Sona Koyo Q2 2013 Earnings Call 2 Nov'12

Operator

Ladies and gentlemen, good day and welcome to the Sona Koyo Q2 FY13 Results Conference Call, hosted by IDFC Securities Limited. As a reminder for the duration of this conference, all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. I would now like to handover the conference to Mr. Pramod Kumar from IDFC Securities. Thank you and over to you, sir.

Pramod Kumar

Yeah. Thanks a lot, Lavina. Welcome all of you to the post result conference call of Sona Koyo Steering. Apologies for the slight delay in starting the call. We have with us today, Mr. Sunjay Kapur, Managing Director from Sona Koyo and the Senior Management as well. And without wasting much time, I would handover the floor to Sunjay for a brief opening remark, which will be followed by the question-and-answer session. Over to you, Sunjay.

Sunjay Kapur, Vice Chairman and Managing Director

Okay. Thank you. Good morning and thank you for joining us.

Let me start with brief opening remarks. The domestic passenger vehicle sales have been up by 3% in Q2 of FY13 as compared to Q2 of FY12, whereas the overall growth in the passenger vehicle market when we look at export as well as domestic has been flat. The LCV category witnessed a strong growth of 12% in Q2 of FY13 as compared to Q2 of FY12. And if we look at it in a overall basis, the automotive industry, we've actually seen a decline in Q2 of FY13.

We've seen a slight hike in fuel prices. We are seeing some volatility in raw material prices as well as foreign exchange fluctuation and of course, customer sentiments is still being a little low and we see them sort of improving over the next On a specific basis as far as Sona Koyo is concerned, on a consolidated basis for the quarter ended 30th September, the net sales were 328 crores, which is around the same level as what we had last year. Profit after tax was at 69 million against 39 million during the same quarter last year. There has been improvement there.

On a standalone basis, the quarter ended 30th September, the sales were declined by about 8.5% to 247 crores from 270 crores last year and the profit after tax is at 47 million as opposed to 68 crores we had last year. So, the decline mostly has been due to the stoppage of the Maruti Manesar plant, which is approximately 200 million and there was a slowdown or a halt for us two months. So, that has been our biggest impact.

For the half year ending September '12, the company achieved the sales of 536 crores, which is around the same level as we did for first half of last year.

The profit after tax for the first half of FY13 is at 12.2 crores against 16 crores what we had last year. The margins were maintained and this is mostly due to management actions. We reduced our raw material prices -- costs from 71.8% to 70.7%. And this reduction is achieved despite the rupee depreciation and higher import costs. And this really has happened because of the localization programs that we have put into place.

We've had cost savings of 9.5 million in the first half. I would also like to add that our manufacturing cost has gone up mostly because of power and some maintenance costs, and the power cost is gone up because the diesel prices and we're obviously looking into how we can bring that down through alternative methods.

The capital expenditure for the year, I mean for the Sona Koyo has been on track. We've made -- the company made a CapEx investment of 410 million, and as we reported earlier on the two new projects and backward integration, our aluminum die-casting project is up and ready to run. We're waiting for some customer approvals and we're hoping will get them before the end of this calendar year. And the in-sourcing project has commenced production already, which is of course being benefit from the cost perspective.

Our localization program is also on track. This should bring down the imported content or our CEPS from presently 28% to down to 22%, which is good in terms of cost saving and our budget for that is 12.8 crores for that activity.

Going forward, we believe that festive season will have a positive impact on sales. We strongly believe that Maruti will reach full production and full capacity in the coming two quarters. We see continued growth in the diesel vehicle markets and definitely have a positive impact on our customers that are in the diesel space, specifically Mahindra & Mahindra. We are hopeful that the new Alto will have good growth, this is in the non-diesel space.

We believe that there could be growth and good demand for the new Alto. There are also indications that the RBI policy will reduce interest rates and we hope that this will happen, which will again fuel good growth. Recovery of the monsoon should also fuel growth in the rural demand and therefore, for the next two quarters. We have a positive outlook and we're pretty certain that we will meet the numbers that we had projected.

So that's it from me in terms of an update and we'll open upto question and answers. Thanks.

Questions And Answers

Operator

Thank you very much. Participants, we'll begin the question-and-answer session. [Operator Instructions]. Our first question from the line Mr. Sanjay Shah from KSA Shares. Please go ahead.

Sanjay Shah Sunjay Kapur, Vice Chairman and Managing Director

See we have currently put up two units, two machines, two casting machines.

Sanjay Shah

Right.

