PPAP Automotive Limited
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14th February, 2025

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Symbol: 532934

The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051
Symbol: PPAP

Subject: Transcript of earning conference call for the quarter and nine months ended 31st December, 2024.

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 enclosing herewith transcript of earnings conference call held on Tuesday 11th February, 2025 to discuss financial results for the quarter and nine months ended 31st December, 2024.

The transcripts are also available on Company's website at:
https://www.ppapco.in/financials#conference_call_transcript

This is for your information and record.

Thanking you,

Yours faithfully,
For **PPAP Automotive Limited**

PANKHURI AGARWAL

Digitally signed by PANKHURI AGARWAL
Date: 2025.02.14 14:41:12 +05'30'

Pankhuri Agarwal
Company Secretary & Compliance Officer

"PPAP Automotive Limited

Q3 FY'25 Earnings Conference Call"

February 11, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11th February 2025 will prevail."

MANAGEMENT: **MR. ABHISHEK JAIN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – PPAP AUTOMOTIVE LIMITED**
MR. BENIPURI – HEAD OF ACCOUNTS – PPAP AUTOMOTIVE LIMITED

SGA – INVESTOR RELATIONS ADVISOR – PPAP AUTOMOTIVE LIMITED

Moderator: Good morning, ladies and gentlemen. Welcome to the Q3 FY '25 Earnings Conference Call of PPAP Automotive Limited. 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

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 the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

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

Abhishek Jain: Yes. Thank you very much. Good morning, everyone. I would like to extend a very warm welcome to all the participants joining us on this call. Accompanying me today are Mr. Benipuri, our Head of Accounts, along with SGA, our Investor Relations Advisor. Mr. Sachin Jain, our CFO, could not join this call due to health reasons.

I trust you have had the opportunity to review our results and investor presentations, which are available on both the stock exchange and our company's website for easy access. I will start with some industry overview and current business environment.

In 9 months of financial year '25, the Indian automotive industry continues to evolve, shaped by structural shifts in demand patterns, regulatory changes and electrification trends. The total domestic passenger vehicle sales increased by 1.8% to 31.4 lakh units, driven by a 12.6% growth in utility vehicle sales. The trend reflects changing consumer preferences towards SUVs and crossovers over sedans. We are completely aligned towards this shift of consumer preference and are focusing on generating a higher pie of business, especially in the SUVs being planned by our customers.

The 2-wheeler domestic sales saw a robust 11.6% year-on-year growth with scooter sales up 19.1% year-on-year and motorcycle sales increasing 8% year-on-year, reflecting strong urban and rural demand. As declared in the previous con call, we have already received a sizable business from Suzuki Motorcycles, and we will continue to focus on getting more business from the 2-wheeler industry for future growth.

On the commercial vehicle front, domestic sales declined 2.3% year-on-year to 6.8 lakh units, indicating a moderate slowdown in fleet expansion. Our exposure to commercial vehicle is miniscule. The 3-wheeler segment remained resilient with a 6.4% growth in 9 months financial year '25, largely driven by the increasing adoption of electric 3-wheelers in urban areas.

Our company is completely aligned with the changing dynamics of the industry, and we are well positioned to outperform the market by leveraging our diversified portfolio, expanding our customer base and improving our operational efficiencies.

Now let me shed some light on our individual business segments. The automotive parts business remains the cornerstone of our company's success. PPAP's expertise in automotive body sealing systems and interior and exterior injection molding parts positions us as a key player in both ICE and EV models.

During the quarter under review, we have started deliveries of our products for Maruti new Swift as well as Honda Amaze. We continue our active engagement with all the passenger vehicle makers for securing new business for the future models.

During quarter 3 financial year '25, I'm delighted to share that we have secured lifetime new orders of value INR192.8 crores, comprising of INR107.6 crores from EV vehicles and INR85.1 crores from non-EV vehicles. Since the previous con call on 13th November, we have received an additional business of INR75 crores, comprising of INR58 crores from EV vehicles and INR16.78 crores from non-EV vehicles.

These figures reflect a healthy and balanced portfolio, showcasing our growing footprint in the EV sector while continuing to maintain strong ties with the non-EV market. The total new orders of INR459 crores for the year so far with INR110 crores coming from EV vehicles is a testament to the rapid expansion in this emerging space while securing solid growth in the traditional automotive sector. This underscores our commitment to growth and diversification, capitalizing on the shift towards electrification and premiumization of the vehicles.

