"PPAP Automotives Limited Q2 FY '25 Earnings Conference Call"

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MANAGEMENT: **MR. ABHISHEK JAIN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - PPAP AUTOMOTIVES LIMITED**
MR. SACHIN JAIN – CHIEF FINANCIAL OFFICER - PPAP AUTOMOTIVES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Q2 FY '25 Earnings Conference Call of PPAP Automotives Limited.

This conference call may contain forward-looking statements about the Company which are based on beliefs, opinions, and expectations of the Company as on the date of this call. These statements are not 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 touch tone phone. Please note that this conference is being recorded.

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

Abhishek Jain: Thank you very much. Good afternoon, everyone. I would like to extend a very warm welcome to all the participants joining us on this call.

Here with me are Mr. Sachin Jain – our CFO along with our Investor Relations Advisors, SGA. I trust you have had an opportunity to review our results and investor presentations, which are available both on the Stock Exchanges and our Company's Website for easy access.

Let me begin the call with the "Business Update" across our different verticals, followed by "Financial Overview."

First of all, I am delighted to share that the first half of Financial Year '25 witnessed an all-around performance across all key financial parameters including revenue, gross profit, EBITDA, margins and profit after tax.

This financial performance serves as a validation of the strategic initiatives implemented in the preceding quarters. The Company has registered a consistent growth in operating margins since last six quarters, and the EBITDA margins inching up by 350 basis points to 12.7% year-on-year. This clearly demonstrates our commitment towards margin improvement that we have been saying to all the investors in all the previous conference calls.

Now, let me shed some light on "Individual Business Segments":

Our automotive part business is the biggest contributor to the sales of the Company. PPAP's core competence is in developing the automotive body sealing system, as well as interior and exterior injection moulded products. All the parts are engine-agnostic and hence it is supplied for both ICE engine and EV models as well. We have a healthy order book in hand, which will be executed over the next five years.

We have identified new locations in Pune and Sanand area to cater to the customers. These are expected to start operations in quarter four of Financial Year '25. Small expansions are also underway in our Pathredi and Viramgam plant to cater to the new models which are expected to start production next year.

I am also happy to share that we are also building a new plant in Chennai to cater to the requirements of the customers from 2026 onwards. During this first half of the year, we have, we have we started supplying parts to Tata Curvv and Maruti's New Swift Dzire, both the blockbuster models launched by Tata and by Maruti in this first half of this year.

On the customer front, we are constantly engaging with all our customers to further deepen our relationship and increase the per car contribution. We are focused on increasing the content of vehicle across all the models for all the respective regions. I am happy to share that we have also introduced some innovative technologies which are very premium parts which have been first time launched in the country for Tata Curvv, enabling us to achieve one of the h ighest content per vehicle for our extrusion portfolio. We plan to leverage this technology with other customers as well and continue to focus on building on better and premium products for all our customers.

We also continue to focus on onboarding our new customers. Our target is to capture the entire passenger vehicle segment. Therefore, we are engaging with Mahindra & Mahindra to be inducted at Tier-1 level and we are aggressively trying to expand our product offering to Hyundai and Kia. The automotive part business is done by our JV Company as well. I am happy to share that now the JV Company is keeping up with the growth trajectory and is continuously improving the margins as well, which are reflected in the consolidated results.

On the commercial tool room front, this business is also now gaining traction. We operate this business under a brand called Meraki Precision Moulds. This division has a healthy order pipeline across auto and electrical segments, and we remain committed in delivering these orders within the specified timelines and the specific quality expectations for all our customers. We plan to enhance our rolling capacity to 120 moulds, along with ramping of existing utilizations to achieve operating leverage. We aim to explore additional opportunities within this segment, which will further enable us to diversify and derisk from the automotive parts vertical. This year, we expect 80% utilization of the capacity generated to be utilized in developing moulds for automotive customers as well as the electrical goods makers as well.

The aftermarket vertically, which is being operated under ELPIS brand in a separate Company is also growing rapidly, and the Company is quite satisfied with the performance so far. We have recently leased a new 22,000 square foot warehouse to cater to the increased requirements. This business continues to grow at the rate of 20% to 25% per year. In Quarter 2 of Financial Year '25, 3% of the total overall revenues of the group came from this segment, which we intend to take out to 10% in the coming years.