Sunjay Kapur, Vice Chairman and Managing Director

And one of them has just started is the 350 ton machine and the other one on 850 ton machine should start this quarter. We are just waiting for the final approval. These two at the moment start with 100% consumption internally.

Sanjay Shah

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

The die-casting project itself over time at the moment of course that phasing, we still have to have our Board approvals of how we are going to go through with it. Over time, we believe will bring us a reduction of about another 1% in our material cost.

Sanjay Shah

Great. Right sir. My second question is, sir last quarter we had a new client for export, that is John Deere and that could push our export too in this quarter. Do you -- we have listed any more new clients in this quarter and do you see any much opportunity that side?

Sunjay Kapur, Vice Chairman and Managing Director

We are currently working with at least another four to five new customers for exports.

Sanjay Shah

Right.

Sunjay Kapur, Vice Chairman and Managing Director

But the maturation of those deals are yet to happen. So yes, there is definitely a positive. We are quite confident of getting those orders. They are still technical details being discussed as to how we can meet their requirements.

Sanjay Shah

Right sir. And do we fetch better margins in domestic in the export?

Sunjay Kapur, Vice Chairman and Managing Director

Yes. At the moment, the two, three products that we export, we do enjoy slightly better margin.

Sanjay Shah

Sir in this quarter, our this steering business percentage-wise has grown over and above that DLP which last first quarter was around 15% contributed to our sales. This quarter it was hardly 11% if I am not wrong, can throw some light on that?

Sunjay Kapur, Vice Chairman and Managing Director

Sorry, can you repeat the question?

Sanjay Shah

Yeah, our sales breakup for steering and DLP.

Sunjay Kapur, Vice Chairman and Managing Director

What is MP?

Sanjay Shah

Drive line DLP.

Sunjay Kapur, Vice Chairman and Managing Director

DLP, okay, okay.

Sanjay Shah

That first quarter was around 15%, this quarter it was around 11% of the sales.

Sunjay Kapur, Vice Chairman and Managing Director

Okay, okay. So, your question is why has it come down?

Sanjay Shah Sunjay Kapur, Vice Chairman and Managing Director

Well, basically the driveline component for us is limited to mainly to Maruti only and some of our driveline components are supplied to cars that were made in Manesar.

Sanjay Shah

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And this case differential business that we do for them, that had decline. There was also a little bit of decline on the eco segment for about a month in between. So, that has now being corrected. So it's kind of coming back up with both Manesar and eco projections being recovering.

Sanjay Shah

Right, right. Right sir. And sir in first quarter, you were directing our reallocation of the plant. So how we are going ahead with that?

Sunjay Kapur, Vice Chairman and Managing Director

Well, the first set of equipments had already moved, the first two lines have already been setup and they are operating from there. Next set of two lines, the civil infrastructure was getting ready, which should be ready this quarter. So, we expect to move the next half of equipments from here to the new location early in the next quarter.

Sanjay Shah

So as indicated earlier, everything fully will be completed by 2014?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah, that target remains.

Sanjay Shah

Right sir. Sir regarding other income, you have posted around 5.8 crores in this quarter. Can you give us detail of that?

Sunjay Kapur, Vice Chairman and Managing Director

This is mentioned as part of notes to the financial results. There is a change in the Ministry of Corporate Affairs accounting norms...
Okay.

Sunjay Kapur, Vice Chairman and Managing Director

...regarding foreign exchange fluctuations. So, if you look at a note, on the standalone, this has impacted finance cost by about 40 lakh.

Sanjay Shah

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

On a consolidated basis, it has impacted other income and finance cost by about Rs. 6 crores.

Sanjay Shah

Okay. And sir my last question, how we see the second half, how's the outlook for second half, as you were sounding very promising in your opening note.

Sunjay Kapur, Vice Chairman and Managing Director

Yeah. Like as we mentioned, we see Maruti going back up to full production and full capacity, the growth in diesel vehicles. So we are looking at a positive outlook for the next half.

Sanjay Shah

Even on margin side, can we take some positive look on that?

Sunjay Kapur, Vice Chairman and Managing Director

Definitely.

Sanjay Shah

Right sir. Thank you for answering my questions. Thank you very much.

Sunjay Kapur, Vice Chairman and Managing Director

Thank you.

Operator Bharti Gupta

Thank you for taking the question sir. Sir I missed on the other income part, can you just explain me what was the one-off structure that has resulted into higher growth in the other income on a year-on-year basis?

