PPAP AUTOMOTIVE LIMITED

(Formerly Precision Pipes and Profiles Company Limited)

"PPAP Automotive Limited Q4 FY16 and Full Year Results Conference Call"

Transcript

May 20, 2016

MANAGEMENT : MR. ABHISHEK JAIN - EXECUTIVE DIRECTOR

MR. MANISH DHARIWAL – CHIEF FINANCIAL OFFICER

Moderator: Good Morning, Ladies and Gentlemen. I am Vikram, moderator for this conference. Welcome to the Conference Call of PPAP Automotive Limited arranged by Concept Investor Relations to discuss its Q4FY16 and Full Year Results. We have with us today, Mr. Abhishek Jain – Executive Director and Mr. Manish Dhariwal - CFO. 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 '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Abhishek Jain. Thank you and over to you, sir.

Abhishek Jain: Thank you, Vikram. Ladies and Gentlemen, A Very Good Morning To You and Welcome to the Conference Call to Discuss the Financial Performance of the Fourth Quarter of Financial Year '16 of our company. The company's CFO, Mr. Manish Dhariwal is also joining us on this call.

To begin with, I will provide you a brief background about our company. I apologize if some of you have to listen to this introduction again. Kindly refer to the 'Presentation' already shared with you.

The company was originally incorporated in 1978 for the manufacture of Custom made Extrusion Products. The company commenced the Automotive Part business in 1985 with the start of production of Maruti Cars in the Indian market. The firm was converted into a public limited company in 2008. In May 2014, we changed the company's name to PPAP Automotive Limited. 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 and Greater Noida in Uttar Pradesh, Chennai in Tamil Nadu and Pathredi in Rajasthan. All our plants are TS16949, ISO 14001 and OHSAS 18001 certified. We are working with three Japanese companies for our technology requirements. The relationships with these companies are up to 25-years old. Apart from our main company, PPAP Automotive Limited, we have established a joint venture company with our technology partners as well. After the establishment of this company, as a group, PPAP can cater to the requirements of the entire Automotive Sealing System of our customers. Today, the company manufactures over 500 different products for its customers and continuously targets to achieve Zero Defect and Zero PPM in Quality and Delivery Performance for all its Customers.

Our company is led by Mr. Ajay Kumar Jain who is the Chairman and Managing Director. He is currently serving as the President of Toyota Kirloskar Suppliers Association. I am myself part of the executive committee of Honda Suppliers Association. Our company's target is always to be our customers No. 1 supplier. We strive to proactively meet the customers' expectations and are continuously evolving our products and services to meet their 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 Systems and Injection Molded Products. These are the products that are manufactured for the Automotive Sealing Systems and the joint venture company if you would refer to the 'Presentation' which is already shared with you. The Injection products are also in the 'Presentation' which are already shared with you. Again, I would like to mention here that we have a leadership position in all the products that are made by us with the respective customers.

The company primarily services the Passenger Car segment and has started supplying to the LCV segment as well. All Japanese OEMs operating in India are our customers. A few European and local makers like Tata and Mahindra are also being catered by us. We are doing CKD (complete knock-down) exports of about 10% of our products through our customers to countries like Europe, Mexico, Japan, Venezuela and other countries.

We are also capable of doing In-House Designing, Tool Manufacturing as well as Testing and Validation. 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 requirement. We have a track record of superior performance with all our customers and we will continue to be amongst the preferred supplier for our customers.

Now, I will take you through the Financial Performance for the Q4 ended Financial Year '16. The detail slides have already been shared with you, I would like to give you a brief summary of the same. For the fourth quarter ended March 31, 2016, PPAP recorded a total income of Rs.77.07 crores as against Rs.97.77 crores in the corresponding quarter last year. These figures include Tool sales of Rs.4.94 crores in the quarter ended March 31, 2016 against Rs.24.96 crores in the quarter ended March 31, 2015. This income is largely linked to the start of productions of new launches by our customers. The other income reported for the current quarter is Rs.32.78 lakhs, it is the investment subsidy received from Rajasthan government towards our new manufacturing facility in Pathredi, this subsidy we will continue to receive over the next 7-years on a quarterly basis. The EBITDA grew by 3.45% in Q4 of Financial Year '16 at Rs.12.88 crores as compared to Rs.12.45 crores in the Q4 of last year. The company's EBITDA margin stood at 16.71% in the last quarter, recording a gain of 398 basis points as compared to 12.73% in Q4 of last year. Subsequently, profit after tax was at Rs.4.24 crores in this quarter compared to Rs.4.74 crores in Q4 of financial year '15. For the quarter under review, the sales have been marginally lower compared to the previous year. The growth which was expected could not take place due to lower demand by the end customers. The improvement in operating margins is a reflection of the company's continued focus on improving operational efficiencies across each and every aspect of the company.