The Company is focused on expanding its product portfolio and outreach via increasing distributors across the country. The overall SKUs offered by this Company today are one 1,237. The Company possesses pan-India distribution network comprising of 137 dealers, along with the robust online presence on its own website, shopelpis.com, Amazon, Flipkart, etc. The Company continues to focus on expanding its international presence as well, starting with the neighboring countries and the GCC countries.

Our lithium-ion business continues to be challenging. However, we are able to see green shoots in the pivot that was done earlier this year, and we are very hopeful that good results will be expected soon.

Now, moving on to the financial overview. On a standalone basis, for the Quarter 2 Financial Year ’25, revenue increased from Rs. 140.5 crores to Rs. 141.3 crores, reflecting a marginal increase of 0.6% on a year-on-year basis. However, gross profit witnessed an uptick year-over-year to Rs. 61.6 crores, with gross profit margins improving to 43.6% from 40% per year. The Company was successful in negotiating with its suppliers on pricing contracts, which enabled cost efficiency at the COGS level.

EBITDA also saw a rise to Rs. 17.9 crores in the quarter compared to Rs. 13.2 crores, which is a strong growth of 36%. We are delighted to share that we have restored the double digit EBITDA margin of 12.7% in Quarter 2. As a result of all of this, the Company reported a profit of Rs. 5.6 crores against a profit of Rs. 2.7 crores on a year-on-year basis.

For the first half of this financial year, our revenue grew by 3% to Rs. 260 crores from Rs. 251 crores. The gross profit witnessed an uptick of 43.5% compared to 40.1%. EBITDA also increased to Rs. 29.9 crores compared to Rs. 20 crores for the same period last year, which is a strong growth of 46%. The margins have improved to 11.5% compared to 8.2% in the previous first half of last year.

Again, to reiterate, as we have been saying in the previous conference calls as well, our emphasis was on cost rationalization and enhanced productivity, which is now getting evident in the financial results that have been shown.

The Company reported a profit of Rs. 7.1 crores for the first half of this financial year compared to a mere profit of Rs. 1.1 crores in the last first half of the previous financial. PAT margin have improved by 230 basis points to 2.7% in H1 of Financial Year ‘25, again, primarily attributed towards improving efficiency, favorable financial leverages, and better inputs on the cost front.

In terms of consolidated financials, for the quarter the revenue was Rs. 148.4 crores, which is almost 2.4% decline on year-on-year basis. However, the gross profit witnessed and uptick to Rs. 63.1 crores to 43.5%. Similarly, EBITDA also saw an increase to Rs. 16.4 crores, which is a growth of 34% compared to the previous on a year-on-year basis.

We are delighted to share that we have restored double double-digit EBITDA on the consolidated financial results as well, which is for Quarter 2 which stands at 11.3%. And therefore, the Company could generate profits of Rs. 2.9 crores for this quarter against Rs. 0.5 crores on a year-on-year basis.

For the first half, the revenue increased by 3% compared to the previous year to Rs. 267.5 crores. The gross profit again showed an increase of 43.5%. EBITDA increased by almost 53% to Rs. 28.5 crores compared to Rs. 18.5 crores in the previous H1. EBITDA margins have also improved to 10% compared to 7%. And therefore, we could register our net profit of Rs. 3 crores against the loss of Rs. 2.2 crores on a year-on-year basis.

We started our strategic priorities across verticals to be achieved going forward. All these strategic priorities are mentioned in the investor presentation. I request you to kindly have a look at them. Our strategy targets onboarding new customers, growth from existing clients, setting offset existing assets, improving material yield ratios, which will ultimately improve our margin

Furthermore, our commitment to excellence, technology and people will definitely fuel our top line and bottom-line growth on a sustainable basis. We expect to conclude Financial Year '25 with consolidated revenues somewhere in the range of Rs. 550 to Rs. 575 crores and aim to maintain a double-digit EBITDA margin in the range of 10% to 12%.

The Board of Directors have declared an interim dividend of Rs. 1 per share as a gesture of appreciation towards our valued shareholders for their continued trust and support.

Thank you very much, everyone, for your active listening. Now, we open up the session for question and answers. Please feel free to ask any question that you may have, and we will try our best to answer it for you today. Over to you, to the moderator.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Parth Vasani from KK Advisors. Please go ahead.

Parth Vasani: Sir, basically, can you throw some light on how the order book flow is coming, I mean, is in the coming quarter? Because I just wanted to understand, I mean, what are the major orders and what are new OEMs to which the Company will be supplying, and which are the new models in addition to the existing OEMs?