Sunjay Kapur, Vice Chairman and Managing Director

In our published results if you look at -- this is a note number eight which talks about a recent circular by Ministry of Corporate Affairs, which is regarding change of accounting norms for foreign exchange fluctuations. So, like borrowings which you have, external commercial borrowings which you have actually come foreign fluctuation part of that, which was earlier being recorded as a finance costs expense, has now been allowed to be capitalized.

Bharti Gupta

Right.

Sunjay Kapur, Vice Chairman and Managing Director

So this amendment has come from a retrospective effect.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

As well as the cost which was earlier booked as finance costs, it's now been taken as a credit in the other income category.

Bharti Gupta

Has now been taken as a credit in the other income, just to reverse the effect of it?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah, absolutely.

Bharti Gupta

Okay, okay. So, what would be the extent in this?

Sunjay Kapur, Vice Chairman and Managing Director Bharti Gupta

So what would the exact amount that we have capitalized and sorry, we have reversed in the other income?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah, standalone basis is only 40 lakhs. But on a consolidated basis, it's about 6 crores.

Bharti Gupta

6 crores on a console basis?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah.

Bharti Gupta

Okay. And...

Sunjay Kapur, Vice Chairman and Managing Director

Standalone is only 40 lakhs.

Bharti Gupta

40 lakhs?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah, 40.

Bharti Gupta

Okay. And sir if you can just share your top five customers, like Maruti has you last indicated in your first concall it was close to about 41%. And I believe that because of this second quarter Manesar's shutdown, this percentage contribution from Maruti would have gone down. So what -- can you just share your details of the top five customers in terms of percentage sales contribution?

Sunjay Kapur, Vice Chairman and Managing Director

We have despite the slowdown in Maruti or loss of sales in Maruti, the overall percentage for us has not changed so much. We will just read out the numbers. We have also had changes on account of the fact that many of the other

Bharti Gupta

Right.

Sunjay Kapur, Vice Chairman and Managing Director

And Mahindra has done exceedingly well, where you will see, if you just read out the numbers have change quite dramatically in Mahindra. So, overall the mix hasn't changed too much but we'll just read out the numbers for you to have a look at. So, shall I give you to have look at. Should I give you the quarter numbers or H1 will be...

Bharti Gupta

H1 would be, H1 and quarter if you can both share?

Sunjay Kapur, Vice Chairman and Managing Director

Okay. Maruti Suzuki our share has slightly improved from 41% to 43% in H1.

Bharti Gupta

43% as against 41%.

Sunjay Kapur, Vice Chairman and Managing Director

Mahindra & Mahindra has improved from 13% to 18%.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Hyundai is 17% to about 8%.

Bharti Gupta

Okay. There is a drastic fall because of the huge amount of petrol variance in Maruti or Hyundai?

Sunjay Kapur, Vice Chairman and Managing Director

That's right.
Okay.

Sunjay Kapur, Vice Chairman and Managing Director

JSAI has increased primarily for Toyota and Nissan is about 6% to 8%.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Tata slightly reduced from 5% to 4%.

Bharti Gupta

Pardon, I didn't get the name.

Sunjay Kapur, Vice Chairman and Managing Director

Tata Motors.

Bharti Gupta

Tata, okay.

Sunjay Kapur, Vice Chairman and Managing Director

And TKML increased from 3% to 5%. Sorry, Toyota.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And balance is export has gone up by from 4% to 5%.

Bharti Gupta

Okay.
And balance is all together.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

General Motors, Fiat and all others.

Bharti Gupta

And sir, any key models that you are looking at for the second half that would drive growth?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah. We expect the Maruti models both Swift DZire, Ertiga that one family. We believe we will continue to grow exceedingly well because we know the vehicle Ertiga has been received very well in the market.

Bharti Gupta

Right.

Sunjay Kapur, Vice Chairman and Managing Director

And as of now, we are the single source force was those vehicles all three. And they are all in diesel variance as well, so we believe that will continue to do exceedingly well. We also believe that the new Alto which has been launched with more features and at a more affordable cost should increase the growth compared to the first half of the year.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And Mahindra is doing exceedingly well. We our order book for Mahindra is also quite bullish. Again they have vehicles which are doing well in terms of market perception as well as the fact that they are in diesel variance.

Bharti Gupta

Right.

Sunjay Kapur, Vice Chairman and Managing Director Bharti Gupta

Sir, but Brio in the diesel version would be launched in next year right?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah, but Brio, the gears were imported earlier.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Now they will be sourced locally. So, we will be there and we believe that will give us growth because that will substitute at least the imports into domestic.