The Board of Directors have reviewed the performance of the company on 19th of May and have recommended a dividend of Re.1/- per share. The total dividend for the financial year '15-16 is Rs.2/- per share including an interim dividend of Re.1/- per share declared earlier.

We are continuing our development of parts for many new models which will be launched by our customers in the next two to three years and are continuously discussing with them about the new models thereafter.

As I told before, we are continuing our track record of superior performance with all our customers. Our parts are used in some of the latest blockbuster models which are recently launched like Toyota Innova Crysta, Honda BRV, Tata Tiago, Maruti Vitara Brezza and of course Baleno and Kwid**.**

I will also briefly take you through the numbers for the Full Year Financial Year '16. For the fiscal year, the total income was Rs.302.75 crores as compared to Rs.318.50 crores in the same period last year. This figure includes Tool sales of Rs.7.81 crores in financial year '16 as compared to Rs.34.02 crores in financial year '15. The EBITDA grew by 28% in financial year '16 and was at Rs.52.06 crores as compared to Rs.40.77 crores in the financial year '15. The margin is at 17.20% in financial year '16 as compared to 12.80% in financial year '15. The net profit was Rs.15.27 crores for the current year, up by 27% from Rs.12.03 crores last year. As a result of the above, the EPS for the year has increased to Rs.10.91 from Rs.8.59 per share. For the full year ended March 31, 2016, the consolidated income stood at Rs.318.63 crores, the company registered a consolidated EBITDA and net profit of Rs.52.97 crores and Rs.14.03 crores respectively. The consolidation is basically of our main company, PPAP Automotive Limited and our joint venture company PPAP Tokai India Rubber Private Limited in which we hold 50% equity. The debt-equity ratio is also under control and we are in comfortable position to effectively manage our exposures. For the current year, we are not planning to make any additional exposures and are planning to fund the capital expenditure from our internal resources. If you look at the trend for the previous three years, we have been improving on all parameters and are making our best efforts to sustain the improved performance.

Now, I would like to leave the floor open for any questions that you may have. Myself and Mr. Dhariwal will try our best to satisfy your queries with clear answers. Vikram, over to you for managing the questions.

Moderator: Thank you, sir. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. We have our first question from the line of Sunny Agrawal from Emkay Global. Please go ahead.

Sunny Agrawal: Sir, my first question is what was the volume and value growth this quarter?

Manish Dhariwal: If you look at our numbers, this quarter the main difference is on account of the Tool sales. So once you take the Tool sales out of the total numbers that have been shared, the Parts sales is actually slightly lower than corresponding period last year; that is Rs.71.80 crores as against Rs.72.80 crores reported last year. So basically it is a flattish kind of a quarter. However, for the whole year there has been a 3-4% growth. On an annual basis, March end sales have increased from Rs.284 crores to Rs.293 crores.

Sunny Agrawal: What we have been seeing that we are enjoying benefit of low raw material cost and that has led to the expansion of our gross margin. So now with again Rubber prices and crude prices inching up gradually, where do we see our margin on a sustainable basis for FY'17 and FY'18?

Manish Dhariwal: As we have also shared in the past, the raw material cost is not directly correlated with the movement in the crude prices. So, we believe that the margins that we have been able to achieve will be largely sustainable; 1% or 2% plus/minus is something which can happen because of the product mix change, because of a new model that has come up, , otherwise we are quite confident that we will be able to maintain it. We are confident that our efforts in maintaining the margins will be successful.

Sunny Agrawal: So is it fair to assume that for next eight quarters, our EBITDA margin can be in the range of 15% plus/minus 1% or 2%?

Abhishek Jain: We are targeting that number, all our focus is aligned to that number, although we cannot give you any guidance but we do not expect it to move beyond that.

Sunny Agrawal: Last question pertains to our Tokai Kogyo venture, how the things are moving, what has been the top line this year and how things will shape up for next two years?

