

# PPAP Automotive Limited

CIN: L74899DL1995PLC073281

B-206 A, Sector-81, Phase-II, Noida - 201305, U.P.;

Tel. : +91-120-2462552 / 53; Fax: +91-120-2461371;

Email: info@ppapco.com; Website: www.ppapco.in

1<sup>st</sup> September, 2020

**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

**Sub.: Notice of the Twenty Fifth Annual General Meeting along with Annual Report for the financial year 2019-20 of PPAP Automotive Limited**

Dear Sir,

We wish to inform you that the Twenty Fifth Annual (25<sup>th</sup>) Annual General Meeting (“AGM”) of PPAP Automotive Limited (“Company”) will be held on Friday, 25<sup>th</sup> September, 2020 at 11:00 a.m. (IST) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”). In compliance with the General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 read with General Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 and General Circular No. 17/2020 dated 13<sup>th</sup> April, 2020 issued by the Ministry of Corporate Affairs (collectively referred to as “MCA Circulars”), Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 (“SEBI Circular”) issued by the Securities and Exchange Board of India and relevant provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 25<sup>th</sup> AGM will be held without the physical presence of the Shareholders at a common venue.

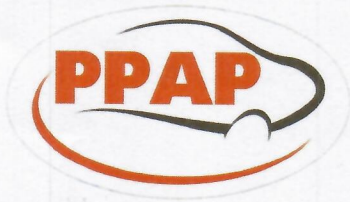
In terms of the provisions of Regulation 30 and Regulation 34 of the Listing Regulations, the Notice of the 25<sup>th</sup> AGM and Annual Report of the Company for the financial year 2019-20 is enclosed herewith.

Pursuant to the provisions of Section 91 of the Companies Act, 2013, and the Rules framed thereunder, the Registers of Members and Share Transfer Books of the Company will remain closed from Saturday, 19<sup>th</sup> September, 2020 to Thursday, 24<sup>th</sup> September, 2020 (both days inclusive) for the purpose of AGM.

The Company has fixed Friday, 18<sup>th</sup> September, 2020 as the ‘Cut-Off Date’ for the purpose of determining the members who would be eligible to attend the AGM through VC / OAVM and vote on the resolutions set out in the Notice of the 25<sup>th</sup> AGM either through remote e-voting or Insta Poll during the AGM.

The remote e-voting will be available during the following period:

Commencement of remote e-voting	From 10:00 a.m. (IST) on Monday, 21 <sup>st</sup> September, 2020
End of remote e-voting	Till 5.00 p.m. (IST) on Thursday, 24 <sup>th</sup> September, 2020



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Further, in accordance with the aforesaid MCA Circulars and SEBI Circular, the Notice of the AGM along with Annual Report for the financial year 2019-20 of the Company is being sent only by electronic mode to all those shareholders whose email id are registered with the Company / Registrar and Share Transfer Agent / Depository Participant(s) and is also available on the website of the Company viz. [www.ppapco.in](http://www.ppapco.in).

This is for your information and record.

Thanking you,

Yours faithfully,

For **PPAP Automotive Limited**

**Sonia Bhandari**  
Company Secretary

Encl.: As above



# PPAP Automotive Limited



Chennai Plant



CSR - Tree Plantation



Artwork by Arhaan

## Annual Report 2019-20



Manufacturing Facility

*Taking Challenges, Together*





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## CORPORATE INFORMATION

**CIN: L74899DL1995PLC073281**

### REGISTERED OFFICE

54, Okhla Industrial Estate,  
Phase-III, New Delhi-110020  
Tel: +91-11-26311671 / 26910777

### CORPORATE OFFICE

B-206A, Sector-81, Phase-II,  
Noida-201305, Uttar Pradesh  
Tel: +91-120-2462552 / 53  
Website: [www.ppapco.in](http://www.ppapco.in)  
E-mail: [investorservice@ppapco.com](mailto:investorservice@ppapco.com)

### PRESIDENT AND CHIEF OPERATING OFFICER

Mr. Ramesh Chander Khanna

### CHIEF FINANCIAL OFFICER

Mr. Anurag Saxena  
(*w.e.f. 12<sup>th</sup> August, 2019*)

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Sonia Bhandari

### AUDITORS

M/s. O P Bagla & Co LLP (Statutory Auditors)  
M/s. Rakesh Singh & Co. (Cost Auditors)  
M/s. NKJ & Associates (Secretarial Auditors)

### BANKERS

ICICI Bank Limited  
HDFC Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Axis Bank Limited  
State Bank of India

### REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited  
Noble Height, 1<sup>st</sup> Floor, Plot NH2, C-1, Block LSC,  
Near Savitri Market, Janakpuri, New Delhi-110058

# BOARD OF DIRECTORS



**MR. AJAY KUMAR JAIN**  
Chairman and Managing Director



**MR. BHUVAN KUMAR CHATURVEDI**  
Independent Director  
Chairman of Audit Committee



**MR. PRAVIN KUMAR GUPTA**  
Independent Director  
Chairman of  
Nomination & Remuneration Committee  
Stakeholders Relationship Committee



**MR. ASHOK KUMAR JAIN**  
Independent Director  
Chairman of Corporate Social  
Responsibility Committee



**MRS. CELINE GEORGE**  
Independent Director  
(w.e.f. 16<sup>th</sup> April, 2020)



**MR. ABHISHEK JAIN**  
Chief Executive Officer  
and Managing Director



**MRS. VINAY KUMARI JAIN**  
Non-Executive Director

# KEY MANAGERIAL PERSONNEL



**MR. RAMESH CHANDER KHANNA**  
President & Chief Operating Officer



**MR. ANURAG SAXENA**  
Chief Financial Officer



**MRS. SONIA BHANDARI**  
Company Secretary and  
Compliance Officer

# CHAIRMAN'S MESSAGE



My Dear Shareholders,

It is my privilege to present the 25<sup>th</sup> Annual Report of your Company.

First, I thank each and every one of you for your continuous support, as well as, good wishes in this long journey of 25 years. The last 25 years have been very exciting for the Company. We have gone through many ups and downs. There have been disruptions and obstacles. But, together, we have been able to overcome all the turbulences by our sheer determination to be successful and be a Global Excellence Company.

I am confident, that the next 25 years are going to be more exciting and glorious. Together, we shall overcome all the challenges and continue to provide value to all the stakeholders of your Company.

Today, we are living in uncertain times. The outbreak of this once in a century disease of COVID-19 has introduced anxiety and apprehensions in the mind of everyone. This outbreak in the late 2019 has disrupted our normal ways of functioning and forced us to adopt new and different ways of doing our daily work. It has taught us that in order to survive, we must make a paradigm change according to the changing situations in order to survive and prosper.

This pandemic has initiated one of the deepest global recession in decades. Every country and every economy is facing the consequences of contracted demand. While the impact varies from industry to industry, it has affected the life and livelihood of each and every one of us.

The pandemic has forced us to rethink about many business strategies. It has raised questions on the risks of global, as well as, regional supply chains. It has raised questions on the true financial health of the

companies. It has raised questions on the true loyalty of employees in a company.

The Government was forced to take extremely bold steps in order to contain this pandemic. They had to implement complete lockdown strategies and till today restrictions on normal functioning are there. The actions have impacted economic operations, not only in our own country, but all around the world. The Governments around the world, are studying the impact on various industries and implementing measures such as fiscal and monetary support, increase spending and direct support to cover losses in incomes and revenues.

Even as this Annual Report gets published, the COVID-19 situation continues to be fluid and challenging, the demand of small cars is expected to pick up and the industry may show the signs of recovery.

The economic situation remains highly fluid globally and for most countries and regions. At a global level, we witnessed rising trade barriers / trade disputes among major trading partners, geopolitical tensions, climate-related issues, falling commodity and energy prices and economic uncertainties in Europe over the impact of the UK withdrawal from the European Union. Individually, each of these issues present a challenge for the global economy.

In terms of GDP, Indian economy is the 5<sup>th</sup> largest economy in the world. The Indian economy faced multiple headwinds and estimated to grow by 4.1% in FY20, registering a slower growth as compared to the previous year. (Source: UN – World Economic Situation Report).

In FY 2019-20, the Indian Economy was benefiting from lower interest rates, witnessed benign inflation, improved liquidity and was on course to witness

improved tax collections. Towards the second half of the fiscal, India began to witness early signs of an uptick in business activities signalling return of momentum to Asia's third-largest economy. However, those were short lived as the pandemic has derailed the prospects for higher economic growth in the short term. The pace of recovery currently is uncertain and the medium to long term outlook is opaque.

The Government of India has increasingly emphasized on the need for self-reliance in manufacturing and other sectors, with a prominence of 'Make in India' initiative, multiple opportunities have been unveiled for many sectors. The focus on 'Atmanirbhar Bharat' has also offered a fresh impetus to indigenization extending support to local manufacturing. Government has announced ₹ 20 lakh crore package, as well as, the Reserve Bank of India has also introduced various liquidity measures and interest rate cuts to boost the Indian economy to minimise the impact of COVID-19.

The auto-components industry accounts for 2.3% of India's GDP. Apart from the general economic slowdown, the automotive sector demand remains sluggish during the first half of the year due to poor consumer sentiments, constrained financial liquidity and confusion regarding BS VI implementation, the latter half of the year also did not witness an expected rebound.

On the optimistic side, the rapidly globalizing world is opening newer avenues for the mobility industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to change via systematic research and development.

The Company continues to face the challenges due to contracted demand on account of the slowdown of the automotive industry. During the lockdown and subsequent opening up, your management ensured that the operations of the Company are flexible and adopting to the ever-changing situation. Due to the challenging situations, the management along with the key leaders of the Company brainstormed on the future direction of the Company and decided to de-risk the Company's operations from a single segment to multi segment.

Going forward, the current business would form the basic foundation of the Company and the focus would be to grow this business with focus also on new customers. However, along with this, separate teams would focus on scouting opportunities in non-automotive segments, as well as, the after-market. Also, a separate team would focus on developing products for the Electric vehicles. Your Company is also finding opportunities on the plastic injection moulding tooling business by commercialising its tooling facilities.

In line with this strategy, the management restructured the organisation enable major focus in these areas. The values of these new businesses

would remain in line with the values of the current business of the Company i.e. To achieve Global Level Excellence.

Your Company will be launching many new products and new technologies in the next 3 years. The focus will be in establishing good relations with new customers, as well as, delivering a cost competitive, technology focused solution to them. The Company is investing in new-age technologies and machines to enhance our manufacturing and technology development capabilities.

In these critical times, our focus has been to ensure safety of our employees and taking care of them is our utmost priority. Your Company has taken all the necessary precautions while resuming plants operations and provided desired safety and security to the employees.

The adverse impact of the pandemic in March came after six quarters of decline in the automotive market which created an even more challenging business environment. Our revenues (based on standalone financials) for the year were at ₹ 360.04 crores. EBITDA stood at 14.09% (₹ 50.74 crores) as compared to 18.78% (₹ 77.20 crore) in the previous year. Profit After Tax stood at ₹ 19.28 crore as compared to ₹ 33.42 crore in the previous year. Your Board of Directors has maintained the total dividend pay-out of ₹ 3.00 per share. This dividend comes to 30% of the face value of the equity share of your Company.

We expect the market conditions to remain challenging in the current term. Our inherent resilience to market fluctuations and cost-effective measures will help your Company to rebound when no sooner the production of vehicles surges.

Your Company continues its CSR mission through its non-profit trust, Vinay and Ajay Jain Foundation, in the areas of Environment, Education and Healthcare and works for the local communities in areas, in which, we operate. Your Company's emphasis is on "Creating the greener world for our children". On this front, we are restoring the biodiversity at the 14th century Tughlakabad Fort, New Delhi where we have planted around 40,000 native trees and shrubs. Along with this, we are also supporting many biodiversity parks in planting native species trees and ensuring their sustainability.

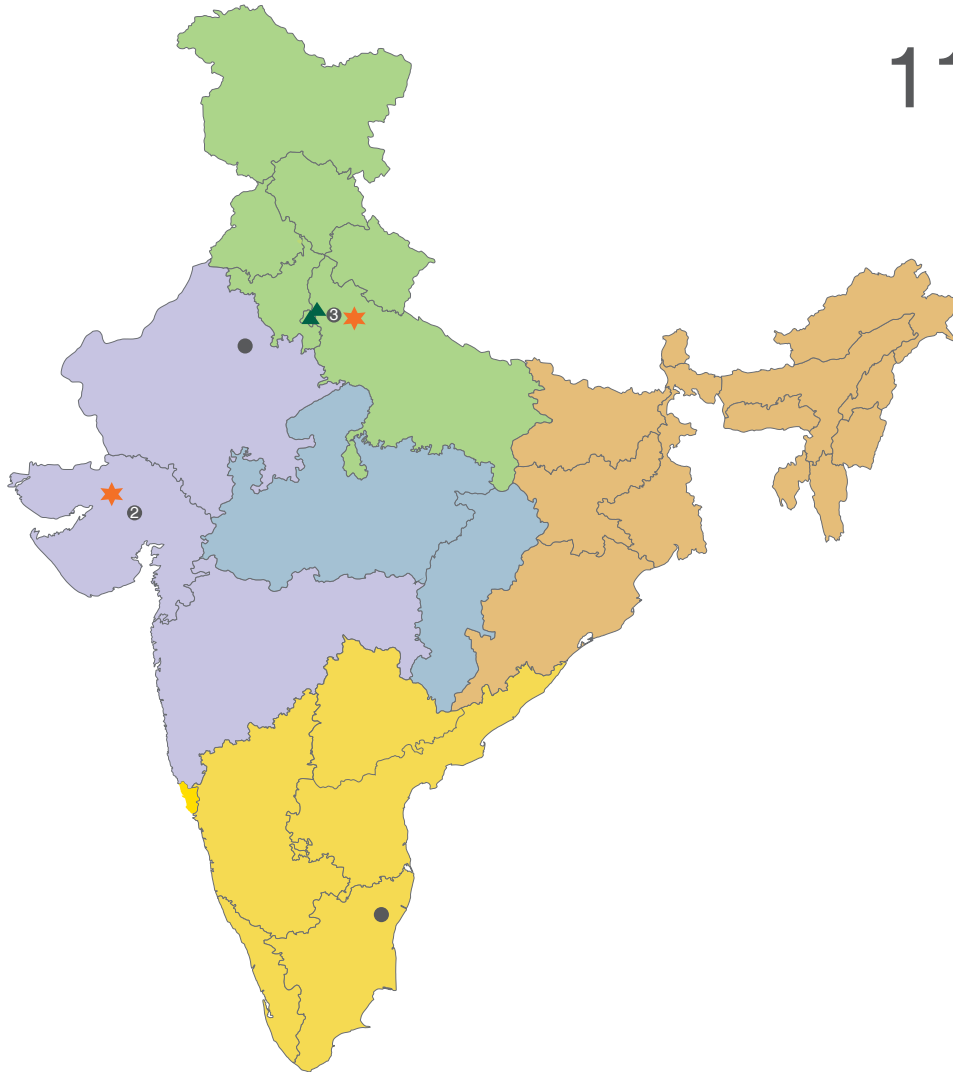
On behalf of the Board, I would like to express my sincere gratitude and thank all stakeholders once again for being a part of the journey of our business over these years. We remain committed to addressing the challenges before us and will continue our journey towards global excellence.

**Ajay Kumar Jain**  
Chairman & Managing Director

## MISSION

**TO BE A GLOBAL EXCELLENCE COMPANY  
WITH AN INSPIRING WORK CULTURE FOR  
SERVING CUSTOMERS AND THE SOCIETY BY  
EXCEEDING THE EXPECTATIONS OF  
ALL ITS STAKEHOLDERS**

# MANUFACTURING FACILITIES



11 Plants 5 Locations

## Facilities

- Noida, Uttar Pradesh (Plant I & II)
- Surajpur, Uttar Pradesh (Plant III)
- Pathredi, Rajasthan (Plant IV)
- Vallam Vadagal, Tamil Nadu (Plant V)
- Viramgam, Gujarat (Plant VI & VII)

## Joint Venture Company

- ★ Surajpur, Uttar Pradesh (Plant I)
- ★ Viramgam, Gujarat (Plant II)

## Subsidiary Companies

- ▲ Noida, Uttar Pradesh
- ▲ Okhla, Delhi

Not to scale - for illustration purpose only





# CUSTOMERS



# CKD EXPORTS



# ACCOLADES - 2020



**Zero Defect Supplies**  
*By Toyota Kirloskar Motor Private Limited*



**Achieving Quality Target Award**  
*By Toyota Kirloskar Motor Private Limited*



**Appreciation Award for Partnership**  
*By Hyundai Motor India Limited*



**Award in Category of Productivity (SME)**  
*By The Machinist Super ShopFloor Awards 2019*



**Award for On Time Development**  
*By ISUZU Motors India Private Limited*



**Award for Quality**  
*By Toyota Kirloskar Motor Private Limited*



**Fire Safety Management Award 2019**  
*By Toyota Kirloskar Motor Private Limited*



**Zero PPM Award**  
*By Toyota Kirloskar Motor Private Limited*



# PPAP AUTOMOTIVE LIMITED

CIN: L74899DL1995PLC073281

Registered Office: 54, Okhla Industrial Estate, Phase-III, New Delhi-110020

Corporate Office: B-206A, Sector-81, Phase-II, Noida-201305 (U.P.)

Tel: +91-120-2462552 / 53; Fax: +91-120-2461371

Website: www.ppapco.in; E-mail ID: investorservice@ppapco.com

## NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of PPAP Automotive Limited (the "Company") will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Friday, 25<sup>th</sup> September, 2020 at 11:00 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended 31<sup>st</sup> March, 2020, together with the Reports of the Board of Directors and Auditors' thereon.
2. To confirm the payment of interim dividend(s) on equity shares for the financial year ended 31<sup>st</sup> March, 2020.
3. To appoint a Director in place of Mrs. Vinay Kumari Jain (DIN: 00228718), Non-Executive Director of the Company who retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS

4. **Ratification of remuneration of the Cost Auditors for the financial year 2020-21.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification or variation thereto, the Company hereby ratifies the remuneration of ₹ 1,60,000 (Rupees One lac sixty thousand only) plus applicable taxes and re-imbursment of out-of-pocket expenses payable to M/s Rakesh Singh & Co. (Firm Registration No. 000247), Cost Accountants, New Delhi, who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, as amended, for the financial year ending 31<sup>st</sup> March, 2021.

**RESOLVED FURTHER THAT** the Board of Directors and / or key managerial personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

5. **Appointment of Mrs. Celine George (DIN: 02563846) as an Independent Director of the Company.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, Schedule IV and other applicable provisions of the Companies Act, 2013, read with applicable rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment or modification or re-enactment thereof, for the time being in force), Mrs. Celine George (DIN: 02563846), who was appointed as an Additional & Independent Director with effect from 16<sup>th</sup> April, 2020 of the Company and who holds office up to the date of 25<sup>th</sup> Annual General Meeting, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for a term of 2 (two) years with effect from 16<sup>th</sup> April, 2020 up to 15<sup>th</sup> April, 2022.

**RESOLVED FURTHER THAT** the Board of Directors and / or key managerial personnel of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

By order of the Board  
For **PPAP Automotive Limited**

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Sonia Bhandari**  
Company Secretary

### NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20 dated 5<sup>th</sup> May, 2020 read with Circular No. 14 dated 8<sup>th</sup> April, 2020 and Circular No. 17 dated 13<sup>th</sup> April, 2020 (hereinafter collectively referred to as "MCA Circulars") permitted the holding of Annual General Meeting ("AGM" or "Meeting") through VC or OAVM without the physical presence of members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 ("Act") and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the AGM of the Company is being held through VC or OAVM.
2. Explanatory statement pursuant to the provisions of Section 102 of the Act, in respect of item no. 4 and 5 of the notice are annexed hereto.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. However, since this AGM is being held through VC / OAVM, whereby physical attendance of members has been dispensed with and in line with the

MCA Circulars read with Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 ("said SEBI Circular") issued by Securities and Exchange Board of India ("SEBI"), THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS AGM and hence the proxy form and attendance slip are not annexed to this notice.

4. Pursuant to Section 113 of the Act, corporate members are required to send the scanned copy (in PDF or JPG format) of the certified board resolution / authority Letter from its governing body, as the case may be, authorising their representative(s) to attend this AGM through VC / OAVM and vote on their behalf through remote e-voting or at the AGM, by email from their registered email addresses to the Scrutinizer at chetan.gupta@apacandassociates.com with a copy marked to the Company at investorservice@ppapco.com, mentioning the name of the Company in the subject line.
5. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the said MCA Circulars issued by the MCA and said SEBI Circular, the Annual Report including notice of the 25<sup>th</sup> AGM of the Company inter alia indicating the process and manner of e-voting is being sent only by email, to all the members whose email address are registered with the Company / Depository Participant(s).

Further, in terms of the applicable provisions of the Act, Listing Regulations read with the said MCA Circulars and said SEBI Circular, the Annual Report including notice of the 25<sup>th</sup> AGM of the Company will also be available on the website of the Company at www.ppapco.in. The same can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com respectively and on the website of Link Intime India Private Limited (LIPL), i.e. https://instavote.linkintime.co.in.

6. Since this AGM is being held through VC / OAVM, the route map for this AGM is not annexed with this notice.
7. The Company has engaged the services of Registrar & Share Transfer Agent ("RTA") as the authorized agency for conducting this AGM through VC or OAVM to provide e-voting facility.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum as per the provisions of Section 103 of the Act.
9. The Register of members and share transfer books of the Company will remained closed from Saturday, 19<sup>th</sup> September, 2020 to Thursday, 24<sup>th</sup> September, 2020 (both days inclusive) for the purpose of this AGM.
10. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at this AGM.
11. In terms of the provisions of Regulation 40 of the Listing Regulations and various notifications issued in that regard, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1<sup>st</sup> April, 2019 unless the securities are held in the dematerialized form with the depositories. In view of the

same, members are requested to take action to dematerialize the equity shares of the Company promptly.

12. The members desirous of seeking any information on the financial statements or any matter to be placed at this AGM, are requested to write to the Company on or before Tuesday, 22<sup>nd</sup> September, 2020 on investorservice@ppapco.com. The same will be replied by the Company suitably.
13. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants (DP) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
14. Details as required under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India (ICSI) in respect of Director seeking appointment / re-appointment is separately annexed with this notice as 'Annexure-1'.
15. Members who have not so far encashed their dividend paid by the Company upto and during the financial year ended 31<sup>st</sup> March, 2020, may immediately approach the Company / RTA for claiming dividend amount. Information in respect of the unclaimed dividend as on 31<sup>st</sup> March, 2020, will be uploaded on the website of Investor Education and Protection Fund ("IEPF") of the Government (www.iepf.gov.in) and on the website of the Company (www.ppapco.in). Dividends, if not encashed for a consecutive period of 7 years, from the date of transfer to unpaid / unclaimed dividend account of the Company, are liable to be transferred to IEPF. Further, the shares of a member who does not encash his / her dividend for a continuous period of 7 years, are also liable to be transferred to the demat account of IEPF Authority. In view of this, members, who have not yet claimed their dividend, are requested to claim their dividends from the Company / RTA, within the stipulated timeline. The members, whose unclaimed dividends / shares have been transferred to IEPF, may claim the same as well as the corresponding dividend by making an application to the IEPF Authority, in Form IEPF-5 available on www.iepf.gov.in.
16. **Process for updating / registration of email address and mobile numbers and updation of bank account details:**

Members who have registered their email address with the Company / its Registrar & Share Transfer Agent "RTA" / Depositories, log in details for e-voting are being sent on the registered email address.

**a) Members holding shares in physical form or shareholders who have not updated email address, mobile number and bank account details:**

Members who have not registered their email address and in consequence to which are not receiving communications from the Company electronically (viz. the annual report, notice of members meeting, e-voting details, etc.) or bank account details, may get their email address, mobile number and bank account details registered by providing the same to the Company's RTA at their website.

Kindly visit the website of RTA by clicking the link [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html) and fill in the details as mentioned there and upload the required documents and submit.

**b) Members holding shares in dematerialized form:**

Please contact your DP and register your email address, mobile number and bank account details in your demat account, as per the process advised by your DP.

**17. Voting through electronic means:**

- I. The businesses as set out in the notice may be transacted through electronic voting system and the Company will provide a facility for voting through electronic means. The facility of e-voting shall be provided by the RTA.
- II. The voting period begins on Monday, 21<sup>st</sup> September, 2020 (10:00 a.m. IST) and ends on Thursday, 24<sup>th</sup> September, 2020 (05:00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 18<sup>th</sup> September, 2020, may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.
- III. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again at the AGM.
- IV. Members who have acquired shares of the Company after the dispatch of this notice and holding shares as on the cut-off date may approach the Company / RTA at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) for issuance of User ID and Password for exercising their right to vote by electronic means.
- V. The members present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting, shall be eligible to vote during the AGM through Insta Poll.
- VI. A member can opt for only single mode of voting i.e. through remote e-voting or Insta Poll. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the AGM shall be treated as "INVALID".
- VII. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, Regulation 44 of the Listing Regulations and SS-2 issued by the ICSI, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by LIPL, on the resolutions set forth in this notice. The Company has appointed Mr. Chetan Gupta Practicing Company Secretary (CP No. 7077) and Managing Partner at APAC & Associates LLP, Company Secretaries, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

**18. Instructions for e-voting and joining this AGM are as under:**

**Remote e-Voting instructions for shareholders:**

1. Open internet browser by typing the following URL: <https://instavote.linkintime.co.in>.

**The members who are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or holding shares in physical mode have to mandatorily generate their password, as under:**

- Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details:

**A. User ID:** Enter your User ID

- Shareholders / members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders / members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders / members holding shares in **physical form shall provide Event No. + Folio Number** registered with the Company (Event No. is 200218)

- B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

- C. DOB / DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (as recorded with your DP / Company - in DD/MM/YYYY format).

- D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP / Company.

- Shareholders / members holding shares in **CDSL demat account shall provide either 'C' or 'D', above.**
- Shareholders/members holding shares in **NSDL demat account shall provide 'D', above.**
- Shareholders/members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above.

- Set the password of your choice (The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).

- Click "confirm", your password is now generated.

Note : If members are holding shares in demat form and have registered on to e-voting system of LIPL: <https://instavote.linkintime.co.in>, and / or voted on an earlier event of any company then they can use their existing password to login.

2. Click on "Login" tab, available under 'Shareholders' section.

3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "Submit". User ID details shall be same as mentioned in "A" point above.

4. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).
7. After selecting the desired option i.e. Favour / Against, click on **'Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes'**, else to change your vote, click on 'No' and accordingly modify your vote.
8. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**If shareholders holding shares in demat form or physical form have forgotten password:**

- Click on **'Login'** under **'SHARE HOLDER'** tab and further click 'forgot password'.
- Enter **User ID**, select **Mode** and enter Image certification (CAPTCHA) code and click on **'Submit'**.
  - In case members is having valid email address, password will be sent to his / her registered email address.
  - Members can set the password of their choice by providing the information about the particulars of the security question and answer, PAN, DOB / DOI, bank account number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

*It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.*

**9. General guidelines for members**

- Institutional members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution / authority letter / power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- For members holding shares in physical form, the details can be used only for voting on the resolutions contained in the notice.

- During the voting period, members can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Members holding multiple folios / demat account shall choose the voting process separately for each of the folios / demat account.

In case the members have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-voting manual available at <https://instavote.linkintime.co.in>, under 'Help' section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or call us : Tel: 022-49186000.

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>
  - Select the **"Company"** and **'Event Date'** and register with your following details: -
    - A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No.
      - Shareholders / members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
      - Shareholders / members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.
      - Shareholders / members holding shares in physical form shall provide Folio Number registered with the Company.
    - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP) / Company shall use the sequence number provided to you, if applicable.
    - C. **Mobile No.:** Enter your mobile number.
    - D. **Email ID:** Enter your email id, as recorded with your DP / Company.
  - Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the guidelines given below for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction / InstaMeet website.

**Instructions for Shareholders / Members to speak during the Annual General Meeting through InstaMeet:**

Shareholders who would like to speak during the meeting must register themselves by Tuesday,

22<sup>nd</sup> September on or before 05.00 p.m. with the Company on the email id [investorservice@ppapco.com](mailto:investorservice@ppapco.com).

1. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
2. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
3. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
4. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting / management will announce the name and serial number for speaking.

**Instructions for Shareholders / Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer / moderator during the meeting, shareholders / members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “cast your vote”.
2. Enter your 16 digit demat account No. / folio No. and OTP (received on the registered mobile number / registered email id) received during registration for InstaMeet and click on ‘Submit’.
3. After successful login, you will see “resolution description” and against the same the option “Favour / Against” for voting.
4. Cast your vote by selecting appropriate option i.e.

“Favour / Against” as desired. Enter the number of shares (which represents no. of votes) as on the cutoff date under ‘Favour / Against’.

5. After selecting the appropriate option i.e. Favour / Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders / Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders / Members who have voted through remote e-Voting prior to the Annual General Meeting will be eligible to attend / participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders / Members are encouraged to join the Meeting through Tablets / Laptops connected through broadband for better experience.

Shareholders / Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

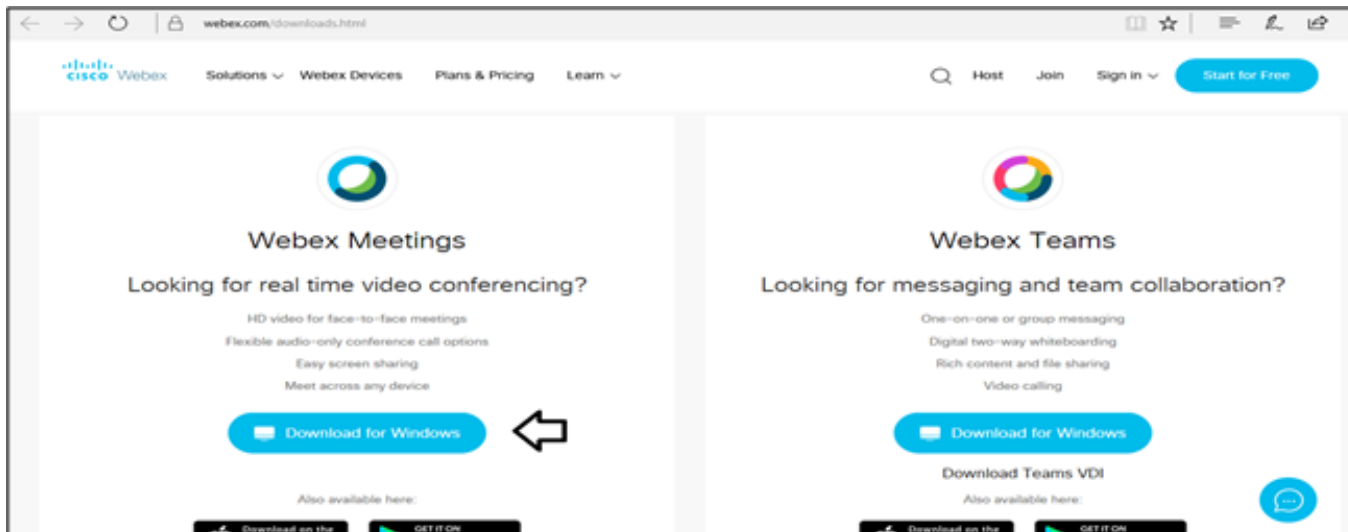
Please note that shareholders / members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio / Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders / members have any queries regarding login / e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

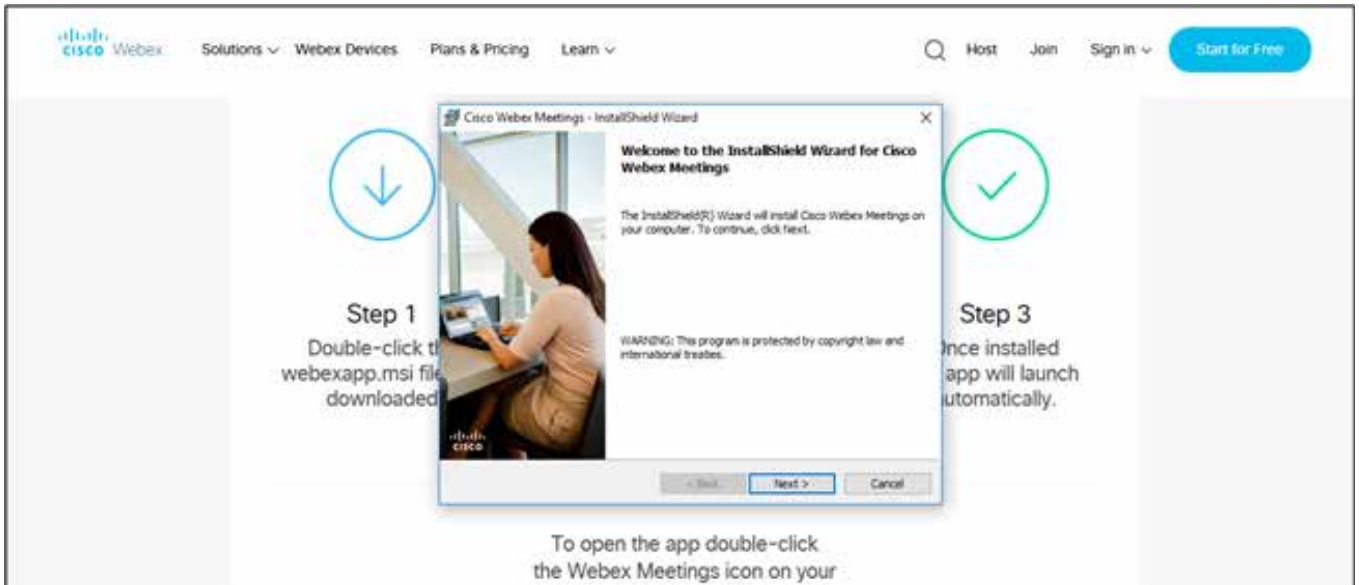
**Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMeet**

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMeet, shareholders / members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

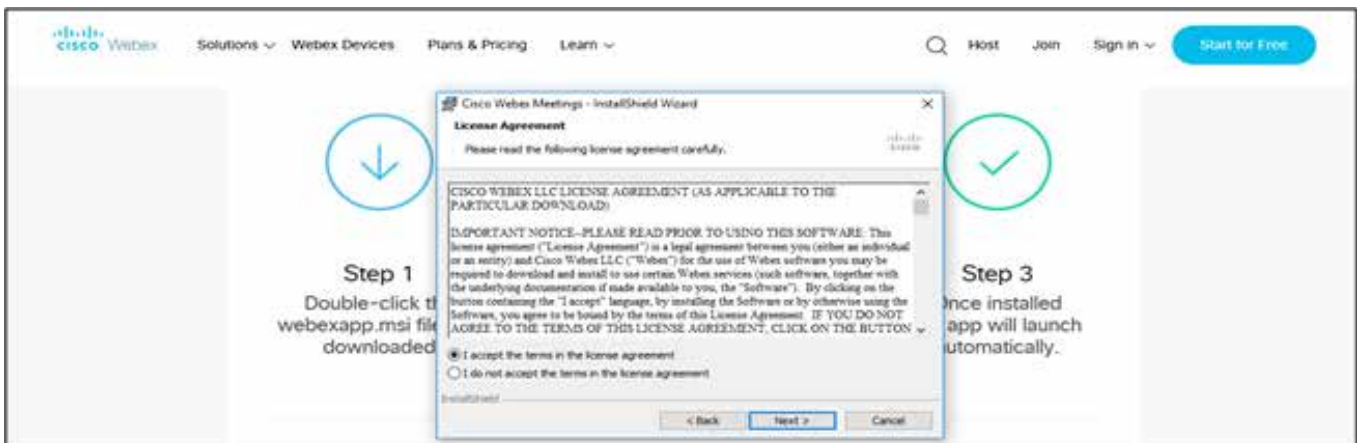
- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>

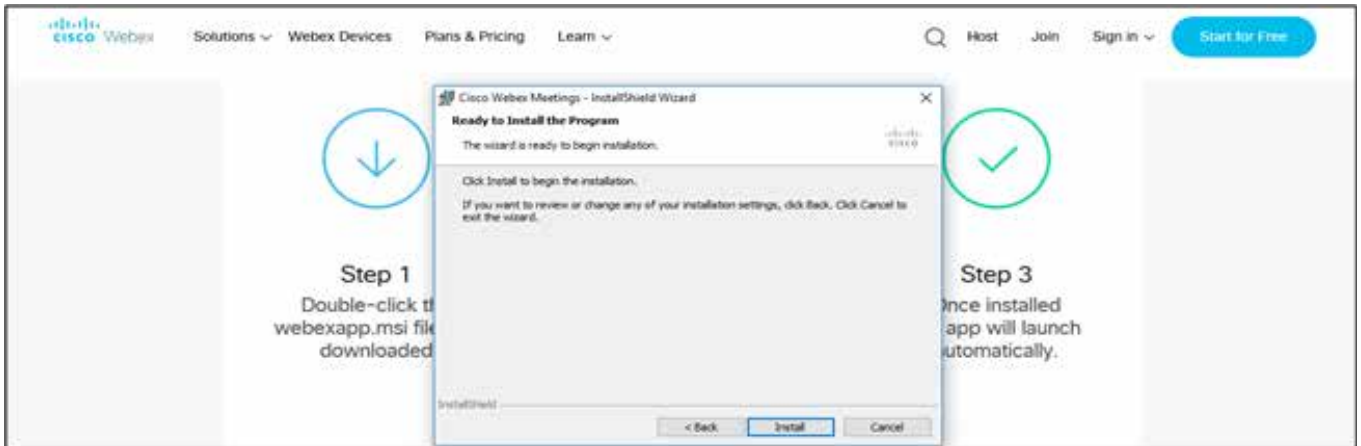






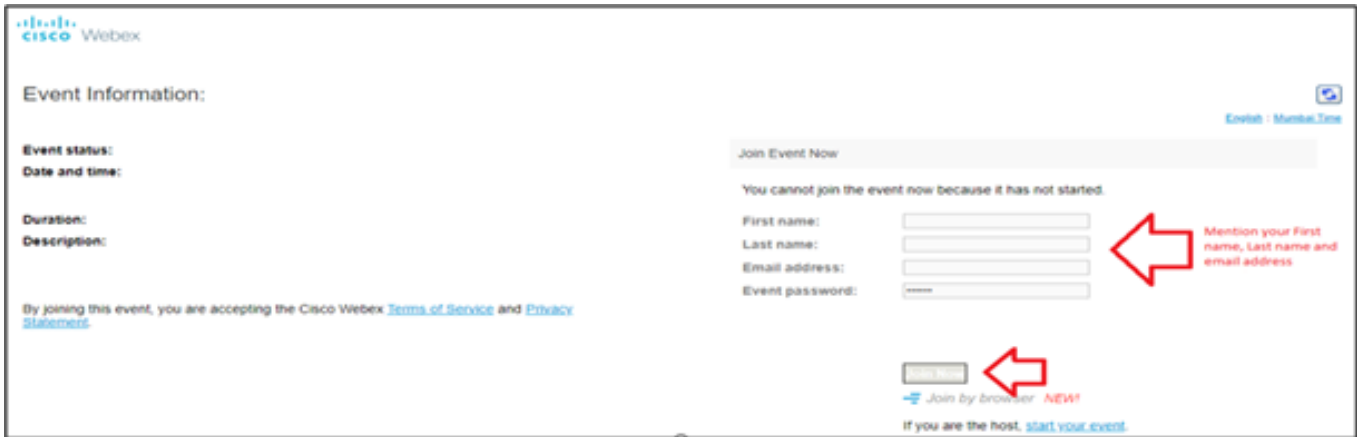
<b>Step 1</b>	<b>Enter your First Name, Last Name and Email ID and click on Join Now.</b>
<b>1 (A)</b>	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now.
<b>1 (B)</b>	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now.





or  
 b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

<b>Step 1</b>	<b>Enter your First Name, Last Name and Email ID and click on Join Now.</b>
<b>1 (A)</b>	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now.
<b>1 (B)</b>	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now.



**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013.****ITEM NO. 4**

The Company is required to have its costs records audited by a Cost Accountant in practice. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, have approved the appointment of M/s Rakesh Singh & Co. (Firm Registration No. 000247), Cost Accountants, New Delhi as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for the financial year ending 31<sup>st</sup> March, 2021 at a remuneration of ₹ 1,60,000 (Rupees one lac sixty thousand only) plus payment of applicable taxes and re-imbursalment of out-of-pocket expenses incurred by the Cost Auditors in connection with the aforesaid audit.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration proposed to be paid to the Cost Auditors and pass the resolution as an ordinary resolution.

Accordingly, the Board of Directors recommends the ordinary resolution set out at item no. 4 of the accompanying notice for approval by the members.

None of the Directors, Key Management Personnel of the Company and their relatives, are in any way concerned or interested financially or otherwise at item no. 4 of the notice.

The Board recommends the ordinary resolution as set out in item no. 4 of the notice for approval by the members.

**ITEM NO. 5**

Pursuant to the applicable provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with the Articles of Association of the Company, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, had appointed Mrs. Celine George (DIN: 02563846) as Additional & Independent Director of the Company with effect from 16<sup>th</sup> April, 2020, to hold office for a term of 2 (two) years, subject to the approval of members of the Company. Pursuant to the provisions of Section 161 of the Act, Mrs. George will hold office upto the date of 25<sup>th</sup> AGM.

The Company has received a notice under Section 160 of the Act from a member proposing her candidature as an Independent Director of the Company. Mrs. George has provided her consent to act as a Director declaration to the effect that she is not disqualified under 164(2) of the Act and declaration to the effect that she meets the criteria of independence. Also, she is not debarred from holding the office of director by virtue of any order of Securities and Exchange Board of India or any other such authority.

Considering the rich experience and vast knowledge in the areas of Leadership, Corporate Restructuring, Business Transformation, People Performance and Change Management, her presence on the Board will be valuable to the Company. Further, in the opinion of the Board, Mrs. George fulfils the conditions specified in the Act, read with the rules made thereunder and the Listing Regulations for being appointed as an Independent Director of the Company and she is independent of the management. It is proposed to appoint her as an Independent Director of the Company, as per the provisions of Section 149 of the Act and Listing Regulations.

Accordingly, the Board of Directors recommends the ordinary resolution set out at item no. 5 of the accompanying notice for approval by the members.

None of the Directors, Key Management Personnel of the Company and their relatives, are in any way concerned or interested financially or otherwise at item no. 5 of the notice.

The Board recommends the ordinary resolution as set out in item no. 5 of the notice for approval by the members.