Bharti Gupta

Okay, okay. Fair enough. And sir, I just wanted to understand, in your EPAM business like initially we have started with the John Deere. So who are the other players that we have tracked during the quarter, say during this first half for the EPAM module? Hello?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah. Well, these are all negotiations still taking place and no, we haven't concluded anything. But we have extremely positive discussions going on with at least three more customers.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

But we are unable to share at the moment since nothing has been concluded.

Bharti Gupta

Okay. But going forward, what kind of sales contribution do you see from this particular module or this particular product?
See, right now the positioning for this product is mainly off-highway.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And off-highway as a segment is at the moment in our portfolio, it's less than 10%. But what we see is that within the 10% this will be major value addition because A, some customers are new and some of these segments earlier were using only the manual gear. So, this is the whole electronic department is coming on top of that.

Plus we are talking to the tractor segment, farm equipment segment, which is a totally new segment for us which should add growth. We can't put a number right now but maybe we'll be able to help out with in the next six months.

Bharti Gupta

Okay, okay. And sir coming to your consolidated performance like we have seen that this quarter's standalone performance was a little weak but as a consolidated levels, we have seen a good growth in the profits. So going forward, what is the kind of dependence that we are seeing on the subsidiary performance because the contribution from the subsidiary profits is increasing as compared to the standalone. So, if you can just share your outlook on your subsidiaries performance and what was it in the first half?

Sunjay Kapur, Vice Chairman and Managing Director

See basically we believe that both standalone and consolidated, sorry the subsidiaries companies, both will do well. We -- obviously the reason for standalone's weaker results is the kind of market sentiments and especially the shutdown in Maruti did impact us. So, those are the reasons why we have had an impact on our EBITDA margin. And that also is very marginal, if you see we have about almost maintained that level. We actually do hope an improvement in the second half in the EBITDA margins based on the improvement in the market sentiments.

The other effect that you're seeing is because of the depreciation and interest cost, that will be there for a while, maybe another four quarters because we are doing this relocation that we've already explained in the past.

Bharti Gupta

Right.

Sunjay Kapur, Vice Chairman and Managing Director

So, there are investments happening and in moving to the new locations and sitting up more modern capacities, more modern manufacturing capabilities. So, I think we should see this from that perspective that some investments have a slightly longer time yield. But if you look at the EBITDA margins, we hope to have a better results in the second half in the standalone. And therefore, you will see improvement in both. I don't think there is any unique dependency aspect here. So both will perform because in the standalone, our contributions are good in all our diesel variance.
Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And in the subsidiaries, obviously we are supporting the column electric power steering customers. So we should be good on both.

Bharti Gupta

Sir then, I just want to understand like your -- for SFAL, the subsidiary SFAL, that supply CEPS is entirely to your JSAI?

Sunjay Kapur, Vice Chairman and Managing Director

Yes. SFAL supplies the component to the full assembly of CEPS, yes.

Bharti Gupta

Okay. So when the consolidate the account, it will only be reflected as your JSAI sales, right?

Sunjay Kapur, Vice Chairman and Managing Director

No. We have to remove inter-company transactions.

Bharti Gupta

Right, right. We have to remove the inter-company transaction. So accordingly, since SFAL is completely supplying the entire product range to JSAI. So only to the extent of JSAI sales, it would be reflected in our accounts, right?

Sunjay Kapur, Vice Chairman and Managing Director

You're right. However, they also have a small percentage of exports.

Bharti Gupta

With in this SFAL?

Sunjay Kapur, Vice Chairman and Managing Director

SFAL exports outside India.

Bharti Gupta Sunjay Kapur, Vice Chairman and Managing Director

That's a small percentage, so that will come as a separate.

Bharti Gupta

Okay. And the CEPS has supplied to which all models?

Sunjay Kapur, Vice Chairman and Managing Director

Toyota.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Nissan.

Bharti Gupta

Pardon?

Sunjay Kapur, Vice Chairman and Managing Director

Nissan.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And of course Maruti, Honda.

Bharti Gupta

Okay. And sir when are we likely to breakeven in Sona Stampings? Since now we have taken over the control of Sona Stamping, the entire control, so what is your like expectation towards Sona Stamping going ahead?

Sunjay Kapur, Vice Chairman and Managing Director Bharti Gupta

Okay. And sir just one last question would be on your import content, if you can share what was the import content this quarter and during the entire first half?

Sunjay Kapur, Vice Chairman and Managing Director

About 17%.

Bharti Gupta

That is the net import or the gross import?