Manish Dhariwal: We have done a turnover of about Rs.34 crores in the JV and this is significantly better than what we did last year and we are hopeful that the trend is going to continue. While this year we are not breakeven at a net level, although we are profitable at a cash level because the depreciation is one of the biggest expenses that is affecting. So with the capacity utilization improving over a period of time, we are likely to breakeven in current year '16-17.

Moderator: Thank you. The next question is from the line of Bhavesh Jain from Envision Capital. Please go ahead.

Bhavesh Jain: On the JV front, at what level we will make the EBITDA margin similar to our standalone EBITDA margins. At what level of turnover?

Abhishek Jain: The joint venture is just about a year or two old. So it is still very nascent to come up to a similar EBITDA level as the main company; however like Manish San just explained to Mr. Agrawal that this year we have been able to achieve a cash profit and hopefully this financial year we will be able to achieve net positive situation as well.

Bhavesh Jain: What peak revenue that JV can do?

Manish Dhariwal: Between Rs.55 to Rs.60 crores.

Bhavesh Jain: We were targeting Hyundai. Any update on that?

Abhishek Jain: Talks are still going on. Since it is a new customer and Hyundai has very recently started changing their policy of localization to non-Korean companies, so it is still taking some more time, but we are in the process of it and we are very focused on getting Hyundai as a customer.

Bhavesh Jain: So we have not got the sample orders currently? Only discussions are going on as of now?

Abhishek Jain: Discussions are going on and samples are already ready with us. We have submitted our samples. They have given it for testing purpose but we do not have a commercial purchase order yet to start supplies.

Bhavesh Jain: Any new products added in this Injection Molding?

Abhishek Jain: There is this Body Side Protector. Earlier it was coming in this black finish only and we have done a value addition in that. So now it is completely chrome plated. So this is the new product that we have launched in this last year.

Bhavesh Jain: Your update on the export front we will be doing indirect exports only through our OEMs or we are planning to go directly also in exports?

Abhishek Jain: Direct exports we won't be doing. We are doing CKD exports and will continue with the same. We were doing for Nissan and Honda till now and now Toyota has been added.

Bhavesh Jain: You said that you have started supplying to LCV segment also. So this quarter only we have started?

Abhishek Jain: We started this last year only.

Bhavesh Jain: How much contribution we are getting from this segment in our overall top line?

Abhishek Jain: 2-3% maximum.

Bhavesh Jain: How much we are targeting over next 2-3-years?

Abhishek Jain: Earlier, we were focusing only on Passenger Vehicle segment. This is one segment which we have opened up last year. So we are still discussing. Now, especially with Daimler Trucks coming into the market, we are in talks with Swaraj Mazda also. I think they are also getting into some new technologies with Isuzu and we are discussing with them also about their requirements. This is the segment which we have to build up now. But I do not have a target at this point of time.

Bhavesh Jain: Currently, we are supplying to whom in LCV – Tata and Mahindra?

Abhishek Jain: Till now we have been supplying to the Nissan-Ashok Leyland Joint Venture, as a tier two suppliers for their Bharat Benz bus and also for the new maruti project of one tonne truck which is going to start. Basically, three or four models we have currently with us now.

Manish Dhariwal: Isuzu is also developing pick up trucks. So we are there as well.

Bhavesh Jain: What will be our CAPEX – only maintenance CAPEX or any growth CAPEX also we are planning to do in FY'17?

Manish Dhariwal: This year also our CAPEX is going to be with our cash accruals, so no fresh borrowing is expected. CAPEX is going to be on two fronts – one will be that in our project in Chennai, that investment will happen this year and on the maintenance side, it will be about Rs.15-20 crores. This is subject to the market situation remaining the way it is and in case something new comes up, then obviously we might have to invest for the special requirements. It will be according to the numbers I have shared.

Bhavesh Jain: Project in Chennai will take how much CAPEX?

Manish Dhariwal: About Rs.10-12 crores.

Bhavesh Jain: Which will be additional to the maintenance CAPEX of Rs.15 crores?

Manish Dhariwal: That is correct.

Bhavesh Jain: What is your outlook on the Passenger Car growth going ahead, what is the sense you are getting from your clients for FY'17?

Abhishek Jain: Everybody was expecting a growth of about 5-6% for the current year '16-17, but very recently as everyone is predicting the monsoon to be good, almost 103% and with 7th pay commission payout, everybody is optimistic about higher growth than 5-6%. Some of our customers have already issued letters to us that you have to start planning for higher capacities. Number has not been given to that, but just guidance has been given that it could be more than what they have been expecting.

