



# PPAP Automotive Limited



Gujarat Plant



Artwork by Arhaan

## Annual Report 2020-21



Vaccination Drive



Battery Pack Assembly

*Taking Challenges, Together*

# CORPORATE INFORMATION

## CONTENTS

01	Board of Directors
02	Chairman's Message
04	Management Team
05	Manufacturing Facilities
06	Esteemed Clientele
07	Notice
20	Directors' Report
26	Annexures to the Directors' Report
34	Corporate Governance Report
56	Business Responsibility Report
65	Management Discussion and Analysis Report
75	Standalone Financial Statements
126	Consolidated Financial Statements
183	Accolades
184	Product Portfolio
186	Performance Summary
188	Corporate Social Responsibility Initiatives
189	Employees Engagement

### Board of Directors

*Chairman & Managing Director*  
Mr. Ajay Kumar Jain

*Chief Executive Officer & Managing Director*  
Mr. Abhishek Jain

*Independent Directors*  
Mr. Bhuwan Kumar Chaturvedi  
Mr. Pravin Kumar Gupta  
Mrs. Celine George  
(w.e.f. 16<sup>th</sup> April, 2020)

*Non-executive Director*  
Mrs. Vinay Kumari Jain

### Committees of the Board

*Audit*  
Mr. Bhuwan Kumar Chaturvedi-Chairman  
Mr. Pravin Kumar Gupta  
Mr. Abhishek Jain

*Nomination and Remuneration*  
Mr. Pravin Kumar Gupta-Chairman  
Mr. Bhuwan Kumar Chaturvedi  
Mrs. Vinay Kumari Jain

*Stakeholders Relationship*  
Mr. Pravin Kumar Gupta-Chairman  
Mr. Abhishek Jain  
Mrs. Vinay Kumari Jain

*Corporate Social Responsibility*  
Mr. Bhuwan Kumar Chaturvedi-Chairman  
(w.e.f. 4<sup>th</sup> November, 2020)  
Mr. Abhishek Jain  
Mrs. Vinay Kumari Jain

### Chief Financial Officer

Mr. Sachin Jain  
(w.e.f. 10<sup>th</sup> May, 2021)

### Company Secretary and Compliance Officer

Mrs. Sonia Bhandari

### Website

www.ppapco.in

### Registered Office

54, Okhla Industrial Estate,  
Phase-III, New Delhi-110020  
CIN: L74899DLI995PLC073281  
Tel. No.: +91-11-26311671 / 26910777

### Corporate Office

B-206A, Sector-81, Phase-II,  
Noida-201305, Uttar Pradesh  
Tel. No.: +91-120-2462552 / 53

### 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

### Plant Locations

- B-206A, Sector-81, Phase-II,  
Noida-201305, Uttar Pradesh
- B-4, Site V, UPSIDC, Kasna,  
Surajpur Industrial Area,  
Greater Noida-201306, Uttar Pradesh
- 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
- Survey No. 866 (old survey no. 220),  
Village Ukhlod, Taluk Viramgam,  
Ahmedabad- 382150, Gujarat

# BOARD OF DIRECTORS



**MR. BHUVAN KUMAR CHATURVEDI**  
*Independent Director*



**MR. PRAVIN KUMAR GUPTA**  
*Independent Director*



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



**MRS. CELINE GEORGE**  
*Independent Director*



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



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

# CHAIRMAN'S MESSAGE



## *My Dear Shareholders,*

At the outset, I hope all of you are safe and healthy.

2020 was an extraordinary year by any measure. It was a year of global pandemic which led to a global slowdown. Governments across the world had a daunting task to contain the spread of the virus. India too witnessed nationwide lockdown coupled with multiple state wise restrictions. It was a year in which each one of us faced personal and professional challenges. It was a time when some of us were disproportionately hurt emotionally as well as financially. And it was also a time, when companies discovered their strengths and weaknesses and what they should become in the years ahead to create a brighter future for their stakeholders.

We, in India, are fortunate that we have a very strong pharma sector. While most of the developing countries around the world are struggling with a paucity of vaccines, the Government of India is targeting that most of us will be vaccinated before the end of this year.

We, at PPAP, strongly believe that the health and safety of our employees is our greatest priority. We took all the appropriate measures such as - social distancing, wearing masks, safety guards, sanitization, etc. in our workplaces to prevent COVID-19 infections. All our employees have diligently followed COVID-19 protocols resulting in minimum infections during the second wave. We have already vaccinated our entire workforce with the single dose and I am happy to share with you that soon all the employees of the Company as well as its subsidiaries, along with their families, will be fully vaccinated. I am proud to say that during this entire COVID-19 crisis, our employees stood shoulder to shoulder with each other and the Company, displayed great resilience and camaraderie while focusing on meeting the customers' expectations.

India is now open from lockdown, and economy is on a path of recovery. The second wave of COVID-19 has receded with

the vaccination drive picking up its pace. India's gross domestic product (GDP) witnessed a contraction of 7.3% in FY21 (Source: Ministry of Statistics and Programme Implementation). This is the first full-year contraction in the Indian economy in the last four decades since 1979-80, when GDP had shrunk by 5.2%. However, according to RBI, India's GDP is expected to grow by 9.5% in FY22. Our economic activity is expected to be buoyant due to various government initiatives and better than normal monsoon.

India's Auto sector appears to be recovering fast from the pandemic shock. There is a visible preference towards personal mobility with the public due to which it is assumed that the demand for vehicles will be strong as well as sustainable. Domestic vehicle sales for FY21 stood at 18.62 million units, out of which passenger vehicle sales reported at 2.71 million units (Source:SIAM). The Union Budget has outlined voluntary vehicle scrappage policy which will further boost the demand for vehicles. Recently revitalized FAME-II policy will surely act as a catalyst to boost the demand for electric vehicles.

Your Company's progress has been a function of continual investments in our people, our systems, and products, in good and bad times, to build our capabilities.

We are constantly investing in technology, nurturing talent, fully satisfying regulators, and continually improving risks, governance, and internal controls to serve our customers and stakeholders better.

The basis of our success is our people. Every crisis presents itself with opportunities. We utilized the current pandemic to revamp our organization. Today, we are more agile, leaner, smarter, more cost efficient and capable of dealing with the uncertainties and to grow faster.

Moving on to our financial performance at a consolidated level, we have delivered a steady performance amidst all the challenges due to COVID-19 pandemic. H1FY21 was very challenging as the Company faced many challenges but we sailed through them successfully. H2FY21 witnessed growth and good demand. We were able to meet all of our customers' requirement despite high commodity prices and logistics issues. Your Company reported a revenue of ₹ 322.20 crores in FY21 against ₹ 359.51 crores in FY20. EBITDA stood at ₹ 32.90 crores in FY21 as compared to ₹ 50.10 crores in FY20. EBITDA margin for the year was at 10.4%. PAT stood at ₹ 2.09 crores over previous year. The Board has recommended a final dividend of ₹ 1 per share of ₹ 10 each for FY21.

Despite, the challenges, your Company is continuing with its shareholder friendly policy with the distribution of 28% of the Company profit for FY21.

With a view to leverage our organic as well as the inorganic growth, we have restructured our organisation in line with our de-risking strategy, expanding our customer base, increasing



Bhagavad Gita : Chapter 2, Verse 47

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।  
मा कर्मफलहेतुर्भूर्मा ते सङ्गोऽस्त्वकर्मणि ॥ 47 ॥

our market share, and adding new products.

Your Company has commercialised its tooling business segment along with technology upgradation and capacity enhancement.

Your Company has established two wholly owned subsidiaries, one with a focus on aftermarket parts and premium auto accessories, and second, with the focus on providing solutions for Electric mobility segment as well as energy storage systems starting with customized Lithium-ion battery packs as well as Plastic and Rubber Extrusion products and Plastic Injection products.