Sunjay Kapur, Vice Chairman and Managing Director

No, the cost which goes into as a material cost, the percentage of that.

Bharti Gupta

Okay. 17% of?

Sunjay Kapur, Vice Chairman and Managing Director

Total material cost.

Bharti Gupta

Of the metal cost?

Sunjay Kapur, Vice Chairman and Managing Director

Material cost.

Bharti Gupta

Material cost. Okay, okay. Material cost, 17% from material cost. Fair. And this is entirely yen denominated or it's a cost currency thing?

Sunjay Kapur, Vice Chairman and Managing Director

Mostly yen denominated.
Mostly yen.

Sunjay Kapur, Vice Chairman and Managing Director

Yeah. But we are hedging it. As I think we explained last meeting also, our all JPY imports are 100% hedged.

Bharti Gupta

Okay. So if can you just share what rate or what is the hedging cost which have incurred?

Sunjay Kapur, Vice Chairman and Managing Director

Premium ranges from 6% to 8%.

Bharti Gupta

6% to 8%? Okay. Sir I will come back for more questions. Thank you.

Sunjay Kapur, Vice Chairman and Managing Director

Thanks.

Operator

Thank you. [Operator Instructions]. Our next question is from the line of Ruchita Kapoor from Sushil Finance. Please go ahead.

Ruchita Kapoor

Hello. Hello?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah, hello.

Ruchita Kapoor

Yeah. Thanks for the opportunity. I have a couple of questions. Firstly, on sales contribution from passenger vehicles and LCV segment. Can you share the contribution from it, in terms of percentage will do?

Sunjay Kapur, Vice Chairman and Managing Director

We're just calculating.
Yeah.

Corporate Participant

You need a sales mix?

Ruchita Kapoor

Yeah.

Corporate Participant

Okay. For the H1, manual steering accounts...

Sunjay Kapur, Vice Chairman and Managing Director

No, we actually have more customer-wise at the moment or we can give you product wise, we don't have it off-hand...

Ruchita Kapoor

Product-wise will also do.

Sunjay Kapur, Vice Chairman and Managing Director

Product wise for H1, manual steering accounted for about 26% of total sales.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Electronic accounted for 15%.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Hydraulic power steering 17%.
Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Column 11%.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

That's about 70% in the steering group segment and driveline remaining 13% and exports and other item 17%.

Ruchita Kapoor

Okay. What was there for the last year, H1 last year?

Sunjay Kapur, Vice Chairman and Managing Director

F12, okay, we will just calculate, you'll have to give me a minute time please.

Ruchita Kapoor

Okay. My other question is like your raw cost on standalone basis is around 70%, whereas on your consolidated is around 71%. So, I just wanted to know will you be able to sustain this level going forward or it may likely change?

Sunjay Kapur, Vice Chairman and Managing Director

I mean on a standalone basis, we should improve this.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

As you are aware that we have started our...

Ruchita Kapoor

Yeah.
...sourcing. So, it will definitely improve and all that localization programs et cetera, our aim is really to improve that the raw material cost.

Ruchita Kapoor

Okay. And for your tax rate. Your tax rate has gone down to around 29% in Q2 versus 32% of last year and whereas on your consolidated, it's around 33%. So what kind of tax rate are you going to manage during the year?

Sunjay Kapur, Vice Chairman and Managing Director

In accounting, this should be around 33% only.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

In standalone, there was an adjustment of crore of rupees in the terms of excess provision which we did in the month of March last year.

Ruchita Kapoor

Okay, okay.

Sunjay Kapur, Vice Chairman and Managing Director

So there is small adjustment which keeps happening, which is weighs our percentage anything between 29% to 33%.

Ruchita Kapoor

Okay, okay.

Sunjay Kapur, Vice Chairman and Managing Director

But tax rate continue...

Ruchita Kapoor

Okay. And I have just checked your balance sheet for the half year. The short-term borrowings have gone up from around 352 million to around 791 million in September. This is versus March '12. So what would be the specific reason behind it?
One of the main reason is, we have stopped taking discounting from Maruti Suzuki.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

So what was happening is that earlier Maruti used to happening is that earlier Maruti used to discount over bills and pay us the money upfront.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

By deducting cash discount of 13%.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And because our working capital arrangement which we have with other bankers at a slightly lower rate at around 11% or 10.5%. So, we requested Maruti which they have accepted now.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Now we are not getting any discounting from them. So, that is approximately 13 crores per month, so maybe about 30 crores, 35 crores.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director Ruchita Kapoor

Okay. And one last question is on other current liability, which has gone up around from 995 million to around 1,253 million in September whereas your short-term provision has come down to around 26 million from 185 million. So, can you share some thing on this ground?