Abhishek Jain: Are you talking about this quarter?

Parth Vasani: Yes, order flow in the coming quarters.

Abhishek Jain: I think a lot of new models are already in the pipeline to launch from all the customers like Swift Dzire has already been launched. So, we have our products for that model. In the news you must have heard about new Amaze being coming out by Honda, we have business for that model as well. Then you would have seen Renault planning to launch their Duster in this year, so we are developing parts for that model also. And we are actively engaged with Tata for their new Sierra project and other new projects which are going to be launched.

Parth Vasani: Sir, second, you just gave the guidance of Rs. 550 crores to Rs. 570 crores of revenue and EBITDA margin of around 11% to 12%. So, my question is that how you see the bottom-line margins, I mean, I just want to understand how you manage your finance cost so that your EBITDA margin how it flows down to your PAT margin?

Abhishek Jain: Basically, as we are regularly mentioning that that we are trying to keep our borrowing at the current level only for FY ’24, so that way we try to maintain our finance cost, we will not increase this year overall borrowing. So, that will result into that increase in EBITDA to flow to the PAT margin.

Moderator: Thank you. The next question is from the line of Jyoti Singh from Arihant Capital Markets. Please go ahead.

Jyoti Singh: Sir, my question on the debt side, if you can explain how much debt we are currently having?

Abhishek Jain: So, on the consolidated level we have Rs. 155 crores of debt. And last year, it was around Rs. 157 crores.

Jyoti Singh: Okay, so we have reduced it substantially.

Abhishek Jain: Not, substantially. Almost similar as last year.

Sachin Jain: We will try to maintain it.

Jyoti Singh: And sir on the margin side, like we have already done in this quarter 11.3% and we are still targeting 11% to 12%. So, like we will be going to surpass this, or will we maintain this same range?

Abhishek Jain: I think this financial year we will try to maintain it, because if you see if you compare it with last year, so it was a significant improved performance. So, we will try to maintain this financial year to up to 12%. And next year you will be able to see more improvement in that.

Jyoti Singh: And sir, on the revenue mix side we have a larger dependency on the Maruti. So, though we diversified a lot, so going forward this is going to reduce or will be similar range of 38% with Maruti?

Abhishek Jain: See, on a group level, dependence on any single customer will obviously come down, and that is what our target is that we should not be concentrated on any single customer or any single product segment, and even the geographical conditions. So, that is why we started our focus on all the fronts wherein we are trying to derisk ourselves from all these factors. The automotive industry we are trying to derisk ourselves, that's why we started working with the electrical makers on the tooling side and some other industrial product applications, also we are developing to derisk ourselves from automotive business.

From customer also we are expanding in the aftermarket business, so that our dependence on any single customer directly comes down. Geographically, the aftermarket business and the industrial product business is trying to expand to neighboring countries and get into the export market so that we can reduce our dependence on the Indian geography as well. So, we started on this journey in about three years back, and now this year onwards we should be able to realize all these dreams that we have set out on and build a robust Company.

Jyoti Singh: And sir, on the export side, what's your view and what are our targets?

Abhishek Jain: Export side, right now we do not have a fixed target in mind. Right now it is mostly under exploration wherein we send small orders to the customers directly. And some small orders are in the pipeline. But I think after another six months then we would be having a very clear idea of what all we can do in the export market. But we are very hopeful that in the next four to five years export should contribute at least 10% to 15% of the total group’s top line.

Jyoti Singh: And sir, the situation is not very good on the EV penetration side on Europe and US, so what's your view on that front?

Abhishek Jain: On the passenger vehicle EV?

Jyoti Singh: No, like the EV overall, passenger vehicle and two-wheeler side, like things are not going very great. So, any view from your side you wanted to give?

Abhishek Jain: See, I think it's very dependent on which kind of segment you are actually focusing on when you are considering an EV vehicle. So, I think for commercial application EV does have the economics behind it, and I think eventually people will start, the government and the service sector everyone will start moving into that direction. Private ownership of vehicles, I think still the economics are a little challenging. The infrastructure is a little challenging. So, there might be some hiccups in the journey forward. But I think considering the environmental conditions, things are moving towards the electric vehicle.

Moderator: Thank you. We have our next question from the line of Anjana Shah from Shah Investments. Please go ahead.

