

Sealing a growth story, part by part

Manufacturer of seemingly simple plastic and rubber parts, the Noida-based PPAP Automotive is investing on building its technological prowess and soft skills to be a player for the long run, reports Sumantra B Barooah.

During the 1980s when Suzuki Motor Corporation entered the Indian car market with the SS80 or the Maruti 800 as we all know, a 'buzz' spread that the Japanese OEM could be approached by component manufacturers to be part of its localisation strategy and supply parts "which did not require Japanese technology". Among the small group of people who saw that as an opportunity was Ajay Kumar Jain who, till then, was involved in the business of PVC pipes of various types. The exploratory visit to Maruti Udyog led to Jain bagging the first order for fuel pipes and some plastic parts for the Maruti 800's roof.

Over the years, along with the confidence from Maruti, it also bagged a mandate to supply parts that require 'Japanese technology'. This led to PPAP Automotive striking a technology collaboration and a joint venture with Japanese player Tokai Kogyo. "The Japanese don't give their technology to any Tom, Dick or Harry. So, they audited our facilities, our processes and what sort of a comfort level we are with technology for the automotive sector. Today we complete 26 years working with the Japanese," says Ajay Kumar Jain, CMD, PPAV

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PPAP Automotive supplies 120,000 pieces of plastic and rubber parts every day.



BUILDING CAPABILITIES

PPAP Automotive, which also has a technical collaboration with Nissen Chemitec of Japan for injection moulding parts, is focusing strongly on building its in-house capabilities in the area of technology and manufacturing. One of the ways it has taken is to benchmark with the overseas plants of its partners. One example of that approach is the drastic reduction in PPM (problems per million) levels. Two years ago, the PPM level in some lines was as high as 20,000. Abhishek Jain, MD, PPAP Automotive, shares that the level is currently below 10 ppm (quality defects) and zero ppm (delivery defects) for all of PPAP Automotive's customers. His company manufactures a range of 500 different products and supplies over 120,000 parts to its customers every day.

A tour of the plant gives one a fair idea of how an Indian company is making strong efforts to be a supplier that meets global quality and delivery levels. PPAP Automotive doesn't export directly, but does so through some OEMs. For instance, a Nissan model, produced in Japan, United Kingdom and Mexico, is fitted with PPAP Automotive's part. The other markets where the Indian

Automotive. At the time of striking the alliance with Tokai Kogyo, the Indian company's annual turnover was less than Rs 10 lakh. In 2014-15,

With over 500 different products in its portfolio, the company now could expand to 'adjacent areas' like instrument panels.

the turnover stood at Rs 318 crore. By the turn of this decade, PPAP Automotive's ambition is to touch the Rs 1,000 crore mark.

PHOTOGRAPHY MOHAMMED SHAFIQ

supplier's products go to are Thailand (through Honda) and South Africa and Venezuela (through Toyota).

The famed Toyota Production System is practiced at almost every part of the plant to enhance efficiency. At one stage I saw an indigenously built stretch bending machine that saved the company a couple of crores of rupees over an imported one. On another part, the overall length of an EPDM extrusion line was reduced by 25 metres through design enhancement. Abhishek credits his customers for most of the best practices that are being implemented at PPAP Automotive.

At the R&D division, a 45-member team works on design, machine and part development. From the figures shared at the R&D lab, it is clear that the Noida-based supplier is investing to build its capabilities. The lab, which started in 2002, is equipped to conduct 98 percent of all tests and with the planned addition of another 20 test machines it will be able to conduct the whole gamut of tests. Last year, a whopping 53,200 tests were conducted in this lab. Test equipment and materials include a machine which can simulate ambient temperature ranging from -70deg to +180deg Centigrade. Since sealings are exposed and also have an aesthetic role, tests are also carried by using sand from the Arizona desert and perspiration like liquid too!

The joint venture with Tokai Kogyo is also helping PPAP Automotive to climb up the quality curve and provide more value added products. There has been weight reduction of almost 40 percent in the sealing products. "Earlier, glass-



Law of causality: Investing in spiritual programmes to inculcate values among employees also helps build a sustainable business.

run channels used to be made by EPDM rubber. It is a very heavy material. With our tech partners, we make it now with TPV material product," says Abhishek.

INVESTING TO BUILD A POSITIVE CULTURE

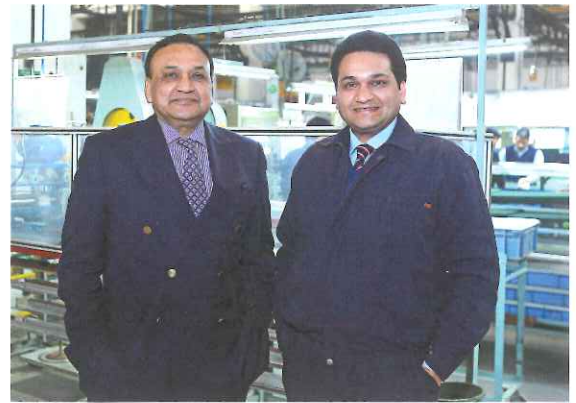
Sometime ago, Jain while dining with the global purchase head of one multinational company, asked what would it take for PPAP Automotive to be a partner of the large OEM. He was told that his company should have the same value system and the same culture as the OEM to earn the OEM's confidence. "To develop the culture of, say Toyota, it is not at all difficult but you need 25 years to develop it, because their thought process and the Indian thought process is way apart," says Jain. "Hard issues can be managed by a lot of people. Soft issues are slightly difficult to manage," he adds.

PPAP Automotive's vision is "To be a dominant supplier of automotive body sealing, interior and exterior parts". Jain is a businessman but he realises that it is the set of responsible employees with a clear mindset who could help the company live its vision. So, message boards highlighting the relevance of the universal law of cause and effect are



From a typical build to print supplier, PPAP Automotive began its designing capabilities with the Tata Nano project in 2008.

THE FAMED TOYOTA PRODUCTION SYSTEM IS PRACTICED AT ALMOST EVERY PART OF THE PLANT TO ENHANCE EFFICIENCY.



Generations at work: Chairman and MD Ajay Kumar Jain (61) along with his son Abhishek Jain (34), executive director.

put up near workstations. It is also mandatory for some employees to participate in spiritual programmes and gain benefits that are applicable at work too. "Our effort is that the majority of our white collared people should go through these motivational and spiritual programmes so that they have clarity on what is right, what is wrong, and how do you make an independent judgement," says Jain.

At the shopfloor, Total Employee Involvement (TEI) is followed to enhance processes and productivity. For example, at one workstation there was a screwdriver fitted to a holder which the operator can only swivel but the angle remains fixed so that the screw goes in only at a 90deg angle. This prevents the part from loosening later. This input to prevent any

fitting problem came from a workman. "It is actually a bottom-up approach. At the end of the day, the team member is doing the product. He has the maximum knowhow of what the problem is and what is the best way to make the product," says Abhishek.

When asked about the future of PPAP Automotive, Jain finds it "difficult to envisage" where it will be but he says he is confident that it will be a "perpetual" company as he takes pride in its "robust environment". The four percent attrition rate at PPAP Automotive as against an estimated 15 percent at the industry level could be a reflection of this.

THE NEXT MOVE

The next big growth opportunity for Jain and his team could be through entry into adjacent product areas like manufacturing instrument panels. That could also come through an inorganic move. "We are absolutely open to venture out, and we have to under the circumstances because financially we are strong, technically we are strong and we have our customers' trust. So, now we are very seriously looking at adjacent areas where we can grow our business," reveals Jain. ■