# "PPAP Automotive Limited Q4 & FY22 Earnings Conference Call"

## May 16, 2022

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**Moderator:** Ladies and gentlemen, good day, and welcome to Q4 FY22 Earnings Conference Call of PPAP Automotive Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

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

**Abhishek Jain**: Thank you, Margaret. Good afternoon, everyone, and welcome to our Quarter 4 and Financial Year '22 Earnings Call.

My name is Abhishek Jain, and I'm the Managing Director and CEO of the company. Along with me, I have Mr. Sachin Jain, – the CFO, as well as SGA, our Investor Relations Advisor.

I hope everyone has had a chance to go through our investor presentation which includes the strategy for making the company and the subsidiary companies stronger, resulting in higher growth going forward, along with the financial performance for the quarter and year ended March 31, 2022.

Let me start today by sharing the industry scenario:

The overall automobile passenger vehicle production volumes in financial year '22 increased by 19% year-on-year basis even after marred by several headwinds like supply chain bottlenecks and semiconductor shortages. The impact caused by the successive waves of the pandemic and the consequent lockdown restrictions by various states across the country adversely affected the rural as well as the urban markets.

On the EV front:

The overall EV sales volume has increased from 133,831 units in financial year '21 to 429,342 units in financial year '22. The percentage share of EVs in overall vehicle sales increased from 0.87% in financial year '21 to 2.61% in financial year '22.

The year gone by posed several challenges to the business due to COVID-related disruptions, geopolitical disruptions and most importantly, semiconductor chip shortage. Despite the challenging operational environment, PPAP reported a revenue growth of 27.4% on stand-alone basis and 30.9% on a consolidated basis in financial year '22. During quarter 4 of financial year '22, there was a robust demand for vehicles as semiconductor issue seems to be easing out.

Although it may take another year to completely come out of this risk, with easing of COVID-related restrictions, there is a positive outlook all around.

Due to increase in demand, the capacity utilization of the company increased to 72% in quarter 4 of financial year '22. With our focus on achieving higher growth through addition of new customers and continued improvement in operational efficiencies, the company has been able to maintain an EBITDA margin of 10.4% in this quarter. The Board of Directors has decided to reward the shareholders of dividend of 15%, which is Rs. 1.5 per equity share of face value of Rs. 10 each.

In financial year '22, we published a report on sustainability for financial year '19-'20, and we were in the final list of contenders for the Asian Sustainability Report Awards in the category of first-time reporting. The report defines the initiatives which the company has taken in the area of environment, social and governance. Following best-in-class ESG practices is our motto at PPAP, and it is also ingrained in our culture, value system and everyday working.

Coming on the business side:

As you all know, we have restructured the company into 5 segments, and I would like to talk about key highlights for each segment today. For the automotive parts, in this segment, the company began supplying its products made up from plastic extrusion and injection molding to newly launched vehicles of marquee OEMs in the year. Some of the projects that we worked on were for Maruti Suzuki's Baleno, Volkswagen's Kushaq, MG Motors' Astor, Maruti Suzuki's Celerio, Skoda’s Slavia and many more.

We are continuously scouting for new customers and increasing our per car value for the existing customers. The company is supplying more than 200,000 pieces every day to its customers. We are developing almost 300-plus parts for our customers, which will be in production in the next 2 years.

The expansion in Chennai plant will be completed by end of June, and this would take care of the new businesses being proposed to be started in this financial year for our customers in Southern region like Hyundai and Toyota. We have completed the expansion of our Gujarat plant, which will suffice the needs of the new businesses in the Western region for MG Motors and Suzuki Motors Gujarat.

We will be adding a new warehouse facility in the Northwest region to cater to the requirements of new businesses for Maruti Suzuki and other customers. This year, we anticipate that our utilization levels will reach 85% plus. Apart from the automotive customers, we are getting active interest for supplying parts to non-automotive customers as well.

The demand for automotive parts is strong. However, there is a pressure on the margins due to rise in commodity prices. To overcome this problem, we are actively discussing with our customers for onetime compensations for unprecedented rise in raw material prices as well as some system of quarterly compensation to reduce the risk permanently wherever we do not have the contracts in place.

We have faced a similar situation in financial year 2015 with the sudden rise of Yen. We are confident that soon, we will find some mutually beneficial solutions with the customers for this problem as well.