By the order of the Board  
For **PPAP Automotive Limited**

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Sonia Bhandari**  
Company Secretary

**Annexure - 1**

Details of Director seeking appointment / re-appointment as required under Regulation 36 of the Listing Regulations and Secretarial Standard - 2 on General Meetings:

<b>Name of the Director</b>	<b>Mrs. Vinay Kumari Jain</b>	<b>Mrs. Celine George</b>
Director Identification Number (DIN)	00228718	02563846
Nationality	Indian	Indian
Date of Birth and age	20/02/1956 (64 years)	28/05/1959 (61 Years)
Date of first appointment	26/12/2013	16/04/2020
Qualification	Graduate in Science from Delhi University	Postgraduate in Business Economics from Delhi University and PGDIM from IMI, Delhi.
Brief profile of the Director	<p>Mrs. Vinay Kumari Jain was one of the founder partners of partnership firm Precision Pipes and Profiles Company formed in 1978 and continued as a partner till 1995. Subsequently, she was a Director of the Company from 1995-2006. She has deep understanding of the automotive business and has been associated with the Company since its Technical Collaboration with Tokai Kogyo Co. Limited, Japan. She has a total work experience of more three decades.</p>	<p>Mrs. Celine George started her career in 1984 with ONGC and later worked with the Management Consulting Division of TCS. She has been a key member of the Executive Leadership of Cairn Energy India Pvt. Ltd., Max Healthcare Institute Limited and Aviva Life Insurance Company Pvt. Ltd.</p> <p>She is a Chevening Gurukul Scholar from London School of Political Science &amp; Economics, UK. She is a certified assessor in organization Development. She is also certified in the EUM for coaching and facilitation.</p> <p>Mrs. George is presently associated with Green Clouds Education Solutions Private Limited as a Director &amp; Co-promoter. She is also on the Board of Action for Autism (AFA) a national level not for profit education, training and advocacy organization.</p>
Expertise in specific functional area	Having vast experience in automotive industry.	<p>Mrs. Celine George works in areas of Leadership, Corporate Restructuring, Business Transformation, People Performance and Change Management</p> <p>She has over 30 years' experience advising organisations, in the public and private sectors, across multiple industry verticals, Energy, Healthcare, Financial Services, Retail, Education Technology and Consulting.</p>
Terms and conditions of appointment / re-appointment	Refer Item no. 3 of the notice	Refer Item no. 5 of the notice
Details of remuneration last drawn (financial year 2019-20) and sought to be paid, if applicable	₹ 5.20 lacs (Sitting fee)	NA
No. of Board meetings attended during the financial year 2019-20	5 (five)	NA
Relationships with other directors, managers and other key managerial personnel	Wife of Mr. Ajay Kumar Jain, Chairman & Managing Director and Mother of Mr. Abhishek Jain, Chief Executive Officer & Managing Director	Nil

List of Directorships held in other companies (excluding foreign, private and Section 8 companies) as on 31 <sup>st</sup> March, 2020.	Nil	Nil
Memberships / Chairmanships of audit and stakeholders relationship Committees across public companies including PPAP Automotive Limited	Member of Stakeholders Relationship Committee of PPAP Automotive Limited	Nil
No. of shares held in the Company		
(a) Own	5,33,890	Nil
(b) For other persons on a beneficial basis	Nil	Nil

<Please register your e-mail address and make contribution to save our planet>

# DIRECTORS' REPORT

Dear Members,

## PPAP Automotive Limited

Your Directors have pleasure in presenting the Twenty Fifth Annual Report of your Company along with the audited financial statements and the auditors' report thereon for the year ended 31<sup>st</sup> March, 2020.

### Financial highlights and state of Company's affairs

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2020, on a standalone and consolidated basis, is summarized below:

(₹ in lacs)

Particulars	For the year ended			
	Standalone		Consolidated	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Revenue from operations (net of excise)	36,004.46	41,098.04	35,951.05	41,098.04
Other Income	75.29	107.06	58.46	107.06
Profit / loss before depreciation, finance costs, exceptional items and tax expense	5,149.68	7,827.02	5,040.10	7,859.24
Less: depreciation / amortization / impairment	2,572.29	2,599.53	2,572.34	2,599.53
Profit / loss before finance costs, exceptional items and tax expense	2,577.39	5,227.49	2,467.76	5,259.71
Less: finance costs	263.51	404.71	263.51	404.71
Profit / loss before tax expense	2,313.88	4,822.78	2,204.25	4,855.01
Less: tax expense (current & deferred)	386.09	1,481.15	383.84	1,481.15
Profit / loss for the year	1,927.79	3,341.63	1,820.41	3,373.85
Other comprehensive income / loss	(90.75)	(42.44)	(94.37)	(42.82)
Total	1,837.04	3,299.19	1,726.03	3,331.03

Pursuant to the provisions of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the consolidated financial statements of the Company for the financial year 2019-20 have been prepared in compliance with applicable Ind AS and on the basis of audited financial statements of the Company, joint venture and wholly owned subsidiary companies, as approved by the respective board of directors of the companies.

The consolidated financial statements together with the auditors' report form part of this annual report.

### Dividend

For the financial year 2019-20, your Company has declared and paid to the shareholders, a first interim dividend of ₹ 1.00 (Rupee one only) and second interim dividend of ₹ 2.00 (Rupees two only) per equity share of face value of ₹ 10 (Rupees ten) each. The dividend distribution tax of ₹ 28.78 lacs and ₹ 57.57 lacs were paid on the first and second interim dividend respectively.

The total dividend (first and second interim) for the financial year 2019-20 is ₹ 3.00 (Rupees Three only) per equity share (30%) of the face value of ₹ 10 (Rupees ten) each as against the total dividend

of ₹ 4.50 (Rupees Four and fifty paise only) per equity share (45%) of the face value of ₹ 10 (Rupees ten) paid for the previous financial year 2018-19. The dividend outflow was ₹ 506.35 lacs including dividend distribution tax of ₹ 86.35 lacs for the financial year 2019-20.

On 3<sup>rd</sup> April, 2020, the said interim dividend was paid electronically to the shareholders whose bank account details were updated with your Company. However, due to the pandemic of COVID-19 and consequent lockdown in several States, your Company was not able to dispatch the physical 2<sup>nd</sup> interim dividend warrants 2019-20 to the concerned shareholders, on account of non-operation of postal and dispatch services. Your Company will dispatch the interim dividend warrants 2019-20 to the concerned shareholders immediately once the postal and dispatch services are fully operational.

### Transfer to reserves

During the year under review, no amount has been transferred to general reserve for the financial year 2019-20.

### Share capital

During the financial year 2019-20, there was no change in the authorized share capital of the Company. The authorized share capital of the Company stood at ₹ 20,00,00,000 comprising of 2,00,00,000 equity shares of ₹ 10 each as on 31<sup>st</sup> March, 2020.

During the financial year 2019-20, there was no change in the issued and subscribed capital of the Company. The issued, subscribed and paid-up share capital of the Company stood at ₹ 14,00,00,000 comprising of 1,40,00,000 equity shares of ₹ 10 each as on 31<sup>st</sup> March, 2020.

Share capital audit as per the Listing Regulations is conducted on quarterly basis by M/s. NKJ & Associates, Company Secretaries. The share capital audit reports are duly forwarded to stock exchanges where the securities of the Company are listed.

#### Deposits

Your Company has not accepted any deposit within the meaning of provisions of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 for the year ended 31<sup>st</sup> March, 2020.

#### Technical collaboration

The Company has technical collaborations with Tokai Kogyo Co. Limited, Japan; Nissen Chemitec Corporation, Japan; and Tokai Kogyo Seiki Co. Limited, Japan.

The technology partners of your Company have extended their continuous support in terms of new product development, innovations, design, latest technology, quality, productivity, safety, etc. as per the needs of your Company.

#### Extract of annual return

The extract of the annual return of your Company as on 31<sup>st</sup> March, 2020 in form MGT-9, in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, is given in 'Annexure-A' to this report. The same is also available on your Company's website at [www.ppapco.in](http://www.ppapco.in).

#### Meetings of the board of directors

The Board of Directors met five times during the financial year 2019-20, the details of which are given in the corporate governance report that forms part of this annual report. The intervening gap between every two meetings were in compliance with the period prescribed under the Companies Act, 2013 and Listing Regulations.

#### Audit committee

The audit committee's purpose is to oversee the quality and integrity of accounting, auditing and financial reporting processes including reviewing of the Company's statutory and internal audit reports. The audit committee also gives its recommendations for enhancement in scope and coverage of internal audit for specific areas wherever it is felt necessary and also keeping in view the changing regulatory scenario's. The audit committee is provided with all the necessary documents and information to carry out its function effectively. All the members of the audit committee have the requisite financial, legal and management expertise.

The details of composition of the audit committee, its terms of reference and the number of meetings held during the year under review, are given in the corporate governance report.

The corporate governance report has been detailed in a separate section and is attached separately to this annual report.

#### Directors and key managerial personnel

During the year, Mr. Manish Dhariwal resigned from the position of Chief Financial Officer with effect from 5<sup>th</sup> July, 2019. Mr. Anurag Saxena was appointed in his place on 12<sup>th</sup> August, 2019 by the Board of Directors upon the recommendation of the nomination and remuneration committee.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mrs. Vinay Kumari Jain (DIN: 00228718), Non-Executive Director of the Company will retire by rotation at the 25<sup>th</sup> Annual General Meeting ("AGM") of the Company. She is being eligible, has offered herself for re-appointment as a Director.

The Board of Directors of the Company has appointed Mrs. Celine George (DIN: 02563846), as an Additional & Independent Director, of your Company, upon the recommendation of the nomination and remuneration committee for the term of two years with effect from 16<sup>th</sup> April, 2020 up to 15<sup>th</sup> April, 2022, subject to approval of the members at the 25<sup>th</sup> AGM.

Brief profile of Mrs. Celine George (DIN: 02563846) Additional & Independent Director and Mrs. Vinay Kumari Jain (DIN: 00228718), Non-Executive Director, seeking appointment and re-appointment are given in the corporate governance report attached to this report and the other details as stipulated under Listing Regulations are given in the notice of the 25<sup>th</sup> AGM.

#### Declaration by independent directors

The Company has received declarations from all the independent directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Listing Regulations. Further, all the Independent Directors have registered their names in the data bank maintained and managed by Indian Institute of Corporate Affairs.

During the year, the Independent Directors of your Company had no pecuniary relationship or transactions with your Company other than sitting fees accrued to them for attending meetings of the Board and its committee(s).

The terms and conditions of appointment of the Independent Directors are placed on the website of the Company under the link: <http://ppapco.in/Template-of-Letters-of-Appointment-to-Independent-Directors.pdf>.

#### Credit rating

During the year under review, the credit rating agency CRISIL has reaffirmed the credit rating of your Company on 23<sup>rd</sup> December 2019:

Long term bank loan facilities	CRISIL A+ / Stable
Short term bank loan facilities	CRISIL A1

### Directors' responsibility statement

In terms of and pursuant to Section 134(3)(c) of the Companies Act, 2013, as amended from time to time, in relation to the financial statements for the year ended 31<sup>st</sup> March, 2020, to the best of their knowledge and belief your Directors confirm the following:

- i. that in the preparation of annual financial statements for the financial year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a "true and fair view" of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the profit and loss of the Company for the financial year ended 31<sup>st</sup> March, 2020;
- iii. that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the financial statements for the financial year ended 31<sup>st</sup> March, 2020 have been prepared on a "going concern basis";
- v. that the internal financial controls are adequate and are operating effectively; and
- vi. that proper systems to ensure compliance with the provisions of all applicable laws are adequate and operating effectively.

### Compliance with secretarial standards

Your Company has complied with the applicable secretarial standards issued by the Institute of Companies Secretaries of India (SS-1 and SS-2) respectively relating to meetings of the Board and its committees and general meetings.

### Evaluation of the Board's performance / effectiveness

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations the Board of Directors has carried out annual evaluation of its own performance, Directors, Chairman and its committees. The manner in which the evaluation has been carried out is explained in the corporate governance report attached to this annual report.

### Nomination and remuneration policy

The remuneration paid to the Directors is in accordance with the nomination and remuneration policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The salient aspects covered in the nomination and remuneration policy have been given hereunder:

In accordance with the nomination and remuneration policy, the nomination and remuneration committee has, inter alia, the following responsibilities:

1. Ensure appropriate induction and training program: The committee shall ensure that there is an appropriate induction and training program in place for new Directors,

Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) and review its effectiveness.

2. Formulating the criteria for appointment as a Director: The committee shall formulate criteria and review it on an ongoing basis, for determining qualifications, skills, experience, expertise, qualities, attributes, etc. required to be a Director of the Company.
3. Identify persons who are qualified to be Directors / Independent Directors / KMPs / SMPs: The committee shall identify persons who are qualified to become Directors / Independent Directors / KMPs / SMPs and who satisfy the criteria laid down under the provisions of the Companies Act, 2013, Rules made thereunder, the Listing Regulations or any other enactment, for the time being in force.
4. Nominate candidates for Directorships subject to the approval of the Board: The committee shall recommend to the Board the appointment of potential candidates as Non-Executive Director or Independent Director or Executive Director, as the case may be.
5. Evaluate the performance of the Board: The committee shall determine a process for evaluating the performance of the Board, Director, Chairman and Committees of the Board, on an annual basis.
6. Remuneration of Managing Director / Directors: The committee shall ensure that the tenure of Executive Directors and their compensation packages are in accordance with applicable laws and in line with the Company's objectives, shareholders' interests and benchmarked with the industry.
7. Review performance and compensation of Non-Executive Independent Directors: The committee shall review the performance of Non-Executive Independent Directors of the Company. The committee shall ensure that the Non-Executive Independent Directors may receive remuneration by way of sitting fees for attending the meetings of Board or committee(s), thereof provided that the amount of such fees shall be subject to ceiling / limits as provided under the Companies Act, 2013 and Rules made thereunder or any other enactment, for the time being, in force.
8. Review performance and compensation of KMPs / SMPs: The committee shall ensure that the remuneration to be paid to KMPs / SMPs shall be based on their experience, qualifications and expertise and governed by the limits, if any, prescribed under the Companies Act, 2013 and Rules made thereunder or any other enactment, for the time being, in force.
9. Directors' and Officers' Insurance: The committee shall ensure that the insurance taken by the Company on behalf of its Directors, KMPs / SMPs either for indemnifying them against any liability or any other matter as may be deemed fit, the premium paid on such insurance, shall not be treated as part of the remuneration payable, to any such personnel.
10. Succession plans: The committee shall address and review sufficiently in advance the succession plans in order to ensure smooth transition and maintain an ideal balance of skills, experience and expertise on the Board.



### Particulars of employees

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of Directors / employees of the Company, annexed as 'Annexure-B' to this report.

### Subsidiary, joint venture and associate companies

During the year under review, the associate companies viz. Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited) and PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited) of the Company have become the wholly owned subsidiary companies with effect from 4<sup>th</sup> October, 2019 and 10<sup>th</sup> December, 2019, respectively.

A statement containing the salient features of the financial statements of subsidiary / associates / joint venture company, as per Section 129(3) of the Companies Act, 2013, is part of the consolidated financial statements. In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and consolidated financial statements has been placed on the website of the Company [www.ppapco.in](http://www.ppapco.in). Further, the audited financial statements of each of the wholly owned subsidiary companies have also been placed on the website of the Company.

### Corporate governance report

Your Company is committed to maintain high standards of corporate governance and adhere to the corporate governance requirements set out under the Listing Regulations. At the Company, we constantly strive to evolve and follow up on the corporate governance guidelines and its best practices.

The compliance report on corporate governance and a certificate from M/s NKJ & Associates, Company Secretaries, regarding the compliance of the conditions of corporate governance, as stipulated under Chapter IV of the Listing Regulations is annexed to this annual report.

### Management discussion and analysis report

As required under Regulation 34(2) of the Listing Regulations a detailed management discussion and analysis report is presented in a separate section forming part of this annual report.

### Business responsibility report

Pursuant to Regulation 34 of the Listing Regulations mandated the inclusion of the Business Responsibility Report (BRR) as part of the annual report for the top 1,000 listed entities based on market capitalization.

In compliance with the Listing Regulations your Company has integrated BRR detailing the various initiatives taken by the Company on the environmental, social and governance is presented in a separate section forming part of this annual report.

### Material changes and commitments affecting financial position between end of the financial year and date of report

There has been no material change and commitment, affecting the

financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report, except for the impact arising out of COVID-19, which is detailed elsewhere in this report.

### Global health pandemic from COVID-19

The World Health Organization declared a global pandemic of the Novel Coronavirus disease on 11<sup>th</sup> February, 2020. The Management has been closely reviewing with the Leaders of the Company, the impact of COVID-19 on the Company. Your Company had to temporarily suspended its operations at all its plants situated in various locations as per the directives of the Government and keeping in mind the paramount need of safety of the employees.

Your Company reacted with speed, efficiency, and quickly leveraged technology to shift the workforce to a new model i.e. 'work-from-home'. Proactive preparations were done in our work locations during this transition to ensure our plants and employees remain safe.

The situation created by COVID-19 continues to hold some uncertainties for the future. However, your Board and the Management will do their best to address the same, as the situation evolves, in the interests of all stakeholders of the Company.

### Particulars of loans, guarantees and investments

During the year under review, your Company has not given any loan or guarantee which is covered under the provisions of Section 186 of the Companies Act, 2013. However, details of investments made during the year, are given under Note no. 6 of the standalone financial statements of the Company.

### Related party transactions

During financial year 2019-20, all contracts / transactions entered by your Company with related parties under Section 188(1) of the Companies Act, 2013 were in the ordinary course of business and on an arm's length basis. During financial year 2019-20, your Company has not entered into any contracts / arrangements / transactions with related parties which could be considered 'material' in accordance with its policy on materiality of related party transactions. Thus, there are no transactions required to be reported in form AOC-2.

The details of the related party transactions as per Ind AS 24 are set out in Note no. 39 to the standalone financial statements of the Company.

### Auditors and Auditors' report

#### Statutory auditors

O P Bagla & Co. LLP (Registration No. 000018N / N500091), Chartered Accountants, New Delhi, has been reappointed as the statutory auditors of the Company at the 23<sup>rd</sup> AGM held on 23<sup>rd</sup> August, 2018, for the period of five years i.e. up to the conclusion of the 28<sup>th</sup> AGM to be held in the year 2023. Pursuant to Section 139 and 141 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules 2014, O P Bagla & Co. LLP has furnished a certificate of their eligibility and consent as the Auditors of the Company.

### **Statutory auditors' report**

The Auditors' report does not contain any qualification, reservation(s) or adverse remark(s). The notes on financial statements referred to in the auditors' report are self-explanatory and do not call for further comments.

- **Secretarial auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules framed thereunder, M/s NKJ & Associates, Practicing Company Secretaries were appointed as secretarial auditors of the Company for the financial year 2019-20.

The secretarial audit report for the financial year 31<sup>st</sup> March, 2020 in form MR-3 is attached as 'Annexure-C' to this report.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by Securities and Exchange Board of India ("SEBI"), the Company has obtained the annual secretarial compliance report for the year ended 31<sup>st</sup> March, 2020, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder, on behalf of the Company.

### **Secretarial auditors' report**

The report of secretarial auditors is forming part of this annual report does not contain any qualification(s), reservation(s) or adverse remark(s).

- **Cost auditors**

The Board of Directors, on recommendation of the audit committee, appointed M/s Rakesh Singh & Co., Cost Accountants, (Registration No. 000247) as cost auditors to audit the cost accounts of the Company for the financial year 2020-21 in terms of the provisions of Section 148 of the Companies Act, 2013. The remuneration payable to the cost auditors is required to be ratified by the shareholders at the AGM. Accordingly, resolution ratifying the remuneration payable to M/s Rakesh Singh & Co., Cost Accountants, (Registration No. 000247) shall be placed for the approval of the shareholders at the 25<sup>th</sup> AGM.

The Company had filed the cost audit report for financial year 2018-19 on 5<sup>th</sup> September, 2019, in compliance under the Companies (Cost Records and Audit) Amendment Rules, 2014.

### **Reporting of frauds by auditors**

During the year under review, the auditors of the Company have not reported to the audit committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers and employees.

### **Corporate social responsibility**

Your Company has been taking initiatives under Corporate Social Responsibility (CSR) for the society at large. The Company has a well-defined policy on CSR as per the requirement of Section 135 of the Companies Act, 2013.

During the year, your Company thrives to constantly contribute towards the betterment of the local community in which it operates and the upliftment of the marginalised section of our

society, through "Vinay and Ajay Jain Foundation", a registered trust for focused implementation of CSR activities of the Company majorly in the field of Environment, Education and Healthcare.

CSR report, pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, annexed as 'Annexure-D' to this report.

### **Risk management policy**

The Company has established risk management framework that enables regular and active monitoring business activities for identification, assessment and mitigation of potential internal or external risks. The respective functional / business head(s) are entrusted with the responsibility of identifying, mitigating and monitoring of risk in their respective areas. Risk management forms an integral part of the management and is an ongoing process integrated with the operations.

The Company's risk management processes focus on ensuring that these risks are identified promptly, identified mitigation action plan and executed timely.

There are no risks which in the opinion of the Board, threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the management discussion and analysis report which forms a part of this annual report.

### **Policy on sexual harassment of women at workplace**

Your Company has in place a policy on prevention of sexual harassment at workplace. This policy is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has constituted Internal Complaints Committees at various locations as per requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 for redressal of complaints relating to sexual harassment against woman at workplace.

The Company is committed to provide equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees), as well as, any women visiting the Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

During the financial year, the Company has not received any complaint on sexual harassment. The Company has also organized workshops and awareness programs against sexual harassment.

### **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future**

No significant and material orders have been passed during the year under review by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**Details on internal financial controls related to financial statements**

Your Company has a robust and well embedded system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and all financial transactions are authorized, recorded and reported correctly.

The internal auditors evaluate the efficacy and adequacy of the internal control system, its compliance with operating systems and policies of the Company at all the locations of the Company. Based on the report of internal audit function, the process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, thereon, are reported to the audit committee.

The Company has an effective and reliable internal financial control system commensurate with the nature of its business, size and complexity of its operations.

This also identifies opportunities for improvement and ensures good practices imbibed in the processes that develop and strengthen the internal financial control systems and enhance the reliability of Company's financial statements.

The audit committee reviews the internal audit plan, adequacy and effectiveness of the internal control system.

**Whistle blower policy**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated whistle blower policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

The whistle blower policy provides a vigil mechanism for the Director / employee to report, without fear of victimization, any unethical behavior, suspected or actual fraud, violation of the

code of conduct of the Company, etc. which are detrimental to the organization's interest and reputation. The mechanism protects whistle blower from any kind of discrimination, harassment, victimization or any other unfair employment practice.

The Directors and employees in appropriate or exceptional cases have direct access to the Chairman of the audit committee. The said policy is placed on the website of the Company at [www.ppapco.in](http://www.ppapco.in).

**Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The information as required under Section 134(3)(m) of the the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, annexed as 'Annexure-E' to this report.

**Acknowledgements**

Your Directors appreciate and value the contributions made by each and every member of PPAP family.

Your Directors are thankful to your technology partners, suppliers, as well as vendors, our shareholders, business associates, banks, financial institutions for their continued support and for the confidence reposed in the Company.

**For and on behalf of the Board**

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Ajay Kumar Jain**  
Chairman &  
Managing Director  
DIN: 00148839

**Abhishek Jain**  
CEO &  
Managing Director  
DIN: 00137651

# Annexure-A to the Directors' Report

## Form No. MGT-9

### Extract of Annual Return as on 31<sup>st</sup> March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L74899DL1995PLC073281
ii)	Registration Date	:	18/10/1995
iii)	Name of the Company	:	PPAP Automotive Limited
iv)	Category / sub-category of the Company	:	Company limited by shares / Indian non-Government company
v)	Address of the Registered Office and contact details	:	54, Okhla Industrial Estate, Phase-III, New Delhi-110020 Tel: +91-11-26311671 / 26910777
vi)	Whether listed Company (Yes / No)	:	Yes
vii)	Name, address and contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited Noble Heights, 1 <sup>st</sup> Floor, Plot NH 2, C-1, Block LSC, Near Savitri Market, Janakpuri, New Delhi-110058 Email: delhi@linkintime.co.in Tel: +91-11-49411000

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

S. No.	Name and Description of Main Product / Services	NIC Code of the Product	% to total turnover of the Company
1	Manufacturing of Automotive Parts	29302	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GIN	Holding / Subsidiary of the Company	% of shares held	Applicable Section
1	PPAP Tokai India Rubber Private Limited 54, Okhla Industrial Estate, Phase-III, New Delhi-110020	U25112DL2012PTC235036	Associate	50	2(6)
2	PPAP Technology Limited 54, Okhla Industrial Estate, Phase-III, New Delhi-110020	U31109DL2015PLC274891	Subsidiary	100	2(87)
3	Elpis Components Distributors Private Limited 56, Okhla Industrial Estate, Phase-III, New Delhi-110020	U34100DL2015PTC279614	Subsidiary	100	2(87)

## IV. SHARE HOLDING PATTERN (equity share capital breakup as percentage of total equity)

## i) Category wise shareholding

S. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A Shareholding of Promoter and Promoter Group</b>										
<b>1</b>	<b>Indian</b>									
(a)	Individuals / Hindu Undivided Family	55,27,265	0	55,27,265	39.480	55,39,137	0	55,39,137	39.565	0.085
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Bodies Corporate	34,37,672	-	34,37,672	24.555	34,61,305	-	34,61,305	24.724	0.169
	<b>Sub Total (A)(1)</b>	<b>89,64,937</b>	<b>-</b>	<b>89,64,937</b>	<b>64.035</b>	<b>90,00,442</b>	<b>-</b>	<b>90,00,442</b>	<b>64.289</b>	<b>0.254</b>
<b>2</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>89,64,937</b>	<b>-</b>	<b>89,64,937</b>	<b>64.035</b>	<b>90,00,442</b>	<b>-</b>	<b>90,00,442</b>	<b>64.289</b>	<b>0.254</b>
<b>B Public Shareholding</b>										
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	1,02,107	-	1,02,107	0.729	41,262	-	41,262	0.295	(0.435)
(f)	Financial Institutions / Banks	32,240	-	32,240	0.231	8,818	-	8,818	0.063	(0.167)
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total (B)(1)</b>	<b>1,34,347</b>	<b>-</b>	<b>1,34,347</b>	<b>0.960</b>	<b>50,080</b>	<b>-</b>	<b>50,080</b>	<b>0.358</b>	<b>(0.602)</b>
<b>2</b>	<b>Central Government / State Government(s) / President of India</b>									
	<b>Sub Total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3</b>	<b>Non-Institutions</b>									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lac	19,12,042	140	19,12,182	13.658	21,18,818	140	21,18,958	15.135	1.477

S. No.	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	12,20,652	-	12,20,652	8.719	9,91,024	-	9,91,024	7.079	(1.640)
(b)	NBFCs registered with RBI	117	-	117	0.001	-	-	-	-	(0.001)
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Trusts	45	-	45	-	45	-	45	-	-
	IEPF	5,138	-	5,138	0.037	5,138	-	5,138	0.037	-
	Hindu Undivided Family	1,51,481	-	1,51,481	1.082	1,36,845	-	1,36,845	0.978	(0.105)
	Foreign Companies	-	2,25,000	2,25,000	1.607	-	2,25,000	2,25,000	1.607	-
	Non Resident Indians (Non Repat)	28,261	-	28,261	0.202	26,906	-	26,906	0.192	(0.010)
	Non Resident Indians (Repat)	1,30,226	-	1,30,226	0.930	1,13,319	-	1,13,319	0.809	(0.121)
	Clearing Member	30,574	-	30,574	0.219	10,839	-	10,839	0.077	(0.141)
	Bodies Corporate	11,97,040	-	11,97,040	8.550	13,21,404	-	13,21,404	9.439	0.888
	<b>Sub Total (B)(3)</b>	<b>46,75,576</b>	<b>2,25,140</b>	<b>49,00,716</b>	<b>35.005</b>	<b>47,24,338</b>	<b>2,25,140</b>	<b>49,49,478</b>	<b>35.353</b>	<b>0.348</b>
	<b>Total Public</b>	<b>48,09,923</b>	<b>2,25,140</b>	<b>50,35,063</b>	<b>35.965</b>	<b>47,74,418</b>	<b>2,25,140</b>	<b>49,99,558</b>	<b>35.711</b>	<b>(0.254)</b>
	<b>Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>									
	<b>Total (A)+(B)</b>	<b>1,37,74,860</b>	<b>2,25,140</b>	<b>1,40,00,000</b>	<b>100.000</b>	<b>1,37,74,860</b>	<b>2,25,140</b>	<b>1,40,00,000</b>	<b>100.000</b>	<b>-</b>
<b>C</b>	<b>Non Promoter - Non Public</b>									
1	Custodian / DR Holder	-	-	-	-	-	-	-	-	-
2	Employee Benefit Trust [under SEBI (Share Based Employee Benefits) Regulations, 2014	-	-	-	-	-	-	-	-	-
	<b>Total (A)+(B)+(C)</b>	<b>1,37,74,860</b>	<b>2,25,140</b>	<b>1,40,00,000</b>	<b>100.000</b>	<b>1,37,74,860</b>	<b>2,25,140</b>	<b>1,40,00,000</b>	<b>100.000</b>	<b>-</b>

#### ii) Shareholding of Promoters (including promoter group)

S. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Ajay Kumar Jain	38,67,180	27.623	-	38,67,180	27.623	-	0.000
2	Abhishek Jain	10,02,404	7.160	-	10,02,404	7.160	-	0.000
3	Vinay Kumari Jain	5,33,890	3.814	-	5,33,890	3.814	-	0.000
4	Ajay Kumar Jain HUF	90,123	0.644	-	90,123	0.644	-	0.000
5	Rashi Jain	33,668	0.240	-	45,540	0.325	-	0.085
6	Kalindi Farms Private Limited	18,58,982	13.278	-	18,58,982	13.278	-	0.000
7	Sri Lehra Jewellers Private Limited	5,33,900	3.814	-	5,46,963	3.907	-	0.093

8	Prism Suppliers Private Limited	1,89,150	1.351	-	1,89,150	1.351	-	0.000
9	Ratnakar Dealtrade Private Limited	1,43,100	1.022	-	1,45,400	1.039	-	0.016
10	Smart Commotrade Private Limited	1,63,455	1.168	-	1,63,455	1.168	-	0.000
11	Advance Commotrade Private Limited	2,15,200	1.537	-	2,18,850	1.563	-	0.026
12	Littlestar Tradelinks Private Limited	1,91,430	1.367	-	1,94,800	1.391	-	0.024
13	Nikunj Foods Private Limited	1,42,455	1.018	-	1,43,705	1.026	-	0.009
14	*Abhishek Jain HUF	-	-	-	-	-	-	-
15	*Ajay Kumar Jain Holdings Private Limited	-	-	-	-	-	-	-
16	*Arhaan Holdings Private Limited	-	-	-	-	-	-	-
17	*Ginius Vintrade Private Limited	-	-	-	-	-	-	-
18	*Icon Vanijya Private Limited	-	-	-	-	-	-	-
19	*Elpis Infrastructure Corporation Private Limited	-	-	-	-	-	-	-
20	*Arhaan Ventures Private Limited	-	-	-	-	-	-	-
21	*Jagmata Commosales Limited	-	-	-	-	-	-	-

**Note:**

\*Currently these entities do not hold any share in the Company however they form part of the Promoter Group of the Company.

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>Ajay Kumar Jain</b>					
	at the beginning of the year		38,67,180	27.623	38,67,180	27.623
	at the end of the year				38,67,180	27.623
2	<b>Abhishek Jain</b>					
	at the beginning of the year		10,02,404	7.160	10,02,404	7.160
	at the end of the year				10,02,404	7.160
3	<b>Vinay Kumari Jain</b>					
	at the beginning of the year		5,33,890	3.814	5,33,890	3.814
	at the end of the year				5,33,890	3.814
4	<b>Rashi Jain</b>					
	at the beginning of the year		33,668	0.240	33,668	0.240
	23.03.2020	Transfer	3,500	0.025	37,168	0.265
	24.03.2020	Transfer	3,300	0.024	40,468	0.289
	25.03.2020	Transfer	1,405	0.010	41,873	0.299
	26.03.2020	Transfer	3,667	0.026	45,540	0.325
	at the end of the year				45,540	0.325

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	<b>Ajay Kumar Jain HUF</b>					
	at the beginning of the year		90,123	0.644	90,123	0.644
	at the end of the year				90,123	0.644
6	<b>Kalindi Farms Private Limited</b>					
	at the beginning of the year		18,58,982	13.278	18,58,982	13.278
	at the end of the year				18,58,982	13.278
7	<b>Sri Lehra Jewellers Private Limited</b>					
	at the beginning of the year		5,33,900	3.814	5,33,900	3.814
	12.09.2019	Transfer	2,000	0.142	5,35,900	3.827
	13.09.2019	Transfer	800	0.007	5,36,700	3.834
	16.09.2019	Transfer	650	0.005	5,37,350	3.838
	17.09.2019	Transfer	1,350	0.010	5,38,700	3.848
	18.09.2019	Transfer	1,830	0.013	5,40,530	3.861
	19.09.2019	Transfer	2,000	0.014	5,42,530	3.875
	20.09.2019	Transfer	1,950	0.014	5,44,480	3.889
	23.09.2019	Transfer	1,653	0.011	5,46,133	3.900
	24.09.2019	Transfer	830	0.006	5,46,963	3.907
		at the end of the year				5,46,963
8	<b>Prism Suppliers Private Limited</b>					
	at the beginning of the year		1,89,150	1.351	1,89,150	1.351
	at the end of the year				1,89,150	1.351
9	<b>Ratnakar Dealtrade Private Limited</b>					
	at the beginning of the year		1,43,100	1.022	1,43,100	1.022
	12.09.2019	Transfer	2,000	0.014	1,45,100	1.036
	13.09.2019	Transfer	250	0.002	1,45,350	1.038
	16.09.2019	Transfer	50	0.000	1,45,400	1.038
	at the end of the year				1,45,400	1.038
10	<b>Smart Commotrade Private Limited</b>					
	at the beginning of the year		1,63,455	1.168	1,63,455	1.168
	at the end of the year				1,63,455	1.168
11	<b>Advance Commotrade Private Limited</b>					
	at the beginning of the year		2,15,200	1.537	2,15,200	1.537
	12.09.2019	Transfer	2,000	0.014	2,17,000	1.551
	13.09.2019	Transfer	500	0.004	2,17,700	1.555
	16.09.2019	Transfer	650	0.005	2,18,350	1.560
	17.09.2019	Transfer	400	0.003	2,18,750	1.563
	18.09.2019	Transfer	100	0.001	2,18,850	1.563
	at the end of the year				2,18,850	1.563
12	<b>Littlestar Tradelinks Private Limited</b>					
	at the beginning of the year		1,91,430	1.367	1,91,430	1.368
	12.09.2019	Transfer	2,000	0.014	1,93,430	1.382
	13.09.2019	Transfer	400	0.003	1,93,830	1.385
	16.09.2019	Transfer	650	0.005	1,94,480	1.389
	17.09.2019	Transfer	250	0.002	1,94,730	1.391
	18.09.2019	Transfer	70	0.001	1,94,800	1.391
	at the end of the year				1,94,800	1.391



S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
13	<b>Nikunj Foods Private Limited</b>					
	at the beginning of the year		1,42,455	1.018	1,42,455	1.018
	12.09.2019	Transfer	1,200	0.009	1,43,655	1.026
	13.09.2019	Transfer	50	0.000	1,43,705	1.026
	at the end of the year				1,43,705	1.026

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>Unatgagan Commodities Private Limited</b>					
	at the beginning of the year		5,11,787	3.656	5,11,787	3.656
	at the end of the year				5,11,787	3.656
2	<b>Vanaja Sundar Iyer</b>					
	at the beginning of the year		3,00,000	2.143	3,00,000	2.143
	06.12.2019	Transfer	(10)	0.000	2,99,990	2.143
	27.12.2019	Transfer	(4,614)	(0.033)	2,95,376	2.110
	31.01.2020	Transfer	(3,950)	(0.028)	2,91,426	2.082
	07.02.2020	Transfer	(229)	(0.002)	2,91,197	2.080
	28.02.2020	Transfer	(4,355)	(0.031)	2,86,842	2.049
	20.03.2020	Transfer	(73,843)	(0.527)	2,12,999	1.521
	27.03.2020	Transfer	(4,978)	(0.036)	2,08,021	1.486
at the end of the year				2,08,021	1.486	
3	<b>I.M. Infrastructure and Hospitality LLP</b>					
	at the beginning of the year		2,34,501	1.675	2,34,501	1.675
	31.12.2019	Transfer	(6,976)	(0.050)	2,27,525	1.625
at the end of the year				2,27,525	1.625	
4	<b>Tokai Kogyo Co. Limited</b>					
	at the beginning of the year		2,25,000	1.607	2,25,000	1.607
	at the end of the year				2,25,000	1.607
5	<b>Rajan Rakheja</b>					
	at the beginning of the year		2,20,000	1.571	2,20,000	1.571
	at the end of the year				2,20,000	1.571

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>6</b>	<b>Dolly Khanna</b>					
	at the beginning of the year		1,09,573	0.783	1,09,573	0.783
	12.04.2019	Transfer	(1,000)	(0.007)	1,08,573	0.776
	03.05.2019	Transfer	(2,000)	(0.014)	1,06,573	0.761
	10.05.2019	Transfer	(3,000)	(0.021)	1,03,573	0.740
	17.05.2019	Transfer	(3,000)	(0.021)	1,00,573	0.718
	24.05.2019	Transfer	(2,000)	(0.014)	98,573	0.704
	07.06.2019	Transfer	(1,000)	(0.007)	97,573	0.697
	21.06.2019	Transfer	(2,000)	(0.014)	95,573	0.683
	05.07.2019	Transfer	(1,000)	(0.007)	94,573	0.676
	12.07.2019	Transfer	(1,000)	(0.007)	93,573	0.668
	19.07.2019	Transfer	(2,000)	(0.014)	91,573	0.654
	26.07.2019	Transfer	(2,000)	(0.014)	89,573	0.640
	02.08.2019	Transfer	(3,000)	(0.021)	86,573	0.618
	09.08.2019	Transfer	(1,500)	(0.011)	85,073	0.608
	06.09.2019	Transfer	(1,000)	(0.007)	84,073	0.601
	27.09.2019	Transfer	(7,579)	(0.054)	76,494	0.546
	04.10.2019	Transfer	(1,000)	(0.007)	75,494	0.539
	11.10.2019	Transfer	(1,000)	(0.007)	74,494	0.532
	18.10.2019	Transfer	(2,000)	(0.014)	72,494	0.518
	08.11.2019	Transfer	(3,700)	(0.026)	68,794	0.491
	15.11.2019	Transfer	(1,000)	(0.007)	67,794	0.484
	22.11.2019	Transfer	(2,000)	(0.014)	65,794	0.470
	29.11.2019	Transfer	(2,000)	(0.014)	63,794	0.456
	06.12.2019	Transfer	(1,000)	(0.007)	62,794	0.449
	13.12.2019	Transfer	(834)	(0.006)	61,960	0.443
	20.12.2019	Transfer	(1,000)	(0.007)	60,960	0.435
	31.12.2019	Transfer	(2,000)	(0.014)	58,960	0.421
	10.01.2020	Transfer	(1,000)	(0.007)	57,960	0.414
	24.01.2020	Transfer	(4,774)	(0.034)	53,186	0.380
	31.01.2020	Transfer	(3,000)	(0.021)	50,186	0.358
	07.02.2020	Transfer	(14,000)	(0.100)	36,186	0.258
	14.02.2020	Transfer	(3,359)	(0.024)	32,827	0.234
	21.02.2020	Transfer	(6,110)	(0.044)	26,717	0.191
	28.02.2020	Transfer	(5,000)	(0.036)	21,717	0.155
	06.03.2020	Transfer	(5,533)	(0.040)	16,184	0.116
	13.03.2020	Transfer	(6,916)	(0.049)	9,268	0.066
	20.03.2020	Transfer	(5,000)	(0.036)	4,268	0.030
	27.03.2020	Transfer	(736)	(0.005)	3,532	0.025
	at the end of the year				3,532	0.025
<b>7</b>	<b>Satish Bansal</b>					
	at the beginning of the year		80,611	0.576	80,611	0.576
	at the end of the year				80,611	0.576

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year		
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
8	<b>Nitin Tandon</b>						
		at the beginning of the year	63,300	0.452	63,300	0.452	
		at the end of the year			63,300	0.452	
9	<b>D Srimathi</b>						
		at the beginning of the year	61,266	0.438	61,266	0.438	
		at the end of the year			61,266	0.438	
10	<b>Radhe Govind Commercials Private Limited</b>						
		at the beginning of the year	59,183	0.423	59,183	0.423	
		at the end of the year			59,183	0.423	
11	<b>Sudhir Power Limited</b>						
		at the beginning of the year	4,700	0.034	4,700	0.034	
		05.04.2019	Transfer	28,817	0.206	33,517	0.239
		12.04.2019	Transfer	11,651	0.083	45,168	0.323
		19.04.2019	Transfer	749	0.005	45,917	0.328
		26.04.2019	Transfer	7,875	0.056	53,792	0.384
		12.07.2019	Transfer	7,909	0.056	61,701	0.441
		16.08.2019	Transfer	1,514	0.011	63,215	0.452
		11.10.2019	Transfer	1,608	0.011	64,823	0.463
		01.11.2019	Transfer	318	0.002	65,141	0.465
		08.11.2019	Transfer	2,944	0.021	68,085	0.486
		07.02.2020	Transfer	454	0.003	68,539	0.490
		21.03.2020	Transfer	317	0.002	68,856	0.492
		13.03.2020	Transfer	436	0.003	69,292	0.495
		20.03.2020	Transfer	332	0.002	69,624	0.497
		27.03.2020	Transfer	254	0.002	69,878	0.499
		at the end of the year			69,878	0.499	

Date of transfer has been considered as the date on which the beneficiary position was provided by the depositories to the Company.

#### v) Shareholding of Directors and Key Managerial Personnel

S. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Date	Increase / (Decrease)	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning	% of total shares of the Company				No. of shares at the beginning	% of total shares of the Company
<b>Directors</b>								
1	Mr. Ajay Kumar Jain, Chairman & Managing Director	(1)39,57,303	28.266	-	-	-	(1)39,57,303	28.266
2	Mr. Abhihek Jain, CEO & Managing Director	10,02,404	7.160	-	-	-	10,02,404	7.160
3	Mrs. Vinay Kumari Jain, Non-Executive Director	5,33,890	3.814	-	-	-	5,33,890	3.814
4	(2)Mr. Manish Dhariwal, Chief Financial Officer	108	0.001	-	-	-	8	0.000

(1) holding 90,123 shares in the name of M/s Ajay Kumar Jain (HUF) as Karta.

(2) resigned w.e.f. 5<sup>th</sup> July, 2019

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹ in lacs)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	2,459.32	-	-	2,459.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.35	-	-	2.35
<b>Total (i+ii+iii)</b>	<b>2,461.67</b>	<b>-</b>	<b>-</b>	<b>2,461.67</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	616.84	-	-	616.84
Reduction	859.10	-	-	859.10
<b>Net Change</b>	<b>242.26</b>	<b>-</b>	<b>-</b>	<b>242.26</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	2,217.06	-	-	2,217.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.15	-	-	0.15
<b>Total (i+ii+iii)</b>	<b>2,217.21</b>	<b>-</b>	<b>-</b>	<b>2,217.21</b>

**VI. Remuneration of Directors and Key Managerial Personnel**

A. Remuneration to Managing Director, Whole-Time Directors and / or Manager:

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total
		Mr. Ajay Kumar Jain (Chairman & Managing Director)	Mr. Abhishek Jain (CEO & Managing Director)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	141.53	141.53	283.06
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.39	0.39	0.78
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat equity	-	-	-
4	Commission - As % of profit - Others, specify	63.94	63.94	127.88
5	Others, please specify provident fund & other funds	-	8.12	8.12
	Performance bonus	-	-	-
	<b>Total</b>	<b>205.86</b>	<b>213.98</b>	<b>419.84</b>

## B. Remuneration of other Directors:

## I. Independent Directors:

(₹ in lacs)

Particulars of Remuneration	Name of Directors			Total
	Mr. Bhuwan Kumar Chaturvedi	Mr. Pravin Kumar Gupta	Mr. Ashok Kumar Jain	
Fee for attending board committee meetings	5.60	6.40	4.80	16.80
Commission	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>5.60</b>	<b>6.40</b>	<b>4.80</b>	<b>16.80</b>

## II. Other Non-Executive Director:

Particulars of Remuneration	Mrs. Vinay Kumari Jain	Total
Fee for attending board committee meetings	5.20	5.20
Commission	-	-
Others	-	-
<b>Total</b>	<b>5.20</b>	<b>5.20</b>

## C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD:-

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of the KMP			Total
		<sup>(3)</sup> Mr. Manish Dhariwal (Chief Financial Officer)	<sup>(4)</sup> Mr. Anurag Saxena (Chief Financial Officer)	Mrs. Sonia Bhandari (Company Secretary)	
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	9.85	28.96	12.94	51.75
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.22	0.18	0.22	0.62
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat equity	-	-	-	-
4	Commission -As % of profit - Others, specify	-	-	-	-
5	Others, please specify provident fund & other funds	0.32	0.20	0.61	1.13
	Performance bonus	-	-	-	-
	<b>Total</b>	<b>10.39</b>	<b>29.34</b>	<b>13.77</b>	<b>53.50</b>

<sup>(3)</sup>Mr. Manish Dhariwal has resigned w.e.f. 5<sup>th</sup> July, 2019.<sup>(4)</sup>Mr. Anurag Saxena has been appointed as Chief Financial Officer w.e.f. 12<sup>th</sup> August, 2019.