Our strategic focus remains clear and centered on 3 key priorities that are essential to driving long-term growth and success. The first being enhancing our value-added products to drive higher margins. Second is to strengthen our customer relationship with OEMs to secure long-term businesses with them. And third is to expand our presence not only in the domestic market, but in the international market as well.

Now I will briefly explain you about our commercial tool room, which is operated under the brand name of Meraki Precision Molds. The commercial tool room business is gaining significant traction with 102 molds order year-to-date and 30 new orders secured in Q3 alone. This growth is not only a testament to the increasing demand, but also highlights a successful strategy in diversifying beyond the automotive sector. With plant utilization on track to reach 80%, operational efficiency is also showing positive momentum.

In Q3 financial year '25, Meraki contributed 5% to the total revenue and delivered a solid multifold growth on a year-on-year basis. This expansion marks an important shift, demonstrating not just growth but also resilience in the face of changing market dynamics. 41%

of the orders came from the nonautomotive sector, underscoring the success of the company's diversification strategy.

By reducing reliance on the automotive market, this shift helps derisk the business, ensuring a more balanced portfolio and positioning the company for future sustainability and growth. Now coming to the aftermarket business. This business is operated under the brand name of Elpis Automotives Parts, which is a 100% subsidiary of the parent company. The aftermarket business is thriving with strong momentum reflected in key growth areas. Expanding the portfolio to 1,300 SKUs is a significant leap for us, broadening the options available to meet the diverse needs of the market.

Supported by a vast network of 151 dealers across India, this division is well positioned to serve a wide customer base. The business grew 30% year-on-year in quarter 3, contributing 4% to the total revenues. Over the next few years, this business is expected to contribute about 10% to the total revenues of the group.

We are expanding our online presence through our own website and major e-commerce platforms like Amazon and Flipkart. On the international front, the focus on expanding into neighboring countries and the GCC nations is a pivotal step in the company's long-term growth strategy. This geographical diversification opens doors to new markets and reduces reliance on any single region, creating new avenues for revenue growth.

The strong combination of domestic expansion, digital engagement and international outreach positions the aftermarket division for even greater success in the future. While the lithium-ion business has faced its share of challenges, it's encouraging to see that the strategic pivots made this year are starting to show positive signs of progress.

This indicates a shift towards better alignment with market demands and operational efficiencies, setting the stage for future growth. The green shoots emerging from this pivot suggest that the groundwork has been laid for a strong recovery and that promising results may follow soon.

Now let's discuss about the financial performance for quarter 3 financial year '25. On a stand-alone basis, the revenue grew 13% year-on-year to INR135.3 crores. The gross profit increased 16.9% year-on-year to INR58 crores with margins improving to 42.9%. EBITDA surged 38.1% year-on-year to INR15 crores with an EBITDA margin of 11.1%. PAT surged INR3.3 crores, reflecting strong year-on-year growth.

For the 9 months for the financial year '25, the revenue stood at INR395.3 crores, which is up by 6.4% year-on-year basis, while EBITDA increased 42.9% year-on-year to INR44.9 crores. PAT for 9 months financial year '25 stood at INR10.3 crores as compared to INR1.3 crores in the corresponding period last year. Our current capacity utilization for the 9 months stood at 73%, and we anticipate further improvement in quarter 4 due to increased sales and cost optimization measures.

On the consolidated basis, for quarter 3 for financial year '25, the revenue grew 13.8% year-on-year to INR139.2 crores, the gross profit increased 17.1% year-on-year to INR59.5 crores with margins improving to 42.8%. EBITDA surged 43.3% year-on-year to INR14 crores with an EBITDA margin of 10%.

I'm happy to share that we have turned PAT positive on a consolidated basis for this quarter 3, which is at INR1.6 crores compared to a loss of INR2.7 crores in the previous year same quarter. For 9 months financial year '25, the revenue reached INR406.8 crores, up 5.1% year-on-year, while EBITDA rose 49.5% year-on-year to INR42.2 crores.

As we move ahead, our focus remains on sustaining growth and improving operational efficiencies. The passenger vehicle industry is witnessing a shift towards utility vehicles, a trend we are capitalizing on by aligning our focus with the market trends. Our order book of INR459 crores reflects a healthy business pipeline, reinforcing our confidence in achieving our financial year '25 targets.