Sustainability is at the heart of our mission. We are taking suitable measures to reduce our carbon footprint, reduce wastages from our operations and promote biodiversity. Our focus is to implement Global Reporting Initiative (GRI) guidelines in all our day to day working.

Through our CSR activities, we are consistently focusing on Environment, Education and Health. We are supporting various biodiversity parks in New Delhi to plant and sustain native trees to improve the environmental conditions.

In the end, I would also like to thank all of our employees for their tireless efforts and dedication leading to our success.

On behalf of the entire Board of Directors and the management team, I would like to thank all our stakeholders for their trust and support.

We will continue to create long-term sustainable value for our shareholders, as well as stakeholders.

*Thank you.*

**Ajay Kumar Jain**  
Chairman & Managing Director



# MANAGEMENT TEAM



**Ramesh Chander Khanna**  
President &  
Chief Operating Officer



**Sachin Jain**  
Chief Financial Officer



**Mohanan Pillai**  
Head- Engineering and Research  
& Technical Development



**Deepak Singh**  
Head- Supply Chain Management



**Maloy Mukhopadhyay**  
Head- Automotive Business  
Development



**Sanjeev Arora**  
Head- Business Sustainability



**Aseem Yadav**  
Head- Administration



**Deepesh Sharma**  
Head- Human Development



**Anil Sharma**  
Head-Automotive



**Madhusudana Krishnaswamy**  
Regional Head- Automotive  
(South & West)



**Avinash Tripathi**  
Regional Head- Automotive  
(North & North West)



**Kamal Behl**  
Head- Automotive (Rubber) (PTI)



**Kapinjal Tripathi**  
Head- Commercial Tooling



**Manoj Kumar**  
Head- Electric Vehicle  
Component (PTech)

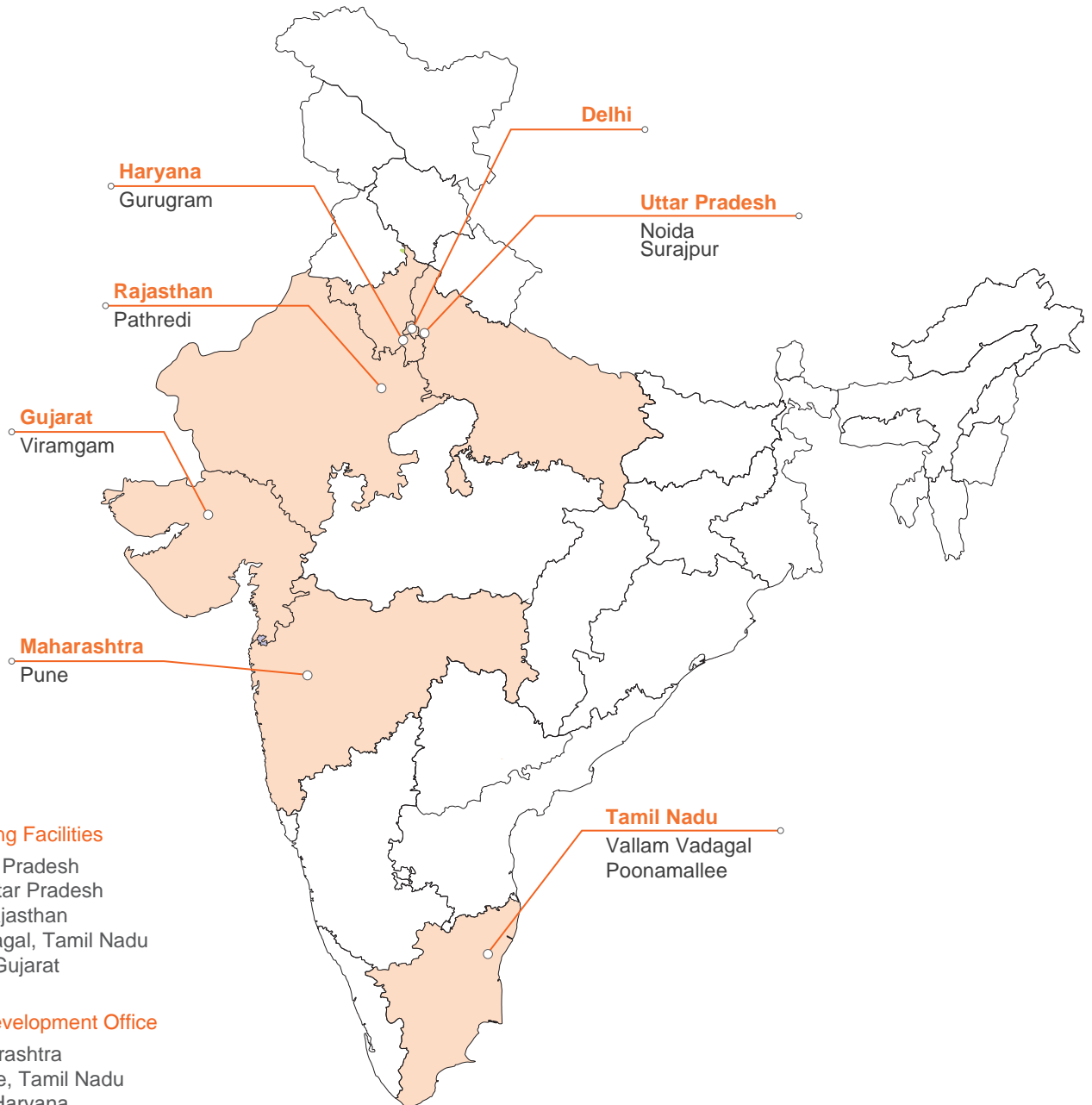


**Niraj Kalra**  
Head-Aftermarket



**Sonia Bhandari**  
Company Secretary

# MANUFACTURING FACILITIES



*Not to scale - for illustration purpose only*

# ESTEEMED CLIENTELE

## Passenger Vehicle



## Two Wheeler



## Battery Packs - Storage System



## Commercial Vehicle



## Pail Containers



## Tooling





# 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, Uttar Pradesh  
 Tel: +91-120-2462552 / 53

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

## NOTICE

NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting ("AGM") of the members of PPAP Automotive Limited ("Company") will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Friday, 3<sup>rd</sup> September, 2021 at 11:30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt:
  - a) The audited standalone financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2021, together with the reports of the Board of Directors and Auditors' thereon; and
  - b) The audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2021, together with the report of the Auditors' thereon.
2. To declare final dividend of ₹ 1/- (10%) per equity share (face value of ₹ 10/- each) for the financial year ended 31<sup>st</sup> March, 2021.
3. To appoint a Director in place of Mr. Abhishek Jain (DIN: 00137651), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

4. **Re-appointment of Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer and Managing Director of the Company.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ("Act"), Schedule V and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17(6) (e) and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members of the Company be and is hereby accorded for the re-appointment and terms of remuneration of Mr. Abhishek Jain (DIN: 00137651) as Chief Executive Officer and Managing Director of the Company for a period of three years from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025, liable to retire by rotation, upon the terms and conditions set out in the explanatory statement annexed to the Notice convening this AGM.

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits of the Company in any financial year during the period of three years from the date of appointment

i.e. 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025, the payment of salary, commission, perquisites and allowances shall be in accordance with Schedule V of the Companies Act, 2013 or any modifications or re-enactment thereto for the time being in force.

**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. **Re-appointment of Mrs. Celine George as an Independent Director of the Company.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof for the time being in force) and based on the recommendations of the Nomination and Remuneration Committee, the approval of the members of the Company be and is hereby accorded for re-appointment of Mrs. Celine George (DIN: 02563846), as an Independent Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for re-appointment as an Independent Director of the Company to hold office for second term of five consecutive years, not liable to retire by rotation, with effect from 16<sup>th</sup> April, 2022 up to 15<sup>th</sup> April, 2027.