## VII. Penalties / punishment / compounding of offences (Under the Companies Act): Nil

For and on behalf of the Board

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651

## Annexure-B to the Directors' Report

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**i. The ratio of remuneration of each Director<sup>#</sup> to the median remuneration of all the employees of your Company for the financial year 2019-20**

Name of Directors	Designation	Ratio to median remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	75.3
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	78.3

**ii. The Percentage increase in remuneration each Director<sup>#</sup>, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20**

Name of Employee	Designation	% increase in remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	Nil
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	Nil
<sup>(5)</sup> Mr. Manish Dhariwal	Chief Financial Officer	NA
<sup>(6)</sup> Mr. Anurag Saxena	Chief Financial Officer	NA
Mrs. Sonia Bhandari	Company Secretary	10.4%

*<sup>#</sup>The Non-Executive and Independent Directors did not receive remuneration, except sitting fees for attending Board / committee meetings, therefore, the ratio of remuneration and percentage increase are not considered for the above purpose.*

*<sup>(5)</sup>Mr. Manish Dhariwal has resigned w.e.f. 5<sup>th</sup> July, 2019.*

*<sup>(6)</sup>Mr. Anurag Saxena has been appointed w.e.f. 12<sup>th</sup> August, 2019.*

**iii. The percentage increase in the median remuneration of employees in the financial year 2019-20 - (12.8%)**

**iv. Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020 - 1,243 employees**

**v. Average percentile increase already made in the salaries of employees other than managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration - Nil**

**vi. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.**

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(2) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Companies Act, 2013, the said annexure is open for inspection at the registered office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary and the same will be furnished on request.

**For and on behalf of the Board of Directors**

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651

# Annexure-C to the Directors' Report

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
 The Members,  
**PPAP AUTOMOTIVE LIMITED**  
 54, Okhla Industrial Estate,  
 Phase-III, Delhi-110020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PPAP Automotive Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- i. The Companies Act, 2013 ('Act') and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (including erstwhile regulation);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client to the extent of securities issued;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable; and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date applicable.
- vi. Following are the other acts applicable on the Company:
- a) The Air (Prevention and Control of Pollution) Act, 1981;
  - b) The Water (Prevention Control of Pollution) Act, 1974;
  - c) The Environment (Protection) Act, 1986; and
  - d) The Petroleum Act, 1934.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited to the date applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at

least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that**

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Further the Company declared second interim dividend during the financial year on 18<sup>th</sup> March 2020 and deposited amount of dividend within prescribed time in separate bank account. The electronic payment of dividend was made in prescribed time,

however dividend to shareholders to whom payment was to be done through dividend warrant could not be sent within prescribed time due to lockdown in view of Covid-19 pandemic.

**For NKJ & Associates**

Company Secretaries

**Neelesh Kumar Jain**

(Proprietor)

FCS No.: 5593

C P No.: 5233

PR No. : 688/2020

UDIN: F005593B000319533

Place: New Delhi

Date: 5<sup>th</sup> June, 2020

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



To  
The Members,  
**PPAP AUTOMOTIVE LIMITED**  
54, Okhla Industrial Estate,  
Phase-III, Delhi-110020

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For NKJ & Associates**  
Company Secretaries

**Neelesh Kumar Jain**  
(Proprietor)

FCS No.: 5593

C P No.: 5233

PR No. : 688/2020

UDIN: F005593B000319533

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

## Annexure-D to the Directors' Report

### Corporate Social Responsibility Activities (Pursuant to Section 135 of the Companies Act, 2013)

**i) Brief outline of the Company's Corporate Social Responsibility (CSR) policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

CSR initiatives of your Company aim towards development of society through a range of social and environmental interventions, enhancing skills and building social infrastructure to improve their livelihood. Your Company is devoted on the development of communities around the vicinity of our plants in the fields of education, health, hygiene and environment. Our focus is on the upliftment of the economically weaker sections of our society.

Your Company conducts its CSR programs through its foundation viz. Vinay and Ajay Jain Foundation ("Foundation"). The Foundation was envisioned for focused and proper implementation of CSR activities undertaken by the Company. Such activities are guided and monitored by the CSR committee of the Company from time to time.

Our sustainability focus also extends to the communities around which we work and the society at large. Our CSR activities during the year were consistent with the priority areas on the basis of Environment, Education and Health. Besides utilizing the full budget for CSR, we, at PPAP, pay great attention to ensuring the realization of the outcome of our CSR programmes on the ground.

The Company's CSR policy has been uploaded on the website of the Company under the web-link: <https://www.ppapco.in/assets/pdf/policies/Corporate-Social-Responsibility-Policy1.pdf>

**ii) Composition of the CSR committee**

Mr. Ashok Kumar Jain	:	Chairman
Mr. Bhuwan Kumar Chaturvedi	:	Member
Mrs. Vinay Kumari Jain	:	Member
Mr. Abhishek Jain	:	Member

**iii) Average net profit of the Company for the last three financial years**

Average net profit: ₹ 4,707 lacs

**iv) Prescribed CSR Expenditure (two percent of the amount as in item-iii above)**

The Company is required to spend ₹ 94.15 lacs towards CSR activities.

**v) Details of CSR spend for the financial year 2019-20**

- a. Total amount spent for the financial year : ₹ 94.18 lacs  
 b. Amount unspent, if any : Nil

c. Manner in which the amount spent during the financial year is detailed below: (₹ in lacs)

S. No.	CSR project	Sector	Location	Amount outlay (budget) project wise	Amount spent on the project	Cumulative expenditure up to reporting period	Amount spent: direct or through implementing agency
1	Education / other support to under privileged children	Promoting Education	Uttar Pradesh: Bhangel, Salarpur - District Gautam Budh Nagar Uttarakhand: Pauri District New Delhi	14.00	13.91	96.97	Vinay & Ajay Jain Foundation

S. No.	CSR project	Sector	Location	Amount outlay (budget) project wise	Amount spent on the project	Cumulative expenditure up to reporting period	Amount spent: direct or through implementing agency
2	Healthcare	Development of Toilets & primary health care needs	Rajasthan: Pathredi, Alwar District Gujarat: Ukhlod, Desaipura- District Ahmedabad	2.00	1.46	14.93	Vinay & Ajay Jain Foundation
3	Environmental sustainability	Tree plantation	Delhi: Yamuna Biodiversity Park Aravali Biodiversity Park Tugalkabad Biodiversity Park Tilpat Valley Biodiversity Park Tirlokpuri Delhi Faridabad: Mangarbani Forest, Faridabad Uttar Pradesh: Sorkha, Kasna - District Gautam Budh Nagar	77.20	78.41	116.80	Vinay & Ajay Jain Foundation
	<b>Total</b>			<b>93.20</b>	<b>93.78</b>		
	Administrative expenses			0.95	0.40		
	<b>Total</b>			<b>94.15</b>	<b>94.18</b>		

vi) **Reason for not spending the whole amount during the year:** Not applicable

vii) **Responsibility Statement by the CSR committee**

The CSR committee confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and policy of the Company.

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839

**Ashok Kumar Jain**  
Chairman of CSR Committee  
DIN: 06881412

## Annexure-E to the Directors' Report

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

#### A. Energy conservation

The Company continues its journey to reduce the carbon footprint on the environment. The Company is ISO 50001 standard certified, which defines the energy management system. The Company works on the greenhouse gases reduction and always focuses on 3R concept (Reduce, Reuse and Re-cycle).

Improvement in energy efficiency is a continuous focus and conservation of energy is one of the highest priorities for the management. The Company has started the impact assessment of energy consumption before purchase of any new machinery. The Company continuously gives training and create awareness among its employees to conserve resources.

#### i. Steps taken or impact on conservation of energy

1. Mapping of compressed air network and reducing the number of outlets.
2. Reduction of leakages of compressed air in outlets.
3. Optimisation of operational parameters in air compressors
4. Reduction and resizing of motors and drives in machines
5. Installation of motion sensors in general lighting areas
6. Upgradation of machines from belt type to direct gear type
7. Reduction of use of servo stabilizers.
8. Reduction in number of overhead lights.
9. Reduction of electricity consumption by installing ideal timer in machines
10. Upgradation of cooling tower with temperature controller.
11. Installation of variable frequency drive in machines.
12. Use of natural day light in maximum areas of operations.
13. Use of energy efficient LED lamps.
14. Replacement of obsolete air conditioners with latest variable refrigerant flow technology.
15. Optimum loading of power & distribution transformer to reduce the load losses.
16. Use of CNG trucks instead of diesel trucks

#### ii. Utilizing alternate sources of energy

The Company has done the feasibility study of mapping solar energy and estimated that 1140 KW solar energy can be generated by using roof top of all the plants of the Company which is equivalent to 5% of the total estimated power requirement.

The Company has already installed 165 KW solar energy system in its various plants and is now in the process of installation of 330 KW solar power project at its plant located in Pathredi, Rajasthan.

#### iii. Capital investment on energy conservation equipment

The Company continuously endeavors to discover usage on new technologies and tools to save the energy and reduce consumption. Such expenses are considered in the continuous expenses. In addition to the above, any specific capital investment is materially insignificant to segregate and report.

#### B. Technology absorption

The Company is working with following technology partners for its technology requirements:

S. No.	Name	Country	Year	Purpose	Has the technology fully absorbed	If not, when to be absorbed
1	Tokai Kogyo Co. Limited	Japan	1989	Automotive sealing system	Yes	-
2	Nissen Chemitec Corporation	Japan	2007	Interior and exterior injection products	Yes	-
3	Tokai Kogyo Seiki Co. Limited	Japan	2015	Toolings	Yes	-

Over the years, the Company has fully absorbed the manufacturing and tooling knowhow from its technology partners. The Company is now capable of designing the products that are made by it along with the designing and manufacturing of the tools and machines required to manufacture those products. The Company has a well-established in house research and development center which supports material evaluation as well as product evaluation. Today, the Company is well placed to offer a one-stop shop solution to its customers.

Apart from technology development, the Company focuses on improving its digital footprint by extensive use of softwares as well as new industry concepts. The Company is investing heavily in upgrading itself into a truly digital Company in the future.

The Research and Development (R&D) team of the Company continuously carries out the activities to build the Company technological self-reliance by promoting in house research, innovation, design and new product development. The following are some of the activities carried out by R&D team in the financial year 2019-20:

1. Developed sunroof drain hose with indigenous material which is fire retardant and environment friendly and also helped in cost reduction; and
2. Developed boot comp shift lever that helped in the enhancement of the Company's capability in upholstery part development and product portfolio.

#### Expenditure on R&D

(₹ in lacs)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Capital expenditure	0.00	0.00
Revenue expenditure	300.94	633.49
<b>Total</b>	<b>300.94</b>	<b>633.49</b>
Total R&D expenditure as a % turnover	0.84	1.54

#### Foreign exchange earnings and outgo

(₹ in lacs)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Foreign exchange earning	0.00	0.00
Foreign exchange outgo	4,226.31	6,340.19

**For and on behalf of the Board**

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651

# CORPORATE GOVERNANCE REPORT

## Company's Philosophy on Corporate Governance

PPAP Automotive Limited's ("PPAP" or "Company") philosophy for corporate governance is aimed at achieving the highest standards of corporate governance, accountability, sustainability and compliance of all the laws, in the letter and spirit.

We continuously identify and implement good national, as well as, international corporate governance practices, in order to achieve global level of excellence. The Company is committed to provide long term value to its shareholders, stakeholders and to our society.

The values of our Company are integrity, respect, innovation, openness, transparency, excellence, teamwork, responsibility, trust, honesty, safety and a shared sense of purpose. The Company strongly believes that effective and good corporate governance practices build strong foundation of trust and confidence which in turn attracts human capital which ultimately leads to sustainable and superior financial performance.

At the highest level, the Company continuously endeavors to improve all aspects of our business on an ongoing basis and adopt innovative approaches for leveraging our resources, converting challenges into opportunities through empowerment and motivation of our human resources thereby enabling them to take the Company on the growth trajectory.

## Governance Structure

The Company's governance practices are based upon self-performance and self-governance by all employees, depicting our culture of the trusteeship which is deeply ingrained in our value system. The Company is driven by the direction set by its Board of Directors who align the Company's purpose of existence with the expectations of its shareholders, as well as, its stakeholders.

The Board along with its sub committees reviews the performance of the Company periodically and guides the management. The Board has established a framework of prudent and effective controls, which enable the risks to be assessed and managed. The Board oversees how management and the leadership team work according to the established principles and the culture of the Company. The Board acts as a mentor to our management and gives its wisdom and valuable insights to overcome challenges and to outperform the competition.

The leadership team of our Company percolates the directions set by the Board throughout the organization, through policy deployment, responsibility and accountability matrix, daily work management, plan, do, check and act reviews, etc. This structure ensures that the entire organization is aligned with the common goal of challenging the status quo to achieve breakthrough results.

In line with the above, the Company has formed three tiers of corporate governance structure:

### Board Leadership

PPAP is led by an effective and entrepreneurial Board. The Board defines the Company's purpose and sets the strategies to deliver superior results. The Board articulates the business model, strategies and approach to risks. It takes measures for the short and long-term success, future value creation and future viability of the Company considering the technological changes, environmental impacts, various threats, changing shareholders' and stakeholders' expectations, etc. The Company's operational and financial performance, statutory and regulatory compliances are regularly reviewed by the Board. The Board also focuses on idea generation, opportunity identification and innovation. It identifies good and excellent practices that can make our work culture constantly healthy. The Board plays a crucial role in the engagement with the employees.

### Board Committees

There are 4 Committees to set the direction of the Board (Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee). These Committees are focused on reviewing the financial controls and results, audit and internal controls, compliances of various laws in letter and spirit, ensuring the highest standards of corporate governance, appointment of Directors and the leadership team and their remuneration, strategizing CSR and monitoring its progress, as well as, review of various risks associated with the operations of the Company.

### Leadership Team

The Company is governed from its corporate office located in Noida. The leadership team is responsible to formulate strategies for the execution of the direction set by the Board. They are empowered to take decisions in their respective domains to discover out of the box solutions to achieve breakthrough results.

## 1. Board of Directors

### i) Composition of Board

The Company has a balanced and diverse Board of Directors. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of corporate ethics, transparency, professionalism and disclosure, which drive the Company to excellence in performance. They take active part in the Board and Committee meetings and are committed to drive the Company's superior performance.

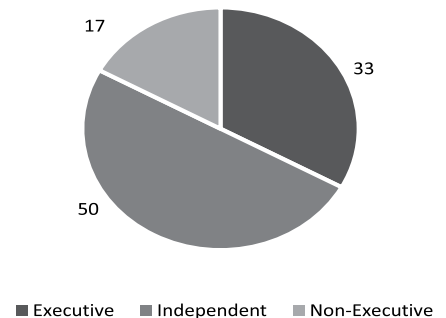
The composition of the Board of Directors of the Company is governed by the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations". The Board comprises of an optimum mix of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2020 the Board has one-woman Director and half of the Board comprises of Independent Directors. The Company has appointed an independent woman director on its Board on 16<sup>th</sup> April, 2020.

Composition of the Board as on 31<sup>st</sup> March, 2020 is given herein below:

#### Composition of Board

Category of Directors	No. of Directors	% of total no. of Directors
Executive	2	33
Independent	3	50
Non-Executive	1	17
<b>Total</b>	<b>6</b>	<b>100</b>

Category of Directors %



The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanship(s) / membership(s) held by them in other companies as on 31<sup>st</sup> March, 2020 are given herein below:

Name of Directors	Directorship	As on 31 <sup>st</sup> March, 2020			
		Directorship in other Companies <sup>(1)</sup>		Membership and Chairmanship of the committees of the Board of other Companies <sup>(2)</sup>	
		Public companies	Private companies	Chairman	Member
Mr. Ajay Kumar Jain	Chairman & Managing Director	3	5	-	-
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	3	6	-	-
Mr. Bhuwan Kumar Chaturvedi	Independent Director	1	1	1	-
Mr. Pravin Kumar Gupta	Independent Director	-	-	-	-
Mr. Ashok Kumar Jain	Independent Director	-	-	-	-
Mrs. Vinay Kumari Jain	Non-Executive Director	-	1	-	-

<sup>(1)</sup>Includes directorships held in public and private limited companies and excludes directorships in overseas companies and companies incorporated under Section 8 of the Companies Act, 2013 and PPAP.

<sup>(2)</sup>For the purpose of committees of Board of Directors, only audit and stakeholders relationship committees in other public limited companies are considered. None of the Directors of your Company is a member of more than 10 committees or is the chairman of more than five committees across all the companies in which he / she is a director.

None of the Independent Directors on the Board are serving as an Independent Director in more than seven listed entities.

## ii) Skill, expertise and competencies of Directors

Skills	Mr. Ajay Kumar Jain	Mr. Abhishek Jain	Mr. Bhuwan Kumar Chaturvedi	Mr. Pravin Kumar Gupta	Mr. Ashok Kumar Jain	<sup>(3)</sup> Mrs. Celine George	Mrs. Vinay Kumari Jain
<b>Knowledge / experience</b>							
Experience of CEO or senior management of similar industry or track record of superior results	✓	✓	✓		✓	✓	
Understanding of relevant laws, rules, regulation and policies	✓	✓	✓	✓	✓		✓
Sound understanding of human capital enrichment	✓	✓	✓			✓	✓
<b>Technical skills / experience</b>							
Administration	✓	✓	✓				✓
Financial literacy	✓	✓	✓	✓	✓		
Sales and Marketing	✓	✓					
Compliances and risk mitigation	✓	✓	✓	✓			
<b>Behavioral competencies</b>							
High ethical standards of integrity and probity	✓	✓	✓	✓	✓	✓	✓
Leadership and interpersonal skills	✓	✓	✓	✓	✓	✓	✓
Mentoring abilities	✓	✓	✓	✓	✓	✓	✓

<sup>(3)</sup>Mrs. Celine George was appointed as an Additional & Independent Director w.e.f. 16<sup>th</sup> April, 2020.

## iii) Appointment or re-appointment of Directors

The Board of Directors of your Company has appointed Mrs. Celine George (DIN: 02563846), as an Additional & Independent Director, on the Board of the Company, upon the recommendation of the nomination and remuneration committee for the term of two years with effect from 16<sup>th</sup> April, 2020 up to 15<sup>th</sup> April, 2022, subject to approval of the members at the 25<sup>th</sup> Annual General meeting.

Pursuant to the provisions of the Companies Act, 2013 and the Articles of Association of the Company, one third of the directors are liable to retire by rotation at the Annual General Meeting of the Company. Mrs. Vinay Kumari Jain (DIN: 00228718), Director, retires by rotation and being eligible, offer herself for re-appointment at the 25<sup>th</sup> Annual General Meeting.

Brief profile of Directors seeking appointment or re-appointment at the 25<sup>th</sup> Annual General Meeting is as follows:

**Mrs. Celine George (Additional & Independent Director)**

Mrs. Celine George works in areas of leadership, corporate restructuring, business transformation, people performance and change management. She has over 30 years' experience advising organisations, in the public and private sectors, across multiple industry verticals, energy, healthcare, financial services, retail, education technology and consulting.

Mrs. Celine started her career in 1984 with ONGC and later worked with the management consulting division of tcs. she has been a key member of the executive leadership of cairn energy india pvt. ltd., max healthcare institute limited and aviva life insurance company pvt. ltd.

Mrs. Celine is a postgraduate in business economics from delhi university and pgdim from imi, delhi. She is a chevening gurukul scholar from London School of Political Science & Economics, UK. Celine is a certified assessor in organization Development. She is also a certified in the EUM for coaching and facilitation.

Mrs. Celine is presently associated with green clouds education solutions private limited as a director & co-promoter. She is also on the Board of action for autism (AFA) a national level not for profit education, training and advocacy organization which provides support and services to persons with autism and to those who work with them.

**Mrs. Vinay Kumari Jain, (Non-Executive Director)**

Mrs. Vinay Kumari Jain holds a degree of Bachelor of Science from Delhi University. She was one of the founder partners of partnership firm Precision Pipes and Profiles Company formed in 1978 and continued as a partner till 1995. Subsequently, she was a Director of the Company from 1995-2006.

She has deep understanding of the automotive business and has been associated with the Company since its technical collaboration with tokai kogyo co. limited, Japan. She has a total work experience of more three decades.



**iv) Board procedures**

The Company Secretary, in consultation with the Chairman & Managing Director and CEO & Managing Director, plans the agenda of the meetings well in advance and circulates the agenda and other related documents to the members of the Board, within the prescribed time limit, to enable them to have sufficient time to study and take informed decisions and to facilitate meaningful and focused discussions at the meetings.

The agenda along with detailed documents are circulated 7 (seven) days before the date of the meeting(s) in a defined format in compliance with the Companies Act, 2013 and secretarial standards.

The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board meetings, in consultation with the Chairman.

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed, investors' queries are handled promptly and reports to the Board.

With a view to leverage technology and reducing paper consumption, each Director has been provided with tablet for the Board meetings.

The Company Secretary attends all the meetings of the Board and its Committees and is, *inter alia*, responsible for recording the minutes of the meetings of the Board and its Committees. The draft minutes of the Board and its Committees are sent to the members for their comments in compliance with the secretarial standards.

Senior management personnel are invited to the Board meetings in rotation to enable them to make requisite presentations on relevant issues or to provide necessary insights into the operations / working of the Company. Regular presentations are made by various departments to the Board on the progress of business activities and performance updates.

**v) Independent directors**

The Independent Directors of the Company are individuals of eminence & repute in their respective fields and help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, corporate governance and standards of conduct.

At the first meeting of the Board of every financial year in which Independent Directors participate as Directors, gives a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and as per Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, the Independent Directors fulfil the conditions specified in these Regulations and are independent of the management.

**Independent director databank registration**

Pursuant to a notification dated 22<sup>nd</sup> October, 2019 issued by the Ministry of Corporate Affairs, all directors have completed the registration with the independent directors databank. Requisite disclosures have been received from the independent directors in this regard.

**Separate meeting of independent directors**

The independent directors are fully kept informed of the Company's business activities in all areas. The independent directors meet without the presence of non-independent directors. This meeting is informal and enable the independent directors to interact and discuss matters including review of the performance of the non-independent directors and the Board as a whole, review of the performance of the Chairman of the Company, taking into account views of executive / non-executive Directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors met on 19<sup>th</sup> March, 2020, during the financial year 2019-20.

**Performance evaluation criteria of independent directors**

The Board is undertaking a formal annual evaluation of its own performance, its Committees and individual Directors as per the provisions of Companies Act, 2013 and the Listing Regulations with a view to ensure that individual directors and the Board as a whole work efficiently and effectively in achieving the Company's objectives.

During the year, the evaluation of the Board as a whole, committees and individual directors conducted as per the internally designed evaluation process approved by the Board. The evaluation of Independent Directors was carried out by considering various parameters such as exercises independent objective of judgement during Board discussion, upholds ethical standards of integrity and probity, well informed about the Company and the external environment in which it operates, maintains high level of confidentiality, assists the Company in implementing best corporate governance practices etc.

### Details of Board meetings held during the year

The details of attendance at Board meetings held during the financial year 2019-20 and at 24<sup>th</sup> Annual General Meeting (AGM) of the Company are as below:

Name of Directors	Attendance					
	Meeting 1 22 <sup>nd</sup> May, 2019	Meeting 2 12 <sup>th</sup> August, 2019	Meeting 3 22 <sup>nd</sup> October, 2019	Meeting 4 30 <sup>th</sup> January, 2020	Meeting 5 18 <sup>th</sup> March, 2020	Last AGM 3 <sup>rd</sup> September, 2019
Mr. Ajay Kumar Jain	✓	✓	✓	✓	✓	✓
Mr. Abhishek Jain	✓	✓	✓	✓	✓	✓
Mr. Bhuwan Kumar Chaturvedi	✓	✓	✓	✓	✓	✓
Mr. Pravin Kumar Gupta	✓	✓	✓	✓	✓	✓
Mr. Ashok Kumar Jain	✓	✓	✓	✓	✓	✓
Mrs. Vinay Kumari Jain	✓	✓	✓	✓	✓	✓

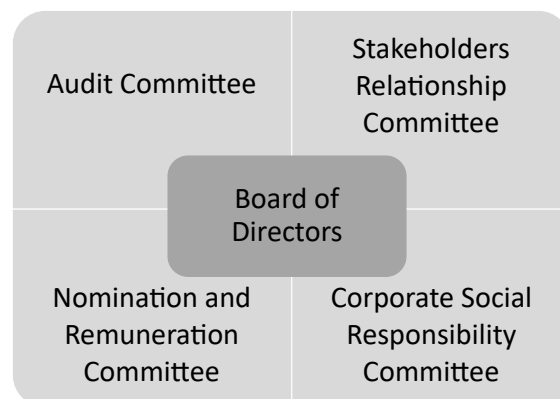
### v) Committees of the Board

The Board has constituted a set of committees with specific terms of references and ensure expedient resolution of diverse matters and achieve objectivity. The minutes of the meetings of all committees of the Board are placed before the Board for confirmation.

Each committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the committee.

These committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review.

The Company Secretary of the Company acts as the Secretary to all the committees.



#### A. Audit committee

Your Company has a duly constituted audit committee and its composition as well as charter are in line with the requirements of the Companies Act, 2013 and the Listing Regulations. As on 31<sup>st</sup> March, 2020, the audit committee comprised of three Non-Executive and Independent Directors and one Executive Director. Mr. Bhuwan Kumar Chaturvedi, is the Chairman of the committee.

All members of the committee are financially literate and have accounting or related financial management expertise as mandated by the Listing Regulations.

**The Committee is governed by a charter which is in line with the regulatory requirements mandated by Regulation 18 of the Listing Regulations. The functioning and terms of reference of the audit committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of the Companies Act, 2013 and the Listing Regulations are broadly as under:**

#### Financials

1. Oversight of the Company's financial reporting process and financial information submitted to the stock exchanges, regulatory authorities or the public;
2. Reviewing with the management the quarterly unaudited financial statements and the auditors' limited review report thereon / audited annual financial statements and auditors' report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on the exercise of judgment by the management, significant adjustments made in the financial statements, matters included in the director's responsibility statement, compliance with the Listing Regulations and other legal requirements relating to financial statements and / or recommendation, if any, made by the statutory auditors in this regard;
3. Review the management discussion and analysis of financial and operational performance;
4. Review the investments made by the Company; and
5. Review the utilization of loans and / or advances from / by investment in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

### Internal controls and risk management

1. Evaluation of internal financial controls and risk management systems;
2. Review internal audit reports relating to internal control weaknesses; and
3. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

### Audit

1. Review the scope of the statutory auditors, the annual audit plan and the internal audit plan with a view to ensure adequate coverage;
2. Review the significant audit findings from the statutory and internal audits carried out, the recommendations and managements' response thereto;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. To discuss with the statutory auditors / internal auditors any significant difficulties encountered during the course of the audit;
5. To review annual cost audit report submitted by the cost auditor;
6. Review and recommend to the board the appointment / re-appointment of the statutory auditors and cost auditors considering their independence and effectiveness and their replacement and removal;
7. To recommend the appointment, removal and terms of remuneration of the auditors; and
8. Review the appointment, removal and terms of remuneration of the chief internal auditor.

### Compliance

1. Approval of related party transactions and subsequent modifications, if any;
2. Scrutiny of inter-corporate loans and investments;
3. Valuation of undertakings or assets of the Company, wherever it is necessary;
4. Uses / application of funds raised through an issue;
5. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
6. To review the functioning of the whistle blower mechanism;
7. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
8. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
9. To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions subject to the approval of the Board.

### Meetings, attendance & composition of the audit committee

During the year, the audit committee met four times. The maximum time gap between any two meetings was not more than one hundred and twenty days.

The details of the audit committee meetings and attendance of the members of the committee during the financial year ended 31<sup>st</sup> March, 2020 are as below:

Name of Committee Member	Designation	Category of Director		Attendance			
		Non-Executive & Independent	Executive	Meeting 1 22 <sup>nd</sup> May, 2019	Meeting 2 12 <sup>th</sup> August, 2019	Meeting 3 22 <sup>nd</sup> October, 2019	Meeting 4 30 <sup>th</sup> January, 2020
Mr. Bhuwan Kumar Chaturvedi	Chairman	✓		✓	✓	✓	✓
Mr. Pravin Kumar Gupta	Member	✓		✓	✓	✓	✓
Mr. Ashok Kumar Jain	Member	✓		✓	✓	✓	✓
Mr. Abhishek Jain	Member		✓	✓	✓	✓	✓

In addition to the members of the audit committee, these meetings were attended by chief financial officer, chief operating officer, internal auditors and statutory auditors of the Company, wherever necessary and those executives of the Company who were considered necessary for providing inputs to the Committee.

The Chairman of the audit committee, Mr. Bhuwan Kumar Chaturvedi, was present at last AGM of the Company held on 3<sup>rd</sup> September, 2019.

The committee relies on the expertise and knowledge of the management, the internal auditors and the statutory auditor, in carrying out its oversight responsibilities. The management is responsible for the preparation, presentation and integrity of the Company's financial statements including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal controls. The recommendations of audit committee were duly accepted by the Board of Directors.

The Board of the Directors of the Company has revised the terms and references of the audit committee with effect from 1<sup>st</sup> April, 2019 to align its role as per the amendment made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard.

#### **B. Nomination and Remuneration Committee**

The Company has a duly constituted Nomination and Remuneration Committee (NRC), which *inter-alia*, identifies and recommends persons who are qualified to become directors.

The NRC recommends to Board for approval, the remuneration of the Chairman & Managing Director and CEO & Managing Director. The remuneration includes basic salary, perquisites, commission, etc. The remuneration is in accordance with applicable laws, in line with the Company's objectives, shareholders' interests and as per the industry standards.

The NRC also has the responsibility of setting criteria for appointment of directors, senior management and key managerial personnel (KMP) of the Company, recommending appointment & remuneration policy to the Board, performance evaluation of directors and the board, board diversity etc. The recommendations of NRC were duly accepted by the Board of Directors.

**The Committee is governed by a charter which is in line with the regulatory requirements mandated by Regulation 19(4) of the Listing Regulations. The functioning and terms of reference of the NRC including the role, powers and duties and quorum for meeting, have been devised keeping in view the requirements of the Companies Act, 2013 and the Listing Regulations are broadly as under:**

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
3. To formulate the criteria for evaluation of independent directors and the board;
4. To devise a policy on board diversity;
5. To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
6. To recommend / review remuneration of managing director / whole time director.
7. To recommend to the Board, all remuneration, in whatever form, payable to senior management.

#### **Meetings, attendance & composition of the NRC:**

During the year, the NRC met two times and quorum was present in both the meetings.

The details of the NRC meetings and attendance of the members of the committee during the financial year ended 31<sup>st</sup> March, 2020 are as below:

Name of Committee Member	Designation	Category of Director		Attendance	
		Non-Executive & Independent	Non-Executive	Meeting 1 22 <sup>nd</sup> May, 2019	Meeting 2 12 <sup>th</sup> August, 2019
Mr. Pravin Kumar Gupta	Chairman	✓		✓	✓
Mr. Bhuwan Kumar Chaturvedi	Member	✓		✓	✓
Mrs. Vinay Kumari Jain	Member		✓	✓	✓

Mr. Pravin Kumar Gupta, Chairman of the NRC, was present at the AGM of the Company held on 3<sup>rd</sup> September, 2019, to answer shareholders' queries.

The Board of the Directors of the Company has revised the terms and references of the NRC with effect from 1<sup>st</sup> April, 2019 to align its role as per the amendment made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard.

#### Remuneration to the Directors

The Executive Directors are eligible for remuneration as may be approved by the shareholders of the Company on the recommendation of the NRC and the Board of Directors. The break-up of the pay scale shall be decided and approved by the Board on the recommendation of the NRC and shall be within the overall remuneration approved by the shareholders, wherever required. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

The non-executive / independent directors may receive remuneration by way of fees for attending meetings of Board or Committees thereof.

The Independent Directors were also paid sitting fees for their separate meeting held during the year.

Details of remuneration paid to Executive Directors during the financial year ended 31<sup>st</sup> March, 2020:

Name of Directors	Salary and perquisite	Bonus	Commission	Others	Total	No. of equity shares held
Mr. Ajay Kumar Jain (Chairman & Managing Director)	141.92	-	63.94	-	205.86	38,67,180 90,123 <sup>(4)</sup>
Mr. Abhishek Jain (CEO & Managing Director)	141.92	-	63.94	8.12	213.98	10,02,404

<sup>(4)</sup>holding in the name of Ajay Kumar Jain HUF as Karta.

Details of sitting fees paid to Non-Executive Directors during the financial year ended 31<sup>st</sup> March, 2020:

Name of Directors	Sitting Fees	No. of equity shares held
Mr. Bhuwan Kumar Chaturvedi	5.60	-
Mr. Pravin Kumar Gupta	6.40	-
Mr. Ashok Kumar Jain	4.80	-
Mrs. Vinay Kumari Jain	5.20	5,33,890

#### Inter-se relationship between Directors

The Directors' inter-se relationship are as follows:

Name of Directors	Relationship with other Directors
Mr. Ajay Kumar Jain	Husband of Mrs. Vinay Kumari Jain and Father of Mr. Abhishek Jain
Mrs. Vinay Kumari Jain	Wife of Mr. Ajay Kumar Jain and Mother of Mr. Abhishek Jain
Mr. Abhishek Jain	Son of Mr. Ajay Kumar Jain and Mrs. Vinay Kumari Jain

There are no pecuniary relationships or transactions held between the independent directors and the Company, other than the sitting fees drawn by the non-executive and independent directors.

### C. Stakeholders Relationship Committee

Stakeholders Relationship Committee (SRC) looks after the share transfer work besides redressal of shareholders complaints. The Board of Directors of the Company has with a view to expediting the process of share transfers, has delegated the power to Company Secretary who resolve the requests of share transfer.

The status of member correspondences, queries, grievances etc. are endeavoured to be addressed instantaneously by the secretarial department. The recommendations of SRC were duly accepted by the Board of Directors.

**The Committee is governed by a charter which is in line with the regulatory requirements mandated by Regulation 20(4) read with Part D of Schedule II of the Listing Regulations. The functioning and terms of reference of the SRC including the role, powers and duties and quorum for meeting, have been devised keeping in view the requirements of Section 178 of the Companies Act, 2013 and the Listing Regulations are broadly as under:**

1. Consider and resolve the grievances of security holders of the Company, including complaints related to transfer of securities, non-receipt of annual, report non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent; and
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

#### Meetings, attendance & composition of the SRC

During the year, the SRC met four times. The quorum was present in all the meetings.

The details of the SRC meetings and attendance of the members of the Committee during the financial year ended 31<sup>st</sup> March, 2020 are as below:

Name of Committee Member	Designation	Category of Director			Attendance			
		Non-Executive & Independent	Non-Executive	Executive	Meeting 1 22 <sup>nd</sup> May, 2019	Meeting 2 12 <sup>th</sup> August, 2019	Meeting 3 22 <sup>nd</sup> October, 2019	Meeting 4 30 <sup>th</sup> January, 2020
Mr. Pravin Kumar Gupta	Chairman	✓			✓	✓	✓	✓
Mrs. Vinay Kumari Jain	Member		✓		✓	✓	✓	✓
Mr. Abhishek Jain	Member			✓	✓	✓	✓	✓

The Company Secretary acts as Secretary to the SRC and is the Compliance Officer.

Mr. Pravin Kumar Gupta, Chairman of the SRC, was present at the AGM of the Company held on 3<sup>rd</sup> September, 2019, to answer shareholders' queries.

The Board of the Directors of the Company has revised the terms and references of the SRC with effect from 1<sup>st</sup> April, 2019 to align its role as per the amendment made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard.

**Details of investors' complaints handled by the Company and its registrar and share transfer agent during the financial year 2019-20 are as below:**

Number of complaints remaining unresolved as on 1 <sup>st</sup> April, 2019	Nil
Number of complaints received during the year	3
Number of complaints resolved during the year	3
Number of complaints remaining unresolved as on 31 <sup>st</sup> March, 2020	Nil

All the complaints, requests and queries have been resolved to the satisfaction of the investors and no investor complaint was pending at the beginning or at the end of the year.

The Company obtains half-yearly certificate from a company secretary in practice confirming the issue of certificates for transfer, sub-division, consolidation etc. and submits a copy thereof to the stock exchanges in terms of Regulation 40(9) of the Listing Regulations. Further, the compliance certificate under Regulation 7(3) of the Listing Regulations confirming that

all activities in relation to both physical and electronic share transfer facility are maintained by registrar and share transfer Agent is also submitted to the stock exchanges on a half yearly basis.

#### D. Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 as amended, the Board of Directors have approved a Corporate Social Responsibility (CSR) Policy that strives towards welfare and sustainable development of the different segments of the community.

Your Company believes in making lasting impact towards creating a just, equitable, humane and sustainable society. The Company's endeavour to continuously make focused efforts to evolve and ramp up the CSR activities in both social and environmental spheres improving the quality of life of the people in the society through its CSR endeavours. The CSR initiatives of the Company are categorized into environment, education and health care.

The CSR Policy is also available on the website of the Company and can be accessed by web link <http://ppapco.in/pdf/Corporate-Social-Responsibility-Policy.pdf>

**The Committee is governed by a Charter which is in line with the regulatory requirements mandated under Section 135 of the Companies Act, 2013. The functioning and terms of reference of the CSR committee including the role, powers and duties and quorum for meeting, have been devised keeping in view the requirements of Section 135 of the Companies Act, 2013 are broadly as under:**

1. To frame the CSR policy and its review from time to time;
2. Recommend the amount of expenditure to be incurred on the CSR activities;
3. Monitor implementation and adherence to the CSR policy of the Company from time to time;
4. To ensure compliance with the laws, rules & regulations governing the CSR; and
5. Such other activities as the Board of Directors may determine from time to time.

#### Meetings, attendance & composition of the CSR Committee:

During the year, the CSR committee met two times and quorum was present in both the meetings.

The details of the CSR committee meetings and attendance of the members of the committee during the financial year ended 31<sup>st</sup> March, 2020 are as below:

Name of Committee Member	Designation	Category of Director			Attendance	
		Non-Executive & Independent	Non-Executive	Executive	Meeting 1 22 <sup>nd</sup> May, 2019	Meeting 2 22 <sup>nd</sup> October, 2019
Mr. Ashok Kumar Jain	Chairman	✓			✓	✓
Mr. Bhuwan Kumar Chaturvedi	Member	✓			✓	✓
Mrs. Vinay Kumari Jain	Member		✓		✓	✓
Mr. Abhishek Jain	Member			✓	✓	✓

## 2. General body meetings

### a. Annual General Meetings:

Details of last three years AGMs of the Company are as under:

For the year	Venue	Day, Date & Time	Number of special resolutions
2018-19	M.P.C.U. Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi-110054	Tuesday, 3 <sup>rd</sup> September, 2019 at 11:00 a.m.	-
2017-18	M.P.C.U. Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi-110054	Thursday, 23 <sup>rd</sup> August, 2018 at 11:30 a.m.	4
2016-17	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003	Wednesday, 23 <sup>rd</sup> August, 2017 at 10:30 a.m.	1

### b. Postal ballot

No special resolution was passed through postal ballot during the financial year ended 31<sup>st</sup> March, 2020.

### 3. Disclosures

#### (a) Related party transactions

During the year, no transaction of material nature has been entered into by the Company that may in compliance with Section 188 of the Companies Act, 2013 and Regulation 23 of the Listing Regulations The Company has amended a policy on related party transactions including policy on materiality of related party transactions to align it with compliance made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard. The policy is to regulate transactions between the Company and its related parties.

During the year, no transaction of material nature has been entered by the Company with its promoters, directors or management, subsidiary or relatives etc. that may have a potential conflict with the interests of the Company. Details of the related parties transactions with them as required under Indian Accounting Standard (Ind AS 24) are furnished under notes attached with the financial statements for the year ended 31<sup>st</sup> March, 2020.

The policy on related parties transactions has been uploaded on the website of the Company and can be accessed at: [https://www.ppapco.in/assets/pdf/policies/Related\\_Party\\_Transactions\\_Policy1.pdf](https://www.ppapco.in/assets/pdf/policies/Related_Party_Transactions_Policy1.pdf)

#### (b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by stock exchange or SEBI or any statutory authority

The Company has complied with the requirements of the Securities and Exchange Board of India and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties have been imposed or strictures passed against the Company by the stock exchanges, the Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years.

#### (c) Management discussion and analysis report

The management discussion and analysis report forms an integral part of this annual report and gives details of the overall industry structure, economic developments, performance of Company, awards, strategies and state of affairs of the Company's business in India and abroad, risk management systems and other material developments during the financial year under review.

#### (d) Business responsibility report

The business responsibility report forms an integral part of this annual report. The Report provides a detailed overview of initiatives taken by the Company from environmental, social and governance perspectives.

#### (e) Disclosure of accounting treatment

The Company adopted Indian Accounting Standards as amended ("Ind AS") and accordingly the financial statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 and other relevant provisions of the Companies Act, 2013 and the other accounting principles generally accepted in India.

#### (f) Whistle blower policy (Vigil mechanism)

The Company has adopted whistle blower policy that provides a formal vigil mechanism for directors and employees to report genuine concerns about the unethical behaviour, actual or suspected frauds of violation of the Company's Code of Conduct and Ethics. The directors and employees are not only encouraged but required to report their genuine concerns and grievances under this policy. The vigil mechanism under the whistle blower policy provides adequate safeguard against victimization of the directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the audit committee in exceptional cases. The Company affirms that no employee of the Company was denied access to the Chairman of the audit committee.

This policy is also available on the Company's website and is accessible at [https://www.ppapco.in/assets/pdf/policies/Code\\_of\\_Conduct\\_and\\_Ethics7.pdf](https://www.ppapco.in/assets/pdf/policies/Code_of_Conduct_and_Ethics7.pdf).

#### (g) Declaration by independent directors

The Company has received declarations from all the independent directors confirming that they meet the criteria of independence as prescribed under the provisions of Section 149(7) of the Companies Act, 2013 read with the Schedules and Rules issued thereunder and Regulation 16 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

#### (h) Training of board members

The Directors on Board are experienced professionals having wide range of expertise in diverse fields. They keep themselves abreast with latest developments in the field of management, technology and business environment through various symposiums, seminars etc.



**(i) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has an internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, to redress the complaints received regarding sexual harassment. The following is the summary of sexual harassment complaints received and disposed off during the financial year 2019-20:

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

**(j) Payment of dividend through Automated Clearing House**

The Company provides the facility for direct credit of the dividend to the shareholders' bank Account. The Listing Regulations also mandate companies to credit the dividend to the shareholders electronically. Shareholders are therefore advised to avail this facility to ensure safe and speedy credit of their dividend into their bank account.

Shareholders who hold shares in demat mode should inform their depository participant, whereas shareholders holding shares in physical form should inform their updated bank account details to the Company.

**(k) Foreign currency exchange rates**

Foreign currency transactions are initially recorded in INR at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are reported at the exchange rates prevailing at the year end and exchange differences arising on settlement or translation are recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**(l) Risks associated with foreign currency fluctuations**

The Company uses foreign exchange forward, option and futures contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of hedging instruments is governed by the Company's hedging policy as approved by the Board of Directors.

**(m) Disclosure of compliance of Regulation 17 to 27 and clauses (b) to (i) of sub Regulation (2) of Regulation 46 of the Listing Regulations**

The Company has complied with all the applicable mandatory requirements specified in Regulation 17

to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

**(n) Certificate for transfer of shares and reconciliation of share capital**

As stipulated by SEBI, practising company secretary conducts the reconciliation of share capital audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company.

The Company Secretary in practice conducts such audit in every quarter and issues a reconciliation of share capital audit certificate to this effect to the Company. A copy of such audit report is submitted to the stock exchanges, where the Company's shares are listed.