For the aftermarket, this segment focuses on development and sale on parts and accessories, and it is done through our 100% subsidiary called Elpis Component and Distributors Private Limited. Currently, the company offers 250-plus products as spare parts and 60-plus products for accessories. The company has now set up its presence with 70-plus dealers located in 35 cities across India. This year also, we will be expanding our network to more than 150 dealers across the country.

Today, on the sacred occasion of Buddha Purnima, we have started our central warehouse, which is located in Dadri region of UP for efficient distribution of the spare parts.

Pail container, which is the third vertical for the company's growth. This business was born out of identification of products which we can utilize the spare capacity of our injection molding machines. We've already started supplying these containers to the agriculture industry. We now have a product range of around 15 products to offer to adhesive, paints, FMCG and lubricant industries. In this segment, we are also looking at exports as a big opportunity for us.

On the tooling side, the commercial toolroom, which we have set up in the last 2 years, this can develop and design plastic injection molds of size up to 1.8 meters. The current capacity of this tooling department is to now make 80-plus molds per year. This division manufactures molds for PPAP Automotive parts business as well. Leveraging our tooling facilities, we have 3 customers in automotive segment, 3 in white goods and 1 in medical segment.

Due to global logistics problems, we are seeing a lot of traction in this vertical from customers in all the segments. Basically, most of the companies who are buying exclusively from China have changed their policy to China Plus One, and that is why this business is exhibiting a huge opportunity for us.

In April, we have participated in the TAGMA, which is Tool and Gauges Manufacturing Association exhibition, which took place over 4 days in Mumbai. We have received an extremely positive response from all the visitors and we have established ourselves as one of the leading manufacturers of plastic injection mold and tooling in the country.

In the EV vertical, PPAPs forayed into manufacturing of EV components for electric cycles, 2-wheelers and 3-wheelers. Last year, we commenced production of battery packs for electric cycles and 2-wheelers. Now we have established 2 lines already and 1 more line is in process.

By the end of this quarter, we will have 3 lines functioning, which will increase our capacity to cater to the ever-increasing demand from our customers.

Currently, we are taking to 10-plus customers in this segment. Apart from the battery packs, we have also developed the outer casing of the wall charger along with Tata Motors. We are also in talks with many EV 2-wheeler makers for development of plastic injection molding tools as well as plastic parts for their vehicles.

Now let me throw some light on the financial performance and key developments for Quarter 4 and Financial Year '22:

For the stand-alone PPAP, revenue grew by 27.4% from Rs. 321.2 crore to Rs. 409.1 crore on a year-on-year basis. EBITDA stood at Rs. 39 crore, registering a growth of 15.8% year-on-year basis, with our company achieving the EBITDA margin of 9.5% in financial year '22. As we reiterated earlier, despite challenging times, the company clocked an EBITDA margin of 10.4% in quarter 4 of financial year '22.

92% of the revenue is derived from sale of parts, the balance is derived from sale of tools and other income. Maruti Suzuki continues to be the largest customer of PPAP. In this quarter, the company has received Zero Defect Award from our esteemed customer Hyundai Motors. The capacity utilization for the full year ending financial year '22 stood at 64%. Our aim is to improve capacity utilization levels going forward. And this year, we hope to achieve a utilization of 85%.

For consolidated PPAP, our aftermarket subsidiary has turned profitable and contributes positively. Our endeavor is to target 5% to 8% of the total revenues from this segment in the next 2 to 3 years.

The EV component subsidiary has achieved breakeven in the quarter, and we expect EV business to deliver consistent performance going forward. The performance of the joint venture continues to be subdued due to reduction of volumes because of semiconductors and unprecedented increase of commodity prices. However, the capacity utilization, again, is expected to reach 85% in this year from the current levels of 60%. We are actively discussing price increases with our customers and hope to have a positive response from them during this quarter.

In the past 2 to 3 years, we have invested our time, money and efforts in developing these business segments and realigning the company to enable growth in each of these business segments. We are confident that now that the basic foundation of all these businesses have been made, going forward, the core business, coupled with these new businesses will take the company to newer never achieved before heights. This financial year will be a turning point in the history of the company. We are well-poised as establishing ourselves as a sustainable and reliable solution provider for all the businesses.

Thank you, everyone, for your time listening. We will be more than happy to answer any questions that you may have. Over to you, Margaret.