Anjana Shah: Questions from my end would be like this, if you can give some update on the industrial product business, how is the industrial product segment evolving? And what is our order book that we have currently for this vertical?

Abhishek Jain: So, this industrial product division, I will give you a brief background. This division is basically trying to expand our know-how or whatever we have learned in the automotive sector into the neighboring sectors as well. So, our core competence in the Company is basically for extrusion profiles, which are made by either plastic material or by rubber material. And the second core competence in the Company is of the injection moulding process. So, these three segments is what the industrial product division is trying to expand, trying to develop products out of the automotive industry. Right now I think in this quarter the contribution is roughly around 1% of this division to the total sales.

And we are working with a lot of customers. But I think order book is, I mean, the nature of business is basically a make-to-order kind of a business. It's not the same as OE business, the auto business wherein the customers give you a fixed projection and then you follow that for the next five years or something. This is basically a make-to-order kind of a business. So, right now in this quarter also we are expecting that it would contribute about 1%. But next year onwards we have some orders which should take this percentage up to maybe 2% to 3%.

Anjana Shah: Sir, if you can throw some light on our capacity utilization levels, like I believe currently they stand at some 72%.

Abhishek Jain: Yes.

Anjana Shah: So, sir, any other emerging areas where Company could try to work and focus on to increase the efficiency?

Abhishek Jain: Efficiency, of course, that's always our focus to optimize the machines and all. And we have done a lot of Industry2.0 projects on that. And every cycle time, every shot is being captured to check for whether it has been efficient use of time or not. That is one area. But on the business side, that is the reason why we have started this industrial product division and the aftermarket, apart from the traditional OE business. So, that's basically our strategy to further improve the utilization of the plants as well.

Anjana Shah: So, what do we anticipate the utilizations to be going ahead?

Abhishek Jain: So, I think this year, on the full year basis it will be in the range of 74%, and next year we are expecting up to 80%.

Moderator: Thank you. We have our next question from the line of Atul Joshi from. Branston Investments. Please go ahead.

Atul Joshi: Sir, congratulations on a good set of numbers. Just looking at the EBITDA margin, it has improved. And in your presentation also you have mentioned what are the levers for it. If you can throw some light on the details of it, how we have achieved, how much is because of the raw material and how much is from the efficiencies or the sweating assets, operating leverage kind of thing that has come out? And how much of its sustainability going further? If you can throw some light on that, it would be helpful.

Abhishek Jain: Yes. About the margin improvement, we are consistently saying that we are working on three front. First is the price negotiation with the customer on the side of the inflation price increases, the raw material price increases. And second side, we are working with our suppliers to reduce the pricing where there is softening of the raw material prices and renegotiating with the pricing terms. And third, we are focusing on the internal improvement where we are working on the consumption improvement side. So, if you talk about the improvement, we have 3.5% kind of improvement in the raw material cost. So, around 1% comes from the price realization improvement, and around 1% comes from the price which we have been negotiating with the raw material suppliers and also the softening of the prices. Rest is the addition of the value-added product at the consumption improvement.

Atul Joshi: So, 1.5% is definitely on our side is sustainable of this, right, because 2% is with what we have seen from the customer?

Abhishek Jain: Yes, the price increase is also sustainable because it is included in the sale prices. So, it will continue to reflect in the future sales.

Atul Joshi: Do we have indexation kind of thing that after three months or some time that our prices will be adjusted according to the raw material prices? Is that kind of thing in place with the customers?

Abhishek Jain: Yes, we have previously also told that that we have two-fold technology, one is extrusion technology and second is the injection part. So, on the injection side, we have the complete indexationsystem with the customer where we have the back-to-back price agreement where if there is a reduction in the prices, the prices will be reduced; if there is an increase in the raw material prices so customer will compensate. This would be the one quarter or two quarter guidance in that. However, on the extrusion side we do not have any such kind of thing.

Atul Joshi: What's our split then, exclusion versus injection molding, revenue wise?

Abhishek Jain: See, it is around 50:50, it sometimes varies 47% to 52%, 53% kind of range.

Atul Joshi: Understood. All the best. I hope you will continue with the same performance. Thank you so much.

Moderator: Thank you. We have the next question from the line of Roman KV from Sequent Investments. Please go ahead.