**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."

6. **Continuation of directorship of Mr. Bhuwan Kumar Chaturvedi as an Independent Director.**

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

**"RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, approval of the members of

the Company be and is hereby accorded to continue and hold office of Independent Director of the Company by Mr. Bhuwan Kumar Chaturvedi (DIN: 00144487), who will attain 75 years of age on 6<sup>th</sup> March, 2023, till his current tenure of re-appointment i.e. upto 25<sup>th</sup> December, 2023, not liable to retire by rotation.

**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.”

**7. Ratification of remuneration of the Cost Auditor for the financial year 2021-22.**

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 members hereby ratify the remuneration of ₹ 1,60,000 (Rupees One lac sixty thousand only) plus applicable taxes and re-imbursalment 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 from time to time, for the financial year ending 31<sup>st</sup> March, 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: 10<sup>th</sup> May, 2021

**Sonia Bhandari**  
Company Secretary

**Notes:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular no. 02/2021 dated 13<sup>th</sup> January, 2021 read with General Circular nos. 14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020, respectively (“MCA Circulars”) and the Securities and Exchange Board of India (“SEBI”) vide its circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 (“SEBI Circulars”) permitted the holding of AGM through VC or OAVM without the physical presence of members at a common venue. In

compliance with the provisions of the Companies Act, 2013 (“Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM only, without physical presence of members. Deemed venue of the AGM shall be the Registered Office of the Company i.e. 54, Okhla Industrial Estate, Phase-III, New Delhi-110020.

2. The Board of Directors have considered and decided to include the item no. 4 to 7 given above as special business in the 26<sup>th</sup> AGM, as they are unavoidable in nature. Explanatory statement pursuant to the provisions of Section 102 of the Act, in respect of item no. 4 to 7 of the notice are annexed hereto.
3. Pursuant to the MCA Circulars since the physical attendance of members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members under Section 105 of the Act will not be available for the 26<sup>th</sup> AGM. Hence, proxy form and attendance slip are not annexed to this notice.
4. Corporate / institutional shareholders are entitled to appoint authorised representatives to attend the AGM through VC / OAVM on their behalf and cast their votes through remote e-voting or through e-voting at the AGM. Corporate / institutional shareholders intending to authorize their representatives to participate and vote at the AGM are requested to send a certified copy of the board resolution / authorization letter to the scrutiniser at e-mail ID chetan.gupta@apacandassociates.com with a copy marked to the Company at investorservice@ppapco.com, authorising its representative(s) to attend and vote through VC / OAVM on their behalf at the AGM, pursuant to Section 113 of the Act.
5. In view of the outbreak of COVID-19 pandemic, owing difficulties involved in dispatching of physical copies of the annual report and in line with the MCA Circulars and SEBI Circulars, the annual report including notice of the 26<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 (“DP”).

Further, in terms of the applicable provisions of the Act, Listing Regulations, read with the MCA Circulars and SEBI Circulars, the annual report including notice of the 26<sup>th</sup> AGM of the Company will also be available on the website of the Company at [www.ppapco.in](http://www.ppapco.in). The same can also be accessed from the websites of the stock exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com), respectively and on the website of Link Intime India Private Limited, 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 Link Intime India Private Limited, Registrar and Share Transfer Agent (“RTA”) as the authorized agency for conducting this AGM through VC or OAVM and to provide e-voting facility for the AGM.
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 remain closed from Saturday, 28<sup>th</sup> August, 2021 to Thursday, 2<sup>nd</sup> September, 2021 (both days inclusive) for the purpose of the AGM and final dividend.
  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 during the AGM.
  11. Relevant details of Directors 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 Directors seeking re-appointment is separately annexed with this notice as 'Annexure-1'.
  12. In terms of the provisions of Regulation 40 of the Listing Regulations and various notifications issued in this 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, except in case of request received for transmission or transposition and relodged transfers of shares.
  13. Registers of Directors & Key Managerial Personnel and their shareholding, Register of Contracts and other relevant documents referred to in the accompanying notice calling the AGM would be available for inspection by the members electronically on VC / OAVM platform during the AGM.
  14. Pursuant to the amendments in the Income Tax Act, 1961, dividend income is taxable in the hands of the members from 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the members at prescribed rates. The members are requested to submit requisite documents on the <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before Thursday, 26<sup>th</sup> August, 2021 to enable the Company to determine the appropriate TDS rate applicable. For details, members may refer to the Communication related to "Communication to shareholders - Tax Deduction on Dividend" available in the "Investors" section on the website of the Company at [www.ppapco.in](http://www.ppapco.in).
  15. The members desirous of seeking any information on the financial statements or any matter to be placed at the AGM, are requested to write to the Company on or before Tuesday, 31<sup>st</sup> August, 2021 on [investorservice@ppapco.com](mailto:investorservice@ppapco.com). The same will be replied by the Company suitably.
  16. 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 DP with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
  17. Final dividend for the financial year ended 31<sup>st</sup> March, 2021, as recommended by the Board of Directors, if approved, by the members at the AGM, will be paid within 30 days from the date of AGM, to those members whose names appear in the register of members as on Friday, 27<sup>th</sup> August, 2021.
  18. 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, 2021, may immediately approach the Company / RTA for claiming dividend amount. Information in respect of the unclaimed dividend as on 31<sup>st</sup> March, 2021, will be uploaded on the website of Investor Education and Protection Fund ("IEPF") of the Government ([www.iepf.gov.in](http://www.iepf.gov.in)) and on the website of the Company ([www.ppapco.in](http://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 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](http://www.iepf.gov.in).
19. **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 / 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 / update, as the case may be, your email address, mobile number and bank account details in your demat account, as per the process advised by your DP. Members may temporarily register email address with the Company's RTA by clicking on 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.
  20. **Voting through electronic means:**
    - I. The business as set out in the notice may be transacted through electronic voting system and the Company will provide facility for voting through electronic means. The facility of e-voting shall be provided by the RTA.
    - II. The remote e-voting period begins on Monday, 30<sup>th</sup> August, 2021 (09:00 a.m. IST) and ends on Thursday, 2<sup>nd</sup> September, 2021 (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 Friday, 27<sup>th</sup> August, 2021, may cast their vote electronically. The remote e-voting module shall be disabled by RTA 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 e-voting services provided by RTA, 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.
- VIII. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- IX. The results shall be declared not later two working days from conclusion of the AGM by posting on the website of the Company ([www.ppapco.in](http://www.ppapco.in)), website of RTA (<https://instavote.linkintime.co.in>) and by filing with the BSE Limited and National Stock Exchange of India Limited. It shall also be displayed on the Notice Board at the Registered Office of the Company.
- X. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM i.e. 3<sup>rd</sup> September, 2021.

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

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).

**Instructions for shareholders / members to speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance, AGM mentioning their name, demat account number / folio number, e-mail ID, mobile number at [investorservice@ppapco.com](mailto:investorservice@ppapco.com).
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. 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:

- a) On the shareholders VC page, click on the link for e-Voting "Cast your vote"
- b) 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'.
- c) After successful login, you will see "Resolution Description" and against the same the option "Favour / Against" for voting.

- d) 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 cut-off date under ‘Favour / Against’.
- e) 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.
- f) 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.