**4. Discretionary requirements under Regulation 27 of the Listing Regulations**

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with stock exchanges are provided below:

- a. **The Board:** The Company has an Executive Chairman.
- b. **Shareholder rights:** The quarterly and year to date financial statements are published in newspapers and uploaded on Company's website.
- c. **Modified opinion in auditors' report:** The auditors have expressed an unmodified opinion on the financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2020.
- d. **Separate posts of chairperson and CEO:** The positions are held by separate persons.
- e. **Reporting of internal auditor:** Internal auditors periodically apprise the audit committee on findings / observation of internal audit and actions taken thereon.

**5. Evaluation of the Board's performance**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations the Board has adopted policy to evaluate performance of each Director, the Board as a whole, its Committees and the Chairman. Evaluation is carried out by the Board, NRC and by the Independent Directors. A structured questionnaire was prepared for the Directors considering various factors for evaluation including contribution to the Board work, domain expertise, strategic vision, industry knowledge, participation, effectiveness and quality of discussions etc. This year, your Company has conducted online survey for evaluation of the Board and its Committees, Independent Directors, Non-Executive Directors, Executive Directors and the Chairman of the Company.

Performance of the Board was evaluated by each Director on the parameters such as its roles and responsibilities,

business risks, contribution to the development of strategy and effective risk management, understanding of operational programmes, availability of quality information in a timely manner etc. Independent Directors also carried out evaluation of the Board performance.

Board committees were evaluated by Board members on the parameters such as role and responsibilities, effectiveness of the committee vis-a-vis assigned role, appropriateness of committee composition, timely receipt of information by the committee, knowledge updation by the committee members etc.

Directors were also evaluated individually by all other Directors (except the Director himself) on the parameters of his / her vigilance at the board meetings, devotion of time and efforts to understand the Company and its business, quality in contributions at the board meetings, application of knowledge and experience while considering the strategy, effectiveness of follow-up in the areas of concern, communication with board members, senior management and KMP.

The Directors expressed their satisfaction with the entire evaluation process.

**6. Total fees paid to statutory auditors**

The total fees for all services paid by the Company, on a consolidated basis, to the statutory auditors and all entities in the network firm / network entity of which the statutory auditor is a part, are as follows:

(₹ in lacs)

Type of Service	31 <sup>st</sup> March, 2020
Audit fees	8.45
Tax fees	5.82
Others	9.54
<b>Total</b>	<b>23.81</b>

**7. CEO and CFO certification**

The CEO & Managing Director and Chief Financial Officer ('CFO') of the Company furnishes a certificate on quarterly and annual basis on financial statements of the Company in terms of Regulation 33(2)(a) and Regulation 17(8) of the Listing Regulations.

In terms of Regulation 17(8) of the Listing Regulations the certificate duly signed by the CEO & Managing Director and the CFO of the Company was placed before the Board, certifying the accuracy of financial statements (standalone & consolidated) and the adequacy of internal controls pertaining to financial reporting for the year ended 31<sup>st</sup> March, 2020 and is annexed to this report.

**8. Familiarization program for independent directors**

Familiarization program for independent directors form a part of the Board process. The independent directors are updated

on an on-going basis at the Board / Committee meetings, *inter-alia*, on the following:

- Nature of the industry in which the Company operates;
- Business important developments;
- Important changes in regulatory framework having impact on the Company;
- Discussion on the state of economy, preparedness for changes in emission norms, etc.; and
- The manufacturing facilities of the Company at its various locations.

The Company regularly provides an overview to its directors by way of detailed presentations by the various business & functional heads at board meetings. Besides these, the directors are regularly updated about Company's new projects, research & development initiatives, changes in regulatory environment and strategic direction.

The familiarization program along with details imparted to the independent directors during the year are available on the Company's website and is accessible at <https://www.ppapco.in/assets/pdf/policies/Familiarization-program-for-Independent-Directors1.pdf>.

**9. Code of conduct and ethics**

The Company has amended code of conduct for all employees including the members of the Board and senior management personnel. All members of the Board and senior management personnel have affirmed compliance with the said code of conduct for the financial year 2019-20.

The declaration to this effect signed by the CEO & Managing Director of the Company forms part of this Report.

The code of conduct and ethics for Board members and senior management can be accessed at the following link: [https://www.ppapco.in/assets/pdf/policies/Code\\_of\\_Conduct\\_and\\_Ethics7.pdf](https://www.ppapco.in/assets/pdf/policies/Code_of_Conduct_and_Ethics7.pdf).

**10. Subsidiary Companies**

All the subsidiary companies are managed by their respective board of directors. Their boards have the rights and obligations to manage such companies in the best interest of their stakeholders.

The Company has amended the policy for determining material subsidiaries to align it with compliance made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard. At present, your Company does not have a material subsidiary.

This policy has been uploaded on the website of the Company and can be accessed at: [https://www.ppapco.in/assets/pdf/policies/policy\\_for\\_determining\\_material\\_subsidiaries1.pdf](https://www.ppapco.in/assets/pdf/policies/policy_for_determining_material_subsidiaries1.pdf).

**11. Code of conduct for prevention of insider trading**

Pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has amended the code of

internal procedures and conduct for regulating, monitoring and reporting of trading by designated persons (“Code of Conduct”) and “the code of practices and procedures for fair disclosure of unpublished price sensitive information” (“Codes”).

The Code of conduct has been formulated to regulate, monitor and ensure reporting of trading by the designated persons of the Company towards achieving compliance with the regulations and is designed to maintain the highest ethical standards of trading in securities of the Company by persons to whom it is applicable. The Code of conduct lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with securities of the Company and cautions them of the consequences of violations.

The Company has taken measures to create awareness about the Codes among its employees and has implemented a system of reporting details of trading in the securities of the Company by the designated persons.

## 12. Compliance certificate from the practicing company secretaries regarding compliance of conditions of corporate governance

The certificate from the practicing company secretaries regarding compliance of conditions of corporate governance is annexed and forms an integral part of this report.

## 13. Compliance certificate from the practicing company secretaries regarding debarred or disqualified directors

The certificate from the practicing company secretaries regarding debarred or disqualified directors not being appointed or continuing as directors of Company by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed and forms an integral part of this report.

## 14. Unclaimed securities suspense account

As per SEBI directive, outstanding unclaimed shares have been transferred to unclaimed securities suspense account and the voting rights on these shares remain frozen till the rightful owner claims such shares:

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 1 <sup>st</sup> April, 2019.	28	1,687
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year.	-	-
Number of shareholders and aggregate number of shares transferred to the unclaimed suspense account during the year.	-	-
Aggregate number of shareholders and outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2020.	28	1,687

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time) (“Rules”), if a shareholder does not claim the dividend amount for a consecutive period of seven years or more, then the shares held by him / her shall be transferred to the demat account of Investors Education and Protection Fund Authority (‘IEPFA’) constituted in accordance with the Rules.

The Company has transferred total 5,138 equity shares with IEPFA as on 31<sup>st</sup> March, 2020. The details of the shareholders whose shares are transferred with IEPFA are also posted on the website of the Company i.e. [www.ppapco.in](http://www.ppapco.in). The unclaimed shares which have been transferred, can be claimed back by the shareholders from IEPFA by following the procedure as prescribed in the Rules. The procedure is also available on the website of the Company i.e. <https://www.ppapco.in/investors>.

## 15. Credit rating

The Company enjoys a good reputation for its sound financial management and its ability to meet financial obligations. CRISIL, the reputed rating agency, has re-affirmed the credit rating of CRISIL A+ for the long term and CRISIL A1 for the short-term bank facilities of the Company.

## 16. Means of communication

The Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the online portal of the stock exchanges, the annual reports and uploading relevant information on its website.

**a. Quarterly and annual financial results:** Pursuant to Regulation 33 of the Listing Regulations the Company furnishes the quarterly as well as annual financial results, (within 30 minutes of closure of the Board meeting) by online filings, to both the stock exchanges i.e. National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Such information has also been simultaneously displayed in the ‘Investors’ section on the Company’s website at [www.ppapco.in](http://www.ppapco.in).

Quarterly and annual financial results are published in all the editions of 'Business Standard' newspaper (English & Hindi) and ET (Gujarati).

- b. Presentations to institutional investors / analysts:** Presentations made to institutional investors or to the analysts are displayed on Company's website at [www.ppapco.in](http://www.ppapco.in).

The Company also uploads on the BSE Listing Centre, NSE NEAPS portals and its website, details of analysts and institutional investor meetings whenever the Company's representatives attend any meeting or conference of the investors / analysts.

- c. Investors conference calls:** Every quarter, post the announcement of financial results, generally conference calls are held with institutional investors and analysts. These calls are addressed by the CEO & Managing Director and CFO transcripts of the calls are also posted on the website of the Company.

Details of conference calls for financial results held during the financial year ended 31<sup>st</sup> March, 2020 are as under:

S. No.	Date of announcement of financial results	Financial Results	Date of conference calls
1	22 <sup>nd</sup> May, 2019	Q4FY19 and FY19	28 <sup>th</sup> May, 2019
2	12 <sup>th</sup> August, 2019	Q1FY20	20 <sup>th</sup> August, 2019
3	22 <sup>nd</sup> October, 2019	Q2FY20 and H1FY20	1 <sup>st</sup> November, 2019
4	30 <sup>th</sup> January, 2020	Q3FY20 and 9MFY20	7 <sup>th</sup> February, 2020

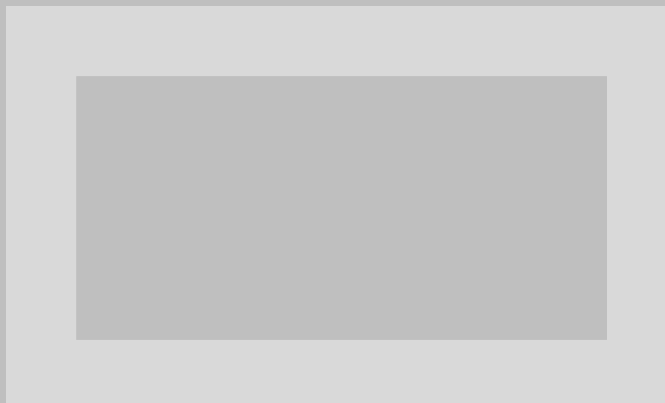
- d. Website:** Pursuant to Regulation 46 of the Listing Regulations the Company's website [www.ppapco.in](http://www.ppapco.in) contains a dedicated functional segment called 'Investors' where all the information needed by shareholders is available including information on directors, shareholding pattern, quarterly reports, financial results, annual reports and various policies of the Company.
- e. NSE electronic application processing system (NEAPS):** NEAPS is a web-based application designed by NSE for corporates. The Company has been regularly uploading all periodical compliances, *inter alia*, related to its financial results, periodical filings like shareholding pattern, corporate governance report and other communications on the online portal NEAPS.
- f. BSE corporate compliance & listing centre:** BSE listing centre is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, corporate governance report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically.
- g. SEBI complaints redress system (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of action taken reports by concerned companies and online viewing by investors of actions taken on the complaint and its status.
- h. Designated exclusive e-mail id:** The Company has designated the e-mail id [investorservice@ppapco.com](mailto:investorservice@ppapco.com) for investor servicing. Investors can also mail their queries to Registrar and Share Transfer Agent at [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in).
- i. A Greener Environment-Now and for future:** The Company's philosophy focuses on making the environment greener for the benefit of posterity. To leverage technology and reducing paper consumption, the Company circulates to its directors, notes for board / committee meetings through an electronic platform. Each Director has been provided with tablet for the Board meetings. Your Company encourages its shareholders to register / update the e-mail ids for communication purpose thereby contributing to the environment.

## 17. Shareholders' information

<b>i) AGM</b>		
Day	:	Friday
Date	:	25 <sup>th</sup> September, 2020
Time	:	11:00 a.m.
Mode	:	Through video conferencing / other audio visual means
<b>ii) Financial year</b>	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
<b>iii) Quarterly Unaudited Financial Results</b>		
Quarter ending 30 <sup>th</sup> June, 2020	:	On or before 14 <sup>th</sup> August, 2020
Quarter ending 30 <sup>th</sup> September, 2020	:	On or before 14 <sup>th</sup> November, 2020
Quarter ending 31 <sup>st</sup> December, 2020	:	On or before 14 <sup>th</sup> February, 2021

<b>iv) Annual Audited Financial Results</b>	Year ending 31 <sup>st</sup> March, 2021	:	On or before 30 <sup>th</sup> May, 2021
<b>v) Date of Book closure</b>		:	Saturday 19 <sup>th</sup> September, 2020 to Thursday 24 <sup>th</sup> September, 2020 (both days including)
<b>vi) Dividend Payment Date</b>			
	For Final dividend 2018-19 of ₹ 2.50 per equity share declared on 3 <sup>rd</sup> September, 2019	:	11 <sup>th</sup> September, 2019
	For 1 <sup>st</sup> interim dividend 2019-20 of ₹ 1 per equity share declared on 22 <sup>nd</sup> October, 2019	:	11 <sup>th</sup> November, 2019
	For 2 <sup>nd</sup> interim dividend 2019-20 of ₹ 2 per equity share declared on 18 <sup>th</sup> March, 2020	:	On and after 3 <sup>rd</sup> April, 2020
<b>vii) Listing on stock exchanges</b>			
	NSE		BSE
	Exchange Plaza, Bandra Kurla Complex		Phiroje Jeejeebhoy Towers
	Bandra (E), Mumbai-400051		1 <sup>st</sup> Floor, Dalal Street, Mumbai-400001
	Tel: +91-22-26598100 / 14		Tel: +91-22-22721233 / 34
	Fax: +91-22-26598237 / 38		Fax: +91-22-22721919 / 3027
	Email: cmlist@nse.co.in		Email: corp.relations@bseindia.com
<b>viii) Stock code</b>			
	BSE	:	532934
	NSE	:	PPAP
	ISIN No.	:	INE095I01015
<b>ix) Listing fees</b>	The Company has paid listing fees up to the financial year ended 31 <sup>st</sup> March, 2021 to BSE and NSE where Company's securities are listed.		
<b>x) Market price data</b>	Market price of shares on NSE and BSE during the financial year 2019-20 is as below:		

Month	NSE				BSE			
	Nifty close	PPAP share price			Sensex close	PPAP share price		
		₹ Per share				₹ Per share		
		High	Low	Close		High	Low	Close
Apr 19	11,748.15	313.65	284.00	285.40	39,031.55	317.05	285.00	286.10
May 19	11,922.80	308.00	250.00	278.90	39,714.20	313.00	229.10	283.45
June 19	11,788.85	288.75	220.20	223.75	39,394.64	282.70	220.25	224.55
July 19	11,118.00	247.15	165.10	171.55	37,481.12	248.00	164.50	171.05
Aug 19	11,023.25	192.00	154.00	174.30	37,332.79	196.00	154.00	176.40
Sep 19	11,474.45	204.90	165.15	192.10	38,667.33	200.00	165.00	192.45
Oct 19	11,877.45	214.00	160.35	186.05	40,129.05	214.00	163.10	188.00
Nov 19	12,056.05	192.30	164.00	173.20	40,793.81	190.05	165.00	173.10
Dec 19	12,168.45	204.00	160.50	192.20	41,253.74	203.75	161.00	192.75
Jan 20	11,962.10	219.35	180.05	180.60	40,723.49	216.20	180.05	181.35
Feb 20	11,201.75	204.00	176.05	186.75	38,297.29	202.00	178.00	186.65
Mar 20	8,597.75	190.00	102.05	141.70	29,468.49	188.40	107.70	143.00



Source: www.nseindia.com & source: www.bseindia.com

<b>xi)</b>	<b>Compliance officer</b>		
	Name	:	Mrs. Sonia Bhandari
	Designation	:	Company Secretary & Compliance Officer
	Tel	:	+91-120-2462552 / 53
	Fax No.	:	+91-120-2461371
	E-mail	:	investorservice@ppapco.com
<b>xii)</b>	<b>Address of Registrar and Transfer Agent</b>	:	Link Intime India Private Limited Noble Heights, 1 <sup>st</sup> Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 Email: delhi@linkintime.co.in Website: www.linkintime.co.in Tel: +91-11-49411000
<b>xiii)</b>	<b>Share transfer system</b>		

In terms of the Circular bearing Ref. No. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June, 2018 and further amendment vide Circular bearing Ref. No. SEBI/LAD-NRO/GN/2018/49 dated 30<sup>th</sup> November, 2018, both issued by Securities and Exchange Board of India, with effect from 1<sup>st</sup> April, 2019, the requests for effecting transfer of securities held in physical form (except in case of transmission or transposition of securities) are not to be processed. Shareholders are requested to take action to dematerialize the shares of the Company, promptly.

As per the requirement of Regulation 40(9) of the Listing Regulations the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of share transfer formalities.

**xiv) Information of dividend**

The details of due date for transfer to Investor Education and Protection Fund and unclaimed dividend as on 31<sup>st</sup> March, 2020 are as under:

Year	Type of Dividend	Dividend per share	Date of declaration	Due date for transfer to IEPF	Amount (₹)
2014-15	Final	1.00	26 <sup>th</sup> September, 2015	1 <sup>st</sup> December, 2022	49,086.00
2015-16	Interim	1.00	4 <sup>th</sup> November, 2015	9 <sup>th</sup> January, 2023	53,872.00
2015-16	Final	1.00	7 <sup>th</sup> September, 2016	13 <sup>th</sup> November, 2023	63,366.00
2016-17	Interim	1.25	27 <sup>th</sup> October, 2016	2 <sup>nd</sup> January, 2024	86,983.75
2016-17	Final	1.75	23 <sup>rd</sup> August, 2017	28 <sup>th</sup> October, 2024	1,08,064.25
2017-18	Interim	2.00	1 <sup>st</sup> November, 2017	6 <sup>th</sup> January, 2025	1,10,372.00
2017-18	Final	2.50	21 <sup>st</sup> May, 2018	27 <sup>th</sup> October, 2025	2,45,462.50
2018-19	Interim	2.00	23 <sup>rd</sup> October, 2018	27 <sup>th</sup> December, 2025	1,88,884.00

2018-19	Final	2.50	3 <sup>rd</sup> September, 2019	8 <sup>th</sup> November, 2026	1,13,375.00
2019-20	1 <sup>st</sup> Interim	1.00	22 <sup>nd</sup> October, 2019	28 <sup>th</sup> December, 2026	56,597.00

#### xv) Distribution of shareholding

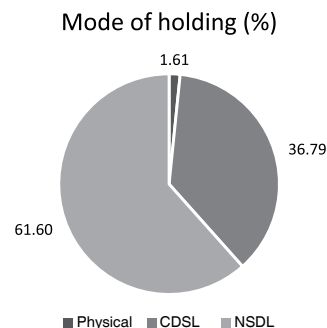
Details of category wise shareholding as on 31<sup>st</sup> March, 2020 are as below:

Categories	No. of shareholders	Percentage	No. of shares held	Percentage
1-500	16,459	94.76	11,64,851	8.32
501-1000	456	2.63	3,56,960	2.55
1001-2000	240	1.38	3,39,339	2.42
2001-3000	75	0.43	1,86,978	1.34
3001-4000	36	0.21	1,23,754	0.88
4001-5000	18	0.10	81,681	0.58
5001-10000	29	0.17	2,02,654	1.45
10001-above	56	0.32	1,15,43,783	82.46
<b>TOTAL</b>	<b>17,369</b>	<b>100.00</b>	<b>1,40,00,000</b>	<b>100.00</b>

#### xvi) Dematerialization of shares

The equity shares of the Company are being traded under compulsorily demat form as per SEBI notification. The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

S. No.	Mode of holding	No. of shares	% of total share capital
1.	Physical	2,25,140	1.61
2.	CDSL	35,80,549	25.57
3.	NSDL	1,01,94,311	72.82
	<b>Total</b>	<b>1,40,00,000</b>	<b>100.00</b>



#### xvii) Details of Shareholding Pattern as on 31<sup>st</sup> March, 2020 are as below:

S. No.	Category	Total number of shares	% of total number of shares
<b>A.</b>	<b>Promoters &amp; Promoters' Group</b>		
i	Individual / Hindu Undivided Family	55,39,137	39.57
ii	Bodies Corporate	34,61,305	24.72
	<b>Total Shareholding of Promoters &amp; Promoters' Group (A)</b>	<b>90,00,442</b>	<b>64.29</b>
<b>B.</b>	<b>Public Shareholding</b>		
i	Foreign Portfolio Investor	41,262	0.29
ii	Bodies Corporate	13,21,404	9.44
iii	Financial Institutions / Banks	8,818	0.06
iv	Foreign Companies	225,000	1.61
v	Individuals	31,09,982	22.22

vi	Others		
	Non Resident Indians	1,40,225	1.00
	IEPF Authority	5,138	0.04
	Trusts	45	0.00
	HUF	1,36,845	0.98
	Clearing Member	10,839	0.07
	<b>Total Public Shareholding (B)</b>	<b>49,99,558</b>	<b>35.71</b>
	<b>Total (A+B)</b>	<b>1,40,00,000</b>	<b>100.00</b>

**xviii) Outstanding GDR / ADR / Warrants or any convertible instrument**

No outstanding GDR / ADR / Warrants or any convertible instrument as on 31<sup>st</sup> March, 2020.

**xix) Plant locations:**

<b>New Delhi</b>	<b>Noida - Plant I</b>	<b>Noida - Plant II</b>
54 & 56, Okhla Industrial Estate, Phase-III, New Delhi-110020	B-45, Phase-II, Noida-201305, U.P.	B-206A, Sector-81, Phase-II, Noida-201305, U.P.
<b>Surajpur - Plant III</b>	<b>Pathredi - Plant IV</b>	<b>Vallam Vadagal - Plant V</b>
B-4, Site V, UPSIDC, Kasna, Surajpur Industrial Area, Greater Noida-201306, U.P.	SP3-802,R.I.A, Pathredi Industrial Area, Bhiwadi, Alwar-301019, Rajasthan	G-24, SIPCOT Industrial Park, Vallam Vadagal, Talluk Sriperumbudur, Kancheepuram-602105, Tamil Nadu
<b>Viramgam - Plant VI</b>	<b>Viramgam - Plant VII</b>	
Survey No. 866 (old survey no. 220), Village Ukhlod, Taluk Viramgam, Ahmedabad-382150, Gujarat	Block No. 797 (old block no. 286), Village Ukhhold, Near Meladi Mata Temple, Bahucharji Road, post, Ukhlod, Taluka Viramgam, Ahmedabad -382150, Gujarat	
<b>Joint Venture Plant locations:</b>		
<b>Surajpur - Plant I</b>	<b>Viramgam - Plant II</b>	
B-5, Site V, UPSIDC, Kasna, Surajpur Industrial Area, Greater Noida-201306, U.P.	Block No. 797 (old block no. 286), Village Ukhhold, Near Meladi Mata Temple, Bahucharji Road, post, Ukhlod, Taluka Viramgaum, Ahmedabad -382150, Gujarat	
<b>xx) Registered office</b>	:	54, Okhla Industrial Estate, Phase-III, New Delhi-110020 Tel: +91-011-26311671 / 26910777 E-mail: investorservice@ppapco.com
<b>Address for correspondence and corporate office</b>	:	B-206A, Sector-81, Phase-II, Noida-201305, U.P. Tel: +91-120-2462552 / 53 E-mail: investorservice@ppapco.com



**CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY**

**The Board of Directors,  
PPAP Automotive Limited**

We, the undersigned, in our capacities as Chief Executive Officer and Managing Director and Chief Financial Officer of PPAP Automotive Limited ("the Company"), to the best of our knowledge and belief, hereby certify that:

1. We have reviewed the financial statements and the cash flow statement of the Company for the year ended 31<sup>st</sup> March, 2020 and to the best to our knowledge and belief, we state that:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated, wherever applicable, to the Auditors and to the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Abhishek Jain**  
CEO & Managing Director

**Anurag Saxena**  
Chief Financial Officer

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**DECLARATION UNDER PART D OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**Dear Members,  
PPAP Automotive Limited**

I hereby confirm that all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct of the Company during the financial year 2019-20.

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Abhishek Jain**  
CEO & Managing Director

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SCHEDULE V OF THE SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**To the Members,  
PPAP Automotive Limited  
54, Okhla Industrial Estate,  
Phase III, Delhi-110020**

1. We have reviewed the implementation of the corporate governance procedures by PPAP Automotive Limited (“the Company”) during the year ended March 31<sup>st</sup> 2020, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has to conduct the affairs of the Company.
4. On the basis of our review and according to the best of our information and according to the explanation given to us, the company has been complying with conditions of Corporate Governance, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For NKJ & ASSOCIATES**  
Company Secretaries

**NEELESH KR. JAIN**  
Proprietor  
FCS No.: 5593  
C.P. No.: 5233  
PR No. : 688/2020

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

**To**  
**The Members,**  
**PPAP Automotive Limited**  
 54, Okhla Industrial Estate,  
 Phase-III, Delhi-110020

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PPAP Automotive Limited having CIN L74899DL1995PLC073281 and having registered office at 54, Okhla Industrial Estate, Phase-III, Delhi-110020 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other statutory authority:

S. No.	Name of Director	DIN	Date of appointing in Company
1	Mr. Ajay Kumar Jain	00148839	18.10.1995
2	Mr. Abhishek Jain	00137651	01.12.2006
3	Mr. Bhuwan Kumar Chaturvedi	00144487	26.12.2013
4	Mr. Pravin Kumar Gupta	06491563	08.05.2013
5	Mr. Ashok Kumar Jain	06881412	27.05.2014
6	Mrs. Vinay Kumari Jain	00228718	26.12.2013

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which management has conducted the affairs of the Company.

**For VLA & Associates**  
 Company Secretaries

**Vishal Lochan Aggarwal**  
 Proprietor  
 FCS No.: 7241  
 C.P. No.: 7622  
 UDIN: F007241B000304549

Place: New Delhi  
 Date: 30<sup>th</sup> May, 2020

# BUSINESS RESPONSIBILITY REPORT

## Section A: General information about the Company

1	Corporate Identity Number (CIN) of the Company	L74899DL1995PLC073281
2	Name of the Company	PPAP Automotive Limited
3	Registered address	54, Okhla Industrial Estate, Phase III, New Delhi-110020
4	Website	www.ppapco.in
5	Email id	compliance@ppapco.com
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	29302 - manufacture of parts and accessories
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	Automotive components, tools, dies & molds
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	The Company has manufacturing facilities at Delhi; Noida, Uttar Pradesh; Patherdi, Rajasthan; Kancheepuram, Tamil Nadu; Ahmedabad, Gujarat. The details of the locations of the plants are given in the Corporate Governance Report section of this report.
10	Markets served by the Company – Local / State / National / International	National

## Section B: Financial detail of the Company

1	Paid up Capital (INR)	INR 14,00,00,000
2	Total Turnover (INR)	INR 360.04 crore
3	Total profit after taxes (INR)	INR 19.28 crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred:-	a) Environment; b) Education; and c) Health Care

## Section C: Other details

1	Does the Company have any Subsidiary Company / Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

**Section D: BR Information**

<b>1 Details of Director / Directors responsible for BR</b>	
(a)	Details of the Director / Director responsible for implementation of the BR policy / policies
	DIN 00137651
	Name Mr. Abhishek Jain
	Designation Chief Executive Officer & Managing Director (“CEO & MD”)
(b)	Details of BR head
	DIN (if applicable) N.A.
	Name Mr. Ramesh Chander Khanna
	Designation President and Chief Operating Officer (“President & COO”)
	Telephone No. +91-120-2462552 / 53
	Email Id rckhanna@ppapco.com

<b>2 Principle-wise (as per national Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business {NVGs}) BR Policies / Policies (Reply in Y/ N):</b>	
	Principle 1 (P1) : Businesses should conduct and govern themselves with ethics, transparency and accountability.
	Principle 2 (P2) : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
	Principle 3 (P3) : Businesses should promote the well-being of all employees.
	Principle 4 (P4) : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
	Principle 5 (P5) : Businesses should respect and promote human rights.
	Principle 6 (P6) : Businesses should respect, protect and make efforts to restore the environment.
	Principle 7 (P7) : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
	Principle 8 (P8) : Businesses should support inclusive growth and equitable development.
	Principle 9 (P9) : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**(a) Details of compliance**

		<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>
i	Do you have a policy / policies for....*	Y	Y	Y	Y	Y	Y	NA	Y	Y
ii	Has the policy being formulated in consultation with the relevant stakeholders? <sup>1</sup>	Y	Y	Y	Y	Y	Y	NA	Y	Y
iii	Does the policy conform to any national / international standards? If yes, specify?(50 words) <sup>2</sup>	Y	Y	Y	Y	Y	Y	NA	Y	Y
iv	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director? <sup>3</sup>	Y	Y	Y	Y	Y	Y	NA	Y	Y

v	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy? <sup>4</sup>	Y	Y	Y	Y	Y	Y	NA	Y	Y
vi	Indicate the link for the policy to be viewed online? <sup>5</sup>	Y	Y	Y	Y	Y	Y	NA	Y	Y
vii	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
viii	Does the Company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
ix	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
x	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency? <sup>6</sup>	Y	Y	Y	Y	Y	Y	NA	Y	Y

**Notes:**

\*While no formal written policy may exist for certain principles, the Company has procedures / practices as well as standard operating procedures in place which are being communicated to the team and are regularly being reviewed for adherence to by the CEO & MD, President & COO and respective business heads.

<sup>1</sup>Policies and processes referred, are in the best interest of the Company. During the formulation of these policies and processes, the stakeholders, to the extent possible, were consulted and regulatory provisions, wherever applicable & industry standards, as deemed appropriate, were considered.

<sup>2</sup>Most of the policies are aligned to various standards such as IATF 16949 (Quality Management System), ISO 14001 (Environment Management System), ISO 45001 Occupational Health & Safety Management System & ISO 50001 (Energy Management System).

<sup>3</sup>Policies mandated under the Companies Act, 2013 and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and signed by the Chairman & Managing Director of the Company. The other policies are approved and signed by CEO & MD of the Company.

<sup>4</sup>Corporate Social Responsibility Committee ("CSR Committee") of the Board administers the CSR Policy, while the Foundation of the Company oversees the execution of CSR projects. Audit Committee oversees the Whistle Blower Policy. Code of Conduct & Ethics is overseen by the Board of Directors, while the implementation of this Code for employees is looked by the Peoples Excellence Department. Environment, Health & Safety and Energy Policy are implemented by plant heads and reviewed by business heads under the supervision of President and COO of the Company.

<sup>5</sup>The policies as mandated under the Companies Act, 2013 and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company. The other policies which are in-house and internal to the Company are uploaded on the intranet and are accessible to all the employees of the Company.

<sup>6</sup>Policies are reviewed periodically by concerned internal teams as well as by respective external agencies, wherever required.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
i	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
ii	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
iii	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
iv	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
v	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
vi	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3 Governance related to BR

- |     |   |   |
|-----|---|---|
| (a) | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year. | The Working Committee headed by plant heads / business heads / functional heads reviews the Business Sustainability & CSR performance of the Company regularly. The Steering Committee headed by President & COO and CEO & MD review the performance in monthly review meetings. The action points that emerge from the discussions at these meetings are recorded, implemented wherever necessary and reviewed in the subsequent meetings. Besides, the CSR Committee of the Board reviews the CSR activities of the Company on half yearly basis. |
| (b) | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  | The Business Responsibility Report is applicable on the Company for the first time and is a part of the Annual Report of the Company. The Company will publish this Business Responsibility Report on its website at <a href="http://www.ppapco.in">www.ppapco.in</a> .   |

### Section E: Principle-Wise Performance

#### Principle 1-Business should conduct and govern themselves with ethics, transparency and accountability

- |   |   |   |
|---|---|---|
| 1 | Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?                      | The Board of Directors of the Company has adopted a Code of Conduct & Ethics. These are set of regulations, policies, principles and guidelines to help & maintain a lawful, honest and ethical environment throughout the Company. The policies, rules and guidelines in the Code of Conduct & Ethics are applicable to all directors and employees of the Company. These policies are also extended to the subsidiary companies. However, the Company encourages its suppliers / contractors / NGOs or other entities to follow the principles envisaged in the policy. |
| 2 | How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. | The Company has not received any complaint from any stakeholders relating to ethics, bribery, transparency and accountability during the financial year 2019-20.  |

**Principle 2-Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

<p>1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.</p>	<p>The Company takes initiative to contribute to harmonious and sustainable development of society and earth through all business activities that it carries out in each region based on its guiding principles. The Company remains focused on reducing resources in manufacturing of products with a sustainable life cycle through innovations to provide safe, comfortable and environment-friendly products for the vehicles. The three major product examples are -</p> <ul style="list-style-type: none"> <li>a. Weatherstrip Outer Belt</li> <li>b. Front and Rear Pillar Garnish</li> <li>c. Door Trims</li> </ul>
<p>2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <p>(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?</p> <p>(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>The Company is committed to reduce part weight &amp; save resources by the adoption of latest technology. With the efforts of creative design, the productivity of the new products was enhanced and weight was reduced. Decorative Film replacing Chrome SUS in Weatherstrip Outer Belt, variable thickness in Door Trims &amp; Pillar Garnish, Part integration in Front Granish reduced the part weight &amp; cycle time. New products ensured that they are easy to fit and handle without compromising the product performance.</p> <p>Keeping environment &amp; human safety in view, the Company complies with local national and international laws and regulations. PPAP manage SOC ( Substances of Concern) Management system by compliance of rule &amp; regulations of these Chemicals as per requested through Conflict Mineral Survey, IMDS (International Material Data System), ELV ( End life of Vehicle), POP (Persistent Organic Pollutants), SOC ( Substances of Concern), REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) RoHS (Restriction of Hazardous Substances).</p>
<p>3 Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>The Company have procedures in place for sustainable sourcing. The Company's supplier selection, assessment and evaluation process includes elements of sustainability. This includes initial supplier survey, continuous risk assessments and audits. The Company has an environment policy and safety policy. The Company encourages the vendors to ensure compliance with these policies. It covers various issues like safety measures, SOC, POP substance declaration etc.</p>
<p>4 Has the Company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>The Company undertakes initiatives to build capacities of the suppliers. Purchase Engineering department of the Company focuses on local sourcing in nearby locations of its plants . The supply chain team of the Company periodically visits the facilities of the vendors for their continuous upgradation and also suggest them improvement points. During the financial year 2019-20, the Company has also conducted training sessions for vendor to share best practices in quality systems and manufacturing processes in line with the Company's standard practices.</p>
<p>5 Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof, in about 50 words or so.</p>	<p>The Company recognizes that natural resources are finite and therefore need to be conserved and recycled. The Company continues to evaluate opportunities for upgradation of technologies and processes, water conservation, reduction of wastage, use of alternate source of energy and is also in process of use of CNG vehicles. The Company always focuses on 3R concept (Reduce, Reuse and Re-cycle) and uses processed water, rain water harvesting &amp; recycle the waste produced by the Company.</p>



**Principle 3-Businesses should promote the wellbeing of all employees**

1	Please indicate the Total number of employees	Total number of employees as on 31 <sup>st</sup> March, 2020 were 1674.
2	Please indicate the Total number of employees hired on temporary / contractual / casual basis	Out of the total Employees, 431 were on contractual basis as on 31 <sup>st</sup> March, 2020.
3	Please indicate the Number of permanent women employees	The number of women employees as on 31 <sup>st</sup> March, 2020 were 8.
4	Please indicate the Number of permanent employees with disabilities	The number of permanent employees with disabilities as on 31 <sup>st</sup> March, 2020 was Nil.
5	Do you have an employee association that is recognized by management	The Company doesn't have any employee association recognised by management.
6	What percentage of your permanent employees is members of this recognized employee association?	N.A.
7	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	
	<b>Category</b>	<b>No. of complaints filed during the financial year</b>
i	Child labour / forced labour / involuntary labour	NIL
ii	Sexual harassment	NIL
iii	Discriminatory employment	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	(a) Permanent Employees	100%
	(b) Permanent Women Employees	100%
	(c) Casual / Temporary / Contractual Employees	100%
	(d) Employees with Disabilities	N/A

**Principle 4-Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1	Has the Company mapped its internal and external stakeholders? Yes / No	Yes
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	No
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company is in the process of identification of disadvantaged, vulnerable and marginalized stakeholders in the local areas where it operates, and this process will be implemented in the next financial year.

**Principle 5-Businesses should respect and promote human rights**

1	Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint ventures / Suppliers / Contractors / NGOs / Others?	The Company follows its policy on Human Rights which are embedded in the Code of Conduct and Ethics of the Company. The Code of Conduct and Ethics extends to the Company and all its dealings with suppliers, contractors etc. The Company is committed to the fundamental principles of human rights & labour rights, workplace free of harassment and prohibition of child labour. The Company sets a standard of 'zero tolerance' for any kind of discrimination or harassment.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company has not received any stakeholder complaints during the financial year 2019-20 related to Human Rights.

**Principle 6-Business should respect, protect, and make efforts to restore the environment**

1	Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.	The Company's plants are ISO 14001 and 45001 certified. The Company has well defined policies on quality, health, safety and environment that covers the group companies. However, suppliers, vendors, and contractors are encouraged and educated to follow environment friendly processes and policies. Extract from the Company's "Occupational Health & Safety Policy" are displayed at the manufacturing plants in English as well as in regional languages. The Company has also developed visitor safety security procedure, entry regulation at factory with safety communication to ensure the same at all levels.
2	Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y / N. If yes, please give hyperlink for webpage etc.	The Company has an 'Environment Policy' and 'Energy Policy' which guides the Company to continually mitigate the impact on climate change and global warming as a result of its operations. The Company works continuously to reduce the waste and is focused on creating green infrastructure which are designed for better energy efficiency and efficient operations.
3	Does the Company identify and assess potential environmental risks? Y / N.	Potential environmental risks are identified as a part of the Company's risk management activity and feature in the Company's Aspect Identification and Impact Assessment (AIIA). The Company regularly reviews its environmental risks and undertakes initiatives to mitigate them.
4	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	The Company has not taken up any such project separately, however, in the manufacturing process the Company always endeavours to use the technologies and process which can minimise the impact on the environment.
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.	Reduction of resources forms an integral part of the Company's continuous focus on reducing its carbon footprint on the environment. The Company works on the greenhouse gases reduction and always focuses on 3 R concept (Reduce, Reuse and Re-cycle). The Company has taken green initiatives such as solar projects, rainwater harvesting, sewage treatment plants, waste water recycle and waste minimization techniques. The company also maintains the Environment management system.
6	Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?	The effluents, emissions and wastes generated at the manufacturing facilities of the Company during the financial year 2019-20 are within the permissible limits given by respective Central Pollution Control Board / respective State Pollution Control Boards.
7	Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	During the financial year 2019-20, the Company has not received any show cause / legal notice from Central Pollution Control Board / respective State Pollution Control Boards for any of its manufacturing plants.

**Principle 7-Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	The Company is a member of the following business associations: a. Automotive component manufacturers association of India (ACMA) b. Confederation of Indian Industries (CII) c. Society of manufactures of electric vehicles (SMEV) d. Honda supplier's club e. Toyota kirloskar suppliers association (TKSA) f. Maruti suppliers welfare association g. Bhiwadi manufacturers association (BMA)
2	Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).	No

**Principle 8-Businesses should support inclusive growth and equitable development**

1	Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company considers social development as an important aspect of its operations. To oversee implementation of various initiatives, the Company has formed a Board level committee called CSR Committee. The Company has adopted a policy on Corporate Social Responsibility to streamline its efforts towards Corporate Social Responsibility.
2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?	The Company has registered a trust in the name of "Vinay and Ajay Jain Foundation" for focused implementation of its CSR activities.
3	Have you done any impact assessment of your initiative?	Foundation team continuously evaluates the benefits of CSR programmes which is reviewed by the CSR Committee of the Board periodically, to understand the impact of these programmes.
4	What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	During the Financial Year 2019-20, the Company has spent ₹ 91.18 lacs on CSR initiatives as detailed in Annexure-D to the Directors' Report
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	The Company programmes on environment, education and health care are designed after need evaluation and assessment. The Company's social initiative continuously focuses on benefiting both individual and the community at large.

**Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1	<p>What percentage of customer complaints / consumer cases are pending as on the end of financial year.</p>	<p>The Company has a customer complaint handling system based on IATF16949:2016. The Company provides immediate containment action and awareness training to all concerned team members to stop out flow of suspected material to the customers. Detailed countermeasure with simulation and 4M / why-why analysis is shared with customer within two weeks from the date of complaint received. After receiving effectiveness confirmation of action, the Company does the horizontal deployment of the action taken wherever possible and standardize the standard operating procedure and related documents. No customer complaints / consumer cases are pending at the end of financial year 2019-20.</p>
2	<p>Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes /No / N.A. / Remarks (additional information).</p>	<p>Not applicable as the Company supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user.</p>
3	<p>Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.</p>	<p>There was no case filed for unfair trade practice, irresponsible advertising or anti-competitive behaviour over the last 5 years and therefore, no case is pending as at the end of financial year 2019-20.</p>
4	<p>Did your Company carry out any consumer survey / consumer satisfaction trends?</p>	<p>The Company engages with its customers at various platforms to understand their expectations and has a well-defined system to measure customer satisfaction at regular intervals. Customer satisfaction surveys are being conducted frequently for betterment of the products, feedback and improving delivering mechanism.</p>

# MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

## Economy Overview

The Indian economy is the 5<sup>th</sup> largest economy in the world in respect to GDP (Source : IMF). According to IMF, India's economy is estimated to have grown at 4.2% in FY20, significantly slower rate than in FY19. The decline was primarily driven by a mix of both internal as well as external factors such as synchronised global slowdown, dipping domestic automobile sales, flattening of core sector and declining investments in construction and infrastructure sector. Other factors such as ongoing stress among non-banking financial companies (NBFCs), which resulted in credit squeeze and negatively impacted consumption, investment and exports also contributed to the slow growth.

Despite the slowdown, India improved by 14 ranks in the World Bank's Ease of Doing Business Index 2020 to the 63<sup>rd</sup> position. Reforms undertaken in recent years such as Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), Foreign Direct Investment (FDI) liberalisation, among others, have been amplifying the prospects of India's growth story. (Source: <https://timesofindia.indiatimes.com/business/india-business/india-jumps-14-places-to-63rd-in-ease-of-doing-business-rankings/articleshow/71749029.cms>)

The government has also announced several measures to revive the economy which includes capital infusion into public sector banks to improve liquidity and push credit offtake, merger of public sector banks to enhance credit capacity, reduction in policy rates, sharp cut in corporate tax rate, funding to real estate for stalled projects and support to NBFCs under the Partial Credit Guarantee Scheme.

However, the outbreak of COVID-19, has disrupted trade and manufacturing activity throughout the globe as well as in the country. The lockdowns imposed by the Government to control the spread of the pandemic has posed altogether new challenges and has altered the outlook of the Indian economy. The economy is further expected to experience slowdown and is projected to grow at 1.9% with potential downsides. However, a strong recovery at 7.4% in FY 2021- 22 is being projected based on the assumption of successful containment of the pandemic and the consequent increase of fiscal spend. The fiscal and monetary stimulus provided by the government and RBI would assist greatly in this forecasted recovery. (Source: IMF World Economic Outlook April 2020, Economic Survey, Union Budget: PWC)

In order to make India a manufacturing hub, the government has identified 25 key sectors like automobiles, defense manufacturing, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways amongst others. The government has also introduced Start Up India Scheme which aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups.

## Industry Review

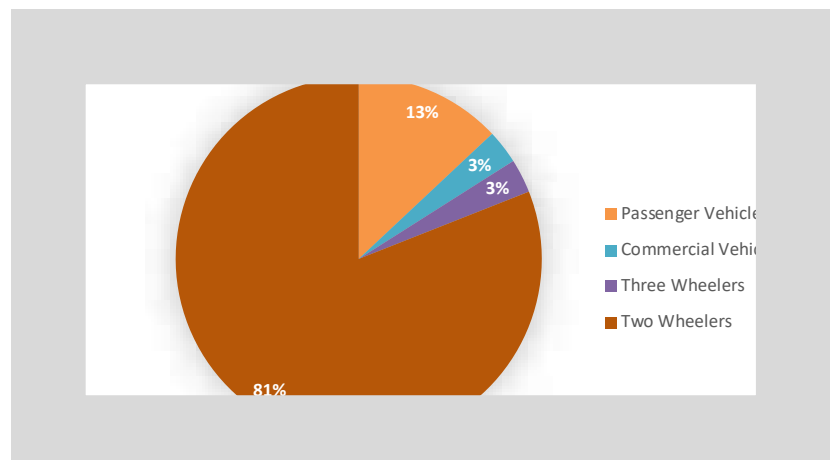
### Indian automotive and automotive components sector

The financial year 2019-20 was a challenging year for the auto industry, which witnessed headwinds due to the slowing economy in last 6 years. The automotive industry registered a double digit drop in sales across categories.