Sunjay Kapur, Vice Chairman and Managing Director

Just a minute. You're talking about number, can you please repeat?

Ruchita Kapoor

It's other current liabilities, which has gone up from 995 million to 1,253 million.

Sunjay Kapur, Vice Chairman and Managing Director

It's I think for the consolidated.

Ruchita Kapoor

Yeah. And your short-term provision which have come down to 26 million from 185 million.

Sunjay Kapur, Vice Chairman and Managing Director

Short-term provision, the change is on it called of dividend payout.

Ruchita Kapoor

Okay.

{C:Sunjay Kapur:} So, 31st March, we made a provision for 15 crores of dividend.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

...which have been paid. So that accounts for short-term provisions.

Ruchita Kapoor

Okay.
Other current liabilities keep moving in the same range, they can be from small increase -- if you look at the standalone, it increased from 70 crores to 80 crores.

Ruchita Kapoor

Yeah, I just...

Sunjay Kapur, Vice Chairman and Managing Director

That accounts also. Primarily this segment includes other than trade payables, so all salaries, services which we take from various people. So all those things account for this.

Ruchita Kapoor

Okay, okay. Fine. And it would be great if you share that H1 numbers for your product mix?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah. So for the last year, if I compare last year to current year, manual steering has gone up from 23% to 26%.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Electronic is down from 18% to 15%.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

HPS has gone up from 13% to 17%.

Ruchita Kapoor

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And column is down from 20% to 11%.
Okay.

Sunjay Kapur, Vice Chairman and Managing Director

Driveline continue to be the same as 13%.

Ruchita Kapoor

Okay. Thank you so much. That's it from my end.

Operator

Thank you. [Operator Instructions]. Our next question is from the line of Mr. Srinivas Rao from Deutsche Bank. Please go ahead.

Srinivas Rao

...very much. I just wanted to ask, last quarter you had made comments around the premium freight which you had to bear because of some production schedules with Mahindra. Has that kind of normalized now?

Sunjay Kapur, Vice Chairman and Managing Director

Yes.

Srinivas Rao

So, that is not a concern or that's not something which is ongoing right now?

Sunjay Kapur, Vice Chairman and Managing Director

No, no.

Srinivas Rao

Just wanted also check I mean obviously the biggest change for you I mean on a slightly longer term has been Mahindra. They have done well in terms of their obviously market share. But you -- is there any -- I mean you have started new product lines with them, I mean I know you are single source for the XUV, has that has been the biggest impact?

Sunjay Kapur, Vice Chairman and Managing Director

Well, even their regular models, Scorpio and Bolero have done exceedingly well.
Yeah, yeah.

Sunjay Kapur, Vice Chairman and Managing Director

They have growing across all segments, all the models that they do.

Srinivas Rao

Right.

Sunjay Kapur, Vice Chairman and Managing Director

And we are there in all models except Rhino right now. And yeah we have new businesses with them but I think we'll have to wait for Mahindra to announce those.

Srinivas Rao

Okay. You are seeing new businesses in the future.

Sunjay Kapur, Vice Chairman and Managing Director

Yeah.

Srinivas Rao

Okay. And just wanted to check on the comparative situation right now, I mean are you seeing any so to say comparative intensity from other larger ancillaries, like Mando or from the Rane Group or that's comparative situation will remains largely as it was?

Sunjay Kapur, Vice Chairman and Managing Director

Well, there is definitely increased momentum on the comparative front without doubt, and it's bound to happen.

Srinivas Rao

Sure.

Sunjay Kapur, Vice Chairman and Managing Director

Over the course of the market. But as of now, yeah, the only thing we can see is our market share now and looking ahead for at least next three, four years is very stable and entrenched.

Srinivas Rao Sunjay Kapur, Vice Chairman and Managing Director

But we would, I mean our management actions will continue to remain focused on even our competitive edge.

Srinivas Rao

And sir finally one question I had, I mean in terms of given the fact that the component which you do are fairly critical. Are you seeing any increase in the model momentum, as in future model momentum. So, are you seeing more RFQs being floated by the auto companies compared to what you say, you saw 12 months back, which would indicate potential feature model momentum from the sector and enhance the competitiveness?