## 22. Remote e-voting:

Pursuant to SEBI circular dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9<sup>th</sup> June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode / physical mode is given below:

Type of shareholders / members	Login Method
Individual shareholders / members holding securities in demat mode with NSDL	<ul style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password.</li> <li>After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder /Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>

<p>Individual shareholders / members holding securities in demat mode with CDSL</p>	<ul style="list-style-type: none"> <li>• Existing user who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>• After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK INTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> <li>• If the user is not registered for Easi / Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>• Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email Id as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ul>
<p>Individual shareholders / members (holding securities in demat mode) &amp; login through their depository participants</p>	<ul style="list-style-type: none"> <li>• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility.</li> <li>• Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
<p>Individual shareholders / members holding securities in Physical mode &amp; evoting service provider is LINKINTIME.</p>	<ol style="list-style-type: none"> <li>1. Open the internet browser and launch the URL: <a href="https://instavote.linkintime.co.in">https://instavote.linkintime.co.in</a> <ul style="list-style-type: none"> <li>➤ Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -                             <ol style="list-style-type: none"> <li>A. User ID: Shareholders / members holding shares in physical form shall provide Event No + Folio Number registered with the Company.</li> <li>B. PAN: Enter your 10-digit PAN (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.</li> <li>C. DOB / DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)</li> <li>D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP / Company.</li> </ol> <p>Shareholders / members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above</p> <li>➤ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&amp;*), at least one numeral, at least one alphabet and at least one capital letter).</li> <li>➤ Click “confirm” (Your password is now generated).</li> </li></ul> </li> <li>2. Click on ‘Login’ under ‘SHARE HOLDER’ tab.</li> <li>3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.</li> <li>4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.</li> <li>5. E-voting page will appear.</li> <li>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).</li> <li>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.</li> </ol>

**Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of RTA 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.

**Individual shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:**

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
  - In case shareholders / members is having valid email address, password will be sent to his / her registered e-mail address.
  - Shareholders / members can set the password of his / her 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.

**Individual shareholders / members holding securities in demat mode with NSDL / CDSL have forgotten the password:**

Shareholders / members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned depository / depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders / members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders / members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**Helpdesk for Individual Shareholders holding securities in demat mode:**

In case shareholders / members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL / CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43.

**Helpdesk for Individual Shareholders holding securities in physical mode / Institutional shareholders & evoting service provider is LINKINTIME.**

In case shareholders / members holding securities in physical mode / Institutional shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

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

Mr. Abhishek Jain was appointed as the Chief Executive Officer & Managing Director of the Company for a period of five years effective 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2022, liable to retire by rotation, and the said appointment was approved by the members on 23<sup>rd</sup> August, 2017. Mr. Abhishek Jain is a Bachelor of Science in Industrial Engineering from Purdue University, USA. He joined the Company in 2003, after gaining professional experience in USA. He became the Chief Executive Officer & Managing Director after successfully managing various divisions of the Company. Since then, he has been the driving force in improving the financial and operational performance of the Company. His mission is to transform the organisation to achieve global level excellence and competitiveness. He served as the Regional Coordinator of Toyota Kirloskar Suppliers Association from 2008 to 2015. Currently, he is the Vice President of HCI Supplier's Club Society.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 10<sup>th</sup> May, 2021, re-appointed Mr. Abhishek Jain as the Chief Executive Officer & Managing Director of the Company, liable to retire by rotation,

for a further period of five years from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025, on the following terms and conditions, subject to approval of members of the Company:

**A. Salary:**

₹ 3.00 lacs per month with the authority to the Board (which shall include a duly constituted Committee of Directors) to determine the salary and grant increases from time to time taking into account the performance of Chief Executive Officer & Managing Director as well as that of the Company, subject to a ceiling of ₹ 12.00 lacs per month.

**B. Commission:**

Maximum upto 2% of the net profit of the Company, computed in manner as laid down under the Companies Act, 2013.

**C. Perquisites & Allowances:** Perquisites are classified into three categories viz. 'A', 'B' and 'C' as follows:

**Category A**

- i. Housing:
  - a. The expenditure incurred by the Company on hiring furnished accommodation for the Chief Executive Officer & Managing Director.
  - b. In case no accommodation is provided by the Company, the Chief Executive Officer & Managing Director shall be entitled to House Rent Allowance @ 50% of the salary.
  - c. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
- ii. Medical reimbursement: Expenses incurred on medical treatment for self and family members, whether in India or abroad.
- iii. Leave travel concession: For self and his family, once a year, incurred in accordance with any rules specified by the Company.
- iv. Club fees: Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.
- v. Personal accident insurance: Premium on Personal accident policy for self and his family.
- vi. Any other perquisites and allowances as may be determined by the Board of the Company from time to time within the overall limits specified in the Companies Act, 2013.

For the purpose of Category A, family means the spouse, the dependent children and dependent parents of Chief Executive Officer & Managing Director.

**Category B**

- i. Contribution to Provident Fund, Superannuation Fund or Annuity Fund per the rules of the Company.
- ii. Gratuity payable shall be calculated as per the provisions of The Payment of Gratuity Act, 1972 and amendment thereof.
- iii. Entitlement for leave with full pay or encashment thereof as per policy of the Company.

**Category C**

- i. Provision of mobile, telephone, internet for official and personal use.
- ii. Car with driver maintained for business and personal use.

The perquisites shall be valued as per the Income Tax Rules, 1962, wherever provided or applicable and in the absence of any such rules, perquisites shall be evaluated at cost.

Mr. Abhishek Jain has provided his consent to act as a Director and a declaration to the effect that he is not disqualified under 164(2) of the Act. Also, he is not debarred from holding the office of director by virtue of any order of the Securities and Exchange Board of India or any other such authority.

A copy of memorandum containing terms of re-appointment and remuneration of Mr. Abhishek Jain, Chief Executive Officer & Managing Director as required under Section 190 of the Act, would be available for inspection by the members electronically on VC / OAVM platform during the annual general meeting.

The Board while re-appointing Mr. Abhishek Jain as the Chief Executive Officer and Managing Director of the Company, considered his skills, experience, knowledge and contributions to the Company.

Details pursuant to Schedule V of the Act are as under:

S. No.	Particulars	
I.	General Information	
	a	Nature of Industry Auto component
	b	Date of commencement of commercial production The Company commenced its business on 1st November, 1995 (certificate of commencement)



c	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA																												
d	Financial performance of the Company based on given indicators	<b>₹ In Lacs</b>																												
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>2020-21</th> <th>2019-20</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Total Income</td> <td>32,383.20</td> <td>36,079.75</td> <td>41,205.10</td> </tr> <tr> <td>Earning before interest, tax, depreciation and amortisation expense</td> <td>3,635.65</td> <td>5,149.68</td> <td>7,827.02</td> </tr> <tr> <td>Less: Interest</td> <td>369.35</td> <td>263.51</td> <td>404.71</td> </tr> <tr> <td>Depreciation and amortisation expense</td> <td>2,632.44</td> <td>2,572.29</td> <td>2,599.53</td> </tr> <tr> <td>Profit / (loss) before exceptional and extraordinary items and tax</td> <td>633.86</td> <td>2,313.88</td> <td>4,822.78.</td> </tr> <tr> <td>Profit / (loss) for the period</td> <td>483.61</td> <td>1,927.79</td> <td>3,341.63</td> </tr> </tbody> </table>	Particulars	2020-21	2019-20	2018-19	Total Income	32,383.20	36,079.75	41,205.10	Earning before interest, tax, depreciation and amortisation expense	3,635.65	5,149.68	7,827.02	Less: Interest	369.35	263.51	404.71	Depreciation and amortisation expense	2,632.44	2,572.29	2,599.53	Profit / (loss) before exceptional and extraordinary items and tax	633.86	2,313.88	4,822.78.	Profit / (loss) for the period	483.61	1,927.79	3,341.63
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e	Foreign investments or collaborations, if any	The Company has a technical collaboration with Tokai Kogyo Co. Ltd, Japan and Nissen Chemitec Corporation, Japan																												
<b>II.</b>	<b>Information about the Appointee</b>																													
a	Background details	Mr. Abhishek Jain is a Bachelor of Science in Industrial Engineering from Purdue University, USA. He joined the Company in 2003, after gaining professional experience in USA. He became the Managing Director and CEO in April 2017 after successfully managing various divisions of the Company. Since then, he has been the driving force in improving the financial and operational performance of the Company. His mission is to transform the organisation to achieve global level excellence and competitiveness. He served as the Regional Coordinator of Toyota Kirloskar Suppliers Association from 2008 to 2015. Currently, he is the Vice President of HCI Supplier's Club Society.																												
b	Past Remuneration	Details of remuneration paid during FY21 are mentioned in Corporate Governance Report section of the Annual Report.																												
c	Recognition or awards	Under the dynamic leadership of Mr. Abhishek Jain, Chief Executive Officer and Managing Director, the Company has won several prestigious awards including overall performance by Maruti Suzuki, achieving quality targets, delivery and zero PPM by Toyota, appreciation by Hyundai, on time development by Isuzu, excellence in maintenance & Super shopfloor by The Machinist Super Shopfloor 2020 (SME), Excellence in Automotive-Interior by the Economic Times Polymers Award 2019 etc.																												
d	Job Profile and Suitability	Mr. Abhishek Jain, has joined the Company in 2003 and he became the director in 2006. He has been elevated to Chief Executive Officer and Managing Director in April 2017 after successfully managing the Company. He has a vast and rich experience of automotive and automotive component industry. He looks after planning, production, quality and overall operations of the Company. The responsibilities of the managerial personnel have increased substantially with the growth and de-risking strategy of the Company.																												
e	Remuneration proposed	As mentioned in item no. 4																												
f	Comparative remuneration, profile with respect to industry, size of the Company, profile of the position and person	Remuneration of Mr. Abhishek Jain commensurate with his qualifications, experience and with the remuneration levels in the industry and the responsibilities placed on him as Chief Executive Officer and Managing Director of the Company																												