While the industry faces macroeconomic uncertainties, we are well positioned to outperform the market through our cost optimization initiatives, product innovation and customer diversification strategies.

Thank you very much for your active listening. Moderator, we can now open the floor for question and answers.

Moderator: The first question is from the line of Jia Shah from Wealth Securities.

Jia Shah: My question is with respect to the order book. Can you provide any insights into the order book, key orders secured and any revenue visibility for the next few quarters?

Abhishek Jain: Thank you, Ms. Shah. In quarter 3, we have received new orders of INR192.8 crores, which are – which is comprising of INR107.6 crores from EVs and INR85.1 crores from non-EVs. In the total 9 months, including quarter 1, quarter 2 and quarter 3 put together, our new order book is for INR459 crores, which will be executed in the next 4 to 5 years. Out of this INR110 crores total will come from EV vehicles and the balance, INR349 crores will be from the traditional ICE vehicles.

Jia Shah: Okay. All right. My next question is with respect to the cost pressures. What are the key cost pressures that the company is facing in the next 1 or 2 quarters? Like what do you envisage? And how are they being mitigated?

Abhishek Jain: Of course, there are a lot of inflationary-related pressures that the company continues to face like rising labor costs and xpower has been quite stable this year. We have certain contracts with the customers that at the end of the year, we go and represent our increase in all these inflationary expenses, and they have a mechanism of addressing this as well.

The next cost pressure that we face are basically from the raw material side. Almost 50% of the company's business, which comes from the injection molding products. On that front, we have a 100% contract with the customer. So it is a complete pass-through. On the other extrusion side, the materials that we use are all special materials.

And this year, we are not seeing any major increase in the trend so far. So it's more or less of a stable situation. In some places, the cost of materials are actually going down. And we are continuously working on finding better cost competitive materials. So this year, I think it should be a stable situation when it comes to cost pressures for us.

Jia Shah: Okay. This was helpful. And my last question, like in quarter 3, can you provide me details on the volume versus price led growth in revenue? How much of the revenue growth is driven by higher realization versus increased sales volume?

Abhishek Jain: So in Q3, mostly it is driven by the volume growth. There is no as such price variation growth with respect to the last year quarter 3. It is primarily on the volume growth.

Moderator: The next question is from the line of Vaibhav from Honesty and Integrity.

Vaibhav: So sir, in terms of the raw materials that we used in both extrusion side of the business and injection molding, so again if you can help us understand what are those specific raw materials? And what are the benchmarks that the customer follows to decide on the movements of these raw materials?

Abhishek Jain: On the injection side, we use our primary material is polypropylene. And other than that, we use lot of materials like ABS, engineering plastics basically. On the extrusion side, our basic materials are PVC and thermoplastics and EPDM rubber. So these are the main commodities that we use. And in extrusion, we use lot of steel as well.

So every – so the customer uses various indexes like SIAM comes up with a lot of index for materials, which is primarily used by them. For the extrusion materials, our contract with our suppliers is basically based on international indexes. So we follow all those indexes to fix the prices.

Vaibhav: Right. Okay. So the -- so this -- on the extrusion side, because historically, we have faced this situation with the customer in terms of ability to transfer the price. So these are international indexes, right? So the raw materials that you mentioned are international traded commodities. So it should be pretty evident and clear to the customer that what is happening on the raw material side.

So is it that we are facing more competition on this segment that is what is restricting the price transferability or there are some problems on the customer side that is stopping us from getting the relevant price increase in this side of the business?

Abhishek Jain: Traditionally, if you look at the history of these parts, these materials, they always have been stable materials. Only during COVID, we faced some very difficult situation when the prices went north of 25% or 30% in 1 year. Otherwise, generally, the prices remain stable in plus-minus 2% range. Sometimes it goes up, sometimes it goes down.

So averaging out happens, and we've never had any problems with the cost of all these materials. And these are all specially made proprietary materials, while their indexes are clear but the relation between the material price and those index is basically controlled by us. It's not controlled by the customers.

Vaibhav: Got it. And the suppliers of these material to us, are they specified by our customers itself or we have the liberty to choose supplier of these materials?