Bhavesh Jain: In terms of new launches also, that will be also higher this year from the OEM side?

Abhishek Jain: New products have been coming into the market like Vitara, Innova crysta which is a blockbuster model, Honda BRV, they price it very aggressively compared to

Creta and Fortuner new model is also expected this year. Also Tata has launched Tiago. So it will be quite an interesting market this year also. Everybody is focusing on either face lifting their existing models or launching new models in the market. There will be a lot of excitement.

Bhavesh Jain: Can you give us the breakup between Injection Molding and Sealing Systems in the overall FY'16 top line?

Manish Dhariwal: Broadly equal.

Bhavesh Jain: On this raw material side, whatever problem we were facing in FY'15 in terms of supplies, considering rupee depreciation also and in terms of our vendor base also, has that been completely done away with now in FY'16? We would not face similar problem going forward as we were saying that because of the rupee depreciation, our supplier have set up base now in India?

Manish Dhariwal: It is a continuous process. Our effort towards localization of our raw material sourcing from FY'13 is continuing. So our talk with our suppliers is a regular process.

Bhavesh Jain: But now earlier in FY'15, our raw material as a percentage of sales was 59%, this year it came down to 53%. So largely it is because of the fall in prices or we have done something exceptionally this year because of which our raw material expenses have gone down?

Manish Dhariwal: There are a whole lot of reasons; in fact, we have shared in our initial commentary that FY'15 was a year wherein we had a lot of Tool sales happening. Because of the Tool sales happening, the raw material cost is higher on that side. So I would like to focus your attention to the year prior to that also. So, if you look at financial year '14, our raw material cost was 58%, then for the previous year it was at 60%. So our raw material cost has been going down from '13-14 onwards. So the process of the improvement that we are taking, the sourcing changes that are taking place, all those efforts are basically bringing the cost down. 59% that you have noticed is because of the increase Tools sales that took place; Rs.35 crores worth of Tools were sold, more than 10% in'14-15.

Bhavesh Jain: Anything we are making on this Tools business in terms of EBITDA margins that net-net margins are lesser compared to the overall margins?

Manish Dhariwal: It is not a regular business you would understand, it is basically based on whenever the new launches taking place, there are tools that have to be made. So at one level it is more of a reimbursement of cost. There is no standard thing on the Tools sales.

Moderator: Thank you. The next question is from the line of Nikhil Deshpande from Axis Bank. Please go ahead.

Nikhil Deshpande: What was the quantum of sale of Dies in Q4FY'15 March quarter?

Manish Dhariwal: Rs.24.96 crores.

Nikhil Deshpande: For FY'16 if I see on the whole sale of Dies, anything is there?

Manish Dhariwal: It is Rs.4.95 crores.

Nikhil Deshpande: For the LCVs what kind of components we are selling?

Manish Dhariwal: Only on the Sealing Systems side.

Nikhil Deshpande: You have listed the names of some models which are recently launched which are doing well in the market. But are you seeing pressure on the older models exaggerated because newer launches are taking more growth out of it?

Abhishek Jain: Growth is not coming in the older models, the older models are still doing okay, but the growth is basically coming in the new models which are being launched. Actually, Indian market has become the 'Flavor of the Month Market'; whatever new models are launched, those are accepted very well as the growth is basically in that area. That does not mean that the old model is going down, so they are still continuing their production numbers.

Nikhil Deshpande: On an overall basis for your Injection Systems and Sealing Systems, what would be the capacity utilization levels for both?

Manish Dhariwal: Capacity utilization on the Injection side is on the higher side and it will be about 80-85% whereas on the Sealing side, it will be lower about 65-70%-odd.

Nikhil Deshpande: Any further CAPEX say next year or two years down the line when are you anticipating or when would you be back on the drawing board for new CAPEX?

Manish Dhariwal: Further CAPEX will happen only when the plan for setting up the plant in Gujarat will be made. It is not happening either in '16-17 or in the early part of '17-18, that plan will basically be dependent on how our customers are shaping up there.

Nikhil Deshpande: So after Chennai, it would be in Gujarat, is that what you are saying?

Abhishek Jain: Yes, whatever we invest is completely tied up with the customers. So unless and until there is a feasibility of the investment which has to be done we do not go ahead.