	g	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Abhishek Jain owns 7.16% equity stake of the Company and with his other family members and relatives control 64.87% of equity share capital of the Company. Mr. Ajay Kumar Jain and Mrs. Vinay Kumari Jain are his relatives.
<b>III.</b>	<b>Other Information</b>		
	a	Reasons of loss or inadequate profits	NA
	b	Steps taken or proposed to be taken for improvement	NA
	c	Expected increase in productivity and profits in measurable terms	NA

Details of Mr. Abhishek Jain pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (“ICSI”) are provided in the ‘Aneexure-1’ to the Notice.

The Board recommends the special resolution set out at item no. 4 of the accompanying notice for approval by the members.

Mr. Abhishek Jain is interested in the resolution as set out at item no. 4 of the notice. Mr. Ajay Kumar Jain and Mrs. Vinay Kumari Jain, Directors of the Company being relatives of Mr. Abhishek Jain, may be deemed to be concerned or interested in the resolution set out at item no. 4.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company, and / or their relatives may be deemed to be concerned or interested financially or otherwise at item no. 4 of the Notice.

**Item No. 5**

Pursuant to the applicable provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Articles of Association of the Company, the members of the Company had appointed Mrs. Celine George (DIN: 02563846) as Independent Director of the Company with effect from 16<sup>th</sup> April, 2020, to hold office for a term of 2 (two) years i.e. till 15<sup>th</sup> April, 2022.

Accordingly, based on the recommendation of the Nomination and Remuneration Committee and pursuant to the performance evaluation of Mrs. Celine George, the Board of Directors in their meeting held on 10<sup>th</sup> May, 2021, re-appointed Mrs. Celine George (DIN: 02563846) as an Independent Director of the Company, for a further period of five years with effect from 16<sup>th</sup> April, 2022 up to 15<sup>th</sup> April, 2027 not liable to retire by rotation, subject to the approval of members.

The Company has received a notice under Section 160 of the Act from a member proposing her candidature as Independent Director of the Company. Mrs. George has provided her consent to act as a Director and a 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 the Securities and Exchange Board of India or any other such authority.

In the opinion of the Board, Mrs. Celine George is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder, read with the provisions of and the Listing Regulations, 2015, each as amended, and is independent of the management of the Company.

Mrs. George started her career in 1984 with ONGC; prior to that she worked as a Research Associate in IIM Ahmedabad. She also worked in the management consulting division of TCS. Mrs. George has been a key member of leadership teams of Cairn Energy India Pty Ltd., Hewitt Associates, Aviva Life Insurance Company Pvt. Ltd and Max Healthcare Institute Limited. She is a member of the Governing Body of Action for Autism (AFA) a national level not for profit education, training and advocacy organisation which provides support and services to persons with autism and to those who work with them. She is also Director & Co-promoter of Green Clouds Education Solutions Private Limited.

A copy of the draft letter of appointment of Mrs. Celine George as an Independent Director setting out the terms and conditions of his appointment would be available for inspection by the shareholders electronically on VC / Other Audio Visual Means platform during the Annual General Meeting.

Details of Mrs. Celine George pursuant to the provisions of Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by Institute of Company Secretaries of India (“ICSI”) are provided in the ‘Anenxure-1’ to the Notice.

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

Mrs. Celine George is interested in the resolution as set out at item no. 5 of the Notice. The relatives of Mrs. Celine George may be deemed to be interested to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company, and / or their relatives may be deemed to be concerned or interested financially or otherwise at item no. 5 of the notice.

**Item No. 6**

Pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, no listed company shall appoint or continue the directorship of any person as non-executive director who has attained the age of 75 (Seventy Five) years, unless a special resolution is passed to that effect and justification thereof is disclosed in the explanatory statement annexed to the notice for such appointment.

Mr. Bhuwan Kumar Chaturvedi was appointed as Independent Director on the Board of the Company to hold office for a term of five consecutive years up to 25<sup>th</sup> December, 2018, by the members of the Company at their 19<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2014. He was further re-appointed as Independent Director on the Board of the Company for a second term of five years for a period starting from 26<sup>th</sup> December, 2018 up to 25<sup>th</sup> December, 2023 by the members of the Company at their 23<sup>rd</sup> AGM held on 23<sup>rd</sup> August, 2018.

Mr. Bhuwan Kumar Chaturvedi is a Mechanical engineer from IIT Roorkee and M.B.A from IIM, Ahmedabad. He began his career with Tata Motors and went on to hold apex level positions in automotive companies. He was Managing Director of Eicher Limited and was President of Hindustan Motors Limited. Mr. Chaturvedi was President of Tractor Manufacturers Association and Member of CII National Council. He has also been Member of Syndicate-University of Roorkee, Finance Committee-IIT Roorkee and President of Alumni Association of IIT Roorkee. He was Member of Board of Management Studies-AICTE and Programme Advisory Committee (Mechanical, Civil Engineering and Robotics)- Department of Science and Technology, Government of India. Mr. Chaturvedi has rich and diverse top management experience in the automobile, auto components, engineering and management consultancy business.

The rich experience, expertise and valuable contribution made by Mr. Bhuwan Kumar Chaturvedi towards the Company and his presence on the Board, adds more value and gives the confidence to the Board in its decisions. Considering the same, the Nomination and Remuneration Committee and the Board of Directors of the Company have recommended to the members the continuation of Mr. Bhuwan Kumar Chaturvedi as Independent Director of the Company who will attain the age of 75 years on 6<sup>th</sup> March, 2023 upto his current tenure i.e. 25<sup>th</sup> December, 2023.

In the opinion of the Board, Mr. Bhuwan Kumar Chaturvedi fulfills all the conditions of an independent director specified in the Act and rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Bhuwan Kumar Chaturvedi is independent to the management.

Mr. Bhuwan Kumar Chaturvedi has given the declaration that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. He is not disqualified to act as director in terms of Section 164 of the Companies, 2013 Act. He is not debarred from holding the office of Director by virtue of any the Securities and Exchange Board of India order or any such authority.

Details of Mr. Bhuwan Kumar Chaturvedi pursuant to the provisions of Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") are provided in the 'Annexure-1' to the Notice.

The Board of Directors of the Company recommends the Item no. 6 for approval of the members as a special resolution.

Mr. Bhuwan Kumar Chaturvedi is interested in item no. 6 of the Notice. The relatives of Mr. Bhuwan Kumar Chaturvedi may be deemed to be interested to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise at item no. 6. of the Notice.

**Item No. 7**

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, 2022 at a remuneration of ₹ 1,60,000 (Rupees one lac sixty thousand only) plus payment of applicable taxes and re-imbursment 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. 7 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. 7 of the Notice.