Abhishek Jain: For the extrusion business, we have the liberty to choose our own suppliers. We have to guarantee them the relevant standards, which are available on their drawings. We have to make sure that all our parts and materials meet those standards. But who to buy from and which grade and all that is basically our responsibility to decide.

Vaibhav: Got it. And sir, on second question on my side is that the JV that we have for EPDM rubber So I believe that the raw material is mainly this rubber, right, EPDM rubber, if I'm not wrong.

Abhishek Jain: Yes, it is EPDM rubber.

Vaibhav: Right. Yes. And in terms of the output, I mean, in terms of the product that this JV makes, if you can just help us understand what are these products? And how are these products different than what our stand-alone entity -- stand-alone entity makes?

Abhishek Jain: Yes. I can explain you very well in this. Basically, this joint venture makes EPDM rubber products focusing on the Japanese customers like Honda and Maruti Suzuki and Toyota. So these products are made by using EPDM rubber. And what the stand-alone company is expert in is making products from PVC and thermoplastics. So 2 different materials are used by both the companies.

However, now the stand-alone company also is expanding its product range in EPDM rubber to focus more on the local customers like Tata's and Mahindra's. We also have the capability now to set up all these parts. So PPAP basically will do all these parts for all the customers, whereas the JV company will focus primarily on the EPDM parts and the glass run channels for the Japanese customers only.

Vaibhav: Okay. Got it. But in terms of the end use of those products, so is it mostly be the same or it would be different in terms of end use?

Abhishek Jain: These are all different categories of products, like the broad category is called automotive body sealing system. In that automotive body sealing system, there are 2 types of sealing system. One is the static seals and one is the dynamic seals. So what PPAP stand-alone has been doing for the past 35 years is focusing on the static seals. So the products are completely different. What this JV does is focused more on the dynamic seals.

Vaibhav: Okay. And I mean as far as the industry trend is concerned, I mean, do you think that the industry will shift more towards dynamic seal systems and is that's why we started this JV?

Abhishek Jain: No, these are different products altogether. And in a vehicle there is always a combination of static and dynamic seals. Whatever vehicle you take it's not like that there will be only static seal or it will be dynamic. It fixed in both the combination. In every vehicle in the door you need static seals. When you open the door then you would require dynamic seal. If you do the window up and down then you would need static seal. It is not like that this is a either or situation, it is a combination of products which go in a vehicle.

Vaibhav: Got it. Understand. And sir, lastly from my side, so for extrusion business and injection molding difference, if you can just broadly provide us how are the margins different? I understand that, obviously, extrusion will have lower margins as of now, but if you can just quantify it for us, it would be helpful?

Abhishek Jain: From business point of view, if you look at the total pie chart, injection business roughly is about 48% this year and extrusion business is roughly 52% this year. And, of course, everybody knows injection business is very competitive business. There are a lot of competition and a lot of players are there in it. So margins are much lower, but extrusion business, the margins are higher compared to the injection business.

Vaibhav: Okay. So, extrusion is higher. Got it. Okay, sir. That's it from my side. Actually I will come back in the question queue.

Moderator: Thank you. The next question is from the line of Anupam Jain from Indira Securities. Please go ahead.

Anupam Jain: My basic question was in the orders that we got from EV...

Moderator: Sorry to interrupt. Sir, can you speak a bit louder? We're not able to hear you, Mr. Jain.

Anupam Jain: My basic question was do we get a better margin from EV products that we are going to supply that we received recently orders?

Abhishek Jain: Thank you, Mr. Jain. Our products are basically engine-agnostic products. So any product that we make is equally compatible for EVs and ICE vehicles. What you are asking I think you are asking about premiumization. So we are developing lot of new premium products for our customers, especially for the local customers like Tata and Mahindra. There the value addition done by us is more.

In the traditional products, whether it is EV or ICE, if it's a similar technology product there is no cost differentiation which happens.

Anupam Jain: Sir,other question you have givenguidance for INR20 - INR25 crores for next year . That is much lower than what we used to do historically meaning you are saying that in EBITDA margin 12% you are saying even if the raw material got stabilizes and you have achieved almost around 15% to 20% before this, there is a lot of competition, what is the reason behind this?

Abhishek Jain: See if you see last year trend then from last year we are saying that this year is going to be a year of reckoning for us wherein the last 2 years of performance that was not good at all. We are coming out of it. So if you compare the last 9 months to this 9 months things are getting better and the guidance that we've given is basically for this year onwards which is, I think, much better than what we've done for last year.