The Passenger Vehicle (PV) segment experienced decline of 15% affected by weak consumer sentiment, credit availability, higher purchase prices on account of insurance regulation and confusion around BS VI and EV transition. Some improvement in consumer sentiment was witnessed during the festive season, however, the automobile industry has not recovered from demand contraction and the situation further worsened due to imposition of complete lockdown in the country to contain the COVID-19 Pandemic in the last 10 days of the FY20.

While the long-term outlook for the Indian auto industry looks promising, however there has been some softening of demand for automobiles in the last five years.

During the FY20, the Indian automotive industry produced a total 26.36 million including PVs, commercial vehicles, three-wheelers, two-wheelers and quadricycles as against 30.92 million FY19, registering a de-growth of (-) 14.73%. The sale of PVs declined by (-) 17.88% in FY20 over the same period last year. Two-wheelers sales registered a de-growth of (-) 17.76% in FY 20 as compare to FY19. (Source: SIAM)



(Source: SIAM)

In FY20, a total of 3.43 million PVs was produced registering a de-growth of –(14.76) % over the same period last year. The auto components industry account for 2.3 per cent of India’s Gross Domestic Product (GDP) and employs as many as 1.5 million people directly and indirectly each. (Source : IBEF)

The growing presence of global automobile Original Equipment Manufacturers (OEMs) in the Indian manufacturing landscape has significantly increased the opportunity for localization of the imported auto components in the country. The India has become the preferred designing and manufacturing base for most global auto OEMs for local sourcing and exports. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe.

A stable government framework, ease of doing business, increased purchasing power, large domestic market and an ever-increasing development in infrastructure have made India a favorable destination for investment for auto components industry.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalization of the sector as exports potential could be increased by up to US\$ 30 billion by 2021. (Source : IEBF)

**Company Overview**

PPAP Automotive Limited (“PPAP” or “Company”) is a leading manufacturer of automotive sealing systems, interior and exterior automotive parts in India. The Company started its association with the automotive industry more than 35 years ago with the first Maruti cars being launched in the country. The Company’s state of the art manufacturing facilities are located across the PVs automotive hubs in Northern, Southern and Western India. The registered office of the Company is located at New Delhi. All the facilities of the Company are equipped with the latest technology available today for polymer extrusion as well as injection molding, its areas of core competence.

The Company manufactures over 1,000 different SKUs and ships over 2,00,000 parts every day to its customers which include the Japanese OEMs, the local OEMs as well as other major OEMs in the PVs segment as well as the commercial and the two-wheelers segment.

The Company was established in 1978 for the manufacture of custom-made extrusion products, the Company commenced the automotive parts business in 1985. Over the years, PPAP has been continuously adding more and more products for its ever expanding customer base to enhance its per car contribution. The Company continuously targets to achieve zero ppm in quality and delivery performance for all its customers.

PPAP has a technical collaboration with Tokai Kogyo Co. Limited, Japan for development and manufacturing of automotive sealing systems. The relationship between both the companies started in 1989 and since then both the companies enjoy a harmonious and mutually beneficial relationship with each other.

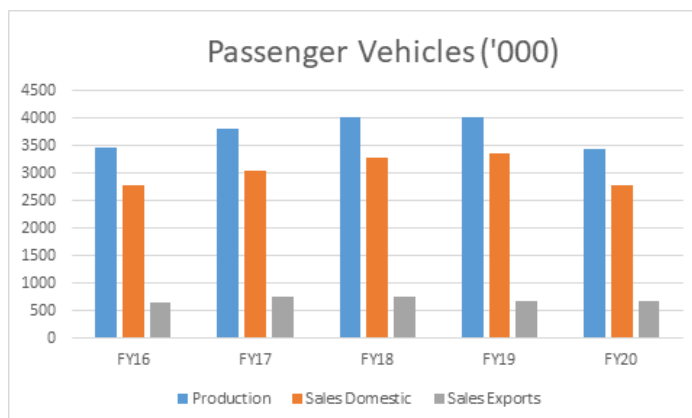
PPAP also has a technical collaboration with Nissen Chemitec Corporation, Japan, for development and manufacture of interior and exterior injection products. The Company’s technical association commenced in 2007.

PPAP also has a technical collaboration with Tokai Kogyo Seiki Co. Limited, Japan for manufacturing of tools and dies.

The Company has ventured into EPDM rubber based automotive sealing systems by establishing a Joint Venture (JV) viz. PPAP Tokai India Rubber Private Limited (PTI) with its Technology Partner Tokai Kogyo Co. Limited, Japan.

During the financial year, the management has reviewed its business and areas of operation. The Company will continue to grow the current business with the focus on adding new customers in new geographies. However, along with this, separate teams would focus on scouting opportunities in non-automotive segments, as well as, the after-market. The Company will also focus on developing products for the two-wheelers, three-wheelers, Electric vehicles starting with Lithium Ion Battery packs. These battery packs would be extended to energy storage applications as well. The company is commercializing its tooling facilities and scouting opportunities to develop and sell plastic injection moulding toolings. The Company is investing in new-age technologies and machines to enhance its manufacturing and technology development capabilities.

In view of this, the Company has established two wholly owned subsidiary companies viz. Elpis Components Distributors Private Limited, which will focus on after-market sales, and, PPAP Technology Limited, which will focus on development of Lithium Ion Battery packs for to develop the products for 2/3 Wheeler electric vehicles as well as energy storage applications



(Source: SIAM)

## Product details

The Company's core competence is in polymer extrusion based automotive sealing systems and injection molded products. The product details are as follows:

### 1. Automotive sealing products

#### a. Plastic extrusion

PVC / TPO / PP (with / without metal insert) - Weather Strip Outer, (Black) , Weatherstrip Outer (exposed type Chrome SUS) , Weatherstrip Outer with PET film (Bright chrome and High gloss Black), Weather Strip Inner Molding Roof, Molding Windshield, Air Spoiler, Trim Door Opening , Rail Component Side Door, Cowl Top Seal, Sun Roof Drain Hose etc.

#### b. EPDM rubber and TPV extrusion (Products made by Joint Venture)

EPDM Rubber (with / without metal insert) - Trim Door Opening, Back Door Opening, Weather Strip Trunk Lid, Door Seal, Secondary seal, Hood seal, Air DAM, Seat Liners etc., TPV Extrusion – Glass Run Channel

### 2. Automotive plastic injection molding products

#### a. Interior parts

Door Trims, Pillar Garnishes, Lining Rear Panel, Rear Tray, Trunk Side, Tail Gate, Weather Strip Partition, Instrument Panel, Cover Engine Upper / Under, Cover ECU, Box Battery, Molding Hood, Fender Inner, Splash Guard, Duct Cooling, Fuel Pipe, Cover Steering Joint, Boot Component with center console etc.

#### b. Exterior parts

Bumper, Fender Lining, Fog Lamps Garnish, Radiator Grill Garnish, Body Side Molding, Rear Bumper Garnish, Wheel Cover, Door Sash, Cover Corner etc.

### 3. Plastic injection molding tooling

The Company has commercialized its tooling facility. The tooling facility is capable of making injection tools upto 1.5 meter \* 1.0 meter in size. The Company manufactures tools for various applications in automotive as well as non automotive industry.

### 4. After market / accessories parts

The Company has ventured into development of parts for the after market. Along with these parts, the Company also plans to sell automotive accessories like phone & cup holder, rear tray, socket & USB with monitor, sunvisors, seat headrest and hooks etc. These products will be sold through the wholly owned subsidiary Elpis Components Distributors Private Limited

### 5. Lithium Ion Battery Packs

The Company has ventured into development of customized battery packs for mobility ( electric two wheeler , electric three wheeler) 2 KWh, 3 KWh, and Storage (ESS, solar off grid & instrumentation) 0.8kw to 5 kw.

### 6. Non Auto OEM Parts

The Company is scouting opportunities in Non-Automotive OEM parts as part of its diversification strategy. The Company will be launching products like pales, construction profiles, medical profiles etc.

The Company has in house design and development center for products, mold, machines & fixtures. The tools and fixtures are produced at its in house tool manufacturing facility. The products made by the Company are tested and validated to meet customer specifications at its in house testing and validation facility, thereby, providing customers with end-to-end solutions.

The Company is a key supplier to all the major automotive manufacturers in India. PPAP's customers profile include all the major car manufacturers like Maruti Suzuki India Limited; Honda Cars India Limited; Toyota Kirloskar Motor Private Limited; Renault Nissan Automotive India Private Limited; Tata Motors Limited; Ford India Private Limited; Mahindra and Mahindra Limited; SML Isuzu Limited; Isuzu Motors India Private Limited, Hyundai Motor India Limited, Suzuki Motor Gujarat Private Limited, MG Motor India Private Limited, Skoda Auto Volkswagen India Private Limited and two wheeler manufactures viz. Suzuki Motorcycle India Private Limited. The Company also caters to CKD parts export requirements of its customers. The Company also caters the requirements of their respective Tier 1 suppliers.

The Company's key objective is to become a global level excellence company operating in India. This mission is enabling the Company to focus on achieving excellence in all the facets of the organization. PPAP continued its efforts to reduce waste and energy consumption in its own manufacturing processes.

The Company continue to challenge the status quo and are committed to achieve excellence in all business practices. It is our endeavor to improve the efficiency of each and every business process of the Company.

## Awards & recognition

PPAP continues its track record of superior performance with all its customers. The Company has been bestowed upon the following awards:

1. Zero Defect Supplies by Toyota Kirloskar Motor Private Limited;
2. Achieving Quality Target by Toyota Kirloskar Motor Private Limited;
3. Appreciation Award for Partnership by Hyundai Motor India Limited;
4. Award in Category of Productivity (SME) by The Machinist Super ShopFloor Awards 2019;
5. On Time Development by ISUZU Motors India Private Limited;
6. Quality by Toyota Kirloskar Motor Private Limited;
7. Fire Safety Management Award 2019 by Toyota Kirloskar Motor Private Limited; and
8. Zero PPM by Toyota Kirloskar Motor Private Limited.

## Quality

The Company is IATF 16949:2016 certified Company for Quality Management System. These standards lay the foundation of a well established system which ensures that the Company achieves its Quality targets. Apart from these standards, the Company endeavors to meet all the standards and systems of its customers in order to provide them with a quality product. The Company firmly believes that offering high quality products, which are benchmarked with the best in the world, is an integral part of the total customers' satisfaction.

Outflow and occurrence prevention are the two pillars to achieve "Built in Quality". PPAP emphasis to establish non defective conditions in process by procedure controls, abnormality management, trainings and standardization. PPAP believe to develop an ownership driven work culture where quality of output is self certified by each and every team member. Another important tool is management and checking of standardized non-defective conditions so that defects are not generated. Every team member is involved in quality upgradation by implementation of Jishuken and quality circles.

Establishing non-defective process and continuously improving them is the key to produce quality product. The Company has implemented many systems like FMDS, TPS, Cell evaluation system, IQC, Pro-qac in order to continuously upgrade its operations in terms of safety, quality, cost and productivity, in order to make them globally best.

## Opportunities and threats

### Opportunities

- **Global components sourcing hub**

The Indian auto component industry is one of India's sunrise industries with tremendous growth prospects. It has emerged, from being a low-key supplier of components to the domestic market, to a significant player in the global automotive supply chain. Several global suppliers are increasing procurement from their Indian subsidiaries or partners due to the cost competitiveness coupled with robust engineering capabilities and location advantage. Foreign manufacturers are also keen to set up their facilities in India due to the presence of a large pool of skilled and semi-skilled workers.

- **Government's 'Make in India' Initiative**

'Make in India' initiative of the government has encouraged many companies to manufacture their products in India with dedicated investments in manufacturing. This has placed India on a strong footing when compared to the global giants in terms of size and scale.

The Automobile industry is one of the prime movers of the manufacturing sector under this initiative. It aims to increase exports of vehicles by five times. The OEMs have also started emphasising on localisation of parts, which will ultimately boost the auto components industry.

- **COVID-19 effects**

COVID-19 has disrupted the entire economy and had brought the entire country to a standstill. However, the demand of Automobiles is expected to increase for two wheeler segment as well as entry level passenger segment cars in the post-lockdown period as social distancing, and fear associated of using public transport & shared mobility will encourage more people to own their own car.

- **Financial incentives by government**

Each state in India offers additional incentives for industrial projects. Incentives are provided in the form of rebates in land cost, relaxation in stamp duty exemption on sale or lease of land, power tariff incentives, a concessional rate of interest on loans, investment subsidies / tax incentives, backward areas subsidies, special packages for mega projects etc.



- **Threats**

Economic slowdown leading to contraction in demand remains one of the major threats which could lead to decreased volumes and capacity utilization. Moreover, technological changes and environmental regulation continue to weigh on sector.

- **Risks**

The growth opportunity in India is attracting global OEMs to establish their operations in the country. Along with the OEM's their entire global supply chain also has started to get attracted towards the Indian market and today most of the global component suppliers are present in India. These phenomena have led to a substantial increase in the automotive component industry which is driving superior performance by all the companies. The Indian companies which are able to upgrade their operations, in line with, global standards, will be able to secure future business with the OEMs. The companies which are not able to upgrade their process & systems, focus on R&D, upgrading their quality and cost competitiveness and those who do not have a track record of superior performance with their customers, will find it difficult to survive in the long term. The competition will drive many associations as well as mergers and sell offs leading to consolidation and survival of overall competitive companies.

The Company identifies the risks by each process and location. At the operational level there are several risks that are inherent to the business of the Company. These are typically transactional in nature. These risks are managed through internal processes and controls. In addition, the Company has to deal with certain major micro risks that affect the Company's strategy implementation, some of which are enumerated below:

- **Raw material and supply risk**

Procurement of raw material for the products of the Company is a very significant part of the cost of the final product. Substantial increase in current raw material prices may pose a threat to the margins of the Company in this competitive auto component sector. To mitigate the risk, the Company strives to improve its operational performance and develop new cost competitive materials, which are technologically superior and meet the customers' specifications. The Company is also focusing on reducing the geographical risk by aggressively pursuing local sourcing of its raw materials and other components. The Company believes in building long-standing relationships with the suppliers and strong vendor management skills to secure an uninterrupted and timely supply of critical raw materials at competitive rates.

- **Technology risk**

The Company continues to be dependent on its technology partners for the products designed by them in collaboration with the global OEMs. In order to mitigate this risk, the Company is improving its R&D competence and is working on local design projects with the OEMs.

- **Regulatory change**

The new emissions norms and the focus on cleaner engine technologies might result in a reduction of vehicles in the short term. The frequent changes in policy may also restrict investments by the global OEM's to invest in the Indian market. The growth of the industry may get impacted due to these changes.

- **Availability of unskilled and skilled labour**

One of the key challenges faced by the Indian automotive industry is the availability of skilled manpower to support the operations. The Company also faces regional concerns in availability of skilled manpower. The industry is making a lot of efforts in partnering with the government in introducing skill programs like JIM and technical training institutes. The Company has established in house training centers known as DOJO centers to upgrade the skills of its workforce. The Company's prime focus is on development of its human capital by extensive training focusing on development of Mind, Body and Soul.

- **Quality / processes risk**

The quality and meeting delivery targets are the basic parameters / essence for the business of the Company. To mitigate this risk, the Company regularly impart job skill enhancement training, works on enhancing supplier capabilities, robust manufacturing processes and close monitoring of transporters.

- **COVID-19 risk**

The prevailing Covid-19 situation has brought in financial hardships and unprecedented risks for the Company. Goods and services markets are likely to suffer a setback as a result of poor consumer sentiments which may lead to lower retail footfalls and muted consumer demand.

## Financial performance

### Standalone

#### Profit and loss statement analysis

- Revenue from operations decreased by 12.39% YoY to ₹ 36,004.46 lacs in FY20, due to sluggish demand and COVID impact.
- EBITDA decreased by ₹ 2,645.57 lacs YoY to ₹ 5,074.39 lacs in FY20 due to lower sales and lower absorption of fixed cost.
- Depreciation stood at ₹ 2,572.29 lacs in FY20 from ₹ 2,599.53 lacs in FY19.
- EBIT stood at ₹ 2,577.39 lacs in FY20 from ₹ 5,227.49 lacs in FY19.
- PAT stood at ₹ 1,927.79 lacs in FY19.
- Earnings per share stood at ₹ 13.77 in FY20.

#### Balance sheet analysis

- Net worth increased to ₹ 30,419.76 lacs from ₹ 29,511.04 lacs in FY20. Equity share capital remained same to ₹ 1,400 lacs whereas, reserves and surplus increased to ₹ 29,019.76 lacs from ₹ 28,111.04 lacs recorded in FY20.
- Book value per share increased to ₹ 217.28 from ₹ 210.79 in FY19.
- Net fixed assets stood at ₹ 23,805.86 lacs and in FY19 ₹ 23,951.72 lacs.
- Current assets stood at ₹ 10,447.16 lacs in FY20.
- Borrowings decreased to ₹ 2,217.06 lacs from ₹ 2,459.32 lacs in FY20. Debt-Equity ratio stood at 0.07 times.
- Return on Net Worth (RONW) is 6.3% in FY20.
- Return on Capital Employed (ROCE) is 7.9% in FY20.

### Consolidated

#### Profit and loss statement analysis

- PAT stood at ₹ 1,820.41 lacs in FY20.
- Earnings per share stood at ₹ 13.00 in FY20.

#### Key financial ratios

Particulars	FY20	FY19
Debtor turnover ratio	8.77	7.3
Inventory turnover ratio	7.68	8.68
Interest coverage ratio	9.78	12.92
Current ratio	1.41	1.29
Debt equity ratio	0.07	0.08
Operating profit margin	6.95%	12.50%
*Net profit margin	5.10%	8.20%
*Return on net worth	6.30%	11.30%

\*Net Profit Margin and Return on Network is lower this year due to lower net profit as compared to last year.

#### Internal control system and their adequacy

The Company believes that internal controls is one of the key pillars of governance. It judiciously provides freedom to the management within a framework of appropriate checks and balances. The Company's internal financial control framework is established in accordance with the size and operations of the business and is in line with requirements of the Companies Act, 2013.

The Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transaction are authorized, recorded and reported correctly. The internal control system is designed to ensure that financials and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

The internal control system is supplemented by an extensive programme of internal audits, reviews by management and documented policies, guidelines and procedures. The management monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with standard operating procedures, accounting procedures and policies.

The Company has laid down transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions. The internal audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively. The internal audit report is regularly placed before the audit

committee of the Board. Based on the report of internal auditors, process owners undertake corrective action in their respective areas and thereby strengthening the controls continuously. Significant audit observations, if any, and corrective actions suggested and taken are presented to the audit committee of the Board. The Company is willing to take in order to achieve its long-term strategic objectives.

The Company believes that every employee has a role to play in fostering an environment in which emphasis on compliance with regulations and ethical behavior is accorded due importance. The process controls are self-evaluated and the measurement plans are laid out and monitored regularly to overcome the deficiencies as detected during self-evaluation and confirmed by the auditors.

During the financial year 2019-20, the Company has implemented a new ERP system i.e. SAP which will enable the Company to align all its processes and will result in better controls.

#### **Internal controls over financial reporting**

The Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the liability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparations of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- c) Provide reasonable assurance regarding or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have be a material effect on the financial statements.

#### **Human resources**

Human Resource plays a pivotal role in an organization's health, its sustainability and its growth. They push levers that take futuristic businesses to the next level of excellence and achievement. PPAP believes in building a capable and agile workforce to achieve its business objectives. The Company motivates its employees to work according to its purpose and its values. It prepares its people for the changing market scenario, maintain its competitive edge and unleash their full potential.

The Company maintains the right capabilities across all level of the organization through different modules of learning and development programs on fundamental skills, knowledge, attitude, management and capability enhancement, etc.

PPAP has a legacy of nurturing and promoting talent from within the organization to create a healthy and vibrant work culture. The Company believes in enhancing employees' everyday experiences and in building meaningful workplace relationships. The Company relies on leveraging the skills and experience of the people available within the organization. We continuously identify the capabilities for long term sustainable performance and prepare successors for the next generation.

The Company takes initiatives like regular health check-up, visit by Ayurveda doctor, conduct health awareness sessions, better food habits, yoga sessions, meditation sessions, spirituality sessions, cultural programs, etc. for the better mind and health of our employees.

Employees' safety is a major priority of the Company. The Company encourages the employees to participate in various safety promotional activities to shift their mind set towards safety.

The Company has channelized its communication processes so that the voice of the management reaches the last employee and the voice of the last employee, reaches to the top management. This ensures harmony, focused working and enables the Company to achieve impossible tasks.

The Company puts special emphasis on employee communication through town hall meetings, celebration of festivals, leadership interactions and promotional activities to ensure alignment with Company's Mission. Employee feedback surveys and discussions also help the Company in providing insights on what is important to employees. The HR function of the Company is committed to improve all its processes based on the results and feedback and ensures that the Company's human resource will remain its greatest asset.

#### **Training and development**

PPAP's basic policy for training and development is the cultivation of "Teach and be Taught" culture and to pass on this knowledge and skills to the next generation. Immediate senior plays a leading role in developing this culture. We have developed a vibrant work culture by adopting "learn, perform and drive" thinking way.

Training and development enable employees to expand their knowledge, acquire new skills, sharpen existing ones, perform better, increase productivity and become better leaders. Trainings are based on 70-20-10 principle i.e. 10% of the time of trainee goes in classroom, 20% learning is supported by the coach and 70% action on projects which enable an employee to complete the learning cycle and understand the processes, in depth.

The Company imparts induction training to all fresh recruits to ensure that they work to achieve Company's goals and be a part of our journey to take the organization to new heights. Refresher training is also imparted to existing employees as per need. PPAP promotes a self-learning culture in which subordinates are encouraged to inculcate reading habits of a variety of books, reports and articles on the latest trends and global practices. Employees are encouraged to share learnings with their peers.

The Company constantly engages its employees in various other learning and development programmes like TBP projects (systematic problem-solving skills along with drive and dedication), Jishuken, Quality circle, Interplant quiz competition and Kaizens, etc. to improve work efficiency and build collective skill and intelligence.

The team members are continuously trained at the shop floor for SOP adherence, quality and technical aspects viz. Advanced Product Quality Planning, Production Part Approval Process, Failure Mode and Effects Analysis, Measurement System Analysis, Statistical Process Control, PROQAC etc., on system needs and safety. At shop floor level, a unique Ownership Development programme is practiced where high potential blue-collar employees are identified and groomed for upward mobility.

Every year PPAP sends few employees for one year training at Toyota Kirloskar Motor, Bangalore for learning Toyota Production System (TPS). Our employees also get trained at Maruti Suzuki Centre for Excellence (MACE). The Company has 'DOJO Centre' to ensure zero defects for its customers.

### Safety, Health and Environment

The Company is committed to provide a safe, secure and healthy workplace. Environment, Health and Safety (EHS) is one of the primary focus areas for PPAP. Safety is treated as the first step in every activity for the Company. The Company has well defined safety organization, which is responsible to carry out all safety, electrical and fire audits, risk assessment, safety meetings and take necessary safety measures on the identified unsafe conditions and acts (Hiyari Hatto Points) so that it cannot lead to any near miss or accident with the hierarchy of control i.e. hazard elimination, substitution, engineering control, administrative control and provision of personal protective equipment. Safety team of PPAP conducts mock drills and educates employees from time to time. The Company ensures that the safety standards and norms are adequately complied with.

The details of certifications are as follows:-

Locations	ISO IATF 16949 : 2016	ISO 14001 : 2015	ISO 45001 : 2018	ISO 50001 : 2018
<b>PPAP</b>				
Plant I (Noida)	Y	Y	Y	Y
Plant II (Noida)	Y	Y	Y	Y
Plant III (Surajpur)	Y	Y	Y	Y
Plant IV (Pathredi)	Y	Y	Y	Y
Plant V (Vallam Vadagal)	Y	#	#	#
Plant VI (Viramgam)	Y	#	#	#
<b>JV Company</b>				
Plant I (Surajpur)	Y	#	#	#
Plant II (Viramgam)	Y	#	#	#

# under process

PPAP is endeavour to protect the environment planet by combining the modern ways of living with a deeper understanding of nature. PPAP's continuously ensures that the environment in all its plants and surroundings nearby is safe and healthy for everyone. The Company is undertaking numerous environment management programmes and projects to minimize environment footprint, energy and water consumption as well as waste reduction from manufacturing operations. The Key focus areas are:

- Efforts to reduce environmental impact;
- Regulations governing waste;
- Regulations governing chemicals; and
- Pollution prevention.

### Cautionary statement

Statements in the management discussion & analysis report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices, raw material availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

# Independent Auditors' Report

## TO THE MEMBERS OF PPAP AUTOMOTIVE LIMITED

### Report on the Audit of the Ind AS Standalone Financial Statements

#### Opinion

We have audited the Ind AS standalone financial statements of **PPAP Automotive Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March, 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS standalone financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to Note No. 53 to the Ind AS Financial Statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverable value assessment of Property, plant and equipment</b></p> <p>The Company has considered possible effects that may result from the pandemic relating to COVID 19 and made detailed assessment of likely impact of the same on the recoverable value of Property, plant and equipment.</p> <p>The Company assessed the carrying amount of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.</p> <p>Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.</p> <p>While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. As at 31<sup>st</sup> March, 2020, based on the Company's internal calculations, further validated by an external valuer, the estimated recoverable amount of property, plant and equipment exceeded its carrying amount.</p> <p>(Refer note 53 to the standalone financial statements)</p>	<p>Our audit procedures included, but were not restricted to:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation, and testing the operating effectiveness of the relevant controls over determination of recoverable value of property, plant and equipment.</li> <li>• Assessing the accuracy and completeness of the information shared with the independent expert engaged by the management.</li> <li>• Evaluating the reasonableness of the valuation provided by the independent expert by challenging the significant assumptions used and estimates and judgements made in deriving the valuation with the help of internal fair value specialist.</li> <li>• Assessing the competence and independence of the valuation expert engaged by the Company for determining the replacement cost of property, plant and equipment.</li> <li>• Verification of accounting implications, if any, and appropriateness of disclosures in the financial statements.</li> </ul> <p><b>Audit Conclusion:</b></p> <p>Our procedures did not identify any requirement for impairment in value of Property, plant and equipment.</p>

We have determined that there are no other key audit matters to communicate in our report.

### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind As financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The balance sheet, the statement of profit and loss including the statement of other comprehensive income, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the Director is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note 38 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Company.

**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 20408316AAAACB2615

**ANNEXURE-I TO THE INDEPENDENT AUDITORS' REPORT****(Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)**

- (i) In respect of fixed assets:
- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
  - Title deeds in respect of all immovable properties are held in the name of the Company.
- (ii) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials. In view of Covid-19, the physical verification was carried out after end of lockdown and the stock verified was traced back to the year-end figures. We were explained that no material discrepancies have been noticed on physical verification. As informed to us, discrepancies noticed on physical verification, wherever material, were duly dealt with in the books of account.
- (iii) The Company has not granted any loan to a company covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of, clause 3(iii) (a), (b) and (c) of the order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments and guarantees given by the Company. We are informed that the Company has not provided any security during the year.
- (v) According to the information and explanations given to us the Company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of certain manufacturing activities of the Company. We have broadly reviewed such records and are of the opinion that prescribed accounts and records have been maintained.
- (vii) a) As per information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other statutory dues with the appropriate authorities. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b) We have been informed that following disputed demands in respect of VAT, excise duty and income tax have not been deposited on account of pending appeals: -

Particulars	Period	Amount	Forum where appeal is pending
Sales Tax / VAT	2004-2005	45,441	Joint Commissioner of Sales Tax (Appeals)
Sales Tax / VAT	2011-12	5,24,112	Commercial Tax Tribunal (Noida, UP)
Sales Tax / VAT	2012-13	35,59,469	Commercial Tax Tribunal (Noida, UP)
Excise Duty	May, 2004 to July, 2004	2,11,792	Appellate Tribunal (CESTAT), Delhi
Excise Duty	April, 2015 to March, 2016	70,72,000	Appellate Tribunal (CESTAT), Delhi
Excise Duty	April, 2013 to June, 2017	4,10,05,000	Joint Commissioner Greater Noida / Alwar
Income Tax	A.Y. 2015-2016	29,84,000	Commissioner (Appeals), Delhi
Income Tax	A.Y. 2018-2019	1,50,51,240	Commissioner (Appeals), Delhi

- (viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, there is no default in repayment of loans to the banks, financial institutions as at the year end. There are no loans from government and the Company has not issued any debentures.
- (ix) As explained to us, the amounts raised by way of term loans were applied for the purpose for which the loans were taken. The Company has not raised any money during the year by way initial or further public offer.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31<sup>st</sup> March 2020.



- (xi) According to information and explanations given to us, the managerial remuneration paid and provided by the Company during the year is in accordance with the requisite approvals mandated under the provisions of Section 197 read with Schedule V of the Act.
- (xii) The Company is not a Nidhi company and therefore clause 3(xii) of the Order related to such companies is not applicable to the Company.
- (xiii) According to information and explanations given to us, we are of the opinion that all related party transactions are in compliance with the Section 177 and 188 of the Act. Necessary disclosures have been made in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to information and explanations given to us by the management, the company has not entered into any non-cash transactions with any of its directors or persons connected with the directors during the year. Therefore, clause 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934.

**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 20408316AAAACB2615

## **ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

We have audited the internal financial controls over financial reporting of **PPAP Automotive Limited** ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to these standalone financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on “Audit of Internal Financial Controls Over Financial Reporting” issued by the Institute of Chartered Accountants of India.

**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 20408316AAAACB2615

# BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	22,165.47	23,123.43
Capital work-in-progress	4	786.06	50.04
Other intangible assets	5	854.33	598.52
Intangible assets under development	5a	-	179.73
Financial assets			
a. Investments	6	5,083.00	4,853.80
b. Loan	7	209.49	218.95
c. Other financial assets	8	242.34	262.06
Other non-current assets	9	865.09	471.36
		<b>30,205.78</b>	<b>29,757.89</b>
<b>Current assets</b>			
Inventories	10	4,881.45	4,496.33
Financial assets			
a. Trade receivables	11	4,106.32	5,742.42
b. Cash and cash equivalents	12	209.14	42.59
c. Other balances with banks	13	291.31	8.64
d. Loans	14	42.73	38.11
e. Other financial assets	8	48.63	439.29
Other current assets	15	867.58	954.76
		<b>10,447.16</b>	<b>11,722.14</b>
		<b>40,652.94</b>	<b>41,480.03</b>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	1,400.00	1,400.00
Other equity	17	29,019.76	28,111.04
		<b>30,419.76</b>	<b>29,511.04</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
a. Borrowings	18	1,202.67	1,293.63
Provisions	19	950.66	712.01
Deferred tax liabilities (net)	20	695.05	905.24
<b>Current liabilities</b>			
Financial liabilities			
a. Borrowings	18	992.79	375.95
b. Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		49.38	63.98
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,107.11	3,956.63
c. Other financial liabilities	22	423.70	2,384.62
Other current liabilities	23	1,697.44	2,158.92
Provisions	19	99.29	88.92
Current tax liabilities (net)	24	15.09	29.09
		<b>10,233.18</b>	<b>11,968.99</b>
		<b>40,652.94</b>	<b>41,480.03</b>
<b>Total Equity and Liabilities</b>			

Significant accounting policies 2  
The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

**Sanjeev Agarwal**  
Partner  
Membership No: 408316

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839

**Anurag Saxena**  
Chief Financial Officer

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651

**Sonia Bhandari**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
<b>INCOME</b>			
Revenue from operations	25	36,004.46	41,098.04
Other income	26	75.29	107.06
<b>Total Income (I)</b>		<b>36,079.75</b>	<b>41,205.10</b>
<b>Expenses</b>			
Cost of materials consumed	27	19,708.33	21,980.69
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(113.82)	(925.60)
Employee benefits expense	29	6,606.93	7,133.27
Finance costs	30	263.51	404.71
Depreciation and amortization expense	31	2,572.29	2,599.53
Other expenses	32	4,728.63	5,189.72
<b>Total Expenses (II)</b>		<b>33,765.87</b>	<b>36,382.32</b>
<b>Profit / (loss) before tax from continuing operations (I-II)</b>		<b>2,313.88</b>	<b>4,822.78</b>
<b>Tax expenses</b>	20		
Current tax		684.00	1,609.00
Adjustment of tax relating to earlier periods		(147.67)	(85.29)
Deferred tax		(150.24)	(42.56)
<b>Profit / (loss) for the year</b>		<b>1,927.79</b>	<b>3,341.63</b>
<b>Other Comprehensive Income (OCI)</b>	33		
<b>Items that will not be reclassified to profit &amp; loss in subsequent periods</b>			
Re-measurement gains / (losses) on defined benefit plans		(150.71)	(65.19)
Income tax effect on such items		59.96	22.75
<b>Total other comprehensive income for the year, net of tax</b>		<b>(90.75)</b>	<b>(42.44)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>1,837.03</b>	<b>3,299.19</b>
Earnings per equity share (computed on the basis of profit for the year) (₹)	33		
(1) Basic		13.77	23.87
(2) Diluted		13.77	23.87

Significant accounting policies

2

The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
 Chartered Accountants  
 FRN No. 000018N / N500091

**Sanjeev Agarwal**  
 Partner  
 Membership No: 408316

Place: New Delhi  
 Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
 Chairman & Managing Director  
 DIN: 00148839

**Anurag Saxena**  
 Chief Financial Officer

**Abhishek Jain**  
 CEO & Managing Director  
 DIN: 00137651

**Sonia Bhandari**  
 Company Secretary

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Year ended	
	31.03.2020	31.03.2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	2,313.88	4,822.78
<b>Adjusted for</b>		
Depreciation and amortisation expense	2,572.29	2,599.53
Provision employee benefits / CSR	98.31	(19.73)
Interest expense	143.22	404.71
Balances written off	(14.56)	(0.12)
Provision for bad & doubtful debts	(0.70)	6.06
Interest income	(22.35)	(15.16)
	2,776.20	2,975.29
<b>Operating Profit before Working Capital Changes</b>	<b>5,090.08</b>	<b>7,798.07</b>
<b>Working capital adjustments</b>		
Decrease / (Increase) in inventories	(385.12)	(1,300.70)
Decrease / (Increase) in trade and other receivables	2,404.92	60.56
Movement in trade and other payables	(2,271.94)	999.31
	(252.14)	(240.83)
<b>Cash generated from operations</b>	<b>4,837.93</b>	<b>7,557.24</b>
Direct taxes refunded / (paid)	(1,219.23)	(1,691.43)
<b>Net cash from operating activities (A)</b>	<b>3,618.71</b>	<b>5,865.81</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, equipment	(1,557.68)	(2,303.63)
Purchase of assets in CWIP	(736.02)	(1,770.75)
Purchase of assets in Intangible assets under construction	(65.36)	(179.73)
Purchase of intangible assets	(191.34)	(161.58)
Sale of tangible fixed assets	123.94	147.91
Sale / (purchase) of Non current investments	(229.20)	0.40
Investment in fixed deposits (purchased) / matured	(282.67)	(59.92)
Interest income	22.35	15.16
<b>Net cash used in investing activities (B)</b>	<b>(2,915.98)</b>	<b>(4,312.14)</b>

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Year ended	
	31.03.2020	31.03.2019
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan	9.46	16.70
Interest paid	(143.22)	(316.69)
Proceeds / (repayment) of long term borrowings	(90.96)	(843.63)
Proceeds / (repayment) of short term borrowings	616.84	254.86
Dividends paid (including dividend distribution tax)	(928.31)	(758.82)
<b>Net cash flow from financing activities (C)</b>	<b>(536.19)</b>	<b>(1,647.58)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>166.55</b>	<b>(93.91)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>42.59</b>	<b>136.50</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>209.14</b>	<b>42.59</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash on hand	14.76	11.10
Balance with banks		
On current accounts	194.38	31.49
Deposit with maturity of less than 3 months	-	-
	<b>209.14</b>	<b>42.59</b>

The accompanying Notes 1 to 53 form an integral part of these financial statements.

Note:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

**Sanjeev Agarwal**  
Partner  
Membership No: 408316

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839

**Anurag Saxena**  
Chief Financial Officer

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651

**Sonia Bhandari**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

## AS AT 31<sup>ST</sup> MARCH, 2020

### A. Equity share capital (refer note 16)

(₹ in lacs)

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
<b>At 1<sup>st</sup> April, 2018</b>	<b>1,40,00,000</b>	<b>1,400.00</b>
Issue of share capital	-	-
At 31 <sup>st</sup> March, 2019	1,40,00,000	1,400.00
Issue of share capital	-	-
<b>At 31<sup>st</sup> March, 2020</b>	<b>1,40,00,000</b>	<b>1,400.00</b>

### B. Other equity

	Reserves and Surplus			Items of Other comprehensive income	Total equity (refer note 17)
	General Reserve	Securities Premium	Retained earnings	Re-measurement gains / (losses) on defined benefit plans	
<b>At 1<sup>st</sup> April, 2018</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>17,405.33</b>	<b>6.39</b>	<b>25,570.67</b>
Net income / (loss) for the year	-	-	3,341.63	-	3,341.63
Other comprehensive income (note 33)	-	-	-	(42.44)	(42.44)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3,341.63</b>	<b>(42.44)</b>	<b>3,299.19</b>
Final dividend	-	-	(350.00)	-	(350.00)
Dividend distribution tax on final dividend	-	-	(71.25)	-	(71.25)
Interim dividend	-	-	(280.00)	-	(280.00)
Dividend distribution tax on interim dividend	-	-	(57.57)	-	(57.57)
<b>At 31<sup>st</sup> March, 2019</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>19,988.14</b>	<b>(36.05)</b>	<b>28,111.04</b>
Net income / (loss) for the year	-	-	1,927.79	-	1,927.79
Other comprehensive income (note 33)	-	-	-	(90.75)	(90.75)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,927.79</b>	<b>(90.75)</b>	<b>1,837.04</b>
Final dividend	-	-	(350.00)	-	(350.00)
Dividend distribution tax on final dividend	-	-	(71.96)	-	(71.96)
Interim dividend	-	-	(420.00)	-	(420.00)
Dividend distribution tax on interim dividend	-	-	(86.35)	-	(86.35)
<b>At 31<sup>st</sup> March, 2020</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>20,987.62</b>	<b>(126.80)</b>	<b>29,019.76</b>

The accompanying Notes 1 to 53 form an integral part of these financial statements.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
 Chartered Accountants  
 FRN No. 000018N / N500091

**Sanjeev Agarwal**  
 Partner  
 Membership No: 408316

Place: New Delhi  
 Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
 Chairman & Managing Director  
 DIN: 00148839

**Anurag Saxena**  
 Chief Financial Officer

**Abhishek Jain**  
 CEO & Managing Director  
 DIN: 00137651

**Sonia Bhandari**  
 Company Secretary



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### 1. Corporate information

PPAP AUTOMOTIVE LIMITED (“PPAP” or “the Company”) is a limited Company domiciled in India and was incorporated on 18<sup>th</sup> October, 1995. The registered office of the Company is located at 54, Okhla Industrial Estate Phase III, New Delhi - 110020, India.

PPAP is a leading manufacturer of automotive sealing systems, Interior and Exterior Automotive parts in India. The Company's state of the art manufacturing facilities are located in Noida (UP), Greater Noida (UP), Chennai (Tamil Nadu) and Pathredi (Rajasthan). The Company was listed on the Indian Stock Exchange (BSE/ NSE) in 2008. The financial statements of the Company for the year ended 31<sup>st</sup> March 2020 were authorized for issue in accordance with a resolution of the Directors on 5<sup>th</sup> June, 2020.

In 2012, the Company has ventured into EPDM Rubber based automotive sealing system by establishing a joint venture with its technology partner Tokai Kogyo Co. Ltd. - Japan.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

#### 2.2 Significant accounting policies

##### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset / liability is treated as current when it is:

- expected to be realised or intended to be sold or consumed or settled in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised/settled within twelve months after the reporting period, or;
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; and
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

##### b. Property, plant and equipment

###### i) Tangible assets

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition / installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul/repair is performed,

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2020

its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses / gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipment are provided to the extent of depreciable amount on the straight line (SLM) method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on internal technical evaluation as given below:

<u>Particulars</u>	<u>Useful lives</u>
Dies and Moulds	6 years

Leasehold Land and Leasehold Improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The residual values, useful lives and methods of depreciation/ amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) Capital work in progress

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

**c. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software and technical know-how are capitalised and amortised on straight line method over their estimated useful economic life of six years.

**d. Research & development costs**

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

**e. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

**f. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

### **g. Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, trading and other products are determined on FIFO basis. Work-in-progress is carried at cost or net realisable value whichever is lower.

### **h. Revenue recognition**

The Company derives revenues primarily from manufacturing and sale of automotive components and moulds.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for sale of automotive components and moulds are mostly on a fixed – price basis.

Revenue from fixed-price contracts are recognised when the performance obligations are satisfied upon delivery of components to the customers and where there is no uncertainty as to measurement or collectability of consideration. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

### **i. Foreign currency transactions**

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date of the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

### j. Taxes on income

#### Current tax

Current tax is measured at the amount expected to be paid / recovered to / from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity / other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT), paid in accordance with the Income Tax Act, 1961 gives rise to expected future economic benefits in the form of adjustment of future tax liability arising within a specified period, is recognised as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### k. Employee benefits

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

The Company's contribution to the Provident Fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to statement of profit and loss.

Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to 'other equity' through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit & loss in subsequent periods.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

Past service costs are recognised in statement of profit & loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

### **i. Royalty**

The Company pays / accrues for royalty in accordance with the relevant licence agreement with the technical know-how provider. The lump sum royalty incurred towards obtaining technical assistance / technical know-how and engineering support to manufacture new parts, ownership of which rests with the technical know-how provider, is recognised as an intangible asset. Royalty payable on sales of products i.e. running royalty is charged to the Statement of Profit and loss as and when incurred.

### **m. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1<sup>st</sup> April, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

### **n. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2020

#### o. Earnings per share

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

#### p. Recent accounting pronouncements

**Ind AS 116 'Leases'**: On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, 'Leases'. Ind AS 116 will replace the existing leases Standard, Ind AS 17 'Leases', and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1<sup>st</sup> April, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
  - It's carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application; or
  - An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is used the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1<sup>st</sup> April, 2019). Accordingly, comparatives for the year ended 31<sup>st</sup> March, 2019 is not retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatments'**: On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors', without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1<sup>st</sup> April, 2019. The Company has adopted the standard on 1<sup>st</sup> April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

application i.e. 1<sup>st</sup> April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 - Income taxes:** On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**Amendment to Ind AS 19 - 'Plan Amendment, Curtailment or Settlement':** On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Company does not have any impact on account of this amendment.

### q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### r. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### s. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### (a) Financial assets

#### Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

#### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

#### Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost.

#### Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables and all lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the company estimates the following provision matrix at the reporting date:

	0-180 days past due	More than 180 days past due
Default rate	0.05%	2.00%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

### (b) Financial liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **(d) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

### **t. Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **u. Unless specifically stated to be otherwise, these policies are consistently followed.**

## **2.3 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

### Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### (b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### (c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 3. Property, plant and equipment

	Land	Factory Building	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
<b>Cost</b>									
As at 1 <sup>st</sup> April, 2018	1,763.79	7,302.01	12,034.80	428.71	1,276.03	292.35	1,612.40	270.96	24,981.05
Additions	394.31	1,990.88	2,112.48	220.46	151.80	65.24	222.60	49.56	5,207.33
Disposals	-	-	7.28	0.07	286.84	0.12	-	0.02	294.33
<b>As at 31<sup>st</sup> March, 2019</b>	<b>2,158.10</b>	<b>9,292.89</b>	<b>14,140.00</b>	<b>649.10</b>	<b>1,140.99</b>	<b>357.47</b>	<b>1,835.00</b>	<b>320.50</b>	<b>29,894.05</b>
Additions	1.17	128.09	1,088.44	62.25	75.17	25.18	142.38	34.98	1,557.66
Disposals	-	-	43.85	-	153.47	0.75	2.50	-	200.57
<b>As at 31<sup>st</sup> March, 2020</b>	<b>2,159.27</b>	<b>9,420.98</b>	<b>15,184.59</b>	<b>711.35</b>	<b>1,062.69</b>	<b>381.90</b>	<b>1,974.88</b>	<b>355.48</b>	<b>31,251.14</b>
<b>Depreciation</b>									
As at 1 <sup>st</sup> April, 2018	-	491.05	2,772.93	85.42	252.88	116.03	650.72	127.11	4,496.14
Depreciation charge for the year 2018-19	5.99	338.80	1,449.94	59.74	188.50	61.40	255.38	61.15	2,420.90
Disposals	-	0.49	31.88	-	114.05	-	-	-	146.42
<b>As at 31<sup>st</sup> March, 2019</b>	<b>5.99</b>	<b>829.36</b>	<b>4,190.99</b>	<b>145.16</b>	<b>327.33</b>	<b>177.43</b>	<b>906.10</b>	<b>188.26</b>	<b>6,770.62</b>
Depreciation charge for the year 2019-20	21.23	354.44	1,455.09	66.30	153.10	56.24	231.79	53.48	2,391.67
Disposals	-	-	9.35	-	66.84	0.06	0.38	-	76.63
<b>As at 31<sup>st</sup> March, 2020</b>	<b>27.22</b>	<b>1,183.80</b>	<b>5,636.73</b>	<b>211.46</b>	<b>413.59</b>	<b>233.61</b>	<b>1,137.51</b>	<b>241.74</b>	<b>9,085.66</b>
<b>Net book value</b>									
<b>As at 31<sup>st</sup> March, 2020</b>	<b>2,132.05</b>	<b>8,237.18</b>	<b>9,547.86</b>	<b>499.89</b>	<b>649.10</b>	<b>148.29</b>	<b>837.37</b>	<b>113.74</b>	<b>22,165.47</b>
As at 31 <sup>st</sup> March, 2019	2,152.11	8,463.53	9,949.01	503.94	813.66	180.04	928.90	132.24	23,123.43

### 4. Capital work-in-progress

Particulars	Building Construction	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Total
As at 1 <sup>st</sup> April, 2018	907.98	275.01	-	-	-	1,182.99
Additions	1,041.04	729.71	-	-	-	1,770.75
Disposals / capitalizations	1,905.21	998.49	-	-	-	2,903.70
<b>As at 31<sup>st</sup> March, 2019</b>	<b>43.81</b>	<b>6.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.04</b>
Additions	570.32	1,184.67	31.02	9.81	99.49	1,895.31
Disposals / capitalizations	115.47	919.75	15.07	9.81	99.19	1,159.29
<b>As at 31<sup>st</sup> March, 2020</b>	<b>498.66</b>	<b>271.15</b>	<b>15.95</b>	<b>-</b>	<b>0.30</b>	<b>786.06</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>5. Other Intangible assets</b>	<b>Software</b>	<b>Technical Know How</b>	<b>Total</b>
<b>Cost</b>			
As at 1 <sup>st</sup> April, 2018	237.88	810.22	1,048.11
Additions	6.71	154.87	161.58
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>244.59</b>	<b>965.09</b>	<b>1,209.69</b>
Additions	206.79	229.64	436.43
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>451.38</b>	<b>1,194.73</b>	<b>1,646.12</b>
<b>Amortisation</b>			
As at 1 <sup>st</sup> April, 2018	64.36	368.17	432.54
Amortization charge for the year 2018-19	38.09	140.54	178.63
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>102.45</b>	<b>508.71</b>	<b>611.17</b>
Amortization charge for the year 2019-20	42.11	138.51	180.62
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>144.56</b>	<b>647.22</b>	<b>791.79</b>
<b>Net book value</b>			
As at 31 <sup>st</sup> March, 2020	306.82	547.51	854.33
As at 31 <sup>st</sup> March, 2019	142.14	456.38	598.52
<b>5a. Intangible assets under development</b>			<b>Software</b>
As at 1 <sup>st</sup> April, 2018			179.73
Additions			-
Disposals / capitalizations			-
<b>As at 31<sup>st</sup> March, 2019</b>			<b>179.73</b>
Additions			<b>65.36</b>
Disposals / capitalizations			<b>245.09</b>
<b>As at 31<sup>st</sup> March, 2020</b>			<b>-</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

6. Investments	Non-current	
	As at 31.03.2020	As at 31.03.2019
<b>(a) Investments in equity shares of Subsidiaries at cost</b>		
<b>Unquoted</b>		
PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited) 18,00,000 (31 <sup>st</sup> March, 2019: Nil) equity shares of ₹ 10 each fully paid up	180.00	-
Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited) 5,00,000 (31 <sup>st</sup> March, 2019: Nil) equity shares of ₹ 10 each fully paid up	50.00	-
	<b>230.00</b>	<b>-</b>
<b>(b) Investment in equity shares of joint venture company at cost</b>		
<b>Unquoted</b>		
PPAP Tokai India Rubber Private Limited 4,85,00,000 (31 <sup>st</sup> March, 2019 : 4,85,00,000) equity shares of ₹ 10 each fully paid up	4,853.00	4,853.00
	<b>4,853.00</b>	<b>4,853.00</b>
<b>(c) Investments in equity shares of Associates at cost</b>		
<b>Unquoted</b>		
PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited)-Nil (31 <sup>st</sup> March, 2019: 4,000) equity shares of ₹10 each fully paid up	-	0.40
Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited-Nil (31 <sup>st</sup> March, 2019: 4,000) equity shares of ₹10 each fully paid up	-	0.40
	-	0.80
<b>Total</b>	<b>5,083.00</b>	<b>4,853.80</b>
<b>Aggregate book value of quoted investments</b>	-	-
<b>Aggregate market value of quoted investments</b>	-	-
<b>Aggregate value of unquoted investments</b>	<b>5,083.00</b>	<b>4,853.80</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-

7. Loans (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Security deposits	209.49	218.95	-	-
<b>Total</b>	<b>209.49</b>	<b>218.95</b>	<b>-</b>	<b>-</b>

8. Other financial assets (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Bank deposits (having maturity more than 12 months)	241.06	262.06	-	-
Government grant receivable	-	-	-	394.12
Interest accrued on deposits	-	-	3.51	0.96
Insurance claim receivable	-	-	45.12	44.21
<b>Derivative instruments at fair value through profit or loss</b>				
Foreign exchange forward contracts receivables	1.28	-	-	-
<b>Total</b>	<b>242.34</b>	<b>262.06</b>	<b>48.63</b>	<b>439.29</b>

### Derivative instruments at fair value through profit or loss

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

### Bank deposits (having maturity more than 12 months)

Bank deposits are held as security against letter of credit and bank guarantees

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>9. Other non-current assets</b>	<b>As at</b>	<b>As at</b>
(Unsecured, considered good)	<b>31.03.2020</b>	<b>31.03.2019</b>
Capital advances	733.05	436.24
Other Non Current assets	132.04	35.12
<b>Total</b>	<b>865.09</b>	<b>471.36</b>
<b>10. Inventories</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
Raw materials	1,815.41	2,285.79
Work-in-process	671.97	1,872.44
Finished goods	1,642.71	328.42
Stores and spares	433.25	9.68
Goods in Transit	318.11	-
<b>Total</b>	<b>4,881.45</b>	<b>4,496.33</b>

**Note:**

For mode of valuation refer accounting policy number 2.2(g)

<b>11. Trade receivables</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
Unsecured, considered good	4,106.32	5,742.42
Unsecured, credit impaired	8.13	8.83
Less: Provision for doubtful receivables	8.13	8.83
<b>Total</b>	<b>4,106.32</b>	<b>5,742.42</b>
Due from Directors or other officers of the Company either severally or jointly with any other person.	-	-
Due from firms or private companies respectively in which any Director is a partner, a director or a Member	245.63	25.84

<b>12. Cash and cash equivalents</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>Balances with banks</b>		
On current accounts	194.38	31.49
Deposits with maturity of less than 3 months	-	-
Cash on hand	14.76	11.10
<b>Total</b>	<b>209.14</b>	<b>42.59</b>
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
<b>Balance with banks</b>		
On current accounts	194.38	31.49
Cash on hand	14.76	11.10
<b>Total</b>	<b>209.14</b>	<b>42.59</b>

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>13. Other balances with banks</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Bank deposits with maturity for 3 to 12 months (earmarked balances with banks)	291.31	8.64
<b>Total</b>	<b>291.31</b>	<b>8.64</b>

<b>14. Loans</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>Other loans</b>		
(Unsecured, considered good)		
Loan to staff	42.73	38.11
<b>Total</b>	<b>42.73</b>	<b>38.11</b>

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

<b>15. Other current assets</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
(Unsecured, considered good)		
Advance to suppliers & contractors	364.98	375.90
Prepaid expenses	135.47	90.87
Balances with government authorities	366.87	487.99
Other current assets	0.26	-
<b>Total</b>	<b>867.58</b>	<b>954.76</b>



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

16. Equity share capital	As at 31.03.2020	As at 31.03.2019
<b>Authorized</b>		
2,00,00,000 equity shares of ₹ 10 each (2,00,00,000 equity shares of ₹ 10 each)	2,000.00	2,000.00
<b>Subscribed and fully paid up</b>		
1,40,00,000 equity shares of ₹ 10 each (1,40,00,000 equity shares of ₹ 10 each)	1,400.00	1,400.00
<b>Total</b>	<b>1,400.00</b>	<b>1,400.00</b>

### A. Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31.03.2020		As at 31.03.2019	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,40,00,000	1,400.00	1,40,00,000	1,400.00
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,40,00,000</b>	<b>1,400.00</b>	<b>1,40,00,000</b>	<b>1,400.00</b>

### B. Terms / Rights attached to equity shares

The Company has only one class of equity share having face value of ₹ 10 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The holder of share is entitled to voting rights proportionate to their share holding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### C. Following shareholders hold equity shares more than 5% of the total equity shares of the Company:

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	Number of shares held	% of holding in class	Number of shares held	% of holding in class
Ajay Kumar Jain	38,67,180	27.62%	38,67,180	27.62%
Abhishek Jain	10,02,404	7.16%	10,02,404	7.16%
Kalindi Farms Private Limited	18,58,982	13.28%	18,58,982	13.28%

### D. Aggregate number and class of shares for a period of 5 years immediately preceding pursuant to contract(s) without payment being received in cash

Particulars	As at 31.03.2020	As at 31.03.2019
Aggregate number and class of shares for a period of 5 years immediately preceding pursuant to contract(s) without payment being received in cash	Nil	Nil

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

	(₹ in lacs)
	<b>Amount</b>
<b>17. Other equity</b>	
<b>a) Securities premium</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>7,000.00</b>
Issue of equity shares	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>7,000.00</b>
Issue of equity shares	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>7,000.00</b>
<b>b) Actuarial gains / losses on defined benefit employee obligations</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>6.39</b>
Other comprehensive income for the year 2018-19	(42.44)
<b>As at 31<sup>st</sup> March, 2019</b>	<b>(36.05)</b>
Other comprehensive income for the year 2019-20	(90.75)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>(126.80)</b>
<b>c) General reserve</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>1,158.95</b>
Add: Transferred from retained earnings	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>1,158.95</b>
Add: Transferred from retained earnings	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>1,158.95</b>
<b>d) Retained earnings</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>17,405.33</b>
Profit for the year 2018-19	3,341.63
Less: Final dividend paid	(350.00)
Less: Distribution tax paid on final dividend	(71.25)
Less: Interim dividend Paid	(280.00)
Less: Distribution tax paid on Interim dividend	(57.57)
<b>As at 31<sup>st</sup> March, 2019</b>	<b>19,988.14</b>
Profit for the year 2019-20	1,927.79
Less: Final dividend paid	(350.00)
Less: Distribution tax paid on final dividend	(71.96)
Less: Interim dividend Paid	(420.00)
Less: Distribution tax paid on Interim dividend	(86.35)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>20,987.62</b>
<b>Total other equity</b>	
<b>As at 31<sup>st</sup> March, 2020</b>	<b>29,019.76</b>
<b>As at 31<sup>st</sup> March, 2019</b>	<b>28,111.04</b>

### Nature and purpose of reserves

#### a) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium.

#### b) Actuarial gains / losses on defined benefit employee obligations

The amount of actuarial gains / losses recognised on post employment defined benefit employee obligations till date. Actuarial gains / losses are differences between any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans which are recognised in 'other comprehensive income' and subsequently not reclassified to the statement of profit and loss.

#### c) General reserve

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

#### d) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

18. Borrowings	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>Secured</b>				
<b>Term loans</b>				
Term loan from banks	-	749.37	-	-
Term loan from financial institution	1,163.98	1,267.04	-	-
<b>Vehicle loans</b>				
From banks	60.29	66.96	-	-
Less: Current maturities	(21.60)	(789.74)	-	-
<b>Working capital loans from banks</b> (refer note III below)	-	-	992.79	375.95
<b>Total</b>	<b>1,202.67</b>	<b>1,293.63</b>	<b>992.79</b>	<b>375.95</b>

### Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31.03.2020	As at 31.03.2019			
Term loan from banks		749.37	8.40% to 8.80% per annum	Refer note I	Repayable in 20 quarterly installments
Term loan from financial institution	1163.98	1267.04	Nil	Refer note II	Repayable in one installment after seven years from the date of disbursement i.e. 29.10.2015 for ₹ 809.38 lacs 27.12.2016 for ₹ 499.71 lacs and 02.11.2018 for ₹ 432.99 lacs.
Vehicle loans from banks	60.29	66.96	8.40 % to 13% per annum	Secured by way of hypothecation of vehicles.	Repayable in equal monthly instalments of 18 to 60 months
Working capital loans from banks	992.79	375.95	8.15% to 9.30% per annum	Refer note III	On demand

#### Note I:

Term loans are secured by 1<sup>st</sup> charge on all movable assets (present and future) of the Company. Term loans are further secured by way of equitable mortgage on factory land and building of the Company situated at Kasna, Greater Noida. The charges are ranked pari-passu with the charges shared with other bankers.

#### Note II:

Loan from State Owned Corporation, viz. The Pradeshiya Industrial & Investment Corporation of U.P. Limited is secured by bank guarantee equivalent to 100% of loan amount.

#### Note III:

Secured by hypothecation of inventories, book debts, other current assets, factory land and building situated at B-206A, Sector-81, Phase-II, Noida.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

19. Provisions	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>Provision for employee benefits</b>				
Provision for gratuity	794.17	598.23	65.24	74.38
Provision for compensated absences (Refer note 33 for Ind AS 19 disclosures)	156.49	113.78	34.05	14.54
<b>Total</b>	<b>950.66</b>	<b>712.01</b>	<b>99.29</b>	<b>88.92</b>

### 20. Income Taxes

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 are:

#### A. Statement of profit and loss

(i) Profit & loss section	As at 31.03.2020	As at 31.03.2019
Current income tax charge	684.00	1,609.00
Adjustments in respect of current income tax of previous year	(147.68)	(85.29)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(150.24)	(42.56)
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>386.08</b>	<b>1,481.15</b>
(ii) OCI section	As at 31.03.2020	As at 31.03.2019
Deferred tax related to items recognised in OCI during the year:		
Net loss / (gain) on remeasurements of defined benefit plans	59.96	22.75
<b>Income tax charged to OCI</b>	<b>59.96</b>	<b>22.75</b>

#### B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for financial year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2020.

Particulars	As at 31.03.2020	As at 31.03.2019
Accounting profit before tax from continuing operations	2,313.88	4,822.78
<b>Accounting profit before income tax</b>	<b>2,313.88</b>	<b>4,822.78</b>
At India's statutory income tax rate of 25.17% (31 <sup>st</sup> March, 2019: 34.61%)	582.36	1,685.27
Adjustments in respect of current income tax of previous years	(147.67)	(85.29)
Net disallowances on which deferred tax is not recognised	23.77	32.84
Exempted income / deductions	(72.37)	(151.67)
<b>At the effective income tax rate of 16.69% (31<sup>st</sup> March, 2019: 30.71%)</b>	<b>386.09</b>	<b>1,481.15</b>
Income tax expense reported in the statement of profit and loss	386.09	1,481.15
	<b>386.09</b>	<b>1,481.15</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**C. Deferred tax**

Deferred tax relates to the following:	Balance sheet		Statement of profit and loss / OCI	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Accelerated depreciation for tax purposes	797.80	825.78	27.98	(14.90)
Provision for gratuity & leave encashment	(277.96)	(215.28)	62.68	46.54
Provision for expected credit loss	-	(1.00)	(1.00)	0.04
Present valuation of borrowings	175.20	295.74	120.54	33.63
<b>Deferred tax (expense) / income</b>	-	-	<b>210.20</b>	<b>65.31</b>
<b>Net deferred tax (assets) / liabilities</b>	<b>695.04</b>	<b>905.24</b>	-	-

**Reflected in the balance sheet as follows:**

	As at 31.03.2020	As at 31.03.2019
Deferred tax assets	(277.96)	(216.28)
Deferred tax liabilities	973.00	1,121.52
<b>Deferred tax liabilities (net)</b>	<b>695.04</b>	<b>905.24</b>

**Reconciliation of deferred tax liabilities (net)**

	As at 31.03.2020	As at 31.03.2019
<b>Opening balance</b>	<b>905.24</b>	<b>970.55</b>
Tax (income) / expense during the period recognized in profit & loss	(150.24)	(42.56)
Tax (income) / expense during the period recognized in OCI	(59.96)	(22.75)
<b>Closing balance</b>	<b>695.04</b>	<b>905.24</b>

**21. Trade payables**

	As at 31.03.2020	As at 31.03.2019
Trade payables		
- total outstanding dues of micro and small enterprises	49.38	63.98
- total outstanding dues of creditors other than micro and small enterprises	4,107.11	3,956.63
<b>Total</b>	<b>4,156.49</b>	<b>4,020.61</b>

**22. Other financial liabilities**

	As at 31.03.2020	As at 31.03.2019
Security deposits	13.66	1.50
Current maturities of long-term debt		
Term loans	-	749.37
Vehicle loans	21.60	40.37
Interest accrued on borrowings	0.15	2.35
Capital creditors	-	775.49
Creditors for expenses	97.53	807.45
Unclaimed dividends	290.76	8.09
<b>Total</b>	<b>423.70</b>	<b>2,384.62</b>

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>23. Other current liabilities</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Advance from customers	807.32	1,596.85
Statutory dues payable	890.12	562.07
<b>Total</b>	<b>1,697.44</b>	<b>2,158.92</b>

<b>24. Current tax liabilities (net)</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Income tax provision (net of advance tax of ₹ 668.91 lacs (31 <sup>st</sup> March, 2019: ₹ 1,579.91 lacs))	15.09	29.09
<b>Total</b>	<b>15.09</b>	<b>29.09</b>

<b>25. Revenue from operations</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Sale of products		
Automotive parts	31,807.90	38,862.30
Moulds	3,983.55	1,554.20
	35,791.45	40,416.50
Other operating revenue		
GST subsidy	179.72	681.54
Hedging gain (loss)	1.28	-
Investment subsidy on employment	32.01	-
<b>Total</b>	<b>36,004.46</b>	<b>41,098.04</b>

### Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. The Company does not have any remaining performance obligations as at 31<sup>st</sup> March, 2020 (31<sup>st</sup> March, 2019: Nil).

The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 'Revenue' from contract with customers on the financials results of the Company for the year ended and as at 31<sup>st</sup> March, 2020 is insignificant.

<b>26. Other income</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
<b>Other non operating income</b>		
Interest income	22.35	15.16
Foreign exchange gain	-	7.65
Rent Received	29.25	81.35
Investment subsidy on electricity	9.13	-
Unclaimed balances written off	14.56	0.12
Other miscellaneous Income	-	2.78
<b>Total</b>	<b>75.29</b>	<b>107.06</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>27. Cost of materials consumed</b>		
Raw material	15,625.93	15,935.01
Dyes & chemicals	167.64	299.96
Packing material	723.27	936.67
Accessories	1,700.64	3,439.82
Fabric	25.60	118.68
Steel	538.31	772.11
Dies & Molds	926.95	478.44
<b>Total</b>	<b>19,708.34</b>	<b>21,980.69</b>
<b>28. Changes in inventories of finished goods, stock in trade and work-in-process</b>		
<b>Inventories at the beginning of the year</b>		
Work-in-process	329.93	350.33
Work-in-process of inhouse manufactured molds	1,542.51	751.03
Less : Work-in-process used in fixed assets	-	(77.80)
Finished goods	328.42	251.70
<b>Total inventories at the beginning of the year (A)</b>	<b>2,200.86</b>	<b>1,275.26</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	649.63	329.93
Work-in-process of inhouse manufactured molds	1,176.69	1,542.51
Finished goods	488.35	328.42
<b>Total inventories at the end of the year (B)</b>	<b>2,314.67</b>	<b>2,200.86</b>
<b>Work-in-process used from / (in fixed assets) (C)</b>	<b>-</b>	<b>-</b>
<b>Total (A-B+C)</b>	<b>(113.82)</b>	<b>(925.60)</b>
<b>29. Employee benefits expense</b>		
Salaries and wages	5,919.97	6,436.88
Contribution to provident and other funds	334.45	314.21
Staff welfare expenses	352.51	382.18
<b>Total</b>	<b>6,606.93</b>	<b>7,133.27</b>
<b>30. Finance costs</b>		
Interest expense	263.17	394.36
Other borrowing costs	0.34	10.35
<b>Total</b>	<b>263.51</b>	<b>404.71</b>

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>31. Depreciation and amortization expense</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Depreciation of property, plant and equipment (refer note 3)	2,391.67	2,420.90
Amortization of intangible assets (refer note 5)	180.62	178.63
<b>Total</b>	<b>2,572.29</b>	<b>2,599.53</b>
<b>32. Other expenses</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Other manufacturing expenses		
Stores and spares consumed	187.73	127.31
Power and fuel	869.32	1,094.88
Factory expenses	142.45	182.28
Repair & maintenance		
Building	17.59	89.43
Machinery	182.19	217.95
Others	30.69	88.39
Administrative and other expenses		
Rent	65.74	121.46
Rates & taxes	10.36	13.09
Listing expenses	2.50	4.38
Postage & telephone expenses	49.31	68.45
Printing & stationery	39.49	102.37
Traveling & conveyance expenses	577.09	636.31
Office electricity & water	9.96	7.93
Insurance charges	192.59	106.07
Factory security	116.53	109.37
Foreign exchange loss	40.42	-
Loss on sale of assets	32.03	-
Legal & professional charges	199.77	342.75
Meeting expenses	1.23	1.50
Motor car expenses	26.96	28.41
Bank charges	28.50	21.97
Fees & subscription	14.16	31.19
Provision for Bad and Doubtful Debt	(0.70)	6.06
Corporate social responsibility expenses (refer note 51)	94.15	77.21
Directors sitting fees	22.00	23.20
Payment to collaborators / royalty	319.38	432.04
Charity & donation	0.28	1.01
Discount and short recovery	4.18	-
Miscellaneous expenses	235.24	33.01
Auditors' remuneration :		
- As audit fees	8.45	8.45
- For tax audit, certification & tax representations	5.82	8.59
- For other matters	9.45	8.68
- For reimbursement of expenses	0.09	0.10
Selling & distribution expenses		
Freight & forwarding expenses	1,170.55	1,166.58
Advertisement, publicity & sales promotion	23.13	29.30
<b>Total</b>	<b>4,728.63</b>	<b>5,189.72</b>



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 33. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 <sup>st</sup> March, 2020	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	(150.71)	(150.71)
Income tax effect	59.96	59.96
<b>Total</b>	<b>(90.75)</b>	<b>(90.75)</b>

During the year ended 31 <sup>st</sup> March, 2019	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	(65.19)	(65.19)
Income tax effect	22.75	22.75
<b>Total</b>	<b>(42.44)</b>	<b>(42.44)</b>

### 34. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the Company by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Profit for the year as per statement of profit & loss	1,927.79	3,341.63
<b>Profit attributable to equity holders of the Company for basic earnings</b>	<b>1,927.79</b>	<b>3,341.63</b>
	<b>No. of Shares</b>	
Weighted average number of equity shares in calculating basic EPS	1,40,00,000	1,40,00,000
Effect of dilution	-	-
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>1,40,00,000</b>	<b>1,40,00,000</b>
<b>Earnings per equity share</b>		
Basic (₹)	13.77	23.87
Diluted (₹)	13.77	23.87
<b>Face value of each equity share (₹)</b>	<b>10</b>	<b>10</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 35. Employee benefit plans

Defined contribution plans - general description

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹ 259.12 lacs (31<sup>st</sup> March, 2019: ₹ 230.34 lacs).

Defined benefit plans - general description

Gratuity

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Company makes provision of such gratuity asset / liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

**The following tables summarise the components of net benefit expense recognised in the statement of profit & loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:**

<b>Changes in the present value of the defined benefit obligation are as follows:</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>Defined benefit obligation at the beginning of the year</b>	672.61	621.96
Current service cost	81.09	62.22
Past service cost	-	(63.43)
Interest cost	52.46	47.95
Benefits paid	(97.46)	(61.28)
Actuarial (gain) / loss on obligations-OCI	150.71	65.19
<b>Defined benefit obligation at the end of the year</b>	<b>859.41</b>	<b>672.61</b>
<b>Changes in the fair value of plan assets are as follows:</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>Fair value of plan assets at the beginning of the year</b>	-	-
Contribution by employer	-	-
Benefits paid	-	-
Expected interest income on plan assets	-	-
Actuarial gain / (loss) on plan asset	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of fair value of plan assets and defined benefit obligation</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Fair value of plan assets	-	-
Defined benefit obligation	859.41	672.61
<b>Amount recognised in the balance sheet</b>	<b>859.41</b>	<b>672.61</b>
<b>Amount recognised in statement of profit and loss</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Current service cost	81.09	62.22
Net interest expense	52.46	47.95
Past service cost	-	(63.43)
<b>Amount recognised in statement of profit and loss</b>	<b>133.55</b>	<b>46.74</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

Amount recognised in other comprehensive income	31.03.2020	31.03.2019
Actuarial changes arising from changes in demographic assumptions		-
Actuarial changes arising from changes in financial assumptions	74.88	3.78
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gain) / loss arising from experience adjustments	75.83	61.41
<b>Amount recognised in other comprehensive income</b>	<b>150.71</b>	<b>65.19</b>

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31.03.2020	31.03.2019
Discount rate	6.92%	7.80%
Expected rate of return on plan assets	NA	NA
Future salary increases	5.50%	5.50%
Attrition rate (up to 30 years)	3.00%	3.00%
Attrition rate (from 30 to 45 years)	2.00%	2.00%
Attrition rate (above 45 years)	1.00%	1.00%
Retirement age	58 years	58 years

A quantitative sensitivity analysis for significant assumption as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 is as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Assumptions				
Discount rate	+0.50%	+0.50%	(43.94)	(31.83)
	-0.50%	-0.50%	47.57	34.39
Future salary increases	+0.50%	+0.50%	47.52	34.59
	-0.50%	-0.50%	(44.26)	(32.27)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Sensitivities due to mortality and withdrawals are insignificant and hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Company's best estimate of expense for the next Annual reporting period is ₹ 149.86 lacs (31<sup>st</sup> March, 2019: ₹ 124.95 lacs).

The expected maturity analysis of undiscounted gratuity is as follows:	31.03.2020	31.03.2019
Within the next 12 months (next annual reporting period)	65.23	74.27
Between 1 to 2 years	22.55	10.31
Between 2 to 3 years	35.97	22.95
Between 3 to 4 years	35.89	10.40
Between 4 to 5 years	21.33	19.70
Between 5 to 6 years	29.35	19.55
Over 6 years	649.08	515.42
<b>Total expected payments</b>	<b>859.40</b>	<b>672.60</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.86 years (31<sup>st</sup> March, 2019: 17.29 years)

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

#### 36. Leases

##### Operating leases taken

The Company has taken certain building on operating lease arrangements. The lease expense recognized in the statement of profit and loss is ₹ 65.74 lacs (31<sup>st</sup> March, 2019: ₹ 121.46 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2020	As at 31.03.2019
Not later than one year	58.66	70.26
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>58.66</b>	<b>70.26</b>

##### Operating leases given

The Company has given certain properties on operating lease arrangements. The lease income recognised in the statement of profit and loss is ₹ 29.25 lacs (31<sup>st</sup> March, 2019: ₹ 81.35 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2020	As at 31.03.2019
Not later than one year	57.31	49.03
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>57.31</b>	<b>49.03</b>

#### 37. Commitments

(i) Retention charges and capital commitments (net of advances) are ₹ 588.62 lacs (31<sup>st</sup> March, 2019: ₹ 505.51 lacs)

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

38. Contingent liabilities	As at 31.03.2020	As at 31.03.2019
Contingent liabilities not provided for in respect of		
Letters of guarantees	2,440.00	2,171.97
Letters of credit	-	455.33
Assignment of receivables	-	38.41
Income tax appeal		
For assessment year 2015-16	29.84	29.84
For assessment year 2018-19	150.51	-
GST appeals (includes excise and sales tax demands)	114.10	116.79
Show cause notice for short payment of excise duty	410.05	410.05
Demand towards delay in commencement of production along with stipulated investment Company's plant at Pathredi claimed by Rajasthan State Industrial Development and Investment Corporation (RIICO)	103.57	103.57
<b>Total</b>	<b>3,248.07</b>	<b>3,325.96</b>

**Notes:**

- (i) A demand of ₹ 29.84 lacs has been raised for the assessment year 2015-16. The Hon'ble CIT (Appeals) has allowed the appeal in our favour. However department has filed the appeal with ITAT (Delhi) against the order of the allowability of the royalty amount.
- (ii) A demand of ₹ 150.51 lacs has been raised for the assessment year 2018-19 by the incometax department. The Company is in the process of filing an appeal against the same.
- (iii) Central sales tax assessment for the assessment year 2004-05 was completed and a balance demand of ₹ 0.45 lacs was raised by the department. Appeal against the same is pending before the Joint Commissioner of Sales Tax (Appeals) and stay granted vide order no F/PA/Jt. Comm. (KDU) /02/Stay/ 410-411 dated 18.08.06.
- (iv) Joint commissioner has demanded entry tax of ₹ 5.24 lacs on stock transfer of iron and steel for job work for the assessment year 2011-12. We have filed an appeal before the Additional Commissioner (Appeals) against the said demand. Additional Commissioner (Appeals) granted stay of 50% of demand. We have filed an appeal against the order of Additional Commissioner (Appeals) before Commercial Tax Tribunal (Noida, U.P.).
- (v) Joint Commissioner has demanded ₹ 31.16 lacs towards shortfall of Form C and ₹ 4.43 lacs towards central sales tax on stock transfer of iron and steel for job work for the assessment year 2012-13. We filed an appeal before the Additional Commissioner (Appeals) against the said demand. Additional Commissioner (Appeals) granted stay of 50% of total demand. We have filed an appeal against the order of Additional Commissioner (Appeals) before Commercial Tax Tribunal (Noida, U.P.).
- (vi) Demand of excise duty of ₹ 1.06 lacs along with penalty of ₹ 1.06 lacs was imposed on the Company by Additional Commissioner, Central Excise, Delhi, for cenvat credit taken on payment of duty through DEPB license, under the Central Excise Act, 1944. The Company had filed an appeal against the aforesaid order with Commissioner of Central Excise, Okhla. The Commissioner of central excise has rejected the appeal. Thereafter, the Company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and the appeal is pending.
- (vii) Demand of excise duty of ₹ 35.36 lacs along with penalty of ₹ 35.36 lacs was imposed on the Company by Additional Commissioner, Central Excise, Delhi, for cenvat credit taken on payment of duty through DEPB license, under the Central Excise Act, 1944 and was outstanding as on 31.03.2016. The Company had filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and CESTAT has decided the case in favour of Company and set aside the demand. The Company approached the Delhi High Court against the order of CESTAT and the High Court has remanded the case back to CESTAT for hearing it again. The matter is pending in CESTAT, Delhi.
- (viii) The Company has received show cause notice dated 12.03.2019 from Directorate General of Goods and Service Tax Intelligence, Gurugram, Zonal Unit alleging short payment of central excise duty (including education cess and S & H cess) to the tune of ₹ 410.05 lacs for the period FY 2013-14 to 30.06.2019 on the value of design / drawings / specifications supplied by Maruti Suzuki India Limited on FOC basis to the Company. ₹ 384.57 lacs relates to B-45, B-206 and B-4, Kasna, Uttar Pradesh Plants and ₹ 25.47 lacs relates to Pathredi plant. The Company will be disputing the show cause for the above demand with The Additional / Joint Commissioner, Gautam Budh Nagar Commissionerate, Greater Noida, Uttar Pradesh and The Additional/Joint Commissioner, Alwar Commissionerate, Rajasthan.
- (ix) RIICO has raised a demand of ₹ 103.57 lacs towards additional cost of land due to delay in commencement of production activities at its plant at Pathredi. The Company has disputed the matter with RIICO and the matter is pending.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**39. Related party disclosures****A. List of related parties**

<b>(a) Joint Venture</b>	1. PPAP Tokai India Rubber Private Limited
<b>(b) Key Management Personnel (KMP)</b>	1. Mr. Ajay Kumar Jain, Chairman & Managing Director
	2. Mr. Abhishek Jain, CEO & Managing Director
	3. Mrs. Vinay Kumari Jain, Director
	4. Mr. Anurag Saxena, Chief Financial Officer (w.e.f. 12.08.2019)
	5. Mrs. Sonia Bhandari, Company Secretary
	6. Mr. Manish Dhariwal, Chief Financial Officer (upto 05.07.2019)
<b>(c) Wholly owned subsidiaries</b>	1. Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited)
	2. PPAP Technology Limited, (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited)
<b>(d) Related parties in the group where common control exists</b>	1. Kalindi Farms Private Limited
	2. Vinay and Ajay Jain Foundation

The following transactions were carried out with related parties in the ordinary course of business:

Related party transactions	Period	Related parties where common control exists	Joint ventures	Wholly Owned Subsidiaries	Total
<b>Rent &amp; lease charges paid</b>					
Kalindi Farms Private Limited	31.03.2020	-	-	-	-
	31.03.2019	49.00	-	-	49.00
<b>CSR expenses paid</b>					
Vinay and Ajay Jain Foundation	31.03.2020	94.15	-	-	94.15
	31.03.2019	40.32	-	-	40.32
<b>Material / licence purchases</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	19.04	-	19.04
	31.03.2019	-	0.05	-	0.05
<b>Investment in equity shares</b>					
Elpis Components Distributors Private Limited	31.03.2020	-	-	49.00	49.00
	31.03.2019	-	-	-	-
PPAP Technology Limited	31.03.2020	-	-	179.00	179.00
	31.03.2019	-	-	-	-
<b>Receipt of Security Deposit</b>					
Elpis Components Distributors Private Limited	31.03.2020	-	-	2.93	2.93
	31.03.2019	-	-	-	-
PPAP Technology Limited	31.03.2020	-	-	1.10	1.10
	31.03.2019	-	-	-	-
<b>Receipts for other services*</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	134.57	-	134.57
	31.03.2019	-	190.86	-	190.86
Elpis Components Distributors Private Limited	31.03.2020	-	-	14.63	14.63
	31.03.2019	-	-	-	-
PPAP Technology Limited	31.03.2020	-	-	2.20	2.20
	31.03.2019	-	-	-	-
<b>Sales</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	22.88	-	22.88
	31.03.2019	-	93.95	-	93.95
Elpis Components Distributors Private Limited	31.03.2020	-	-	283.72	283.72
	31.03.2019	-	-	-	-

\*Other services include management support fee, reimbursement of expenses, job work charges and rental income.

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**Net outstanding balance:**

Related party	Period	Related parties where common control exists	Joint ventures	Wholly Owned Subsidiaries	Total
<b>Trade receivable</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	57.71	-	57.71
	31.03.2019	-	25.84	-	25.84
Elpis Components Distributors Private Limited	31.03.2020	-	-	187.66	187.66
	31.03.2019	-	-	-	-
PPAP Technology Limited	31.03.2020	-	-	0.26	0.26
	31.03.2019	-	-	-	-
<b>Security deposit received</b>					
Elpis Components Distributors Private Limited	31.03.2020	-	-	2.93	2.93
	31.03.2019	-	-	-	-
PPAP Technology Limited	31.03.2020	-	-	1.10	1.10
	31.03.2019	-	-	-	-

**Details relating to purchase of equity shares from KMP & their relatives**

Name of KMP	Period	Shares of Elpis Components Distributors Private Limited	Shares of PPAP Technology Limited
Mr. Ajay Kumar Jain	31.03.2020	0.60	0.60
	31.03.2019	-	-

**Details relating to remuneration of KMP & their relatives**

Name of KMP	31.03.2020		31.03.2019	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	195.93	-	248.15	-
Mr. Abhishek Jain	204.05	-	270.20	-
Mrs. Vinay Kumari Jain	-	5.20	-	5.60

**Details relating to remuneration of KMP other than MD / Manager / Whole Time Director**

Name of KMP	31.03.2020		31.03.2019
	Period	Short-term employee benefits	Short-term employee benefits
Mr. Anurag Saxena	12.08.2019 to 31.03.2020	20.64	-
Mr. Manish Dhariwal	01.04.2019 to 05.07.2019	10.14	42.09
Mrs. Sonia Bhandari	01.04.2019 to 31.03.2020	13.77	11.70

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

#### 40. Segment information

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. Based on the consideration of dominant sources and nature of risk & returns, the company is considered an automotive components manufacturer. Most of the activities are revolving around this business and accordingly has only one reportable segment. The geographical location of its main operations and the internal organization / reporting and management structure supports such treatment.

#### 41. Dues to micro and small enterprises

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), to the extent information available with the Company is given below:

Particulars		31.03.2020	31.03.2019
(I)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	Principal amount due to micro and small enterprises	49.38	63.98
	Interest due on above	-	-
(II)	The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(III)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(IV)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(V)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 42. Fair values measurements

#### (i) Financial instruments by category

Particulars	31.03.2020		31.03.2019	
	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets				
Investments (non current)*	-	5,083.00	-	4,853.80
Other financial assets (non current)	-	451.83	-	481.01
Trade receivables	-	4,106.32	-	5,742.42
Cash and cash equivalents	-	209.14	-	42.59
Other balances with banks	-	291.31	-	8.64
Loans	-	42.73	-	38.11
Other financial assets (current)	-	48.63	-	439.29
<b>Total financial assets</b>	-	<b>10,232.96</b>	-	<b>11,605.86</b>
Financial liabilities				
Borrowings (non current)	-	1,202.67	-	1,293.63
Borrowings (current)	-	992.79	-	375.95
Trade payables	-	4,156.49	-	4,020.61
Other financial liabilities (current)	-	423.70	-	2,384.62
<b>Total financial liabilities</b>	-	<b>6,775.65</b>	-	<b>8,074.81</b>

\*Investment value includes investment in joint venture of ₹ 4,853 lacs (31<sup>st</sup> March, 2019: ₹ 4,853 lacs) and investment in wholly owned subsidiaries of ₹ 230 lacs (31<sup>st</sup> March, 2019 associates of : ₹ 0.80 lacs) which are shown at cost in balance sheet as per Ind AS 27: 'Separate Financial Statements'.

#### (ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

There have been no transfers between Level 1 and Level 2 during the period.

#### Valuation technique used to determine fair value:

- (i) For cash and cash equivalents, trade receivables, loans other financial assets, short term borrowings, trade payables and other current financial liabilities the management assessed that they approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- (iii) The fair value of security deposits is determined using discounted cash flow analysis.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 43. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade payables, and creditors for expenses. The Company's principal financial assets include investments, long term deposits, trade receivables, cash and short-term deposits / loan that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

#### I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include, deposits and FVTPL investments.

The sensitivity analysis of the above mentioned risk in the following sections relate to the position as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019.

#### A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

	+ (increase) / - (decrease) in basis points	Gain / (loss) effect on PBT
<b>31.03.2020</b>		
INR	+50	(5.27)
INR	-50	5.27
<b>31.03.2019</b>		
INR	+50	(5.96)
INR	-50	5.96

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### B. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD, JPY and EURO exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Gain / (loss) effect on PBT
<b>31.03.2020</b>	+5%	(15.05)
	-5%	15.05
<b>31.03.2019</b>	+5%	(2.85)
	-5%	2.85
	Change in JPY rate	Gain / (loss) effect on PBT
<b>31.03.2020</b>	+5%	(3.12)
	-5%	3.12
<b>31.03.2019</b>	+5%	(7.65)
	-5%	7.65
	Change in EURO rate	Gain / (loss) effect on PBT
<b>31.03.2020</b>	+5%	-
	-5%	-
<b>31.03.2019</b>	+5%	0.02
	-5%	(0.02)

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of monetary assets and liabilities denominated in foreign currency.

### II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and /or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

### A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the year end the Company does not have any significant concentrations of bad debt risk other than disclosed in Note 11.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 42. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

### B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

### III. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended 31.03.2020</b>					
Borrowings (non current)	5.40	16.20	1,347.78	432.99	1,802.37
Borrowings (current)	992.79	-	-	-	992.79
Trade payables	4,156.49	-	-	-	4,156.49
Other financial liabilities (current)	402.10	-	-	-	402.10
<b>Total</b>	<b>5,556.78</b>	<b>16.20</b>	<b>1,347.78</b>	<b>432.99</b>	<b>7,353.75</b>
<b>Year ended 31.03.2019</b>					
Borrowings (non current)	260.09	530.28	1,335.68	432.99	2,559.04
Borrowings (current)	375.95	-	-	-	375.95
Trade payables	4,020.61	-	-	-	4,020.61
Other financial liabilities (current)	1,594.88	-	-	-	1,594.88
<b>Total</b>	<b>6,251.53</b>	<b>530.28</b>	<b>1,335.68</b>	<b>432.99</b>	<b>8,550.48</b>

### IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is in automotive components manufacturing business and the management have assessed risk concentration as low.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 44 . Capital management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate. No changes were made in the objectives, policies or processes during the year ended 31<sup>st</sup> March, 2020.

	31.03.2020	31.03.2019
Borrowings (non current)	1,202.67	1,293.63
Borrowings (current)	992.79	375.95
Trade payables	4,156.49	4,020.61
Other financial liabilities (current)	423.70	2,384.62
<b>Total debts</b>	<b>6,775.65</b>	<b>8,074.81</b>
Less: Cash and cash equivalents	209.14	42.59
<b>Net debts</b>	<b>6,566.51</b>	<b>8,032.22</b>
<b>Total equity</b>	<b>30,419.76</b>	<b>29,511.04</b>
<b>Total debt and equity</b>	<b>36,986.27</b>	<b>37,543.26</b>
<b>Gearing ratio (%)</b>	<b>18.32%</b>	<b>21.51%</b>

### 45. Derivative instruments and unhedged foreign currency exposure

The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

	31.03.2020	31.03.2020	31.03.2019	31.03.2019
	Foreign currency	Amount	Foreign currency	Amount
<b>Foreign trade payables</b>				
USD in lacs	4.58	329.76	1.86	134.66
JPY in lacs	228.22	152.28	231.78	153.03
<b>Foreign trade receivables</b>				
USD in lacs	0.39	28.86	1.18	77.67
JPY in lacs	133.97	89.80	0.17	0.10
EURO in lacs	-	-	0.01	0.41

### 46. Balance confirmation

Debit and credit balance of trade payables and trade receivables to the extent not confirmed are subject to confirmation and reconciliation with parties.