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

Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**Sonia Bhandari**  
Company Secretary

**Annexure - 1**

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

<b>Name of the Director</b>	<b>Mr. Abhishek Jain</b>	<b>Mrs. Celine George</b>	<b>Mr. Bhuwan Kumar Chaturvedi</b>
Director Identification Number (DIN)	00137651	02563846	00144487
Nationality	Indian	Indian	Indian
Date of Birth and age	24 <sup>th</sup> September, 1981(39 years)	28 <sup>th</sup> May, 1959 (62 Years)	6 <sup>th</sup> March, 1948 (73 years)
Date of first appointment	3 <sup>rd</sup> July, 2007	16 <sup>th</sup> April, 2020	26 <sup>th</sup> December, 2013
Qualification	Bachelor of Science in Industrial Engineering from Purdue University, West Lafayette, USA.	Postgraduate in Business Economics from Delhi University and PGDIM from IMI, Delhi.	B.E. (Mech.) from IIT Roorkee and M.B.A. from IIM, Ahmedabad
Expertise in specific functional area	He has experience of over a decade in the automotive industry.	She is an independent organisation development and change management consultant with over 31 years industry experience. She has worked in public and private sectors organisations, across multiple industry verticals including energy, healthcare, financial services, retail, education technology and consulting. Mrs. George works with organisations on people performance and growth architecture and advises on managing human capital risks. She has led several change and leadership interventions through her career and has been instrumental in helping organisations set up structures and systems for performance and growth.	Rich and diverse top management experience in the automobile, auto components, engineering, real estate development and management consultancy businesses.
Terms and conditions of appointment / re-appointment	Refer Item 4 of this notice	Refer Item no. 5 of this notice	Refer Item no. 6 of this notice
Details of remuneration last drawn (financial year 2020-21) and sought to be paid, if applicable	114.77 lacs	2.40 lacs Sitting fees	5.20 lacs Sitting fees
No. of Board meetings attended during the financial year 2020-21	5 (five)	5 (five)	5 (five)
Relationships with other Directors, Managers and other key managerial Personnel	Son of Mr. Ajay Kumar Jain, Chairman & Managing Director and Mrs. Vinay Kumari Jain, Non-Executive Director	Nil	Nil
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies) as on 31 <sup>st</sup> March, 2021.	Nil	Nil	Ring Plus Aqua Limited

Memberships / Chairmanships of Audit and Stakeholders Relationship Committees across Public companies including PPAP Automotive Limited	Member of <ul style="list-style-type: none"> <li>- Audit Committee of PPAP Automotive Limited</li> <li>- Stakeholders Relationship Committee of PPAP Automotive Limited</li> <li>- Corporate Social Responsibility Committee of PPAP Automotive Limited</li> </ul>	Nil	Chairmanship of <ul style="list-style-type: none"> <li>- Audit Committee of PPAP Automotive Limited</li> </ul>
No. of shares held in the Company (a) Own (b) For other persons on a beneficial basis	10,02,404 equity shares Nil	Nil Nil	Nil Nil

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# DIRECTORS' REPORT

Dear Members,

## PPAP Automotive Limited

Your directors have pleasure in presenting the Twenty Sixth Annual Report of PPAP Automotive Limited ("Company") along with the audited financial statements and the auditors' report thereon for the year ended 31<sup>st</sup> March, 2021.

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

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2021, on a standalone and consolidated basis, is summarized below:

(₹ in lacs)

Particulars	For the year ended			
	Standalone		Consolidated	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Revenue from Operations (net of excise)	32,118.27	36,004.46	32,219.75	35,951.05
Other Income	264.93	75.29	209.51	58.46
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	3,635.65	5,149.68	3,347.98	5,040.10
Less: Depreciation / Amortization / Impairment	2,632.44	2,572.29	2,646.67	2,572.34
Profit / loss before Finance Costs, Exceptional items and Tax Expense	1,003.21	2,577.39	701.31	2,467.76
Less: Finance Costs	369.35	263.51	378.3	263.51
Profit / loss before Tax Expense	633.86	2,313.88	323.01	2,204.25
Less: Tax Expense (Current & Deferred)	150.25	386.09	113.26	383.84
Profit / loss for the year	483.61	1,927.79	209.75	1,820.41
Other Comprehensive Income / loss	73.69	(90.75)	78.10	(94.37)
Total	557.3	1,837.04	287.85	1,726.03

### Dividend

The Board of Directors of the Company are pleased to recommend a final dividend of ₹ 1 (Rupee one only) per equity share (10%) of face value of ₹ 10 (Rupees ten) each subject to the approval of shareholders at the ensuing Annual General Meeting ("AGM").

In terms of the provisions of the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividend paid or distributed by a company on or after 1<sup>st</sup> April, 2020 is taxable in the hands of the shareholders. The tax shall be deducted at the rates prescribed under the Income Tax Act, 1961, as amended, which varies based upon the category and residential status of the shareholder. Shareholders are requested to update their residential status, KYC including PAN with their depository participants, in case of shares held in demat mode and with the registrar and share transfer agent of the Company, in case the shares are held in physical mode for determining the applicable rate of tax deducted at source.

### Transfer to reserves

During the year under review, no amount has been transferred to general reserve of the Company.

### Change in the nature of business

During the year under review, there was no change in the nature

of business of the Company.

### Share capital

The authorized share capital of the Company is ₹ 20,00,00,000 comprising of 2,00,00,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up share capital of the Company is ₹ 14,00,00,000 comprising of 1,40,00,000 equity shares of ₹ 10 each. During the year under review, there is no change in share capital of the Company.

### 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, 2021.

### 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.

## Annual return

The annual return of your Company as on 31<sup>st</sup> March, 2021, in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, is available on your Company's website at [https://www.ppapco.in/assets/pdf/annual\\_reports/Annual-Return-FY21.pdf](https://www.ppapco.in/assets/pdf/annual_reports/Annual-Return-FY21.pdf).

## Meetings of the board of directors

The Board of Directors met five times during the financial year 2020-21, 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 during the year under review were in compliance with the period prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

## Audit committee

The purpose of audit committee 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 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 that forms part of this annual report.

## Directors and key managerial personnel

The term of Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer & Managing Director of your Company is expiring on 31<sup>st</sup> March, 2022. The Board of Directors of your Company upon the recommendation of nomination and remuneration committee has re-appointed Mr. Abhishek Jain (DIN: 00137651) as Chief Executive Officer and Managing Director for a period of 3 years from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025 subject to the approval of shareholders.

The term of Mrs. Celine George (DIN: 02563846), as an Independent Director, of your Company is expiring on 15<sup>th</sup> April, 2022. The Board based on her skills, experience, and knowledge and upon recommendation of the nomination and remuneration committee has re-appointed Mrs. Celine George (DIN: 02563846), Independent Director for the second term of five years from 16<sup>th</sup> April, 2022 up to 15<sup>th</sup> April, 2027, subject to the approval of shareholders.

In terms of Regulation 17(1A) of the Listing Regulations, the Board of Directors, upon the recommendation of nomination and remuneration committee and subject to the approval of shareholders of the Company, accorded their approval to continue and hold office of Independent Director of the Company by Mr. Bhuwan Kumar Chaturvedi (DIN: 00144487), who will attain 75 years of age on 6<sup>th</sup> March, 2023, till his current tenure of re-appointment i.e. upto 25<sup>th</sup> December, 2023.

Mr. Ashok Kumar Jain (DIN: 06881412), Independent Director of the Company has resigned w.e.f. 28<sup>th</sup> September, 2020 due to indifferent health.

Mr. Anurag Saxena, Chief Financial Officer of your Company has resigned w.e.f. 19<sup>th</sup> March, 2021.

The Board of Directors of your Company upon recommendation of nomination and remuneration committee appointed Mr. Sachin Jain as Chief Financial Officer of the Company w.e.f. 10<sup>th</sup> May, 2021.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer & Managing Director of the Company retires by rotation and being eligible, offer himself for re-appointment at the 26<sup>th</sup> AGM.