Anupam Jain: Yes, I get that. My question was what has changed from year 2016 to 2020 that you are guiding for lower margins now. Will we eventually reach those margins? That is my question?

Management: So basically on the margin side, if you see the major component that hurted in last 2 to 3 years was the material cost. Earlier, our -- the gross margin used to be more than 50%. So eventually in last 2 to 3 years, it has gone down significantly. It has comes down to around 43%. So that has majorly resulted in the deterioration of margin if we compare with our previous performances.

So now we are doing the things in steps and currently we have came out of the last year bad situation to the positive environment. Now we need to stable those margin then gradually you can see the improvement of those kind of margin. But having said, because of the competitive situation and overall change in the raw material prices so it is difficult to achieve those margins of 18%, 19%. However, our internal margin target is still higher which we have given in the guidance.

Anupam Jain: Okay. I get this. Another question will be can I get a segmental revenue bifurcation of automotive commercial tool industrial products?

Management: Yes. So the segmental wise is 84% is from the automotive side, 5% we have done from the Meraki business side. And if you see the overall tool size, it is – it was around 10%. Aftermarket is again 4% and industrial product is 1%.

Anupam Jain: And what is the Li-ion battery business share?

Management: It is around 1% share.

Anupam Jain: Is it loss-making or profit making currently?

Management: Currently, in the opening speech also MD sir has mentioned that we are still facing the challenges in that. So there is a negative EBITDA of INR1.2 crores in this quarter also.

Anupam Jain: Any guidance for breakeven or maybe a positive quarter next year or somewhere around that?

Management: Could you repeat your question?

Anupam Jain: Any guidance for breakeven in this Liion business and or profitability that we can see in this business?

Management: Profitability side, first our focus is to make it the cash neutral in the coming two to three quarters because we have the product and we are still not able to get the good customer or the good order from the segment. We have developed the batteries for the storage segment, telecom segment and the solar side, we have developed the batteries. So now we are working closely with those customers where we can get the order. So primary first focus is to make it cash-neutral and improve the capacity utilization.

Anupam Jain: Okay sir. I want to understand what is the cost advantage, lot of companies are doing this, but why are we going to win in this business?

Management: In the battery business?

Anupam Jain: Sir like you are doing li-ion battery business, lot of companies are doing this, but why are we here so that we will win, why will customers take orders from you and not from bigger guys? That's my first question, sir. If you're thinking like two, three quarters?

Management: For the lithium-ion battery business, of course, there are a lot of players who have started this business. But our differentiation point is that we come from the automotive industry and we understand what is a good process, what is quality, what is reliability and how do we make the right product, which is suitable for the application being done by the customer. So we have our internal R&D team, complete testing, validation, everything which we have to do to make the right product. And that is what is attractive for the customer.

Size-wise, we are not that big in the -- we don't have a very big setup. So that makes advantage for the customers to do a lot of customization and trials and all that with us. If we were a big player, like what you are referring to, maybe doing all these customization and products and all that is difficult. So that is where we have an advantage.

First, that we can customize our product for the customer. And second is whatever product we make, we can guarantee that it has been made on the right process using the right materials and it will deliver what is being promised. It is not going to be a fly-by-night kind of a thing or we commit something and we don't deliver that. There are no shortcuts in that business.

Unfortunately, in this industry, there are many players in the market today who are creating shortcuts. And in the end of the day, the final product quality and the life becomes less. But we are not in that kind of a business. And all the customers understand that.

Anupam Jain: Around next year also, business doesn't turn profitable. So will you continue this business or will you look to diversify away from this business?

Management: No. Currently, we have no thoughts about diverse – about getting rid of this business. I think it is too early to decide. We are getting good green shoots in this business right now. And I think it is better for us to first explore all the opportunities, exhaust all that, and then only think about divestmentto or something.

Anupam Jain: Last question will be on the borrowing sense. What is your guidance?

Abhishek Jain: Sorry, on the?

Anupam Jain: Borrowings.

Abhishek Jain: Sorry, I didn't understand. Can you repeat it, please?

Anupam Jain: Borrowings.

Management: Yes, borrowings we'll keep at the same level only.

Anupam Jain: Sorry, I couldn't hear you.