**Moderator**: We will now begin the question-and-answer session. First question is from the line of Hetal Thakker from ASK Investment Managers. Please go ahead.

**Hetal Thakker**: So, my question is, sir, how has the business momentum been on ground in quarter 1 of FY23? And if you could also throw some light on supply chain issues.

**Abhishek Jain**: So, on the ground, the demand for automotive business continues to be strong. We are seeing, there was always a demand for the vehicles. But supply side, we had a lot of issues, especially for semiconductor shortages. But now our customers are well-poised. They have secured a lot of sourcing for these semiconductors. And they are estimating that their committed production volume would be somewhere in the range of 90% plus for this year. So, this year, demand expectation is to be quite strong.

**Moderator**: The next question is from the line of Ankit Agarwal from ARC Capital. Please go ahead.

**Ankit Agarwal**: Sir, I had a question on the capacity utilization actually. So, our capacity utilization has increased sequentially from 65% to 72%. Sir, what is the optimum utilization that we can expect for full year '23?

**Abhishek Jain**: This year, we are anticipating this utilization level to reach up to 85% for the automotive part business.

**Ankit Agarwal**: And what is the estimated CAPEX plan for this year?

**Sachin Jain**: So, this year, the CAPEX plan would be more on the replacement side and the balance of equipment side to meet the customer requirement. So, next year, we are not planning any major expansion plans. So, that could be, as per the requirement, so that could be lesser than this year.

**Ankit Agarwal**: And sir, a few questions on the EV segment. So, going forward, which are the other products that we are targeting apart from the battery pack in the EV segments?

**Abhishek Jain**: Whatever products we have been making traditionally in the company, those are all the applicable for EV products, electric vehicles also because our products are engine agnostic basically. So, apart from focusing on developing these plastic parts, both on extrusion and injection side for passenger vehicle EVs, we are also now getting active interest from 2-wheeler EV makers for developing the plastic parts as well, so that is one area.

Second is, as I covered in the opening remarks as well, we've also developed the plastic casing of this EV charger, which will be used by Tata Motors in their vehicles. So, these kind of products are also now being developed by us apart from the battery packs. So, whatever business we've been doing traditionally, we are finding applications in the EV segment, whether on the vehicle side or on the auxiliary side and developing such opportunities for us.

**Ankit Agarwal**: And sir, a follow-up on the EV question. Like, who are the key customers in the EV segment?

**Sachin Jain**: So, EV side, the key customers are Go EV, **Benling,**, Moto Volt. So, these are the current key customers and we are also adding new customers. Gemopai is also one of the customers.

**Moderator**: The next question is from the line of Dripta Shah from Edha Wealth.

**Dripta Shah**: Sir, in the auto segment, is PPAP supplying to any new customer?

**Abhishek Jain**: I'm sorry. Can you repeat that, please?

**Dripta Shah**: In the auto segment, is PPAP supplying to any new customers?

**Abhishek Jain**: Any new customers?

**Dripta Shah**: Yes, sir.

**Abhishek Jain**: We are supplying to basically all the passenger vehicle makers in the country like Maruti, Toyota, Honda, Renault Nissan, Hyundai, Tata Motors, Volkswagen, MG Motor, Kia. All of them, we are supplying parts to.

**Moderator**: The next question is from the line of Anil Kumar Sharma, an individual investor.

**Anil Kumar**: Sir, my question is actually a few years back, we were having a good profit and earnings per share was very high. From profitability angle, when we can expect that? Two years down the line? Three years down the line? One year down the line?

**Abhishek Jain**: Mr. Sharma, as indicated in these results for quarter 4 and the full year, we recovered on the top line this year. And in this financial year, the demand again continues to be strong. So, we should be able to grow the company much better in what we've done in the last 2 to 3 years.

On the profit side, as you all know, and we've been saying very transparently, the unprecedented rise in commodity prices have actually hit the bottom line. So, whatever internal efficiencies, we have to improve, like doing a reduction in rejections and all that, all those activities we have completed now. And now we are representing this unprecedented increase to our customers and requesting them to give us some price compensation for it.

So, we are now discussing with them. So, hopefully, in this quarter, we should be getting a positive response from them because it has to be a mutually beneficial relationship between our supplier and our customer. So, this quarter, we should be able to sort that out. Once that is sorted out, I think your questions, your concern will be answered automatically.