The disclosure as required under the provisions of the Companies Act, 2013, read with Secretarial Standards issued by Institute of Company Secretaries of India and Listing Regulations forms part of the Notice convening AGM.

## Declaration by independent directors

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

The terms and conditions of appointment of the Independent Directors are placed on the website of the Company under the link: [https://www.ppapco.in/assets/pdf/policies/Template\\_for\\_appointment\\_of\\_Independent\\_Director.pdf](https://www.ppapco.in/assets/pdf/policies/Template_for_appointment_of_Independent_Director.pdf)

## Credit rating

During the year under review, the credit rating agency, CRISIL has reaffirmed the credit rating of your Company on 31<sup>st</sup> March, 2021:

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

## Directors' responsibility statement

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, 2021, to the best of their knowledge and belief your Directors confirm the following:

- that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- 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, 2021 and of the profit and loss of the Company for the financial year ended 31<sup>st</sup> March, 2021;
- 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 annual accounts for the financial year ended 31<sup>st</sup> March, 2021 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**

Pursuant to the provisions of the Companies Act, 2013 and the 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 given in the corporate governance report that forms part of 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 Independent Directors: The committee shall review the performance of Independent Directors of the Company. The committee shall ensure that the 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-A’ to this report.

#### **Subsidiary, joint venture and associate companies**

During the year 2020-21, no company has become or ceased to be subsidiary, joint venture or associate of the Company.



The Company has two subsidiary companies and a joint venture company as on date. 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) are wholly owned subsidiary companies of the Company. PPAP Tokai India Rubber Private Limited is a joint venture company of the Company.

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. The audited financial statements of the wholly owned subsidiary companies have 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. The Company 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 annexed to this annual report.

#### **Business responsibility report**

Business responsibility report describing the initiatives taken by the Company from an environmental, social and governance perspective is annexed to 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 position 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.

#### **Persevering through COVID-19**

The COVID-19 pandemic disrupted the world order during 2020 causing large-scale humanitarian, social and economic impact across nations. Your Company keeping in mind the paramount need of safety of the employees had to suspend temporarily its operations at all its plants as per the directives of the Government.

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 at all 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 which is covered under the provisions of Section 186 of the Companies Act, 2013. However, details of investments & guarantees made during the year, are given under Note no. 6 of the standalone financial statements of the Company.

#### **Related party transactions**

During financial year 2020-21, 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 2020-21, 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 2020-21.

The secretarial audit report for the financial year 31<sup>st</sup> March, 2021 in form MR-3 is attached as 'Annexure-B' 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 the 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, 2021, 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, part of this annual report does not contain any qualification(s), reservation(s) or adverse remark(s) except on appointment of independent woman director.

The Company was in continuous search for qualified, experienced and competent woman candidate for the independent directorship of the Company. However, to identify such suitable candidate for holding position as an "Independent Director" in the Company, took some time. Due to the same there was a delay of 15 days in appointment of independent woman director.

- **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 2021-22 pursuant to 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 26<sup>th</sup> AGM.

The Company has maintained the necessary accounts and records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

The Company had filed the cost audit report for financial year 2019-20 on 11<sup>th</sup> September, 2020, 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 distribution of food.

The CSR Policy is also available on the website of the Company and can be accessed by web link [https://www.ppapco.in/assets/pdf/policies/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://www.ppapco.in/assets/pdf/policies/Corporate_Social_Responsibility_Policy.pdf) 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-C' to this report.

### Risk management

The Company has established risk management framework that enables regular and active monitoring of 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 has a risk management policy for identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The Company's risk management processes focus on ensuring that risks are identified promptly, and mitigation action plan is formulated and executed timely.

### Policy on sexual harassment of women at workplace

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to providing an environment, which is free of discrimination, intimidation and abuse.

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.

During the year under review, the Company has not received any complaint on 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(9) 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-D' to this report.

#### **Acknowledgements**

The Directors place on record their appreciation for the hard work and valuable contribution made by every member of PPAP family.

Your Directors also accord their grateful appreciation for the assistance and cooperation received from the technology partners, suppliers, as well as vendors, shareholders, business associates, banks, financial institutions and for the confidence reposed by them in the Company.

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

Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

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

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

## Annexure-A to the Directors' Report

Pursuant to Section 197 of the Companies Act, 2013 ('the Act') read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. **The ratio of remuneration of each Director# to the median remuneration of all the employees of your Company for the financial year 2020-21**

Name of Directors	Designation	Ratio to median remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	50.28
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	53.58

- ii. **The percentage increase in remuneration each Director#, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year 2020-21**

Name of Employee	Designation	% increase in remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	Nil
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	Nil
Mr. Anurag Saxena*	Chief Financial Officer	Nil
Mrs. Sonia Bhandari	Company Secretary	Nil

#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.

\*Mr. Anurag Saxena has resigned w.e.f. 19<sup>th</sup> March, 2021.

- iii. **The percentage increase in the median remuneration of employees in the financial year 2020-21 - (4.2%)**
- iv. **Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2021 - 1,198 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 Act 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 Act, 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: 10<sup>th</sup> May, 2021

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

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

## Annexure-B to the Directors' Report

### Form No. MR-3

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

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2021

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, 2021 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, 2021 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 Companies Act 2013 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.

As per the Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of top 1000 listed entities shall have atleast one Independent Woman Director by 1<sup>st</sup> April, 2020. However the Company could appoint Mrs. Celine George (DIN: 02563846), Independent woman director w.e.f. 16<sup>th</sup> April, 2020.

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.

During the period under review, remuneration paid to Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company, which was in excess of limits prescribed under the Act

due to decrease in profitability in pandemic time and the same is subject to refund by him in accordance with the provisions of the Act.

**For NKJ & Associates**  
Company Secretaries

**Neelesh Kumar Jain**  
(Proprietor)

FCS No.: 5593

C P No.: 5233

PR No. : 688/2020

UDIN: F005593C000253381

Place: New Delhi

Date: 10<sup>th</sup> May, 2021

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: F005593C000253381

Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

# Annexure-C to the Directors' Report

## Corporate Social Responsibility Activities

[Pursuant to Section 135 of the Companies Act, 2013 ("the Act")]

### 1. Brief outline of the Company's Corporate Social Responsibility ("CSR") policy

The CSR initiatives of your Company aim towards our contribution to the society through a range of social and environmental activities. Your Company is devoted on the development of communities around the vicinity of our manufacturing plants in the field 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 extends to the communities around which we work and the society at large. Our CSR activities during the year were consistent with our focus areas of Environment, Education and Health. Besides utilizing the full budget for CSR, we, at PPAP, pay great attention to ensuring the outcome of our CSR programs.

### 2. Composition of the CSR committee

Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. Ashok Kumar Jain <sup>(1)</sup>	Chairman, Independent Director	2	1
Mr. Bhuwan Kumar Chaturvedi <sup>(2)</sup>	Chairman, Independent Director	2	2
Mrs. Vinay Kumari Jain	Member, Non-Executive Director	2	2
Mr. Abhishek Jain	Member, Executive Director	2	2

<sup>(1)</sup> Mr. Ashok Kumar Jain resigned w.e.f. 28<sup>th</sup> September, 2020.

<sup>(2)</sup> Mr. Bhuwan Kumar Chaturvedi, member of CSR committee appointed as Chairman w.e.f. 4<sup>th</sup> November, 2020.

