhishek Jain: Now what I'm talking about is 90% is on total volume, but next 3 models it is going to be 100% with us.

Pradeep Chaudhary: Okay, by next 3 that does not include Vitara, Baleno right?

Abhishek Jain: No, the new models which are going to be launched.

Pradeep Chaudhary: The Ignis and others.

Abhishek Jain: Yes.

Moderator: Thank you. The next question from the line of Vinay Arya, an individual investor, please go ahead.

Vinay Arya: I have a couple of questions, first is your outlook on margins in the earlier interactions you have indicated that margins would stay within the range of 17% to 18% but keeping in mind this quarters result and the fact that you have mentioned in terms of the benchmarking efforts and the other efforts that we are making to improve our ROCE. Would you like to revise this? Any color on this?

Manish Dhariwal: Thank you Vinay, at this point of time what I would like to mention is that our focus is on building efficiencies all across, and the improvement in margins is a fall out of that. Any decision that we take on any matter, we keep this fact very clear in our mind that it has to be margin incremental, this focus is going to remain and that the margins achieved, we would like to protect them.

Vinay Arya: Protect them, and if our effort succeed is there are or any chance of the margins improving, I can understand that obviously you cannot give up firm guidance beyond this but the efforts are on to continuously improve margins even beyond this, obviously I understand that it's very difficult to go beyond a certain margin level on a continuous basis, is that what would like to indicate?



- Manish Dhariwal:** See, Mr. Jain earlier in the call shared with you the policy or the approach, the mind-set actually and the driving factors. So I think he very well explained the way we are approaching our functioning on a day-to-day basis.
- Vinay Arya:** Understood, and one more question, you have indicated a CAPEX INR 50 crore in the last con-call so this CAPEX guidance up to which financial year, I mean does this take us through FY18 or we would might revise this as well very soon?
- Manish Dhariwal:** Okay, the figure that was shared with you, it included CAPEX towards our Chennai investment, towards part of our Gujarat investment as well as the maintenance expenditure, Gujarat and Chennai is a onetime expense. Now there is a possibility that part of it will flow into next year. However, the maintenance expenditure, see we have INR 300 crore of gross block and we are a 30-year-old company so regular investment on our existing plant and machineries is necessitated so that ranges between INR 10 – 15 crores on an annual basis and that is an annual number.
- Moderator:** Thank you. Will take the next question from the line of Dhiral Shah from GEPL Capital, please go ahead.
- Dhiral Shah:** What is your outlook for FY18?
- Manish Dhariwal:** See we per se do not give guidance what we basically share with you is the work that we are doing on the ground and the approach that we have towards our work. Industry has taken the turn towards the positive so with the improvement in the industry we are surely going to be benefiting significantly so things look good.
- Dhiral Shah:** So, thing are looking good going ahead?
- Manish Dhariwal:** Yes.
- Dhiral Shah:** Okay, Sir my 2nd question is do we expect now that Korean player will be sooner or later will be part of our kitty, now you have supplied some parts to them and



if gets approved then definitely maybe we can hear Hyundai will be one of our OEMs then?

Manish Dhariwal: Yes, we have been saying this. Absolutely we are also waiting to hear the good news soon.

Dhiral Shah: Okay, so when do we expect that parts and all that be approved then?

Manish Dhariwal: That we are working on it for the last 6 months.

Dhiral Shah: How much time it will some more, 3 months?

Manish Dhariwal: See I would be like very happy to share this if I had known myself, basically it's taking time is all I would say, however, our conversation and our discussions and our interactions and development that happened at a physical level are extremely positive and we are confident it will happen. Now the time is something that, I'm sorry I don't have a view on right now.

Dhiral Shah: Okay, sir, what will be the sustainable level of margins, can we expect now we have done 19%, so we can expect may be 19% to be a base for the coming quarters?

Manish Dhariwal: I would wish to, although I don't think I would like to kind of freeze on that, 17-18% is something that we believe should be maintained and high number is something we are striving for.

Dhiral Shah: Okay, and sir, any new talks which are going on rightly with any OEMs?

Manish Dhariwal: See, the growth discussions are numerous and it's a focus area for us, you know its continuous process, the only thing is that what clicks and what clicks when.

Dhiral Shah: Okay, thank you that's it from my side.

Moderator: Will take the next question from the line of Sunny Agarwal from MK Global, please go ahead.