Management: We are saying that we will maintain the borrowing at the current level only. We will not increase the overall borrowings.

Moderator: The next question is from the line of Rohit Mehra from YES Securities.

Rohit Mehra: Congratulations for turning to a PAT positive this quarter. And my first question is regarding how does the company plan to scale up its aftermarket and industrial products segment to reduce reliance on OEMs?

Abhishek Jain: Rohit Ji, like I said in my opening remarks, we are expanding our aftermarket business by adding more and more products, adding more distributors, and adding more sales teams to the -- to interact with all the distributors and all that. So now we have a total team size of about 25-odd people who are working in the aftermarket vertical, who are doing all these businesses, all these relationship management, and everything with all the customers.

So domestic side, we have already set up our network. And this year, we'll be further expanding the 151 dealers to a higher number, maybe around 165 for this year so that we can distribute more and more people with our products. Apart from this, we have already started supplies to our neighboring countries, although the volume is little small, but the start point has already been done.

Apart from this, I think by the end of this quarter or by the next first quarter, we'll be finalizing our complete strategy for entering the GCC market and the UAE market. So we are quite focused on developing the aftermarket business by adding new products, by expanding our sales network also, and by expanding our dealer distribution network as well.

For the industrial product side, this business is also growing quite rapidly compared to last year. Focus is basically on finding applications and developing different solutions for the customers. We've already started our exports to U.S. market for one application, although the size -- because this was the first year where we started, it takes time for the customer to understand the product and to do the trial runs and all. But I'm pretty sure that next financial year, this will become a sizable business.

In this business, our basic focus is to develop opportunities in the injection molding area. So we are working on certain projects, which are yet to be productionized. And from extrusion point of view, like we make automotive body sealing systems, we are making sealing systems for other applications like containers, like AHUs, and all of these. And then we have a portfolio of these sales buckets, which are used for adhesive and fertilizer storage applications.

The third area of diversification, which you have not asked is the tool room. As I was telling you in the opening speech, this year, out of these 102 molds which we have received, 41% are from the nonautomotive sector. So this is also a very important strategy for us to derisk ourselves from the automotive business.

Rohit Mehra: The next question was in continuation to previous participant regarding the debt levels. So how do you see the long-term plan to manage debt levels and interest costs and overall financial leverage?

Abhishek Jain: Yes, for long-term debt side?

Rohit Mehra: Yes, please go ahead.

Abhishek Jain: Yes, so long-term debt side, as you mentioned that next year we will try to maintain at this level only because we also have certain the plans --capex plan also. So on the next 2 years to 3 years, we will try to maintain it that level only. After that, we will try to reduce the debt at the net level.

Moderator: The next question is from the line of Raman KV from Sequent Investments.

Raman KV: Yes sir, I just want to understand at peak capacity utilization, what will be the asset turn of the company?

Abhishek Jain: Yes, current asset turn is around 1.

Raman KV: Current asset turn is around 1. Are you planning -- is the company planning to improve this? Or this is the maximum possible?

Abhishek Jain: No it is not the maximum possible as current capacity utilization is only 73% only. So we are trying to improve that. But simultaneously, because of nature of business, it is capital intensive business and we need to go to the close to the customer to serve our -- all the customers. So there would be some capex.

But as we mentioned in the last Q2 con call also now we are going to the leasing option while creating any new facility. So we are not investing in the land and building infrastructure. We are investing on the machine side or the equipment side. So that will also help in reducing the capex and improve our ATR in the future.

Raman KV: Sir, then what is the planned capex for this new machineries and equipments?

Abhishek Jain: So this year our total planned capex is around INR35 crores to INR40 crores. And out of that because we are also as a customer based in the south in Chennai. So, there would be some capex also, that around INR10 crores even there. And the new infrastructure side basically that which is required to cater the new orders and new SPMs to meet the customer new order. It would be around INR10 crores whereas 50% would be the maintenance products.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Abhishek Jain: Thank you very much, everyone, for attending our conference call today. Thank you very much to the moderator for moderating the call and to make sure it's fine. In case you have any more questions, please feel free to reach out to us or Mr. Aakash Mehta at SGA. We'll be more than happy to answer all your queries. If you happen to be somewhere in the vicinity of NCR, do drop in. We would love to show you around the hard work that has been done by the company in all the facilities. Thank you very much for joining us today.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of PPAP Automotive Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.