Nikhil Deshpande: You are not seeing requirement for investment in Gujarat in the near future?

Abhishek Jain: No, right now, we are discussing with Maruti, like whatever Suzuki Motors Gujarat is going to start production in that area, we are still discussing with them which is the best supply chain solutions to cater to their requirements and in case there is a feasibility in putting up either a warehouse or maybe a small assembly facility we will take that decision.

Nikhil Deshpande: So for a short period of time, you can service Maruti's Gujarat plant from your existing plants in North?

Abhishek Jain: Yes, we have the capacities in place here, but in case Maruti strongly tells us that you have to give a local supply or something, and the feasibility of that project is there, then we will go ahead.

Nikhil Deshpande: Costing wise it is still feasible servicing from North?

Abhishek Jain: They have been very fair in the compensation part, so they are ready to cover their transportation and the local warehouse charges and everything. Initially, our contract was to supply from here to Manesar, Gurgaon. They have been quite there in it.

Moderator: Thank you. The next question is from the line of Bhupendra Durgaiwala from Dynamic Equities Private Limited. Please go ahead.

Bhupendra Durgaiwala: My question is that even no growth is seen in the top line on a yearly basis, the PAT has increased. Can you throw some light on this?

Manish Dhariwal: Operating efficiency is that we have been working on, have basically been the primary driver for the improvement in the profitability. The sales of the parts have increased marginally on an annual basis and the rest of the difference is on account of the Tools sales. So, basically if you notice my material cost has come down, then if you also look at the other expenses, those have been under control, finance cost is something that we are very-very strongly focusing on, we have been very-very tight with the way we use our funds, employee cost is something that obviously there is only to an extent that one can do about it, so because growth did not take place here this year, so that is on the higher side if you look at it on a percentage and on an actual numbers basis, but otherwise, our initiatives, efforts on looking at each element of cost have been bearing result right from if you look at our freight, that has come down significantly, our consumption of consumables have come down. While saying that we are also not stopping to invest for the future. If you will look at our numbers in detail, you will notice that our traveling cost has actually been on the increase. We have been sending our teams for a lot of value addition learnings on a regular basis. That is how we are able to meet our goal of being a one-stop shop from print to manufacture. So, all these initiatives, all these efforts have been bringing results. We are hopeful that the trend will continue.

Moderator: Thank you. The next question is from the line of Deep Shah from SBI Capital Securities. Please go ahead.

Deep Shah: Sir, I was just going through the previous presentations uploaded on the website; the one thing that I notice is the business share among the MSIL and HCIL is more than 80%. So first, my question is how the trend has been over the last five years? How the share has moved? Second, how confident you are to increase the share to a more extent?

Abhishek Jain: If you look at the history about five years back we were almost 80% by Maruti Suzuki. So from that 80% Maruti Suzuki we now have dependence on them up to just about 50% and earlier we were basically catering to three customers – Maruti, Honda and Toyota till about five years back. In the previous five years we have added many customers like Nissan, Renault, Tata, Mahindra and Isuzu. So we are aware of fact that being dependent on one customer is a big risk to the business and we are continuously focusing on adding more customers to our product portfolio. So that's one area where we are very sensitive about.

Manish Dhariwal: The principle that we work is that we try to push our existing parts to new customers and new parts to existing customers. If you notice that every single Japanese car maker who has entered the Indian shores is a customer of ours. So that process is a very important component of our working strategy.

Deep Shah: Some interesting facts that is coming out of this presentation is that Nissan if I look at it correctly we have a relationship with them for more than three years now and our share of business with them is like more than 9% whereas in the case of Toyota we are with them more than 9-years and the share of business is 5%. So what is actually moving internally – why there is such a difference between these two?

Abhishek Jain: That is purely because of the number of cars that are produced by them.

Manish Dhariwal: Nissan is using India as their export hub and Nissan is also sourcing parts for their international models. So that is why the sales for Nissan are higher.

Deep Shah: So basically Toyota whatever component you will supply to is just restricted to domestic market?

Manish Dhariwal: That is also changing. In fact, our supplies to Toyota have begun to Latin America to South Africa. What is happening is that a lot of these companies are sourcing parts for their international cars manufacturing from India and we are one of the preferred sources.

Deep Shah: Any margin difference that you have observed between let us say one of your customers selling a car in domestic market and procuring raw material from you, margin in that and margin in the other way like he is exporting a car from here on?