**Moderator**: The next question is from the line of Riya Verma from Oracle Securities. Please go ahead.

**Riya Verma**: I have 3 questions. Firstly, the commodity prices have been on a rising trend. So, how much percentage of the rise in raw material price is passed through to the customers? And what is the lag?

**Sachin Jain**: As of now, the 50% of the commodity prices are a pass-through and there is a lag of 1 quarter in that.

**Riya Verma**: Secondly, what is the content for vehicles for MG Cars and Kia Motors?

**Sachin Jain**: Sorry?

**Riya Verma**: I'm asking what is the content for vehicles for MG Cars and Kia Motors?

**Abhishek Jain**: For MG Motors, it is much higher. We are doing business with them about Rs. 6,500 per car. For Kia Motors, our direct and indirect business, that is just about Rs. 1,000 per car.

**Riya Verma**: And lastly, on the industrial front, semiconductor issue seems to be easing out. So, by when do you expect normalcy on the ground?

**Abhishek Jain**: The 100% normalcy, what industry experts are saying, it will still take about a year for this concern to get finished. Things are getting better. Every day now the supply side, all the OEMs have some contract and all in place. But to completely get out of this concern, it will take at least 1 more financial year. So, maybe around January of '23, that time, it is expected that this whole problem will come to an end.

**Moderator**: The next question is from the line of Ankit Agarwal from ARC Capital.

**Ankit Agarwal**: Sir, a question on the aftermarket business. So, how is it shaping up? And what is the percentage share in the overall revenues as of now?

**Sachin Jain**: In FY22, the share of business from aftermarket is around 2% in the financial year. And since we are getting good demand from the customer side and our products are being very much appreciated by the dealers, and they are giving the response that our product, to the customer or the retailers, which they're dealing, they want the products which are being manufactured by the PPAP. And also mentioned by the MD san in the start of the call that we have also started a new central warehouse today itself. So, we are very confident and hopeful in that business that it will contribute, in a big way, in the PPAP group sales in the future.

**Participant**: And sir, circling back to the EV segment. Sir, on the outlook part, how do you see the EV segment growing? And in terms of contribution to your total business, do you see it increasing year-on-year?

**Sachin Jain**: Yes, it is increasing. This year, it is 2%, and next year, we expect to reach to up to 4% to 5% in the coming years. So, as I mentioned, we have added more than 10 customers. So, we are quite hopeful in that segment also.

**Moderator**: The next question is from the line of Piyush Jain from Hansraj Virendra Capital.

**Piyush Jain**: Sir, I just want to get a qualitative aspect from the business perspective that as you are entering into many segments or maybe you had highlighted in the past con call as well that the new areas which you are exploring or evolving. So, I just wanted to understand your view or the sense that how do we see company down the line, let's say, in the next 3 to 5 years? And what sort of changes that we are doing in the organization?

**Abhishek Jain**: The organization side, we've basically divided the company into 3 areas. One is the business development function, which is primarily focused on getting business for all these functions. Second is what we call as a supporting function. Supporting function means all the central functions like sustainability, HR, administration, finance, IT, information technology, et cetera. And then the third is basically the operations segment wherein all synergies of all these businesses will be consolidated under one management.

So, when we're talking about manufacturing of plastic parts, whether it is for the pail container or whether it is for EVs, whether it is for passenger vehicles, whether it is for the aftermarket, all the manufacturing operations will be consolidated together under one management. And they will cater to the other businesses. So, this is what change we've done on the organization side in the last 2 years. Earlier, it was only particular business type of organization.

We don't follow SBU concept in the company, because that we think does not add much value in the long term because some sort of compromise on the company's ethics and values happen in that case. So, we're following a hybrid type of organization in the company.

And we've changed a lot of concepts in the last 2 years. But based on whatever we were learning, whatever shortcomings were coming, wherever areas where we were not able to drive the purpose of that business. But now this year, the leadership charge that we've launched in the company and the organization that we've set, we are very confident that this organization will give us the results which have been envisaged for all these businesses.

**Piyush Jain**: The second question that I have is on the margin side. So, I think before in 2018 or '17, we used to do some 20-odd percent EBITDA margins. And currently, I think we are at a 10% margin. So, I know that currently, there are some problems on the commodity side where we are facing the challenge.

But just wanted to get a sense on how do we see, in the long run, to get a sustainable margin, let's say, if we are skipping this 1 or 2 quarters or 1 or 2 years where the entire auto industry is facing some challenges. But in terms of the sustainable margins, where do we see that? And what sort of drives that we are initiating within the organization. I think that's all.