Raman KV: Sir, I just have two questions. One, you talked about that you supplied some premium parts to TATA Curvv. You said it was like the first in the country. Can you just expand more on that? And as of now I want to know the product mix, like how much of the revenue is contributed by the auto part, industrial products and then plastic injection, as well as battery packs? And what's your product mix you aim for in the future, like with respect to FY '25 or FY '26?

Abhishek Jain: Raman ji, I think first of all for the premium products; question, if you look at Tata Curvv, the sealing system that we have made for them, the outer belt, the A-pillar garnish, the C-pillar garnish, all these parts have finishes which are available today in a vehicle which is costing upwards of Rs. 50 lakhs, mainly European car like Mercedes-Benz and BMW and all that. So, those kind of technology we have been successful in localizing for Tata Motors, and those kind of parts are being supplied for a Rs. 12 lakh, Rs. 11 lakh vehicle.

Raman KV: So, we are able to manufacture and sell if almost like one-tenth of the price, right?

Abhishek Jain: Look, these are expensive parts. What I am saying that they ideally are fitted on a Rs. 50 lakh plus vehicle. But TATA accepted our proposal to introduce all these parts in an Rs. 11 lakh vehicle. But technology and all that is very premium. These parts are used by all the luxury car makers rather than the mass market makers. So, that is what I meant by premium products. And of course, in the country, nobody else makes these products, it's only us. And we are trying to expand this product range to other customers.

When you are talking about the product mix, on the consolidated level, the automotive parts, which is the OEM business, that contributed around 85% of the total revenue, aftermarket contributed 3% of the total revenue, and industrial product was 1%. The tooling facility which we have invested in, which is called Meraki, contributes about 3%. The other toolings, which are sold as part of the customers' development projects, that contributed 7%. And the battery pack business, which is done under our subsidiary companies, that contributed around 1%.

Raman KV: Sir, what about the plastic injection injectable mould?

Abhishek Jain: Plastic, if you split it in the technology side, then extrusion would contribute around 52% and injection would be around 48% if you remove the tooling business and the battery business from this whole metrics.

Raman KV: Sir, what is the optimum product mix you aiming for?

Abhishek Jain: Optimum product mix, what we are trying to do is this aftermarket and industrial product division, this ideally we are trying to scale it up to roughly about 10% of the total revenue. The automotive part business will also continue to grow, but after marketing industry products we are trying to grow much faster.

Raman KV: Including both will be 10% or each will grow 10% of the total revenue?

Abhishek Jain: In five years' time each should contribute at least 10% to the total top line. So, roughly 20% of revenue should come from non-automotive customer, non-OEM business basically.

Raman KV: Sir, also one additional question, sorry for that. Sir, in terms of margin, which is like a better margin business?

Abhishek Jain: Compared to like what?

Raman KV: Like amongst automotive business and industrial product business and aftermarket business, amongst the three which is like a better margin business, higher margin?

Abhishek Jain: Relatively, aftermarket and industrial product gives higher margins. But as we are trying to penetrate that in both the businesses, our main focus is to maintain the current margin improvement in those margins. So, we will not try to keep margin as an obstacle which stops us to penetrate in both these businesses. Because it would help in more utilization of our assets, it will result in the overall improvement in the EBITDA margin.

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

Ravi Shah: Sir, I just had one question. So, Maruti's Chairman had recently commented that the automobile industry will only grow by 3%-4%. So, how do you see the business from Maruti after this comment, like will it affect us? How is it going to happen going forward?

Abhishek Jain: See, this year, anyways at the beginning of the year it was not expected that the auto industry would grow at double digit or higher single digit numbers. I think the kind of numbers which Maruti is declaring now, those were expected from the beginning, and that have already been expected it to whatever we are planning for this year.

Moderator: Thank you. The next question is from the line of Rohan from Turtle Capital. Please go ahead.

Rohan: Just one comment, you said that you want to increase your aftermarket and industrial product division to 10% each in five years' time, seeing that those are high margin business and that will lead to better profitability, so with that like can we expect that your debt profile which stands, like our borrowing stands at Rs. 160 crores as of September, can we see that reducing back to our pre-COVID levels?

Abhishek Jain: Mr. Rohan, this year we are not planning to, like in the last three years we have increased our debt levels every year. This year we have decided that we will not increase the debt level and we will keep it same. And our internal target is that from next year onwards we should start reducing our debt leverage. So, all these new business areas and better utilization of assets will obviously generate more liquidity for the Company. And more liquidity then we will try to reduce our debt level so that we are again derisked from that kind of a situation.