Sunjay Kapur, Vice Chairman and Managing Director

No. In what context you are asking for

Srinivas Rao

Okay. So the context is generally, I mean the way I think about your business is if companies do more models, that's one way for growth to come into your company. I mean if the model cycle is shorter. So is that something which you are seeing or do you see more launches from the auto companies in the next two years or next three years compared to what happened in the last three years or that's not the case?

Sunjay Kapur, Vice Chairman and Managing Director

Well, generally there is a growth in the number of variance that companies are trying to bring in. I mean it's pretty much going towards creating more and more niches from the end consumer perspective. And you have to keep something in mind that as far as our product is concerned there is a lot of commonization that happens across platforms. So from a consumer perspective you might find many variants from our perspective we still have to produce only part.

Srinivas Rao

Fair enough.

Sunjay Kapur, Vice Chairman and Managing Director

And that we actually do recommend that to our customers as well because the cost of validation being for the particular product and the amount of work that goes in and it's in their interest as well. So as it is even so car companies as you know whether it is Maruti or Volkswagen anybody else people are producing multiple models out of one platform only. There is one Ertiga, DZire and the Swift. The three cars on the road, but there is only one platform. So we only produce one type of gear for them.

Srinivas Rao Sunjay Kapur, Vice Chairman and Managing Director

Yeah. I mean the localization is going on continuously. We see it as being the main cost for imports in the past as well.

Srinivas Rao

Okay. And the electric motor is still imported right?

Sunjay Kapur, Vice Chairman and Managing Director

Well for us, it's domestically because that's supplied via Maruti, so we don't.

Srinivas Rao

Okay. For you it is not an import only.

Sunjay Kapur, Vice Chairman and Managing Director

No we don't import.

Srinivas Rao

No but so you get build in rupees and there is no FX impact of that on you?

Sunjay Kapur, Vice Chairman and Managing Director

It is actually customer supplied for us, in that sense I think it's in rupees only. Yeah, we only pay them in rupees.

Srinivas Rao

Okay. So for you doesn't matter actually.

Sunjay Kapur, Vice Chairman and Managing Director

Correct.

Srinivas Rao

And the ECU also of the EPS.
Correct.

Srinivas Rao

Okay. Both of those are customer supplied. Okay. Fair enough. And so I mean then what is the big 17% which is in import content, where is that -- I mean what components are there? Since you earlier mentioned that 17% of the material cost mostly is yen denominated and that's the big import content.

Corporate Participant

There are some electronics parts and some small parts of the talk sensor.

Srinivas Rao

Okay. Fair enough. This is helpful. Thank you so much.

Operator

Thank you. The next question is from the line of Raunak Onkar from PPFAS Mutual Fund. Please go ahead.

Raunak Onkar

Good morning sir. I just had a question regarding how sticky is this business of these driveline products and steering products and so the customers deal with you for longer or how long does the contract last?

Sunjay Kapur, Vice Chairman and Managing Director

Well the business is extremely sticky, it was extremely safety critical product. There is a high interest exit barrier for this. The technology is very proprietary, it's not anybody just can come in to market and open up a steering shop. So the stickiness is very, very high it is also important that we serve the customer with respect to technology, with respect to delivery with respect to quality which we have been doing steadily. So over the years, if you see all our customers have been extremely loyal and we have been working with them almost from the beginning.

Raunak Onkar

So suppose you have a customer and you are providing for one model that they are making so if they are going to launch a new model, how often do they come to you or do they want to go to somebody else, how does that work how do you get that business for the next model that they are making?

Sunjay Kapur, Vice Chairman and Managing Director

They offer the RFQ for practically every model to us. Every customer for every model does offer the RFQ to us and the choice is between whether we want to participate due to various issues that we need to concern and if we participate then naturally the competitive bid. So, there could be occasions when we lose the bid and there are occasions when we

Raunak Onkar

Sir, could you just give a number to that how much market share do you have right now?

Sunjay Kapur, Vice Chairman and Managing Director

We give you this model wise data which should give you fairly good indicator from that. So I has read out a while ago.

Raunak Onkar

Right, right. Sir and one last question, what other competitor do you see even getting dominant market share right now apart from you, anybody else gaining?

Sunjay Kapur, Vice Chairman and Managing Director

No, I think that's -- I don't know how to answer this question.

Raunak Onkar

Sir, you must be keeping track right and...

Sunjay Kapur, Vice Chairman and Managing Director

Competitors are there...

Raunak Onkar

You must be having some internal record like competitors which are gaining over you or somebody?

Sunjay Kapur, Vice Chairman and Managing Director

I mean, the competitors in the market are Rane, Mando, ZF these are the competitors. And like we said we are very dominant players in the market and...