**Abhishek Jain**: For us, I think a fairly sustainable margin would be somewhere in the range of 14% to 15% EBITDA. That is I don't know if you attended the conference calls, which happened during that time when we were reporting 18% to 20%. At that time also, we were very clear that 14% to 15% is what is sustainable and 18% to 19% were achieved, maybe as a onetime or a short-term thing.

But as a company, we've always focused on having a margin of about 14% to 15%. The internal efforts, we focus basically on 2 issues. One is the plant cost and second is the part cost. So, both the areas, we analyze each and every part, which is being made by the company.

We looked at what the customer is paying us for in raw material weight and process speed and manpower, everything, benchmarked that. And then did a comparison of where we are today, and found out a lot of gaps in that area, and we've already corrected all those gaps.

When we looked at consolidated results on the plant level. On plant level, we were comparing things like total logistic costs, administrative overheads and total energy cost and all. So, when we looked at how do we further reduce all these areas and we are focusing on improving our performance in those areas as well.

The third most important factor which we revised after studying all these things is that like Sachin san was saying earlier that 50% of our business, we don't have a raw material contract with the customer. So, that 50% of the business, now we are in negotiation with the customers of how do we get some price increases either on onetime basis or on a quarterly system so that again we can sustain these 14% to 15% of margins going forward. But our endeavor is to achieve 14% to 15% in whatever businesses that we do with the company.

**Piyush Jain**: I think just 1 more, if I may be allowed. I think as the Maruti and Maruti Suzuki, both are having a big expansion plan, something like up to 20, 25 or beyond that. So, I just want to get a sense, Maruti, Suzuki being our biggest customer, so are we seeing some more inquiries with respect to the new parts, which has to be being developed for them?

And with respect to the supply chain, are we, like, a primary, secondary supplier with respect to our customers, wherever we are dealing with? Means how we are positioned against the competition in the market where we are working?

**Abhishek Jain**: With Maruti, Suzuki, we are developing a lot of models for them, and we are continuously getting new business for all 3 locations, which are being operated by them for Maruti Gurgaon also, for Maruti Manesar also and for Suzuki Motors in Gujarat. The supply chain at Maruti is all consolidated. So, 1 team takes decision for sourcing of parts for all the 3 plants for them.

So, continuously, we are getting business from them in both plastic extrusion systems also and in injection molding business as well. And we are Tier 1 for the Maruti business. We supply most of these components directly to them, for both for their OE parts also and for their spare parts as well. So, there are 2 segments in that as well.

Now I think, a couple of days back, it was in the news but Maruti has officially announced that they are building up a new plant in Kharkhoda, Sonipat. So, this was on the cards for the past 3 years. Maruti has been evaluating a lot of other sites. And finally, now they've decided on going ahead with this Kharkhoda plant. Our location of this Kharkhoda plant is, I think, about 100 kilometers from their Gurgaon plant. But it is very well connected with this new Eastern-Western peripheral highway, which is there around Delhi-NCR.

And the purpose of Maruti making this new plant is to decongest their Gurgaon plant. So, we have to wait and watch to see whether this Gurgaon plant will be shut down by them and all the production will be shifted to Kharkhoda or what exactly is their strategy, that is not yet very clear. But some production will be transferred from Gurgaon to Kharkhoda plant, because they're having a lot of logistic issues while dealing with this plant.

For PPAP side, like when Suzuki established their plant in Gujarat, of course, it was a faraway plant, that's why we went to Gujarat and established a new plant for them. But for this new location in Kharkhoda, we don't envisage that we have to set up a complete new plant. I think our basic direction will be that we will continue to manufacture in the existing plants. But in case there is a just-in-time requirement or there are supply risks and all, we might establish a warehouse for them very near to the plant so that we can reduce the supply chain just for them. I hope I have answered your questions.

**Moderator**: The next question is from the line of Vaibhav Badjatya from HNI Investment. Please go ahead.

**Vaibhav Badjatya**: For this Kharkhoda plant, I understand it is going to be a long-term affair or going to be next maybe 2 or 3 years. But for Kharkhoda plant, any of our competitor who would be closer to Kharkhoda plant than us?