Rohan: Sir if you can help us out, just understand if you have made any plans for reducing that to a certain level in next three to four years, as your capacity gets utilized and liquidity is generated, so if you can just help us out with any number if you can throw at us.

Abhishek Jain: For the long-term target, our internal target is to do the funding in that way that the long-term project should be funded from the long term funding, so that way we are trying to keep the long term investment through debt and the cash and capital deployed from our end. However, on the short-term side, we will try to reduce it to zero in to next three to five years.

Moderator: Thank you. The next question is from the line of Sakhi Pratap from Pratap Securities. Please go ahead.

Sakhi Pratap: Sir, just two questions from my side. You gave guidance of about 20% plus per annum of top line on the aftermarket business. How do you see the EBITDA margins in this product segment? And what steps is the Company taking for the development of new product portfolio?

Abhishek Jain: Thank you very much for that. So, the aftermarket business, in order to grow by 20% every year our focus is basically, first of all, to continuously increase the product offering to our customers and we are trying to create more and more packaged solutions for the customers, so that they can buy that complete kit for a car from us. So, first, of course, focus is on increasing the product portfolio. Second, without active distributors our reach cannot be completed. So, the second focus is to increase the number of distributors which I think today stands at somewhere around 130 or something.

And third is, we are also increasing our field staff who are directly interacting with all these dealers, distributors, retailers, and even going down to the mechanic level to generate the orders for the Company, trying to have better relationship with them. So, all this capability development is what we are trying to do in the Company we address so that we grow this business every year at a steady rate of somewhere between 20% to 25%. Apart from this, we are also looking at international. First focus is, of course, to the neighboring countries and second is right now to the Gulf countries. We are not thinking about exporting to Europe or America right now. We want to concentrate more on Asia kind of level only.

When it comes to margin, right now because we are expanding this business, we are recruiting more and more people, we are organizing our operations, all these kind of expenses are there. But we still expect that even after all these expenses we should be able to generate somewhere around 8% to 10% of EBITDA margins every year. For this, during this quarter, this margin took a hit because we changed the warehouse, we started our new warehouse. So, all these one-time expenses were there because of which the margins got hit in this quarter. But on a short-term perspective we consider it to be an 8% to 10% margin business right now. Maybe once we grow the business to a much higher level then we can further increase the EBITDA margins.

Sakhi Pratap: Secondly, you have mentioned about softening of raw material prices. So, how do you see this trend moving forward? And how much percentage of raw material approximately do we import out of the current raw material requirement?

Abhishek Jain: See, on the standalone basis, 52% of the products that we are making in the extrusion business, those materials, they do not have any contract with the customer. 48% of the business, which is the injection molding side, that area has automatic indexing with the customer. So, any increase/decrease that happens is automatically compensated by them. Now, for this 52%, over the last five years we have been substantially able to cut our imports, which were almost somewhere in the range of 35% to 40%. Now, we are down to around 10% of import content.

What we have tried to do is, three areas which we have worked on, some are true localization and some is gross localization. We have been able to request either our raw material suppliers. First of all, we have requested all of them to put our facilities here. Whoever has not put up facility, they have supported us in building a warehouse here so that they can supply just in time to us and we reduce our inventory levels and reduce the capital block and all of that. Many suppliers have supported us in localizing the products by themselves. And third, of course, we are able to develop alternate sources, local materials which were getting imported, we worked with all the suppliers, and together we have been able to localize all these materials as well. So, these three strategies is what we worked on to reduce this import content from 35% plus level to now to 10%.

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

Abhishek Jain: Thank you very much to the moderator for organizing this conference call today. Thank you very much, everyone, for your active participation in today's call. We are very excited on the path that we have started on. We have always transparently communicated to everyone that the last two years have been quite challenging for the group, whether it's the standalone Company or all the new businesses that we have started. But the results which are coming out, especially in Quarter 2 and consolidated on the first half level, we are very positive that the worst is behind us and from now onwards we will be able to build more and more significant value for all the stakeholders in the Company and continue to grow profitably. So, thank you very much everyone for your support. And I would like to take this opportunity to thank our investor relations advisors, SGA, for their continuous support and their guidance in organizing all these communication meetings between us and all the stakeholders. So, thank you very much, everyone.

Sachin Jain: Thank you.

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