- Sunny Agarwal:** Good afternoon, sir my question is pertaining to can our product be looked into other industry like consumer durable or for that matter the electric vehicle which is the upcoming new segment, so just your comment on that.
- Manish Dhariwal:** Well, if you look at the basic processes in the company we have 2 basic processes and one is the extrusion process and the second is injection process, products can be I mean there are numerous products which can be made on these processes, so white good industry can be a customer of our products. So, there are numerous opportunities.
- Sunny Agarwal:** So are we targeting those categories in near future or it is not on anvil for next 2 -3 years?
- Manish Dhariwal:** Part of our de-risking strategy also, we are looking at reducing our exposure on the passenger vehicle and the automotive segment. But getting business from other places especially white good industry is going to be challenging business for the bottom line, we are just thinking about how we protect our bottom line at the same time get business from them.
- Moderator:** Will take the follow-up question from the line of Pradeep Chaudhary an Individual Investor, please go ahead.
- Pradeep Chaudhary:** Sir, since the products that would go to Gujarat since we will be dealing with the different entity now, I mean a different company, which is Suzuki motors, so will our share of business change for the Baleno that would be shifted to Gujarat plant, will our share of business change?
- Manish Dhariwal:** No, we will supply part for that model from here only. It is not going to change.
- Pradeep Chaudhary:** What is the like you gave for others cars what is our contribution for this?
- Manish Dhariwal:** I gave you a general figure of about INR 1,200.
- Pradeep Chaudhary:** And for the new swift and other models you said that you will have a 100% business over there?



- Manish Dhariwal:** 100% yes, whatever parts we have contracted to supply we will be supplying those parts; we will not be losing any business which we already have, if the model is shifted or completely shifted from Manesar facility to Gujarat facility
- Pradeep Chaudhary:** Okay, the joint venture that we have this company Tokai-Kogyo I presume they have some other products and electronics as well in other categories so are we having any discussion for entering into some of other products with them other than the Automotive products?
- Manish Dhariwal:** See that company deals in rubber and thermoplastic based products. So, we already have business with Suzuki, Honda and Toyota in that company. So, whatever new models are been planned by our customers so we definitely get an opportunity to have business for them.
- Pradeep Chaudhary:** Okay Hyundai, as we talk about are they taking the secondary sealing systems from some domestic manufactures?
- Manish Dhariwal:** No, they are importing it from Korea.
- Pradeep Chaudhary:** Is it a 100% import?
- Manish Dhariwal:** Yes.
- Pradeep Chaudhary:** This 100% is secondary you said is plastic for them.
- Manish Dhariwal:** Yes.
- Pradeep Chaudhary:** Okay, I mean so in terms of our which would be other competitors since I guess you mentioned in the last call that they are planning to localize their requirements which is why have sent trail quantity is for the i10 model, so which would be the other competitors who would be eyeing this business in Chennai?



- Manish Dhariwal:** Actually right now we don't have any information on any of our competitors actually trying for this business. We are the only one who is approaching Hyundai directly and through tier-1 for this product.
- Pradeep Chaudhary:** Okay, that's great. Thank you, sir.
- Moderator:** The next questions from the line of Vindiya Prasad, from Elite wealth advisor, please go ahead.
- Prasad:** My question is related to New Business from Suzuki Motorcycles, what kind of revenue you are expecting in FY18?
- Manish Dhariwal:** See the revenue profile from these business it's not going to be as we get from Maruti or Honda, what is important is that its step in the direction of de-risking our business and our customer profile, as these customers get added on it should become meaningful.
- Prasad:** Can you elaborate other income, how much it is?
- Manish Dhariwal:** Yes, in this quarter the other income is on higher side, also because of the gain due to currency fluctuations, see figure is close to INR 80 lakhs and there are that 2 lines in which we give the numbers, 1st is other operating income which is the subsidy which is consistent, the other is other income is basically income from things like rental, interest and if there is gain on Foreign currency fluctuation etc. so this quarter earnings are higher based on exchange rate fluctuation.
- Prasad:** Thank you so much.
- Moderator:** Thank you, as there are no further questions I would like to now hand the conference over to the management for the closing comments.
- Abhishek Jain:** Thank you, Lizann and team of concept for organizing this conference call, I like to pay gratitude to all my analyst and investors friends who took time out from their busy schedule to listen to us today. Please feel free to contact concept or



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us, incase if you have any question also if you happen to be in NCR region, do give us an opportunity to show you our operations. Thank you.

Moderator:

Thank you all for being a part of the conference call. If you need any further information or clarification, please mail us as parin@conceptir.com. Ladies and gentlemen this concludes your conference for today. Thank you for using Chorus Call Conferencing Services. You may disconnect your lines, thank you and have a pleasant day.