**Abhishek Jain**: Most of Maruti supply chain is located in this Manesar-Bawal-Guargaon belt. So, I cannot actually comment on what others are doing, but just as a basic common sense is that if distance is not that far and it is very well connected, I don't think many people would like to invest in new plant.

**Vaibhav Badjatya**: No, I'm not talking about the new plant. Based on the existing location of the existing competitors, due to this whether the Kharkhoda plant would become more closer to any of our competitor? Or will it still be the closest to newer plants?

**Abhishek Jain**: From our Surajpur plant, Kharkhoda plant will be much closer to us compared to Maruti Manesar plant or Guargaon plant today because of this Eastern-Western Peripheral Expressway. So, we'll be much closer to the Surajpur plant.

**Vaibhav Badjatya**: And secondly, on this 50% of commodity price, which is a pass-through, at such existing contract, 50% is what we have to manage either through productivity improvement or the improved bottomline **41:49** of the bottleneck. So, this, obviously, was both phase for us. If in future if the commodity prices fall, obviously, the benefit would be retained by us, right? I just wanted to understand that. Is the arrangement both ways? Or it is not like that?

**Abhishek Jain**: Well, it is going to be both ways. As prices go down, our selling price is going to go down. And if the prices go up, then our selling price is going to go up. It has to be a win-win situation. It cannot be just a one-sided affair, only skewed towards benefit to us.

**Vaibhav Badjatya**: Sir, the changes that we are going to do in terms asking for additional benefit because of prices, I mean to say the contract itself will be changed to increase this percentage of 50% to say 75%, 80%? Or it is just a onetime thing and 50% will continue going forward as well?

**Abhishek Jain**: The 50% will continue to be the same contract. We're not going to change the contract. But for the balance 50%, we are negotiating whether a onetime or similar system as the balance 50%.

**Moderator**: The next question is from the line of Sonu Harshana, an individual shareholder.

**Sonu Harshana**: Sir, I have 2 questions. The first question is our second largest customer is Honda Motors and they have lost approximately half of their revenue in the last 2 financial years. So, what we are taking approach to gain that business from either Honda Motors or some different customer?

**Abhishek Jain**: Yes, thank you for that concern. Honda, of course, in Indian market, continues to be a problem area. At one point of time, their market share has reached almost 20% levels. And now I think they're down to single-digit market share. So, Honda, unfortunately, they are not -- they don't have too many new products for the Indian market to offer apart from their flagship, City and all.

For PPAP, Honda was, of course, a very big customer. At the peak curve of Honda's performance in the country, they were contributing almost 40% to our top line. Now they contribute about 20%. So, now in the past 3, 4 years, we've started focusing on other customers like Maruti and MG Motors and all the new customers which have come in so that we can generate more business from them and reduce our risk for this Honda business.

**Sonu Harshana**: My second question is, our de-risking strategy and we form 4 or 5 other businesses. And since FY19, our debt on the balance sheet increased around Rs. 100 crore from Rs. 20 crore to Rs. 25 crore. Are CAPEXs done on those businesses? Or we still need more internal accruals? Yet we're still in more debt, and how are we going to reduce that debt down the line at 2-year, 3-year next financial year. Those businesses are self-sustaining now on a cash basis? This is what I want to ask.

**Sachin Jain**: As far as the new business is concerned, so at the initial stage, the PPAP is investing in those businesses. So, right now, as we have mentioned that the Ptech has already been reached at the breakeven level. But however, there are some CAPEX requirement also, so that would be funded by PPAP. And **on Elpis** side, that is already on the self-sustainable mode. And JV also is at the self-sustainable mode, there would not be any investment in the JV company.

There could be other investment opportunity in future, for adding the new product segment or any other new opportunity come to the PPAP. But as you mentioned that we have reached to again around Rs. 90 crore of the figure. So, this year, we will try to reduce the debt levels, and we'll not increase the net debt levels in this financial year in FY23.

**Moderator**: As there are no further questions from the participants, I now hand the conference over to Mr. Abhishek Jain for closing comments.

**Abhishek Jain**: Thank you, Margaret. I thank, everyone, for taking time out of your busy schedules to attend the conference call today. Please feel free to approach us with any questions that you may have. We will be more than happy to show you around the excellent facilities that have been created to service the customer. I thank SGA Advisors for organizing this call. Last but not the least, a big thank you to the team at PPAP for supporting this call. Thank you very much.

**Sachin Jain**: Thank you. Thank you, all.

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