Abhishek Jain: No, not for us, because we are doing CKD exports, for us the customer is same, we are supplying to Nissan, and it is the same company that we are supplying to and the same set of people are negotiating with us.

Deep Shah: So basically any increase/decrease in the raw material prices has been the pass-through to you, right, or you keep the benefits with you?

Abhishek Jain: Exchange rate is pass-through but the price is negotiable.

Deep Shah: A couple of questions on P&L side: I was just observing the numbers this quarter; employee cost and other expenses have been at around (+16%) as a proportion of sales, another expenses was at around 14.6% as a proportion of sales, which is a little bit higher. So can you throw some light on the same?

Manish Dhariwal: Yes, that is right, when you are looking at the employee cost on a quarterly basis, these numbers have been stable, but if you compare these numbers from the same quarter last year that is year-on-year basis, then these numbers are looking much bigger, primarily because the denominator was significantly higher; it was Rs.97.7 crores as against Rs.77 crores this year and the difference is basically on Tools sales. Tools sales does not require the same amount of manufacturing or all that because they are sourced from outside. So the Tools sales impact is on the material side. So if you notice the material cost was 64.18% last year as against 52.27% this quarter, whereas the employee cost is 15% this quarter and under 11% last year. So the Tools cost in fact is on a material cost side, it is not on the other side.

Deep Shah: But as far as the other expenses are concerned, our total sales de grew by around 20% whereas other expenses just de grew by around 6%. So what is there sitting in other expenses?

Manish Dhariwal: If you compare it with the Q3 then you will appreciate the numbers have increased in this quarter from Rs.10.5 crores to Rs.11.2 crores because of some specific expenses that have increased. There have been some specific expenses like repairs and maintenance which are not regular in nature. I will give you example and I can share with you that for some of the models we had to do some modifications for the new model business that we are going to be working on. So we have to make some modifications and expenses have come in this quarter and that is the reason why the numbers have increased in this quarter.

Deep Shah: How are you reading the competition as far as domestic supply is concerned in the next two to three years? Who all are the participants that you are competing with?

Manish Dhariwal: Competition is a continuous thing which is always there and we have to do our bit and that is how it just **in** the market. Our strategy is very clear; we want to make all our functions very strong and in terms of strategy, we have defined that operational efficiency is continuous work in our company at all levels. So that is a continuous thing. In fact, sometime back in call I mentioned that we have been continuously sending our design team and members abroad for training, for improving and for learning. So all these initiatives, all these efforts keep us right at the top of the heap and gets us the business. So competition is something that is going to be there, it is only going to get intense if you ask me.

Deep Shah: You said we have a tie up with a couple of technology partners – one is Tokai and one is Nissan. What sort of technical fees or any royalty that we pay to them?

Manish Dhariwal: Yes, there is a royalty on parts that is paid to our technology partners and if there is a design support or if there is any specific support that is sought, that is taken, then separate payments to them are made.

Moderator: Thank you. We have a follow on question from the line of Sunny Agrawal from Emkay Global. Please go ahead.

Sunny Agrawal: Abhishek, when if I go and look into historical numbers, earlier in 2008-09-10, we used to make EBITDA margin upwards of 22-25%. So by any chance do you feel can you reach that level again in over the next 3-5-years by the efforts of our operating efficiency or whatever steps we are taking to improve our profitability?

Abhishek Jain: Going forward, I think it is a very big challenge and task in front of us to achieve those 2008 numbers again, but if you look at the history, we went down to almost zero and now we are bouncing back to 16-17% EBITDA level. Since we have already achieved 2008 numbers in the past, I would not say that we cannot do it in future. But very challenging and uphill task to achieve them again.

Moderator: Thank you. As there are no further questions, I would now like to hand the floor back to Mr. Abhishek Jain for closing comments. Over to you, sir.

Abhishek Jain: Thank you, Vikram and the team of Concept to organize this conference call. I would like to pay my gratitude to all my analysts and investor friends who took time out of their busy schedules to listen to us today. Please feel free to contact Concept IR or us in case you have any questions. I would also like to request you to kindly visit our facilities and experience the hard work that is being done on the ground to achieve this performance. If you happen to be in the NCR, do give us an opportunity to show you our operations, we will be very happy to show you around. Thank you very much. Bye-bye.

Moderator: Thank you, sir. Thank you, all for being a part of the conference call. If you need any further information or clarification, please mail at parin@conceptir.com