### 47. In the opinion of the Board of Directors and to the best of their knowledge and belief, the aggregate value of current assets on realization in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

#### 48. Disclosure of movement in provisions during the year as per Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets':

Particulars	Balance as on 1 <sup>st</sup> April, 2019	Provided during the year	Paid / Adjusted during the year	Balance as on 31 <sup>st</sup> March, 2020
<b>Non-current provisions</b>				
Gratuity	672.61	284.26	(97.46)	859.41
Accumulated leaves	128.32	104.44	(42.22)	190.54
Income Tax	29.09	536.33	550.33	15.08
<b>Total</b>	<b>830.02</b>	<b>925.03</b>	<b>690.01</b>	<b>1065.03</b>

#### 49. Dividends paid and proposed

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A Paid during the year</b>		
Interim dividend of FY 2019-20 ₹ 3.00 per equity share (FY 2018-19: ₹ 2.00 per equity share) of ₹ 10/- each (Including dividend distribution tax of ₹ 86.35 lacs, FY 2018-19: ₹ 57.57 lacs)	506.35	337.57
Final dividend for FY 2018-19: ₹ 2.50 per share (FY 2017-18: ₹ 2.50 per share) (Including dividend distribution tax of ₹ 71.96 lacs, FY 2017-18: ₹ 71.25 lacs)	421.96	421.25
	<b>928.31</b>	<b>758.82</b>
<b>B Proposed for approval at the annual general meeting (not recognised as a liability)</b>		
Final dividend for FY 2019-20: nil (FY 2018-19: ₹ 2.50 per share) (Including dividend distribution tax of ₹ nil, FY 2018-19: ₹ 71.96 lacs)	-	421.96
	-	<b>421.96</b>

#### 50. Disclosure under Ind AS 7 'Statement of Cash Flows'

With effect from 1<sup>st</sup> April, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

	31.03.2019	Cash flows	Non-cash changes	31.03.2020
			Fair value changes	
Long term borrowings	2,083.37	(756.67)	(102.43)	1,224.27
Short term borrowings	375.95	616.84	-	992.79
<b>Total liabilities from financing activities</b>	<b>2,459.32</b>	<b>(139.83)</b>	<b>(102.43)</b>	<b>2217.06</b>

#### 51. Details of Corporate Social Responsibility (CSR) expenditure

	31.03.2020	31.03.2019
Amount required to be spent as per Section 135 of the Companies Act, 2013	94.15	77.16
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	94.15	77.21

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 52. Research and development expenditure

Expenditure incurred in the R&D centres during FY20 and FY19 are given below:

Particulars	31.03.2020	31.03.2019
Capital expenditure	-	-
Revenue expenditure	300.94	633.49

### 53. Estimation of uncertainties related to global health pandemic - COVID-19

#### Critical judgements, estimates and assumptions

#### 1. Impairment of property, plant and equipment

The Company assesses the carrying amount of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.

While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. The key assumptions used for the calculations are as follows:

Particulars	As at 31 <sup>st</sup> March, 2020
Discount Rate (WACC)	13.15%
Long Term Growth Rate	5.00%

As at 31<sup>st</sup> March, 2020, based on the Company's internal calculations, further validated by an external valuer, the estimated recoverable amount of property, plant and equipment exceeded its carrying amount and the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the PPE.

#### 2. Loss allowance on trade receivables

An impairment analysis of trade receivables is performed at each reporting period based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates. In calculating expected credit loss, the Company has also considered the likelihood of consequential default considering emerging situations due to COVID-19 and has taken into account estimates of possible effect from the pandemic relating to COVID-19. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2020 is considered adequate.

#### Note on going concern

The Company has considered possible effects that may result from the pandemic relating to COVID 19 and has made detailed assessment of its going concern assumption, liquidity position for next one year and believes that they can meet all their obligations. In view of the above, these accounts have been prepared on a going concern basis.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
 Chartered Accountants  
 F.R.N.: 000018N / N500091

**Sanjeev Agarwal**  
 Partner  
 (Membership No. 408316)

Place: New Delhi  
 Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
 Chairman & Managing Director  
 DIN: 00148839

**Anurag Saxena**  
 Chief Financial Officer

**Abhishek Jain**  
 CEO & Managing Director  
 DIN: 00137651

**Sonia Bhandari**  
 Company Secretary

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PPAP AUTOMOTIVE LIMITED

### Report on the Audit of the Ind AS Consolidated Financial Statements

#### Opinion

We have audited the Ind AS consolidated financial statements of **PPAP Automotive Limited** ("the Company"), its subsidiaries and joint venture company (collectively referred to as "the Group") which comprise the consolidated Balance sheet as at 31<sup>st</sup> March, 2020, and the consolidated statement of Profit and Loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at 31<sup>st</sup> March, 2020, the consolidated profit, total consolidated comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Emphasis of Matter

We draw attention to Note No. 54 to the Ind AS consolidated financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations and results as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverable value assessment of Property, plant and equipment</b></p> <p>The Company has considered possible effects that may result from the pandemic relating to COVID 19 and made detailed assessment of likely impact of the same on the recoverable value of Property, plant and equipment.</p> <p>The Company assessed the carrying amount of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.</p> <p>Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.</p> <p>While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. As at 31<sup>st</sup> March, 2020, based on the Company's internal calculations, further validated by an external valuer, the estimated recoverable amount of property, plant and equipment exceeded its carrying amount.</p> <p>(Refer note 53 to the consolidated financial statements)</p>	<p>Our audit procedures included, but were not restricted to:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation, and testing the operating effectiveness of the relevant controls over determination of recoverable value of property, plant and equipment.</li> <li>• Assessing the accuracy and completeness of the information shared with the independent expert engaged by the management.</li> <li>• Evaluating the reasonableness of the valuation provided by the independent expert by challenging the significant assumptions used and estimates and judgements made in deriving the valuation with the help of internal fair value specialist.</li> <li>• Assessing the competence and independence of the valuation expert engaged by the Company for determining the replacement cost of property, plant and equipment.</li> <li>• Verification of accounting implications, if any, and appropriateness of disclosures in the financial statements.</li> </ul> <p>Audit Conclusion: Our procedures did not identify any requirement for impairment in value of Property, plant and equipment.</p>



We have determined that there are no other key audit matters to communicate in our report.

### **Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group and of its subsidiaries, associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms Section 143(11) of the Act is not applicable on consolidated financial statements as referred in proviso to para 2 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books;
  - (c) the consolidated balance sheet, the consolidated statement of profit and loss including the consolidated Statement of Other Comprehensive Income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) in our opinion, the aforesaid Ind AS consolidated financial statements comply with the Ind AS Accounting specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) on the basis of the written representations received from the directors of the company, its subsidiaries and joint venture company as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure I"; and

- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Company.

**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 20408316AAAACC8253

## **ANNEXURE- I TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

We have audited the internal financial controls over financial reporting of **PPAP Automotive Limited** ("the Company"), its subsidiaries and joint venture company (collectively referred to as "the Group"), which are companies incorporated in India as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its Joint venture and associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to these consolidated financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company, its associates and joint venture which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on “Audit of Internal Financial Controls Over Financial Reporting” issued by the Institute of Chartered Accountants of India.

**For O P Bagla & Co LLP**

Chartered Accountants

FRN No. 000018N / N500091

Place: New Delhi

Date: 5<sup>th</sup> June, 2020**Sanjeev Agarwal**

Partner

M No.408316

UDIN: 20408316AAAACC8253

# CONSOLIDATED BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	22,167.14	23,123.43
Capital work-in-progress	4	843.52	50.04
Other intangible assets	5	854.33	598.52
Intangible assets under development	5a	-	179.73
Financial assets			
a. Investments	6	4,790.35	4884.43
b. Loan	7	209.49	218.95
c. Other financial assets	8	242.34	262.06
Other non-current assets	9	865.09	471.36
		<b>29,972.26</b>	<b>29,788.52</b>
<b>Current assets</b>			
Inventories	10	4,957.09	4496.33
Financial assets			
a. Trade receivables	11	3,998.02	5,742.42
b. Cash and cash equivalents	12	320.30	42.59
c. Other balances with banks	13	291.31	8.64
d. Loans	14	42.73	38.11
e. Other financial assets	8	48.63	439.29
Other current assets	15	957.89	954.76
		<b>10,615.97</b>	<b>11,722.14</b>
<b>Total Assets</b>		<b>40,588.22</b>	<b>41,510.66</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	1,400.00	1,400.00
Other equity	17	28,922.77	28,141.67
		<b>30,322.77</b>	<b>29,541.67</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
a. Borrowings	18	1,202.67	1,293.63
Provisions	19	950.66	712.01
Deferred tax liabilities (net)	20	695.05	905.24
<b>Current liabilities</b>			
Financial liabilities:			
a. Borrowings	18	992.79	375.95
b. Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		49.38	63.98
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,138.20	3,956.63
c. Other financial liabilities	22	426.04	2,384.62
Other current liabilities	23	1,698.53	2,158.92
Provisions	19	99.29	88.92
Current tax liabilities (net)	24	12.84	29.09
<b>Total Liabilities</b>		<b>10,265.45</b>	<b>11,968.99</b>
<b>Total Equity and Liabilities</b>		<b>40,588.22</b>	<b>41,510.66</b>

Significant accounting policies

2

The accompanying Notes 1 to 54 form an integral part of these financial statements.

In terms of our report of even date annexed

**For O P Bagla & Co LLP**

Chartered Accountants

FRN No. 000018N / N500091

**Sanjeev Agarwal**

Partner

Membership No: 408316

For and on behalf of the Board  
**PPAP Automotive Limited****Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

Place: New Delhi

Date: 5<sup>th</sup> June, 2020**Anurag Saxena**

Chief Financial Officer

**Sonia Bhandari**

Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
<b>INCOME</b>			
Revenue from operations	25	35,951.05	41,098.04
Other income	26	58.46	107.06
<b>Total Income (I)</b>		<b>36,009.51</b>	<b>41,205.10</b>
<b>EXPENSES</b>			
Cost of materials consumed	27	19,708.33	21,980.69
Changes in inventories of finished goods, work-in-process and stock-in-trade	28	(189.46)	(925.60)
Employee benefits expense	29	6,622.29	7,133.27
Finance costs	30	263.51	404.71
Depreciation and amortization expense	31	2,572.34	2,599.53
Other expenses	32	4,737.62	5,189.72
<b>Total Expenses (II)</b>		<b>33,714.63</b>	<b>36,382.32</b>
<b>Profit / (loss) before share of (profit) / loss of associates and a joint venture and tax from continuing operations (I-II)</b>		<b>2,294.88</b>	<b>4,822.78</b>
Share of (profit) / loss of associates and a joint venture		(90.63)	32.23
<b>Profit / (loss) before tax from continuing operations</b>		<b>2,204.25</b>	<b>4,855.01</b>
<b>Tax expenses</b>	20		
Current tax		681.75	1,609.00
Adjustment of tax relating to earlier periods		(147.67)	(85.29)
Deferred tax		(150.24)	(42.56)
<b>Profit / (loss) for the year</b>		<b>1,820.41</b>	<b>3,373.85</b>
<b>Other Comprehensive Income (OCI)</b>	33		
<b>Items that will not be reclassified to profit &amp; loss in subsequent periods</b>			
Re-measurement gains / (losses) on defined benefit plans		(150.70)	(65.19)
Share of other comprehensive income of associates and joint venture		(3.63)	(0.38)
Income tax effect on such items		59.96	22.75
<b>Total other comprehensive income for the year, net of tax</b>		<b>(94.37)</b>	<b>(42.82)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>1,726.03</b>	<b>3,331.03</b>
Earnings per equity share (computed on the basis of profit for the year)	34		
(1) Basic (in ₹)		13.00	24.10
(2) Diluted (in ₹)		13.00	24.10

Significant accounting policies

2

The accompanying Notes 1 to 54 form an integral part of these financial statements.

In terms of our report of even date annexed

**For O P Bagla & Co LLP**

Chartered Accountants

FRN No. 000018N / N500091

**Sanjeev Agarwal**

Partner

Membership No: 408316

Place: New Delhi

Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board

**PPAP Automotive Limited****Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

**Anurag Saxena**

Chief Financial Officer

**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

**Sonia Bhandari**

Company Secretary

# CONSOLIDATED CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars		Year ended 31.03.2020	Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before tax		2,294.88	4,822.77
<b>Adjusted for</b>			
Depreciation and amortisation expense	2,572.34		2,599.53
Provision employee benefits / CSR	98.31		(19.73)
Interest expense	143.22		404.71
Balances written off	(14.56)		0.28
Provision for bad & doubtful debts	(0.70)		6.06
Interest income	(22.35)	2,776.26	(15.16)
<b>Operating Profit before Working Capital Changes</b>		<b>5,071.14</b>	<b>7,798.46</b>
<b>Working capital adjustments</b>			
Decrease / (Increase) in inventories	(460.76)		(1,300.70)
Decrease / (Increase) in trade and other receivables	2,432.37		77.26
Movement in trade and other payables	(2,238.16)	(266.54)	999.31
<b>Cash generated from operations</b>		<b>4,804.60</b>	<b>7,574.33</b>
Direct taxes refunded / (paid)		(1,219.23)	(1,691.42)
<b>Net cash from operating activities (A)</b>		<b>3,585.38</b>	<b>5,882.91</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant, equipment	(1,557.68)		(2,303.63)
Purchase of assets in CWIP	(795.18)		(1,770.75)
Purchase of assets in Intangible assets under construction	(65.36)		(179.73)
Purchase of intangible assets	(191.34)		(161.58)
Sale of tangible fixed assets	123.94		147.91
Investment in fixed deposits (purchased) / matured	(282.67)		(59.92)
Interest income	22.35		15.16
<b>Net cash used in investing activities (B)</b>		<b>(2,745.94)</b>	<b>(4,312.54)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid	(143.22)		(316.69)
Transaction cost of issue of equity share capital	(16.08)		
Proceeds / (repayment) of long term borrowings	(90.96)		(843.63)
Proceeds / (repayment) of short term borrowings	616.84		254.86
Dividends paid (including dividend distribution tax)	(928.31)		(758.82)
<b>Net cash flow from financing activities (C)</b>		<b>(561.73)</b>	<b>(1,664.28)</b>



# CONSOLIDATED CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in lacs)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>277.71</b>	<b>(93.91)</b>
<b>Cash and cash equivalents at the beginning of financial year</b>	<b>42.59</b>	<b>136.50</b>
<b>Cash and cash equivalents at the end of financial year</b>	<b>320.30</b>	<b>42.59</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash on hand	14.79	11.10
Balance with banks:		
On current accounts	305.51	31.49
Deposit with maturity of less than 3 months	-	-
	<b>320.30</b>	<b>42.59</b>

The accompanying Notes 1 to 54 form an integral part of these financial statements.

Note:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN No. 000018N / N500091

**Sanjeev Agarwal**  
Partner  
Membership No: 408316

Place: New Delhi  
Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839

**Anurag Saxena**  
Chief Financial Officer

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651

**Sonia Bhandari**  
Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## AS AT 31<sup>ST</sup> MARCH, 2020

### A. Equity share capital (refer note 16)

(₹ in lacs)

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	Amount
<b>At 1<sup>st</sup> April, 2018</b>	<b>1,40,00,000</b>	<b>1,400.00</b>
Issue of share capital	-	-
<b>At 31<sup>st</sup> March, 2019</b>	<b>1,40,00,000</b>	<b>1,400.00</b>
Issue of share capital	-	-
<b>At 31<sup>st</sup> March, 2020</b>	<b>1,40,00,000</b>	<b>1,400.00</b>

### B. Other equity

	Reserves and Surplus			Items of other comprehensive income	Total equity (refer note 17)
	General Reserve	Securities Premium	Retained earnings	Re-measurement gains / (losses) on defined benefit plans	
<b>At 1<sup>st</sup> April, 2018</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>17,412.48</b>	<b>(1.97)</b>	<b>25,569.46</b>
Net income / (loss) for the year	-	-	3,373.85	-	3,373.85
Other comprehensive income (note 33)	-	-	-	(42.82)	(42.82)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3,373.85</b>	<b>(42.82)</b>	<b>3,331.03</b>
Final dividend	-	-	(350.00)	-	(350.00)
Dividend distribution tax on final dividend	-	-	(71.25)	-	(71.25)
Interim dividend	-	-	(280.00)	-	(280.00)
Dividend distribution tax on interim dividend	-	-	(57.57)	-	(57.57)
<b>At 31<sup>st</sup> March, 2019</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>20,027.51</b>	<b>(44.79)</b>	<b>28,141.67</b>
Net income / (loss) for the year	-	-	1,820.41	-	1,820.41
Other comprehensive income (note 33)	-	-	-	(94.37)	(94.37)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,820.41</b>	<b>(94.37)</b>	<b>1,726.04</b>
Transaction costs arising on share issue	-	-	(16.08)	-	(16.08)
Derecognition of investment in associates	-	-	(0.54)	-	(0.54)
Final dividend	-	-	(350.00)	-	(350.00)
Dividend distribution tax on final dividend	-	-	(71.96)	-	(71.96)
Interim dividend	-	-	(420.00)	-	(420.00)
Dividend distribution tax on interim dividend	-	-	(86.35)	-	(86.35)
<b>At 31<sup>st</sup> March, 2020</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>20,902.99</b>	<b>(139.16)</b>	<b>28,922.77</b>

The accompanying Notes 1 to 54 form an integral part of these financial statements.

In terms of our report of even date annexed  
**For O P Bagla & Co LLP**  
 Chartered Accountants  
 FRN No. 000018N / N500091

**Sanjeev Agarwal**  
 Partner  
 Membership No: 408316

Place: New Delhi  
 Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
 Chairman & Managing Director  
 DIN: 00148839

**Anurag Saxena**  
 Chief Financial Officer

**Abhishek Jain**  
 CEO & Managing Director  
 DIN: 00137651

**Sonia Bhandari**  
 Company Secretary

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### 1. Corporate information

PPAP AUTOMOTIVE LIMITED ("PPAP" or "the Company") is a limited Company domiciled in India and was incorporated on 18<sup>th</sup> October, 1995. The registered office of the Company is located at 54, Okhla Industrial Estate, Phase-III, New Delhi - 110020, India.

PPAP is a leading manufacturer of automotive sealing systems, interior and exterior automotive parts in India. The Company's state of the art manufacturing facilities is located in Noida (UP), Greater Noida (UP), Chennai (Tamil Nadu) and Pathredi (Rajasthan). The Company was listed on the Indian Stock Exchange (BSE / NSE) in 2008. The financial statements of the Company for the year ended 31<sup>st</sup> March 2020 were authorized for issue in accordance with a resolution of the directors on 5<sup>th</sup> June, 2020.

In 2012, the Company has ventured into EPDM Rubber based automotive sealing system by establishing a Joint Venture with its Technology Partner Tokai Kogyo Co. Ltd. - Japan.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

#### 2.2 Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date the control ceases. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter comp any transactions, balance and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of change in equity and balance sheet respectively.

##### (ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

##### (iii) Joint arrangements

Under Ind AS 111 joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. PPAP has one joint venture. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

##### (iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2.3 (f) below.

### 2.3 Significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/ liability is treated as current when it is:

- expected to be realised or intended to be sold or consumed or settled in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised/settled within twelve months after the reporting period, or;
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; and
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

#### b. Property, plant and equipment

##### i) Tangible assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at 31 March, 2016. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1<sup>st</sup> April 2016.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition / installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul / repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses / gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipment are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

Act, 2013 except on some assets, where useful life has been taken based on internal technical evaluation as given below:

<b>Particulars</b>	<b>Useful lives</b>
Dies and Moulds	6 years

Leasehold Land and Leasehold Improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The residual values, useful lives and methods of depreciation / amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) **Capital work in progress**

Capital work in progress includes construction stores including material in transit / equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

**c. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software and technical know-how are capitalised and amortised on straight line method over their estimated useful economic life of six years.

**d. Research & development costs**

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

**e. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

**f. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

**g. Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material,

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

stores and spares, packing materials, trading and other products are determined on FIFO basis. Work-in-progress is carried at cost or net realisable value whichever is lower.

### **h. Revenue recognition**

The Company derives revenues primarily from manufacturing and sale of automotive components and moulds.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for sale of automotive components and moulds are mostly on a fixed – price basis.

Revenue from fixed-price contracts are recognised when the performance obligations are satisfied upon delivery of components to the customers and where there is no uncertainty as to measurement or collectability of consideration. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

### **i. Foreign currency transactions**

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date of the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### **j. Taxes on income**

#### **Current tax**

Current tax is measured at the amount expected to be paid / recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity / other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT), paid in accordance with the Income Tax Act, 1961 gives rise to expected future economic benefits in the form of adjustment of future tax liability arising within a specified period, is recognised as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **k. Employee benefits**

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

The Company's contribution to the provident fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to statement of profit and loss.

Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to 'other equity' through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit & loss in subsequent periods.

Past service costs are recognised in statement of profit & loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

### **l. Royalty**

The Company pays / accrues for royalty in accordance with the relevant licence agreement with the technical know-how provider. The lump sum royalty incurred towards obtaining technical assistance / technical know-how and engineering

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

support to manufacture new parts, ownership of which rests with the technical know-how provider, is recognised as an intangible asset. Royalty payable on sales of products i.e. running royalty is charged to the Statement of Profit and loss as and when incurred.

### **m. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

### **n. Provisions, Contingent liabilities and Contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### **o. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

### **p. Recent accounting pronouncements**

**Ind AS 116 Leases:** On 31<sup>st</sup> March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1<sup>st</sup> April, 2019. The standard permits two possible methods of transition:

- a. Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- b. Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
  - c. It's carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application; or
  - d. An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1<sup>st</sup> April, 2019). Accordingly, comparatives for the year ended 31<sup>st</sup> March, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The Company is currently evaluating the effect of this amendment on the consolidated financial statements.

**Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatments':** On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1<sup>st</sup> April, 2019. The Company will adopt the standard on 1<sup>st</sup> April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1<sup>st</sup> April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the consolidated financial statements.

**Amendment to Ind AS 12 - 'Income taxes':** On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Company does not have any impact on account of this amendment.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020

**Amendment to Ind AS 19 - plan amendment, curtailment or settlement-** On 30<sup>th</sup> March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- e. to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- f. to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1<sup>st</sup> April, 2019. The Company does not have any impact on account of this amendment.

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**r. Fair value measurement**

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**s. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial assets**

**Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

### Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

### Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost.

### Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables and all lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the company estimates the following provision matrix at the reporting date:

	0-180 days past due	More than 180 days past due
Default rate	0.05%	2.00%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

### (b) Financial liabilities

#### Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **(d) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

### **t. Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### **u. Unless specifically stated to be otherwise, these policies are consistently followed.**

## **2.3 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

### Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### (b) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### (c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 3. Property, plant and equipment

	Land	Factory Building	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
<b>Cost</b>									
<b>As at 1<sup>st</sup> April, 2018</b>	<b>1,763.79</b>	<b>7,302.01</b>	<b>12,034.80</b>	<b>428.71</b>	<b>1,276.03</b>	<b>292.35</b>	<b>1,612.40</b>	<b>270.96</b>	<b>24,981.05</b>
Additions	394.31	1,990.88	2,112.48	220.46	151.80	65.24	222.60	49.56	5,207.33
Disposals	-	-	7.28	0.07	286.84	0.12	-	0.02	294.33
<b>As at 31<sup>st</sup> March, 2019</b>	<b>2,158.10</b>	<b>9,292.89</b>	<b>14,140.00</b>	<b>649.10</b>	<b>1,140.99</b>	<b>357.47</b>	<b>1,835.00</b>	<b>320.50</b>	<b>29,894.05</b>
Additions	1.17	128.09	1,088.44	62.25	75.17	25.72	142.38	36.15	1,559.37
Disposals	-	-	43.85	-	153.47	0.75	2.50	-	200.57
<b>As at 31<sup>st</sup> March, 2020</b>	<b>2,159.27</b>	<b>9,420.98</b>	<b>15,184.59</b>	<b>711.35</b>	<b>1,062.69</b>	<b>382.44</b>	<b>1,974.88</b>	<b>356.65</b>	<b>31,252.85</b>
<b>Depreciation</b>									
<b>As at 1<sup>st</sup> April, 2018</b>	<b>-</b>	<b>491.05</b>	<b>2,772.93</b>	<b>85.42</b>	<b>252.88</b>	<b>116.03</b>	<b>650.72</b>	<b>127.11</b>	<b>4,496.14</b>
Depreciation charge for the year 2018-19	5.99	338.80	1,449.94	59.74	188.50	61.40	255.38	61.15	2,420.90
Disposals	-	0.49	31.88	-	114.05	-	-	-	146.42
<b>As at 31<sup>st</sup> March, 2019</b>	<b>5.99</b>	<b>829.36</b>	<b>4,190.99</b>	<b>145.16</b>	<b>327.33</b>	<b>177.43</b>	<b>906.10</b>	<b>188.26</b>	<b>6,770.62</b>
Depreciation charge for the year 2019-20	21.23	354.44	1,455.09	66.30	153.10	56.24	231.79	53.53	2,391.72
Disposals	-	-	9.35	-	66.84	0.06	0.38	-	76.63
<b>As at 31<sup>st</sup> March, 2020</b>	<b>27.22</b>	<b>1,183.80</b>	<b>5,636.73</b>	<b>211.46</b>	<b>413.59</b>	<b>233.61</b>	<b>1,137.51</b>	<b>241.79</b>	<b>9,085.71</b>
<b>Net book value</b>									
<b>As at 31<sup>st</sup> March, 2020</b>	<b>2,132.05</b>	<b>8,237.18</b>	<b>9,547.86</b>	<b>499.89</b>	<b>649.10</b>	<b>148.83</b>	<b>837.37</b>	<b>114.86</b>	<b>22,167.14</b>
As at 31 <sup>st</sup> March, 2019	2,152.11	8,463.53	9,949.01	503.94	813.66	180.04	928.90	132.24	23,123.43

4. Capital work-in-progress	Factory Building	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Total
<b>As at 1<sup>st</sup> April, 2018</b>	<b>907.98</b>	<b>275.01</b>	-	-	-	<b>1,182.99</b>
Additions	1,041.04	729.71	-	-	-	1,770.75
Disposals / capitalizations	1,905.21	998.49	-	-	-	2,903.70
<b>As at 31<sup>st</sup> March, 2019</b>	<b>43.81</b>	<b>6.23</b>	-	-	-	<b>50.04</b>
Additions	570.32	1,242.13	31.02	9.81	99.49	1,952.77
Disposals / capitalizations	115.47	919.75	15.07	9.81	99.19	1,159.29
<b>As at 31<sup>st</sup> March, 2020</b>	<b>498.66</b>	<b>328.61</b>	<b>15.95</b>	<b>-</b>	<b>0.30</b>	<b>843.52</b>

## Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>5. Other intangible assets</b>	<b>Software</b>	<b>Technical Know How</b>	<b>Total</b>
<b>Cost</b>			
<b>As at 1<sup>st</sup> April, 2018</b>	237.88	810.22	1,048.11
Additions	6.71	154.87	161.58
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>244.59</b>	<b>965.09</b>	<b>1,209.69</b>
Additions	206.79	229.64	436.43
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>451.38</b>	<b>1,194.73</b>	<b>1,646.12</b>
<b>Amortisation</b>			
<b>As at 1<sup>st</sup> April, 2018</b>	<b>64.36</b>	<b>368.17</b>	<b>432.54</b>
Amortization charge for the year 2018-19	38.09	140.54	178.63
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>102.45</b>	<b>508.71</b>	<b>611.17</b>
Amortization charge for the year 2019-20	42.11	138.51	180.62
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>144.56</b>	<b>647.22</b>	<b>791.79</b>
<b>Net book value</b>			
<b>As at 31<sup>st</sup> March, 2020</b>	<b>306.82</b>	<b>547.51</b>	<b>854.33</b>
As at 31 <sup>st</sup> March, 2019	142.14	456.38	598.52
<b>5a. Intangible assets under development</b>			<b>Software</b>
<b>As at 1<sup>st</sup> April, 2018</b>			-
Additions			179.73
Disposals / capitalizations			-
<b>As at 31<sup>st</sup> March, 2019</b>			<b>179.73</b>
Additions			65.36
Disposals / capitalizations			245.09
<b>As at 31<sup>st</sup> March, 2020</b>			-



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

6. Investments	Non-current			
	As at 31.03.2020	As at 31.03.2019		
<b>(a) Investment in equity shares of joint venture company at cost</b>				
<b>Unquoted</b>				
PPAP Tokai India Rubber Private Limited 4,85,00,000 (31 <sup>st</sup> March, 2019 : 4,85,00,000) equity shares of ₹10 each fully paid up	4,790.35	4,884.22		
<b>Total</b>	<b>4,790.35</b>	<b>4,884.22</b>		
<b>(b) Investments in equity shares of associates at cost</b>				
<b>Unquoted</b>				
PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited) 18,00,000 (31 <sup>st</sup> March, 2019: 4,000) equity shares of ₹10 each fully paid up	-	0.06		
Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited) 5,00,000 (31 <sup>st</sup> March, 2019: 4,000) equity shares of ₹10 each fully paid up	-	0.15		
	-	0.21		
<b>Total</b>	<b>4,790.35</b>	<b>4,884.43</b>		
<b>Aggregate book value of quoted investments</b>	-	-		
<b>Aggregate market value of quoted investments</b>	-	-		
<b>Aggregate value of unquoted investments</b>	<b>4,790.35</b>	<b>4,884.43</b>		
<b>Aggregate amount of impairment in value of investments</b>	-	-		
<b>7. Loans</b>	<b>Non-current</b>		<b>Current</b>	
(Unsecured, considered good)	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Security deposits	209.49	218.95	-	-
<b>Total</b>	<b>209.49</b>	<b>218.95</b>	-	-

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

8. Other financial assets (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Bank deposits (having maturity more than 12 months)	241.06	262.06	-	-
Government grant receivable	-	-	-	394.12
Interest accrued on deposits	-	-	3.51	0.96
Insurance claim receivable	-	-	45.12	44.21
<b>Derivative instruments at fair value through profit or loss</b>				
Foreign exchange forward contracts receivables	1.28	-	-	-
<b>Total</b>	<b>242.34</b>	<b>262.06</b>	<b>48.63</b>	<b>439.29</b>

### Derivative instruments at fair value through profit or loss

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

### Bank deposits (having maturity more than 12 months)

Bank deposits are held as security against letter of credit and bank guarantees.

9. Other non-current assets (Unsecured, considered good)	As at 31.03.2020	As at 31.03.2019
Capital advances	733.05	436.24
Other Non Current assets	132.04	35.12
<b>Total</b>	<b>865.09</b>	<b>471.36</b>

10. Inventories	As at 31.03.2020	As at 31.03.2019
Raw materials	1,815.41	2,285.79
Work-in-process	671.97	1,872.44
Finished goods	1,718.35	328.42
Stores and spares	433.25	9.68
Goods in transit	318.11	-
<b>Total</b>	<b>4,957.09</b>	<b>4,496.33</b>

### Note:

For mode of valuation refer accounting policy number 2.3(g)

11. Trade receivables	As at 31.03.2020	As at 31.03.2019
Unsecured, considered good	3,998.02	5,742.42
Unsecured, credit impaired	8.13	8.83
Less: Provision for doubtful receivables	8.13	8.83
<b>Total</b>	<b>3,998.02</b>	<b>5,742.42</b>

Due from Directors or other officers of the Company either severally or jointly with any other person.	-	-
Due from firms or private companies respectively in which any Director is a partner, a director or a Member.	57.71	25.84

# Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

	As at 31.03.2020	As at 31.03.2019
<b>12. Cash and cash equivalents</b>		
<b>Balances with banks</b>		
On current accounts	305.51	31.49
Cash on hand	14.79	11.10
<b>Total</b>	<b>320.30</b>	<b>42.59</b>
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
<b>Balance with banks</b>		
On current accounts	305.51	31.49
Deposit with maturity of less than 3 months	-	-
Cash on hand	14.79	11.10
<b>Total</b>	<b>320.30</b>	<b>42.59</b>
<b>13. Other balances with banks</b>		
	As at 31.03.2020	As at 31.03.2019
Bank deposits with maturity for 3 to 12 months (earmarked balances with banks)	291.31	8.64
<b>Total</b>	<b>291.31</b>	<b>8.64</b>
<b>14. Loans</b>		
	As at 31.03.2020	As at 31.03.2019
<b>Other loans</b>		
(Unsecured, considered good)		
Loan to staff	42.73	38.11
<b>Total</b>	<b>42.73</b>	<b>38.11</b>
Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.		
<b>15. Other current assets</b>		
(Unsecured, considered good)	As at 31.03.2020	As at 31.03.2019
Advance to suppliers & contractors	364.98	375.90
Prepaid expenses	135.47	90.87
Balances with government authorities	366.87	487.99
Other current assets	90.57	-
<b>Total</b>	<b>957.89</b>	<b>954.76</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

16. Equity share capital	As at 31.03.2020	As at 31.03.2019
<b>Authorised</b>		
2,00,00,000 equity shares of ₹ 10 each (31 <sup>st</sup> March, 2019: 2,00,00,000 equity shares of ₹ 10 each)	2,000.00	2,000.00
<b>Subscribed and fully paid up</b>		
1,40,00,000 equity shares of ₹ 10 each (31 <sup>st</sup> March, 2019: 1,40,00,000) equity shares of ₹ 10 each)	1,400.00	1,400.00
<b>Total</b>	<b>1,400.00</b>	<b>1,400.00</b>

### A. Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at 31.03.2020		As at 31.03.2019	
	No of shares	Amount	No of shares	Amount
At the beginning of the year	1,40,00,000	1,400.00	1,40,00,000	1,400.00
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,40,00,000</b>	<b>1,400.00</b>	<b>1,40,00,000</b>	<b>1,400.00</b>

### B. Terms / Rights attached to equity shares

The Company has only one class of equity share having face value of ₹ 10 per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The holder of share is entitled to voting rights proportionate to their share holding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### C. Following shareholders hold equity shares more than 5% of the total equity shares of the Company:

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	Number of shares held	% of holding in class	Number of shares held	% of holding in class
Ajay Kumar Jain	38,67,180	27.62%	38,67,180	27.62%
Abhishek Jain	10,02,404	7.16%	10,02,404	7.16%
Kalindi Farms Private Limited	18,58,982	13.28%	18,58,982	13.28%

### D. Aggregate number and class of shares for a period of 5 years immediately preceding pursuant to contract(s) without payment being received in cash

	As at 31.03.2020	As at 31.03.2019
Aggregate number and class of shares for a period of 5 years immediately preceding pursuant to contract(s) without payment being received in cash	Nil	Nil

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

	(₹ in lacs)
	<b>Amount</b>
<b>17. Other equity</b>	
<b>a) Securities premium</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>7,000.00</b>
Issue of equity shares	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>7,000.00</b>
Issue of equity shares	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>7,000.00</b>
<b>b) Actuarial gains / losses on defined benefit employee obligations</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>(1.97)</b>
Other comprehensive income for the year 2018-19	(42.82)
<b>As at 31<sup>st</sup> March, 2019</b>	<b>(44.79)</b>
Other comprehensive income for the year 2019-20	(94.37)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>(139.16)</b>
<b>c) General reserve</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>1,158.95</b>
Add: Transferred from retained earnings	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>1,158.95</b>
Add: Transferred from retained earnings	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>1,158.95</b>
<b>d) Retained earnings</b>	
<b>As at 1<sup>st</sup> April, 2018</b>	<b>17,412.48</b>
Profit for the year 2018-19	3,373.85
Less: Final dividend paid	(350.00)
Less: Distribution tax paid on final dividend	(71.25)
Less: Interim dividend Paid	(280.00)
Less: Distribution tax paid on Interim dividend	(57.57)
<b>As at 31<sup>st</sup> March, 2019</b>	<b>20,027.51</b>
Profit for the year 2019-20	1,820.41
Less: Transaction costs of issue of equity share capital	(16.08)
Less: Derecognition of investment in associates	(0.54)
Less: Final dividend paid	(350.00)
Less: Distribution tax paid on final dividend	(71.96)
Less: Interim dividend Paid	(420.00)
Less: Distribution tax paid on Interim dividend	(86.35)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>20,902.98</b>
<b>Total other equity</b>	
<b>As at 31<sup>st</sup> March, 2020</b>	<b>28,922.77</b>
<b>As at 31<sup>st</sup> March, 2019</b>	<b>28,141.67</b>

### Nature and purpose of reserves

#### a) Securities premium

The amount received in excess of face value of the equity shares is recognised in securities premium.

#### b) Actuarial gains / losses on defined benefit employee obligations

The amount of actuarial gains / losses recognised on post employment defined benefit employee obligations till date. Actuarial gains / losses are differences between any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans which are recognised in 'other comprehensive income' and subsequently not reclassified to the statement of profit and loss.

#### c) General reserve

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

#### d) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

18. Borrowings	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>Secured</b>				
<b>Term loans</b>				
Term loan from banks	-	749.37	-	-
Term loan from financial institution	1,163.98	1,267.04	-	-
<b>Vehicle loans</b>				
From banks	60.29	66.96	-	-
Less: Current maturities	(21.60)	(789.74)	-	-
<b>Working capital loans from banks</b> (refer note III below)	-	-	992.79	375.95
<b>Total</b>	<b>1,202.67</b>	<b>1,293.63</b>	<b>992.79</b>	<b>375.95</b>

### Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31.03.2020	As at 31.03.2019			
Term loan from banks	-	749.37	8.40% to 8.80% per annum	Refer note I	Repayable in 20 quarterly installments
Term loan from financial institution	1,163.98	1,267.04	Nil	Refer note II	Repayable in one installment after seven years from the date of disbursement i.e. 29.10.2015 for ₹ 809.38 lacs 27.12.2016 for ₹ 499.71 lacs and 02.11.2018 for ₹ 432.99 lacs.
Vehicle loans from banks	60.29	66.96	8.40 % to 13% per annum	Secured by way of hypothecation of vehicles.	Repayable in equal monthly instalments of 18 to 60 months
Working capital loans from banks	992.79	375.95	8.15% to 9.30% per annum	Refer note III	On demand

#### Note I:

Term loans are secured by 1<sup>st</sup> charge on all movable assets (present and future) of the Company. Term loans are further secured by way of equitable mortgage on factory land and building of the Company situated at Kasna, Greater Noida. The charges are ranked pari-passu with the charges shared with other bankers.

#### Note II:

Loan from State Owned Corporation, viz. The Pradeshiya Industrial & Investment Corporation of U.P. Limited is secured by bank guarantee equivalent to 100% of loan amount.

#### Note III:

Secured by hypothecation of inventories, book debts, other current assets, factory land and building situated at at B-206A, Sector-81, Phase-II, Noida.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

19. Provisions	Non-current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>Provision for employee benefits</b>				
Provision for gratuity	794.17	598.23	65.24	74.38
Provision for compensated absences (Refer note 35 for Ind AS 19 disclosures)	156.49	113.78	34.05	14.54
<b>Total</b>	<b>950.66</b>	<b>712.01</b>	<b>99.29</b>	<b>88.92</b>

### 20. Income Taxes

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 are:

A. Statement of profit and loss		
(i) Profit & loss section		
	As at 31.03.2020	As at 31.03.2019
Current income tax charge	681.75	1,609.00
Adjustments in respect of current income tax of previous year	(147.67)	(85.29)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(150.24)	(42.56)
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>383.84</b>	<b>1,481.15</b>
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
	As at 31.03.2020	As at 31.03.2019
Net loss / (gain) on remeasurements of defined benefit plans	59.96	22.75
<b>Income tax charged to OCI</b>	<b>59.96</b>	<b>22.75</b>
B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for financial year ended 31 <sup>st</sup> March, 2019 and 31 <sup>st</sup> March, 2020.		
	As at 31.03.2020	As at 31.03.2019
Accounting profit before tax from continuing operations	2,313.88	4,822.78
Profit / (loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>2,313.88</b>	<b>4,822.78</b>
At India's statutory income tax rate of 25.17% (31 <sup>st</sup> March, 2019: 34.61%)	582.36	1,685.27
Adjustments in respect of current income tax of previous years	(147.67)	(85.29)
Net disallowances on which deferred tax is not recognised	23.77	32.84
Exempted income / deductions	(72.37)	(151.67)
Unabsorbed losses and depreciation carry forward and set off	-	-
<b>At the effective income tax rate of 16.69% (31<sup>st</sup> March, 2019: 30.71%)</b>	<b>386.09</b>	<b>1,481.15</b>
Income tax expense reported in the statement of profit and loss	386.09	1,481.15
Income tax attributable to a discontinued operation	-	-
	<b>386.09</b>	<b>1,481.15</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**C. Deferred tax**

Deferred tax relates to the following:	Balance sheet		Statement of profit and loss / OCI	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Accelerated depreciation for tax purposes	797.80	825.78	27.98	(14.90)
Provision for gratuity & leave encashment	(277.96)	(215.28)	62.68	46.54
Provision for expected credit loss	-	(1.00)	(1.00)	0.04
Present valuation of borrowings	175.20	295.74	120.54	33.63
<b>Deferred tax (expense) / income</b>	-	-	<b>210.20</b>	<b>65.31</b>
<b>Net deferred tax (assets) / liabilities</b>	<b>695.04</b>	<b>905.24</b>	-	-

Reflected in the balance sheet as follows:	As at 31.03.2020	As at 31.03.2019
Deferred tax assets	(277.96)	(216.28)
Deferred tax liabilities	973.00	1,121.52
<b>Deferred tax liabilities, net</b>	<b>695.04</b>	<b>905.24</b>

Reconciliation of deferred tax liabilities (net)	As at 31.03.2020	As at 31.03.2019
<b>Opening balance</b>	<b>905.24</b>	<b>970.55</b>
Tax (income) / expense during the period recognized in profit & loss	(150.24)	(42.56)
Tax (income) / expense during the period recognized in OCI	(59.96)	(22.75)
<b>Closing balance</b>	<b>695.04</b>	<b>905.24</b>

21. Trade payables	As at 31.03.2020	As at 31.03.2019
Trade payables		
- total outstanding dues of micro and small enterprises	49.38	63.98
- total outstanding dues of creditors other than micro and small enterprises	4,138.20	3,956.63
<b>Total</b>	<b>4,187.58</b>	<b>4,020.61</b>

22. Other financial liabilities	As at 31.03.2020	As at 31.03.2019
Security deposits	9.63	1.50
Current maturities of long-term debt		
Term loans	-	749.37
Vehicle loans	21.60	40.37
Interest accrued on borrowings	0.15	2.35
Capital creditors	-	775.49
Creditors for expenses	103.90	807.45
Unclaimed dividends	290.76	8.09
<b>Total</b>	<b>426.04</b>	<b>2,384.62</b>



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>23. Other current liabilities</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Advance from customers	807.46	1,596.85
Statutory dues payable	891.07	562.07
<b>Total</b>	<b>1,698.53</b>	<b>2,158.92</b>

<b>24. Current tax liabilities (net)</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Income tax provision (net of advance tax of ₹ 668.91 lacs (31 <sup>st</sup> March, 2019: ₹ 1,579.91 lacs))	12.84	29.09
<b>Total</b>	<b>12.84</b>	<b>29.09</b>

<b>25. Revenue from operations</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
<b>Sale of products</b>		
Automotive parts	31,754.49	38,862.30
Moulds	3,983.55	1,554.20
<b>Other operating revenue</b>		
GST subsidy	179.72	681.54
Hedging gain/ (loss)	1.28	-
Investment subsidy on employment	32.01	-
<b>Total</b>	<b>35,951.05</b>	<b>41,098.04</b>

### Performance obligations and remaining performance obligations

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. The Company does not have any remaining performance obligations as at 31<sup>st</sup> March, 2020 (31<sup>st</sup> March, 2019: Nil).