Raunak Onkar

Right.

Sunjay Kapur, Vice Chairman and Managing Director

Well, anyway if it's sounds any purpose, the point is that we are aware these competitors exist. So, we are aware, I mean we do have obviously internal strategic analysis of our competitors which we can't openly share.
Right.

Sunjay Kapur, Vice Chairman and Managing Director

You will appreciate that.

Raunak Onkar

Yeah, yeah, sure.

Sunjay Kapur, Vice Chairman and Managing Director

And we are not complacent about the fact that we are dominant. We are aware that, there is always a risk of losing, if we don't take care of our customers and some products, cost competitiveness, our performance, et cetera. So, internal actions are always aligned to make sure that we remain preferred supplier with our customer.

Raunak Onkar

Great. Thank you, sir. It's very helpful. Have a good day.

Sunjay Kapur, Vice Chairman and Managing Director

Thank you.

Operator

Thank you. [Operator Instructions]. Our next question from the line of Ms. Bharti Gupta from Sushil Finance. Please go ahead.

Bharti Gupta

Thank you again for taking my question. Sir, I just want to understand your CapEx program for the current year and for FY14, like how much have you planned for the plant relocalization and any capacity expansions that are in the plans?

Sunjay Kapur, Vice Chairman and Managing Director

Yes.

Bharti Gupta

Hello?

Corporate Participant Bharti Gupta

That is for plant relocalization right?

Sunjay Kapur, Vice Chairman and Managing Director

That's for overall, relocation as well as production capacity enhancement, everything.

Bharti Gupta

Okay, okay. And how much of it -- that is 100 crores over a period of next two years, that is FY13 and '14 or entirely for FY13?

Sunjay Kapur, Vice Chairman and Managing Director

FY13.

Bharti Gupta

Hello?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah.

Bharti Gupta

Yeah, and how much will we have in the CapEx for next year, like that we have planned?

Sunjay Kapur, Vice Chairman and Managing Director

Next year, probably about 70 crores to 80 crores.

Bharti Gupta

Okay. And of this 100 crores, how have we spent so far as far as in H1?

Sunjay Kapur, Vice Chairman and Managing Director

H1 was 41 crores.

Bharti Gupta Sunjay Kapur, Vice Chairman and Managing Director

No, we have got one pressure die-casting facility which is the aluminum pressure die-casting. And as we mentioned earlier, it will come -- it's up and ready. We are just waiting for some custom approvals. We should have them by the end of this calendar year.

Bharti Gupta

Okay.

Sunjay Kapur, Vice Chairman and Managing Director

And once we have that, we will start commercial production.

Bharti Gupta

Okay. So we are quite hopeful that the commercial production should start from Q4 of this financial year?

Sunjay Kapur, Vice Chairman and Managing Director

Absolutely.

Bharti Gupta

Okay.

Corporate Participant

Q3 of this financial year.

Bharti Gupta

Q3 of this financial year, okay. And sir like you said that you have two lines of aluminum precision die-casting. One is of 350 tons and the other is 850. So, only the first phase of it would start commercial production or the entire or both the two?

Sunjay Kapur, Vice Chairman and Managing Director

Already, our 350 ton has just already started.

Bharti Gupta Bharti Gupta

Okay, okay. And we are expecting to optimally utilize this capacity during this financial, like what kind of ramp up are you expecting?

Sunjay Kapur, Vice Chairman and Managing Director

So these are, the capacities are already booked out completely. In fact we will be ramping it up to full capacity within the end of the year.

Bharti Gupta

Okay. Fair enough, sir. Thank you. That's it from my end.

Sunjay Kapur, Vice Chairman and Managing Director

Thank you.

Operator

The next question is from the line of Srinivas Rao from Deutsche Bank. Please go ahead.

Srinivas Rao

No, thanks. My questions have been answered. That's fine. Thank you.

Operator

Thank you.

Sunjay Kapur, Vice Chairman and Managing Director

Thank you.

Operator

[Operator Instructions].

Sunjay Kapur, Vice Chairman and Managing Director

Can we take one last question.
Sure sir. [Operator Instructions]. Sir we don't have any further questions. Would you like to add any closing comments here?

Sunjay Kapur, Vice Chairman and Managing Director

Yeah I would like to thank everybody for participating and we look forward to a good growth in the quantum of next two quarters. Thank you.

Operator

Thank you. Participants, with that we conclude the conference thank you for joining us. You may now disconnect your lines, thank you.