<b>26. Other income</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
<b>Other non operating income</b>		
Interest income	22.35	15.16
Foreign exchange gain	-	7.65
Rent received	12.42	81.35
Investment subsidy on electricity	9.13	-
Unclaimed balances written off	14.56	0.12
Other miscellaneous Income	-	2.78
<b>Total</b>	<b>58.46</b>	<b>107.06</b>

## Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>27. Cost of materials consumed</b>		
Raw material	15,625.93	15,935.01
Dyes & chemicals	167.64	299.96
Packing material	723.27	936.67
Accessories	1,700.64	3,439.82
Fabric	25.59	118.68
Steel	538.31	772.11
Dies & molds	926.95	478.44
<b>Total</b>	<b>19,708.33</b>	<b>21,980.69</b>
<b>28. Changes in inventories of finished goods, work-in-process and stock-in-trade</b>		
<b>Inventories at the beginning of the year</b>		
Work-in-process	329.93	350.33
Work-in-process of inhouse manufactured molds	1,542.51	751.03
Less : Work-in-process used in fixed assets	-	(77.80)
Finished goods	328.42	251.70
Total inventories at the beginning of the year (A)	2,200.86	1,275.26
<b>Inventories at the end of the year</b>		
Work-in-process	649.63	329.93
Work-in-process of inhouse manufactured molds	1,176.69	1,542.51
Finished goods	563.99	328.42
<b>Total inventories at the end of the year (B)</b>	<b>2,390.32</b>	<b>2,200.86</b>
<b>Total (A-B)</b>	<b>(189.46)</b>	<b>(925.60)</b>
<b>29. Employee benefits expense</b>		
Salaries and wages	5,935.33	6,436.88
Contribution to provident and other funds	334.45	314.21
Staff welfare expenses	352.51	382.18
<b>Total</b>	<b>6,622.29</b>	<b>7,133.27</b>
<b>30. Finance costs</b>		
Interest expense	263.17	394.36
Other borrowing costs	0.34	10.35
<b>Total</b>	<b>263.51</b>	<b>404.71</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>31. Depreciation and amortization expense</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Depreciation of property, plant and equipment (refer note 3)	2,391.72	2,420.90
Amortization of intangible assets (refer note 5)	180.62	178.63
<b>Total</b>	<b>2,572.34</b>	<b>2,599.53</b>
<b>32. Other expenses</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Other manufacturing expenses		
Stores and spares consumed	187.73	127.31
Power and fuel	869.32	1,094.88
Factory expenses	142.45	182.28
Repair & maintenance		
Building	17.59	89.43
Machinery	182.19	217.95
Others	30.69	88.39
Administrative and other expenses		
Rent	65.74	121.46
Rates & taxes	10.36	13.09
Listing expenses	2.50	4.38
Postage & telephone expenses	49.31	68.45
Printing & stationery	39.88	102.37
Traveling & conveyance expenses	580.22	636.31
Office electricity & water	9.96	7.93
Insurance charges	192.59	106.07
Factory security	116.53	109.37
Foreign exchange loss	40.42	-
Loss on sale of Assets	32.03	-
Legal & professional charges	199.92	342.75
Meeting expenses	1.23	1.50
Motor car expenses	26.96	28.41
Bank charges	28.51	21.97
Fees & subscription	15.59	31.19
Provision for bad and doubtful debt	(0.66)	6.06
Corporate social responsibility expenses (refer note 51)	94.15	77.21
Directors sitting fees	22.00	23.20
Payment to collaborators / royalty	319.38	432.04
Charity & donation	0.28	1.01
Discount and short recovery	4.18	-
Miscellaneous expenses	235.27	33.01
Auditors' remuneration		
As audit fees	8.70	8.45
For tax audit, certification & tax representations	5.88	8.59
For other matters	9.45	8.68
For reimbursement of expenses	0.09	0.10
Selling & distribution expenses		
Freight & forwarding expenses	1,173.95	1,166.58
Advertisement, publicity & sales promotion	23.23	29.30
<b>Total</b>	<b>4,737.62</b>	<b>5,189.72</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 33. Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 <sup>st</sup> March, 2020	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	(150.71)	(150.71)
Share of other comprehensive income of associates and joint venture	(3.63)	(3.63)
Income tax effect	59.96	59.96
<b>Total</b>	<b>(94.38)</b>	<b>(94.38)</b>

During the year ended 31 <sup>st</sup> March, 2019	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	(65.19)	(65.19)
Share of other comprehensive income of associates and joint venture	(0.38)	(0.38)
Income tax effect	22.75	22.75
<b>Total</b>	<b>(42.82)</b>	<b>(42.82)</b>

### 34. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the Company by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Profit for the year as per statement of profit & loss	1,820.41	3,373.85
<b>Profit attributable to equity holders of the Company for basic earnings</b>	<b>1,820.41</b>	<b>3,373.85</b>
	<b>No. of Shares</b>	
Weighted average number of equity shares in calculating basic EPS	1,40,00,000	1,40,00,000
Effect of dilution	-	-
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>1,40,00,000</b>	<b>1,40,00,000</b>
<b>Earnings per equity share</b>		
Basic (₹)	13.00	24.10
Diluted (₹)	13.00	24.10
<b>Face value of each equity share (₹)</b>	<b>10</b>	<b>10</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 35. Employee benefit plans

Defined contribution plans - general description

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is ₹ 259.12 lacs (31<sup>st</sup> March, 2019: ₹ 230.34 lacs)

Defined benefit plans - general description

Gratuity:

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Company makes provision of such gratuity asset / liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the statement of profit & loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

<b>Changes in the present value of the defined benefit obligation are as follows:</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>Defined benefit obligation at the beginning of the year</b>	672.61	621.96
Current service cost	81.09	62.22
Past service cost	-	(63.43)
Interest cost	52.46	47.95
Benefits paid	(97.46)	(61.28)
Actuarial (gain) / loss on obligations-OCI	150.71	65.19
<b>Defined benefit obligation at the end of the year</b>	<b>859.41</b>	<b>672.61</b>
<b>Changes in the fair value of plan assets are as follows:</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>Fair value of plan assets at the beginning of the year</b>	-	-
Contribution by employer	-	-
Benefits paid	-	-
Expected interest income on plan assets	-	-
Actuarial gain / (loss) on plan asset	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of fair value of plan assets and defined benefit obligation</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Fair value of plan assets	-	-
Defined benefit obligation	859.41	672.61
<b>Amount recognised in the balance sheet</b>	<b>859.41</b>	<b>672.61</b>

## Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

<b>Amount recognised in statement of profit and loss</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Current service cost	81.09	62.22
Net interest expense	52.46	47.95
Past service cost	-	(63.43)
<b>Amount recognised in statement of profit and loss</b>	<b>133.55</b>	<b>46.74</b>
<b>Amount recognised in other comprehensive income:</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	74.88	3.78
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gain) / loss arising from experience adjustments	75.83	61.41
<b>Amount recognised in other comprehensive income</b>	<b>150.71</b>	<b>65.19</b>
<b>The principal assumptions used in determining gratuity liability for the Company's plans are shown below:</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Discount rate	6.92%	7.80%
Expected rate of return on plan assets	NA	NA
Future salary increases	5.50%	5.50%
Attrition rate (up to 30 years)	3.00%	3.00%
Attrition rate (from 30 to 45 years)	2.00%	2.00%
Attrition rate (above 45 years)	1.00%	1.00%
Retirement age	58 years	58 years

A quantitative sensitivity analysis for significant assumption as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 is as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Assumptions				
Discount rate	+0.50%	+0.50%	(43.94)	(31.83)
	-0.50%	-0.50%	47.57	34.39
Future salary increases	+0.50%	+0.50%	47.52	34.59
	-0.50%	-0.50%	(44.26)	(32.27)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Sensitivities due to mortality and withdrawals are insignificant and hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Company's best estimate of expense for the next Annual reporting period is ₹149.86 lacs (31<sup>st</sup> March, 2019: ₹ 124.95 lacs).

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

The expected maturity analysis of undiscounted gratuity is as follows:	31.03.2020	31.03.2019
Within the next 12 months (next annual reporting period)	65.23	74.27
Between 1 to 2 years	22.55	10.31
Between 2 to 3 years	35.97	22.95
Between 3 to 4 years	35.89	10.40
Between 4 to 5 years	21.33	19.70
Between 5 to 6 years	29.35	19.55
Over 6 years	649.08	515.42
<b>Total expected payments</b>	<b>859.40</b>	<b>672.60</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.86 years (31<sup>st</sup> March, 2019: 17.29 years)

### 36. Leases

#### Operating leases taken

The Company has taken certain building on operating lease arrangements. The lease expense recognized in the statement of profit and loss is ₹ 65.74 lacs (31<sup>st</sup> March, 2019: ₹ 121.46 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2020	As at 31.03.2019
Not later than one year	58.66	70.26
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>58.66</b>	<b>70.26</b>

#### Operating leases given

The Company has given certain properties on operating lease arrangements. The lease income recognised in the statement of profit and loss is ₹ 29.25 lacs (31<sup>st</sup> March, 2019: ₹ 81.35 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2020	As at 31.03.2019
Not later than one year	57.31	49.03
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>57.31</b>	<b>49.03</b>

### 37. Commitments

(i) Retention charges and capital commitments (net of advances) are ₹ 935.45 lacs (31<sup>st</sup> March, 2019: ₹ 505.51 lacs)

## Notes to Consolidated Financial Statements

### for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

38. Contingent liabilities	As at 31.03.2020	As at 31.03.2019
Contingent liabilities not provided for in respect of		
Letters of guarantees	2,440.00	2,171.97
Letters of credit	-	455.33
Assignment of receivables	-	38.41
Income tax appeal		
For assessment year 2015-16	29.84	29.84
For assessment year 2018-19	150.51	-
GST appeals (includes excise and sales tax demands)	114.10	116.79
Show Cause Notice for short payment of excise duty	410.05	410.05
Demand towards delay in commencement of production along with stipulated investment Company's plant at Pathredi claimed by Rajasthan State Industrial Development and Investment Corporation (RIICO)	103.57	103.57
<b>Total</b>	<b>3,248.07</b>	<b>3,325.96</b>

## Notes:

- (i) A demand of ₹ 29.84 lacs has been raised for the assessment year 2015-16. The Hon'ble CIT (Appeals) has allowed the appeal in our favour. However, department has filed the appeal with ITAT (Delhi) against the order of the allowability of the royalty amount.
- (ii) A demand of ₹ 150.51 lacs has been raised for the assessment year 2018-19 by the income tax department. The company is in the process of filing an appeal against the same.
- (iii) Central sales tax assessment for the assessment year 2004-05 was completed and a balance demand of ₹ 0.45 lacs was raised by the department. Appeal against the same is pending before the Joint Commissioner of Sales Tax (Appeals) and stay granted vide order no F/PA/Jt. Comm. (KDU) /02/Stay/ 410-411 dated 18.08.06.
- (iv) Joint commissioner has demanded entry tax of ₹ 5.24 lacs on stock transfer of iron and steel for job work for the assessment year 2011-12. We have filed an appeal before the Additional Commissioner (Appeals) against the said demand. Additional Commissioner (Appeals) granted stay of 50% of demand. We have filed an appeal against the order of Additional Commissioner (Appeals) before Commercial Tax Tribunal (Noida, U.P.).
- (v) Joint Commissioner has demanded ₹ 31.16 lacs towards shortfall of Form C and ₹ 4.43 lacs towards central sales tax on stock transfer of iron and steel for job work for the assessment year 2012-13. We filed an appeal before the Additional Commissioner (Appeals) against the said demand. Additional Commissioner (Appeals) granted stay of 50% of total demand. We have filed an appeal against the order of Additional Commissioner (Appeals) before Commercial Tax Tribunal (Noida, U.P.).
- (vi) Demand of excise duty of ₹ 1.06 lacs along with penalty of ₹ 1.06 lacs was imposed on the Company by Additional Commissioner, Central Excise, Delhi, for cenvat credit taken on payment of duty through DEPB license, under the Central Excise Act, 1944. The Company had filed an appeal against the aforesaid order with Commissioner of Central Excise, Okhla. The Commissioner of central excise has rejected the appeal. Thereafter, the Company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and the appeal is pending.
- (vii) Demand of excise duty of ₹ 35.36 lacs along with penalty of ₹ 35.36 lacs was imposed on the Company by Additional Commissioner, Central Excise, Delhi, for cenvat credit taken on payment of duty through DEPB license, under the Central Excise Act, 1944 and was outstanding as on 31.03.2016. The Company had filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) and CESTAT has decided the case in favour of Company and set aside the demand. The Company approached the Delhi High Court against the order of CESTAT and the High Court has remanded the case back to CESTAT for hearing it again. The matter is pending in CESTAT, Delhi.
- (viii) The Company has received show cause notice dated 12.03.2019 from Directorate General of Goods and Service Tax Intelligence, Gurugram, Zonal Unit alleging short payment of central excise duty (including education cess and S & H cess) to the tune of ₹ 410.05 lacs for the period FY 2013-14 to 30.06.2019 on the value of design / drawings / specifications supplied by Maruti Suzuki India Limited on FOC basis to the Company. ₹ 384.57 lacs relates to B-45, B-206 and B-4, Kasna, Uttar Pradesh Plants and ₹ 25.47 lacs relates to Pathredi plant. The Company will be disputing the show cause for the above demand with The Additional / Joint Commissioner, Gautam Budh Nagar Commissionerate, Greater Noida, Uttar Pradesh and The Additional/Joint Commissioner, Alwar Commissionerate, Rajasthan.
- (ix) RIICO has raised a demand of ₹ 103.57 lacs towards additional cost of land due to delay in commencement of production activities at its plant at Pathredi. The Company has disputed the matter with RIICO and the matter is pending.



# Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**39. Related party disclosures****A. List of related parties**

<b>(a) Joint Venture</b>	1. PPAP Tokai India Rubber Private Limited
<b>(b) Key Management Personnel (KMP)</b>	1. Mr. Ajay Kumar Jain, Chairman & Managing Director
	2. Mr. Abhishek Jain, CEO & Managing Director
	3. Mrs. Vinay Kumari Jain, Director
	4. Mr. Anurag Saxena, Chief Financial Officer (w.e.f. 12.08.2019)
	5. Mrs. Sonia Bhandari, Company Secretary
	6. Mr. Manish Dhariwal, Chief Financial Officer (upto 05.07.2019)
<b>(c) Related Parties in the group where common control exists</b>	1. Kalindi Farms Private Limited
	2. Vinay and Ajay Jain Foundation

The following transactions were carried out with related parties in the ordinary course of business:

Related party transactions	Period	Related parties where common control exists	Joint Ventures	Wholly Owned Subsidiaries	Total
<b>Rent &amp; lease charges paid</b>					
Kalindi Farms Private Limited	31.03.2020	-	-	-	-
	31.03.2019	49.00	-	-	49.00
<b>CSR expenses paid</b>					
Vinay and Ajay Jain Foundation	31.03.2020	94.15	-	-	94.15
	31.03.2019	40.32	-	-	40.32
<b>Material / licence purchases</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	19.04	-	19.04
	31.03.2019	-	0.05	-	0.05
<b>Receipts for other services*</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	134.57	-	134.57
	31.03.2019	-	190.86	-	190.86
<b>Sales</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	22.88	-	22.88
	31.03.2019	-	93.95	-	93.95

\*Other services include management support fee, reimbursement of expenses, job work charges and rental income.

**Net outstanding balance**

Related party	Period	Related parties where common control exists	Joint ventures	Wholly Owned Subsidiaries	Total
<b>Trade receivable</b>					
PPAP Tokai India Rubber Private Limited	31.03.2020	-	57.71	-	57.71
	31.03.2019	-	25.84	-	25.84

# Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**Details relating to remuneration of KMP & their relatives**

Name of KMP	Period	Shares of Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited)	PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited)
Mr. Ajay Kumar Jain	31.03.2020 31.03.2019	0.60 -	0.60 -

**Details relating to remuneration of KMP & their relatives**

Name of KMP	31.03.2020		31.03.2019	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	195.91	-	248.15	-
Mr. Abhishek Jain	204.03	-	270.20	-
Mrs. Vinay Kumari Jain	-	5.20	-	5.60

**Details relating to remuneration of KMP other than MD / Manager / Whole Time Director**

Name of KMP	31.03.2020	31.03.2019	
	Period	Short-term employee benefits	Short-term employee benefits
Mr. Anurag Saxena	12.08.2019 to 31.03.2020	20.64	-
Mr. Manish Dhariwal	01.04.2019 to 05.07.2019	10.14	42.09
Mrs. Sonia Bhandari	01.04.2019 to 31.03.2020	13.77	11.70

**40. Segment information**

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. Based on the consideration of dominant sources and nature of risk & returns, the company is considered an automotive components manufacturer. Most of the activities are revolving around this business and accordingly has only one reportable segment. The geographical location of its main operations and the internal organization / reporting and management structure supports such treatment.

**41. Dues to micro and small enterprises**

The dues to micro and small enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006), to the extent information available with the Company is given below:

Particulars	31.03.2020	31.03.2019
(I) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	49.38	63.98
Interest due on above	-	-
(II) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(III) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(IV) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(V) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 42. Fair values measurements

#### (i) Financial instruments by category

Particulars	31.03.2020		31.03.2019	
	FVTPL	Amortized cost	FVTPL	Amortized cost
<b>Financial assets</b>				
Investments (non current)*	-	4,790.35	-	4,884.43
Other financial assets (non current)	-	451.83	-	481.01
Trade receivables	-	3,998.02	-	5,742.42
Cash and cash equivalents	-	320.30	-	42.59
Other balances with banks	-	291.31	-	8.64
Loans	-	42.73	-	38.11
Other financial assets (current)	-	48.63	-	439.29
<b>Total financial assets</b>	-	<b>10,185.51</b>	-	<b>11,636.49</b>
<b>Financial liabilities</b>				
Borrowings (non current)	-	1,202.67	-	1,293.63
Borrowings (current)	-	992.79	-	375.95
Trade payables	-	4,187.58	-	4,020.61
Other financial liabilities (current)	-	426.04	-	2,384.62
<b>Total financial liabilities</b>	-	<b>6,809.08</b>	-	<b>8,074.81</b>

\*Investment value includes investment in joint venture of ₹ 4,853 lacs (31<sup>st</sup> March, 2019: ₹ 4,853 lacs) and investment in wholly owned subsidiaries of ₹ 230 lacs (31<sup>st</sup> March, 2019 associates of : ₹ 0.80 lacs) which are shown at cost in balance sheet as per Ind AS 27 Separate Financial Statements.

#### (ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level input which has a significant effect on fair value measurement is not based on observable market data.

There have been no transfers between Level 1 and Level 2 during the financial year 2018-19 and 2019-20.

#### Valuation technique used to determine fair value:

- (i) For cash and cash equivalents, trade receivables, loans other financial assets, short term borrowings, trade payables and other current financial liabilities the management assessed that they approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- (iii) The fair value of security deposits is determined using discounted cash flow analysis.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 43. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade payables, and creditors for expenses. The Company's principal financial assets include investments, long term deposits, trade receivables, cash and short-term deposits / loan that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

#### I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include, deposits and FVTPL investments.

The sensitivity analysis of the above mentioned risk in the following sections relate to the position as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019.

#### A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

	+ (increase) / - (decrease) in basis points	Gain / (loss) effect on PBT
<b>31.03.2020</b>		
INR	+50	(5.27)
INR	-50	(5.27)
<b>31.03.2019</b>		
INR	+50	(5.96)
INR	-50	(5.96)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**B. Foreign currency sensitivity**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD, JPY and EURO exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	<b>Change in USD rate</b>	<b>Effect on profit before tax</b>
<b>31.03.2020</b>	+5%	(15.05)
	-5%	15.05
<b>31.03.2019</b>	+5%	(2.85)
	-5%	2.85
	<b>Change in JPY rate</b>	<b>Effect on profit before tax</b>
<b>31.03.2020</b>	+5%	(3.12)
	-5%	3.12
<b>31.03.2019</b>	+5%	(7.65)
	-5%	7.65
	<b>Change in EURO rate</b>	<b>Effect on profit before tax</b>
<b>31.03.2020</b>	+5%	-
	-5%	-
<b>31.03.2019</b>	+5%	0.02
	-5%	(0.02)

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of monetary assets and liabilities denominated in foreign currency.

**II. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and /or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**A. Trade receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the year end the Company does not have any significant concentrations of bad debt risk other than disclosed in Note 11.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 42. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

**B. Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

**III. Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended 31.03.2020</b>					
Borrowings (non current)	5.40	16.20	1,347.78	432.99	1,802.37
Borrowings (current)	992.79	-	-	-	992.79
Trade payables	4,187.58	-	-	-	4,187.58
Other financial liabilities (current)	404.44	-	-	-	404.44
<b>Total</b>	<b>5,590.21</b>	<b>16.20</b>	<b>1,347.78</b>	<b>432.99</b>	<b>7,387.18</b>
<b>Year ended 31.03.2019</b>					
Borrowings (non current)	260.09	530.28	1,335.68	432.99	2,559.04
Borrowings (current)	375.95	-	-	-	375.95
Trade payables	4,020.61	-	-	-	4,020.61
Other financial liabilities (current)	1,594.88	-	-	-	1,594.88
<b>Total</b>	<b>6,251.53</b>	<b>530.28</b>	<b>1,335.68</b>	<b>432.99</b>	<b>8,550.48</b>

**IV. Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is in automotive components manufacturing business and the management have assessed risk concentration as low.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 44 . Capital Management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate. No changes were made in the objectives, policies or processes during the year ended 31<sup>st</sup> March, 2020.

	31.03.2020	31.03.2019
Borrowings (non current)	1,202.67	1,293.63
Borrowings (current)	992.79	375.95
Trade payables	4,187.58	4,020.61
Other financial liabilities (current)	426.04	2,384.62
<b>Total Debts</b>	<b>6,809.08</b>	<b>8,074.81</b>
Less: Cash and cash equivalents	320.30	42.59
<b>Net debts</b>	<b>6,488.78</b>	<b>8,032.22</b>
<b>Total equity</b>	<b>30,322.76</b>	<b>29,541.67</b>
<b>Total debt and equity</b>	<b>36,811.54</b>	<b>37,573.89</b>
<b>Gearing ratio (%)</b>	<b>18.50%</b>	<b>21.49%</b>

### 45. Derivative instruments and unhedged foreign currency exposure

The amount of foreign currency exposure that are not hedged by derivative instruments or otherwise are as under:

	31.03.2020	31.03.2020	31.03.2019	31.03.2019
	Foreign Currency	Amount	Foreign Currency	Amount
<b>Foreign trade payables</b>				
USD in lacs	4.58	329.76	1.86	134.66
JPY in lacs	228.22	152.28	231.78	153.03
<b>Foreign trade receivables</b>				
USD in lacs	0.39	28.86	1.18	77.67
JPY in lacs	133.97	89.80	0.17	0.10
EURO in lacs	-	-	0.01	0.41

### 46. Balance confirmation

Debit and credit balance of trade payables and trade receivables to the extent not confirmed are subject to confirmation and reconciliation with parties.

47. In the opinion of the Board of Directors and to the best of their knowledge and belief, the aggregate value of current assets on realization in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 48. Disclosure of movement in provisions during the year as per Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets:

Particulars	Balance as on 1 <sup>st</sup> April, 2019	Provided during the year	Paid / Adjusted during the year	Balance as on 31 <sup>st</sup> March, 2020
<b>Non-current provisions</b>				
Gratuity	672.61	284.26	(97.46)	859.41
Accumulated leaves	128.32	104.44	(42.22)	190.54
Income tax	29.09	534.08	(550.32)	12.84
<b>Total</b>	<b>830.02</b>	<b>922.78</b>	<b>(690.00)</b>	<b>1062.79</b>

### 49. Dividends Paid and Proposed

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A Paid during the year</b>		
Interim dividend of FY 2019-20: ₹ 3.00 per equity share (FY 2018-19: ₹ 2.00 per equity share) of ₹ 10/- each (Including dividend distribution tax of ₹ 86.35 lacs, FY 2018-19: ₹ 57.57 lacs)	506.35	337.57
Final dividend for FY 2018-19: ₹ 2.50 per share (FY 2017-18: ₹ 2.50 per share) (Including dividend distribution tax of ₹ 71.96 lacs, FY 2017-18: ₹ 71.25 lacs)	421.96	421.25
	<b>928.31</b>	<b>758.82</b>
<b>B Proposed for approval at the annual general meeting (not recognised as a liability)</b>		
Final dividend for FY 2019-20: nil (FY 2018-19: ₹ 2.50 per share) (Including dividend distribution tax of ₹ nil, FY 2018-19: ₹ 71.96 lacs)	-	421.96
<b>Total</b>	<b>-</b>	<b>421.96</b>

### 50. Disclosure under Ind AS 7 'Statement of Cash Flows'

With effect from 1<sup>st</sup> April, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

	31.03.2019	Cash flows	Non-cash changes Fair value changes	31.03.2020
Long term borrowings	2,083.37	(756.67)	(102.43)	1,224.27
Short term borrowings	375.95	616.84	-	992.79
<b>Total liabilities from financing activities</b>	<b>2,459.32</b>	<b>(139.83)</b>	<b>(102.43)</b>	<b>2,217.06</b>

### 51. Details of Corporate Social Responsibility (CSR) expenditure

	31.03.2020	31.03.2019
Amount required to be spent as per Section 135 of the Companies Act, 2013	94.15	77.16
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	94.15	77.21



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

**52. Research and development expenditure**

Expenditure incurred in the R&amp;D centres during FY20 and FY19 are given below:

Particulars	31.03.2020	31.03.2019
Capital expenditure	-	-
Revenue expenditure	300.94	633.49

**53. Disclosure of significant investments in wholly owned subsidiaries and joint venture.****1) Disclosure of investment in the following wholly owned subsidiaries :**

S. No.	Name	Country of incorporation	Ownership interest of PPAP Automotive Limited (%)	
			As on 31.03.2020	As on 31.03.2019
1	Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited)	India	100.00%	0.00%
	PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited)	India	100.00%	0.00%

**2) Disclosure of investment in the following joint ventures :**

S. No.	Name	Country of incorporation	Ownership interest of PPAP Automotive Limited (%)	
			As on 31.03.2020	As on 31.03.2019
1	PPAP Tokai India Rubber Private Limited	India	50.00%	50.00%

**3) Disclosure of investment in the following associates :**

S. No.	Name	Country of incorporation	Ownership interest of PPAP Automotive Limited (%)	
			As on 31.03.2020	As on 31.03.2019
1	Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited)	India	0.00%	40.00%
2	PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited)	India	0.00%	40.00%

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### 4) Disclosure of investment in the following associates :

The tables below provide summarised financial information for those wholly owned subsidiaries and joint venture that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not PPAP Automotive Limited's share of those amounts.

#### Summarized statement of profit and loss for the year ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019:

	PPAP Tokai India Rubber Private Limited			
	As on 31.03.2020	As on 31.03.2019	As on 31.03.2020	As on 31.03.2019
Revenue	230.82	-	-	-
Purchase of stock in trade	284.23	-	-	-
Changes in stock of finished goods, work-in-progress and stock-in-trade	(83.20)	-	-	-
Depreciation & amortization	0.00	-	0.05	-
Employee benefit	12.40	-	2.96	-
Other expense	22.55	-	1.06	-
<b>Profit before tax</b>	<b>(5.16)</b>	-	<b>(4.07)</b>	-
Income tax expense	(1.25)	-	(1.00)	-
<b>Profit for the year from continuing operations</b>	<b>(3.91)</b>	-	<b>(3.08)</b>	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(3.91)</b>	-	<b>(3.08)</b>	-
<b>Group's share of profit for the year</b>	<b>(3.91)</b>	-	<b>(3.08)</b>	-
Dividends received	-	-	-	-

#### Summarised balance sheet as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019:

	PPAP Tokai India Rubber Private Limited			
	As on 31.03.2020	As on 31.03.2019	As on 31.03.2020	As on 31.03.2019
<b>Current assets</b>				
Cash and cash equivalents	44.40	-	66.77	-
Other assets	183.90	-	73.25	-
<b>Total current assets</b>	<b>228.30</b>	-	<b>140.01</b>	-
<b>Total non-current assets</b>	<b>2.17</b>	-	<b>61.41</b>	-
<b>Current liabilities</b>				
Financial liabilities (excluding trade payables)	1.14	-	-	-
<b>Other liabilities</b>	<b>189.67</b>	-	<b>35.65</b>	-
<b>Total current liabilities</b>	<b>190.82</b>	-	<b>35.65</b>	-
<b>Non-current liabilities</b>				
Financial liabilities (excluding trade payables)	-	-	-	-
Other liabilities	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	-	<b>-</b>	-
<b>Total equity</b>	<b>39.66</b>	-	<b>165.77</b>	-
Proportion of the group's ownership	100.00%	40.00%	100.00%	40.00%
Carrying amount of the investment (including transaction costs)	50.00	0.40	180.00	0.40

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2020

(₹ in lacs)

### Summarized statement of profit and loss for the year ended 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019:

	PPAP Tokai India Rubber Private Limited	
	As on 31.03.2020	As on 31.03.2019
Revenue	6,691.64	7,556.56
Cost of raw material and components consumed	4,220.80	4,783.28
Changes in stock of finished goods, work-in-progress and stock-in-trade	(6.94)	(83.28)
Depreciation & amortization	618.78	603.13
Finance costs	0.06	11.34
Employee benefit	936.99	951.19
Other expense	1,189.43	1,256.72
<b>Profit before tax</b>	<b>(267.48)</b>	<b>34.18</b>
Income tax expense	(86.23)	(30.54)
<b>Profit for the year from continuing operations</b>	<b>(181.25)</b>	<b>64.72</b>
Other comprehensive income	(7.26)	(0.75)
<b>Total comprehensive income</b>	<b>(188.51)</b>	<b>63.97</b>
Group's share of profit for the year	(94.26)	31.98
Dividends received	-	-

### Summarised balance sheet as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019:

	PPAP Tokai India Rubber Private Limited	
	As on 31.03.2020	As on 31.03.2019
<b>Current assets</b>		
Cash and cash equivalents	590.55	450.28
Other assets	3,426.43	3,590.05
<b>Total current assets</b>	<b>4,016.98</b>	<b>4,040.33</b>
<b>Total non-current assets</b>	<b>6,877.25</b>	<b>7,235.99</b>
<b>Current liabilities</b>		
Financial liabilities (excluding trade payables)	9.55	90.73
Other liabilities	1,212.63	1,358.72
<b>Total current liabilities</b>	<b>1,222.18</b>	<b>1,449.45</b>
<b>Non-current liabilities</b>		
Financial liabilities (excluding trade payables)	-	-
Other liabilities	97.35	63.66
<b>Total non-current liabilities</b>	<b>97.35</b>	<b>63.66</b>
<b>Total equity</b>	<b>9,574.70</b>	<b>9,763.21</b>
Proportion of the group's ownership	50.00%	50.00%
Carrying amount of the investment (including transaction costs)	4,790.35	4,884.22

### Commitments and contingent liabilities in respect of wholly owned subsidiaries and joint venture

	As on 31.03.2020	As on 31.03.2019
<b>Commitments-wholly owned subsidiaries</b>		
Share of subsidiaries' commitments in respect of orders remaining to be executed/ supplied	346.83	-
<b>Contingent liabilities-wholly owned subsidiaries</b>	nil	nil
<b>Commitments-joint venture</b>		
Share of joint venture's commitments in respect of orders remaining to be executed/ supplied	207.05	72.35
<b>Contingent liabilities-joint venture</b>		
Share of joint venture's contingent liabilities in respect of several appeals filed before different appellate authorities of GST/ Sales Tax Department	33.32	33.32

(₹ in lacs)

**54. Estimation of Uncertainties related to global health pandemic - COVID-19****Critical judgements, estimates and assumptions**

## 1. Impairment of property, plant and equipment

The Company assesses the carrying amount of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.

While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. The key assumptions used for the calculations are as follows:

Particulars	As at March 31, 2020
Discount Rate (WACC)	13.15%
Long Term Growth Rate	5.00%

As at March 31, 2020, based on the Company's internal calculations, further validated by an external valuer, the estimated recoverable amount of property, plant and equipment exceeded its carrying amount and the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the PPE.

## 2. Loss Allowance on trade receivables

An impairment analysis of trade receivables is performed at each reporting period based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates. In calculating expected credit loss, the Company has also considered the likelihood of consequential default considering emerging situations due to COVID-19 and has taken into account estimates of possible effect from the pandemic relating to COVID-19. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2020 is considered adequate.

## Note on going concern

The Company has considered possible effects that may result from the pandemic relating to COVID 19 and has made detailed assessment of its going concern assumption, liquidity position for next one year and believes that they can meet all their obligations. In view of the above, these accounts have been prepared on a going concern basis.

In terms of our report of even date annexed

**For O P Bagla & Co LLP**

Chartered Accountants

FRN No. 000018N / N500091

**Sanjeev Agarwal**

Partner

Membership No: 408316

Place: New Delhi

Date: 5<sup>th</sup> June, 2020

For and on behalf of the Board

**PPAP Automotive Limited****Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

**Anurag Saxena**

Chief Financial Officer

**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

**Sonia Bhandari**

Company Secretary

**Form AOC-1**

(Pursuant to first proviso of Section 129(3) read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures****Part “A”: Subsidiaries**

(₹ in lacs)

S. No.	Name of the subsidiary	1	2
		Elpis Components Distributors Private Limited	PPAP Technology Limited
	Date of becoming subsidiary	04.10.2019	10.12.2019
	Start date of accounting period of subsidiary	01.04.2019	01.04.2019
	End date of accounting period of subsidiary	31.03.2020	31.03.2020
	Reporting currency	INR	INR
	Share capital	50.00	1,80.00
	Reserves & surplus		
	Total assets	230.47	201.42
	Total liabilities	230.47	201.42
	Investments	-	-
	Turnover	230.82	-
	Profit before taxation	(5.15)	(4.07)
	Provision for taxation	(1.25)	-
	Profit after taxation	(3.90)	(3.08)
	Proposed dividend	-	-
	% of shareholding	100.00	100.00

1 Names of subsidiaries which are yet to commence operations : Nil

2 Names of subsidiaries which have been liquidated or sold during the year : Not applicable

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to associate companies and joint ventures

S. No.	Name of Associates / Joint Ventures	Joint Venture
		PPAP Tokai India Rubber Private Limited
1	Latest audited balance sheet date	31.03.2020
2	Date on which the associate or joint venture was associated or acquired	26.06.2013
3	Shares of associate / joint ventures held by the Company on the year end No.	4,85,00,000
	Amount of Investment in associates / joint venture	4,850.00
	Extend of holding %	50
4	Description of how there is significant influence	Due to shareholding
5	Reason why the associate / joint venture is not consolidated	Not applicable
6	Net worth attributable to shareholding as per latest audited balance sheet	4,787.36
7	Profit / loss for the year	
	i) Considered in consolidation	(94.25)
	ii) Not Considered in consolidation	(94.25)

1 Associates or joint ventures which are yet to commence operations: Not applicable

**For and on behalf of the Board of Directors**Place: New Delhi  
Date: 5<sup>th</sup> June, 2020**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651















# CSR INITIATIVES

## CSR MISSION

*“To contribute meaningfully to the social transformation of the communities in which PPAP operates. In doing so, build a better, humane, sustainable and equitable way of life for the marginalized sections of our society and raise the society’s development index”*



Environment

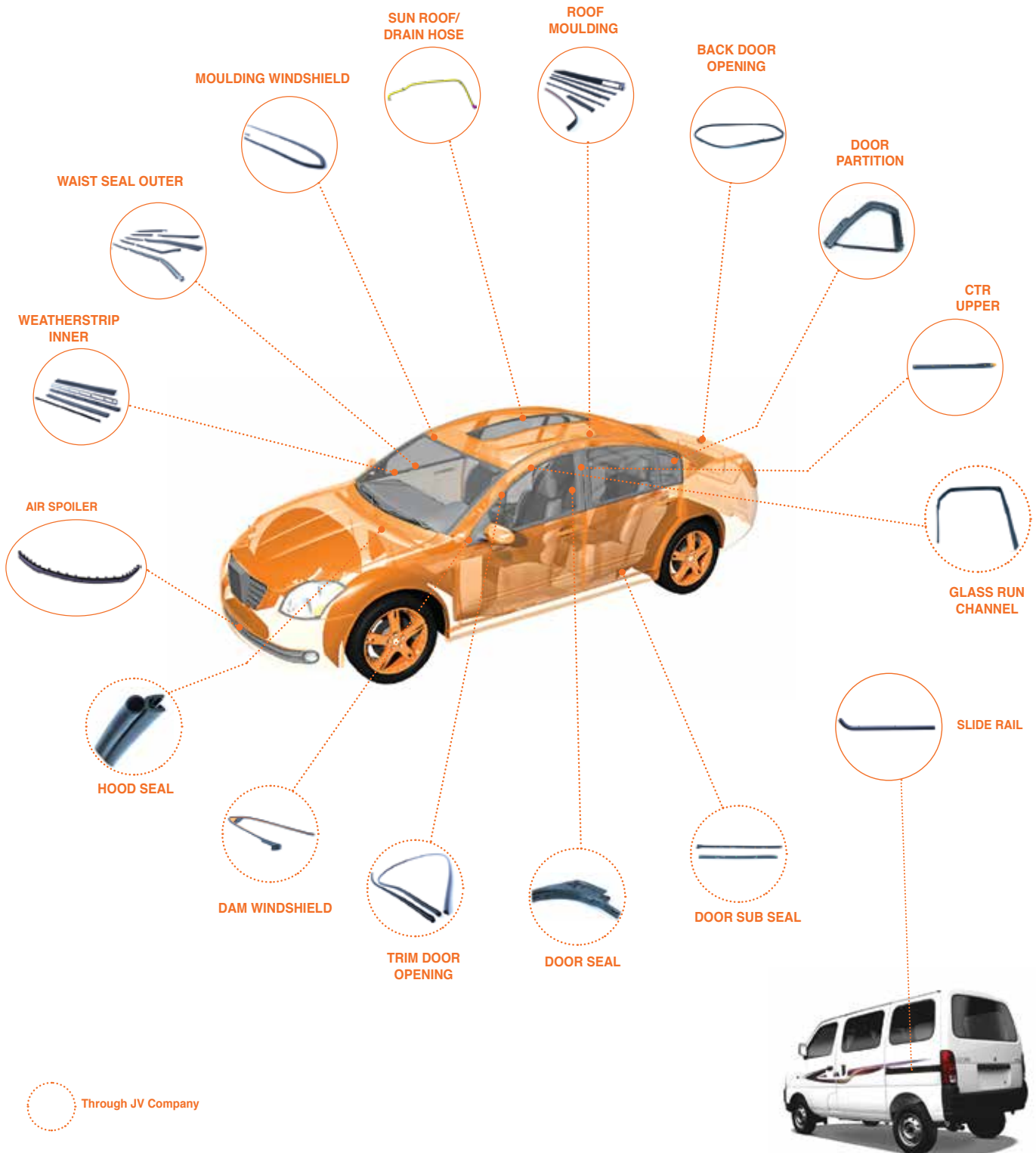


Education



Health Care

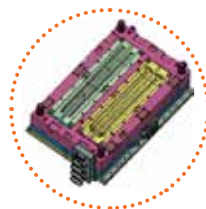
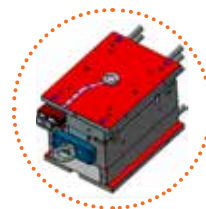
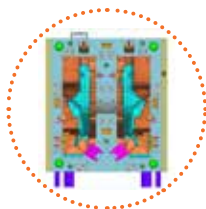
# Extrusion Products



# Injection Products



# Injection Molding Tooling



# PERFORMANCE SUMMARY

Operating Income  
(₹ in lacs)



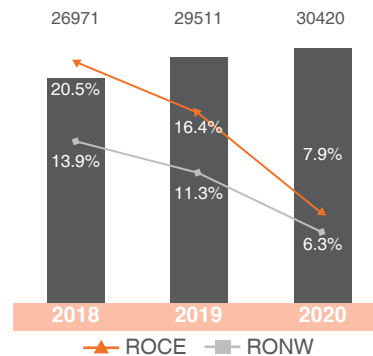
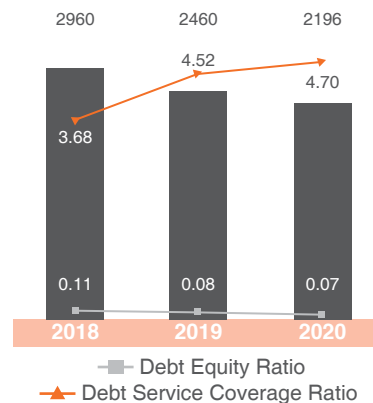
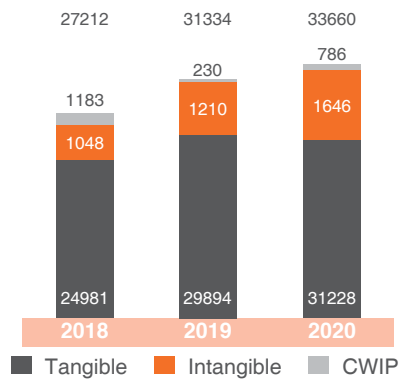
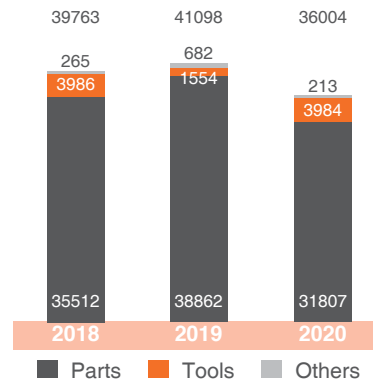
Gross Fixed Assets  
(₹ in lacs)



Debt  
(₹ in lacs)



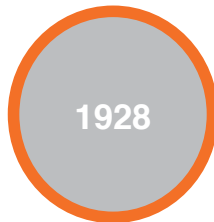
Net Worth  
(₹ in lacs)



EBITDA  
(₹ in lacs)



Profit After Tax  
(₹ in lacs)

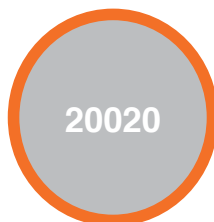


\*Earning Per Share  
(in ₹)

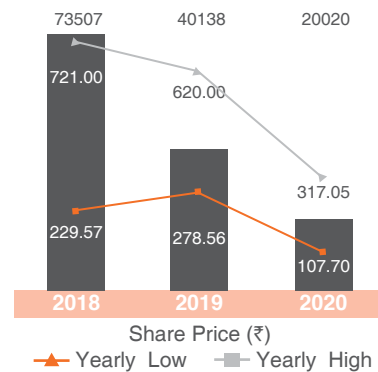
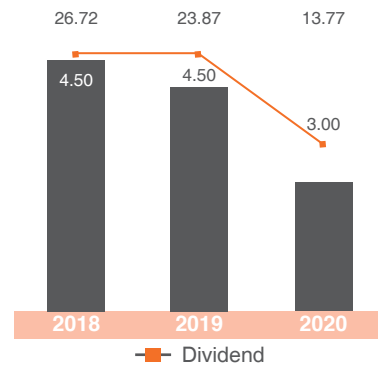
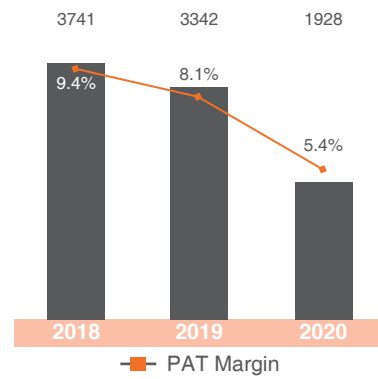
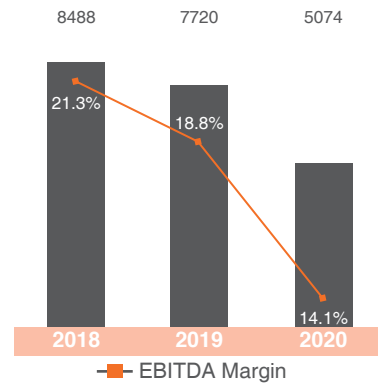


\* Face Value of ₹10 Per Share

\*\*Market Capitalization  
(₹ in lacs)



\*\*Source: BSE as on 31<sup>st</sup> March 2020



# EMPLOYEES ENGAGEMENT



Parivar Milan



Town Hall Meeting



Women's day





Ankit Kumar, (10 years), s/o Neeraj Kumar



Prince Sharma, (13 years), s/o Bintu Sharma



Raunak Sharma, (12 years), s/o Ajay Kumar Sharma



Khushi Gusain, (11 years), d/o Ranjeet Singh Gusain



Jatin, (13 years) s/o Veerpal



Sakshi Kumar, (9 years), d/o Mr. Ishwar Chandra



**PPAP Automotive Limited**

54, Okhla Industrial Estate,  
Phase-III, New Delhi-110020

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