### 3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

(a) Composition of CSR committee: <https://www.ppapco.in/investors#corp2>

(b) CSR Policy: <https://www.ppapco.in/assets/pdf/policies/Corporate-Social-Responsibility-Policy1.pdf>

(c) CSR projects: <https://ppapco.in/assets/pdf/CSR-Project.pdf>

### 4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not applicable

### 5. The details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S. No.	Financial year	Amount available for set-off from preceding financial years (₹ in lacs)	Amount required to be setoff for the financial year, if any (₹ in lacs)
-	-	NIL	NIL

### 6. Average net profit of the Company for the last three financial years: ₹ 4,267.17 lacs

### 7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act: ₹ 85.34 lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year 2020-21: Nil

(d) Total CSR obligation for the financial year (7a + 7b - 7c): ₹ 85.34 lacs

### 8. a) CSR amount spent or unspent for the financial year 2020-21

(₹ in lacs)

Total amount spent for the financial year	Total amount transferred to unspent CSR account as per Section 135(6) of the Act		Amount unspent		
	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 85.76	Not applicable		Not applicable		

### 9. Details of CSR amount spent against ongoing projects for the financial year 2020-21:

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project	Project duration	Amount allocated for the project (₹ in lacs)	Amount spent in the current financial year (₹ in lacs)	Amount transferred to unspent CSR account for the project as per Section 135(6) of the Act (₹ in lacs)	Mode of implementation - direct (Yes / No).	Mode of implementation - through implementing agency	Name	CSR Registration number
Not applicable												



## a) Details of CSR amount spent against other than ongoing projects for the financial year 2020-21: (₹ in lacs)

S. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project	Mode of implementation direct (Yes / No)	Mode of implementation - through implementing agency	
				State	District			Name	CSR Registration number
1.	Education / other support to under privileged children	Promoting education	Yes	Uttar Pradesh: Bhangel, Salarpur	Delhi NCR (Gautam Budh Nagar)	8.91	No	Vinay & Ajay Jain Foundation	CSR00001775
2.	The Akshaya Patra Foundation	Distribution of food	Yes	Delhi	Delhi	4.50	No	Vinay & Ajay Jain Foundation	CSR00001775
3.	Plantation, protection & maintenance of planted saplings	Environmental sustainability	Yes	Delhi: Tughlakabad Biodiversity Park	Delhi	69.43	No	Vinay & Ajay Jain Foundation	CSR00001775
<b>TOTAL</b>						<b>82.84</b>			

b) Amount spent in administrative overheads: ₹ 2.92 lacs

c) Amount spent on impact assessment, if applicable: Not applicable

d) Total amount spent for the financial year (b + c + d + e): ₹ 85.76 lacs

e) Excess amount for set off, if any: (₹ in lacs)

S. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	85.34
(ii)	Total amount spent for the financial year	85.76
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.42
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.42

## 9. a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding financial year	Amount transferred to unspent CSR account under Section 135 (6) (₹ in lacs)	Amount spent in the reporting financial year (₹ in lacs)	Amount transferred to any fund specified under Schedule VII as per Section 135(6) of the Act, if any			Amount remaining to be spent in succeeding financial years (₹ in lacs)
				Name of the Fund	Amount (₹ in lacs)	Date of transfer	
Not applicable							

## b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

S. No.	Project ID.	Name of the project.	Financial year in which the project was commenced.	Project duration.	Total amount allocated for the project (₹ in lacs)	Amount spent on the project in the reporting financial year (₹ in lacs)	Cumulative amount spent at the end of reporting financial year. (₹ in lacs)	Status of the project-completed / ongoing.
Not applicable								

## 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): Not applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not applicable

## 11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not applicable

Ajay Kumar Jain  
Chairman & Managing Director  
DIN: 00148839  
Place: New Delhi

Bhuvan Kumar Chaturvedi  
Chairman of CSR Committee  
DIN: 00144487  
Place: Gurugram

Date: 10<sup>th</sup> May, 2021

## Annexure-D 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 gives highest priority to ensure environmental friendly practices at all its factories and offices. These include reduction in power consumption, optimal water consumption, eliminating excess use of paper and using eco-friendly products and 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).

The Company carries out 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. Optimization of motors / heaters used in plant utilities and machinery.
2. Reduction in cycle time on moulding machine.
3. Use of energy efficient LED lamps.
4. Installation of variable frequency drive in machines.
5. Reduction of leakages of compressed air in outlets.
6. Installation of automated timers and motion sensors in general lighting areas.
7. Commonization of UPS for optimum use of power backup for energy cost reduction.
8. Optimum loading of power and distribution transformer to reduce the load losses.
9. Replacement of mechanical power press with cylinder operated power press.
10. Energy consumption reduction by kaizen activities.
11. Optimization of motors / heaters used in plant utilities and machinery.
12. Increasing the awareness of energy saving within the organization to avoid the wastage of energy.
13. Committed to reduce the carbon intensity across the various processes.
14. Hydraulic pump automatically switches off when machine is idle.
15. Slitting uncoiler made from motorized to motor free by using gravitational force, a renewable energy.
16. Compressed air pressure setting reduced from 7 KG / CM2 TO 6.0 KG / CM2.
17. High capacity water pump start and stop frequency reduced from 40 numbers to 5-8 numbers to reduce energy loss.
18. Use of natural day light in maximum areas of operations.

#### 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 495 KW solar energy system in its various plants and is now in the process of installation of 400 KW solar power project at its plant located in Noida, Uttar Pradesh and 100 KW at its plant located in Pathredi, Rajasthan.

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

The Company continuously endeavors to discover new technologies and tools to save the energy and reduce consumption. The Company has spent ₹ 177 lacs as capital investment on energy conservation equipment during the financial year 2020-21.

#### 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	Tools and dies	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 inhouse 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 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 2020-21:

1. Adoption of extrusion process through aluminium insert which is lighter than steel and enhance the vehicle efficiency.
2. Developed a new method for sealing code by replacing wire insert extrusion by glass cord insert extrusion. This new method has enhanced the process and product capability and also resulted in 20 percent cost saving per meter with respect to brass wire.

### Expenditure on R&D

(₹ in lacs)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Capital expenditure	0.00	0.00
Revenue expenditure	227.25	300.94
<b>Total</b>	<b>227.25</b>	<b>300.94</b>
Total R&D expenditure as a % turnover	0.71	0.84

### Foreign exchange earnings and outgo

(₹ in lacs)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Foreign exchange earning	0.00	0.00
Foreign exchange outgo	3,364.87	4,226.31

For and on behalf of the Board of Directors

Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**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 follow ethical standards in all our business transactions which are guided by the Company's culture, our principles, and our value system. The Company continues to implement good national, as well as, international corporate governance practices, in order to achieve global level excellence in its functioning and 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 and accountability, trust, honesty, safety and a shared and common purpose. The Company strongly believes that effective and good corporate governance practices build a strong foundation of trust and confidence which in turn attracts superior human capital which leads to sustainable and exceptional financial performance.

The Company continuously endeavors to improve all aspects of its business operations and adopts innovative approaches for leveraging all our resources, converting challenges into opportunities through empowerment and motivation of our human capital enabling the Company a higher 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 culture, our principles and our value system.

The Company is driven by the directions set by its Board of Directors who align the Company's purpose of existence with the short, medium and long-term 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 timely and prudently managed. The Board oversees how the management and the leadership team work according to the established principles, the culture and the values of the Company. The Board acts as a mentor to our management and gives its wisdom and valuable insights to overcome current and future challenges and to constantly 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, check, and act, reviews, etc. This structure ensures that the entire organization is aligned to 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, its culture, its principles, its value systems and sets the strategies to deliver superior results. The Board articulates the business model, strategies, and the approach to risks and their mitigation. It takes measures for the short, medium and long-term success, future value creation and future viability of the Company considering the technological changes, geopolitical threats, environmental impacts, changing shareholders' and stakeholders' expectations, etc. The Company's operational and financial performance, statutory and regulatory compliances are reviewed by the Board from time to time. The Board also focuses on idea generation for business growth, opportunity identification, breakthroughs, and innovation. It identifies good and excellent business practices that can make our work culture constantly healthy and agile.

### Board Committees

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific activities which concern the Company and need a closer and systematic review. The Board Committees are set up with the approval of the Board. There are four committees set up by the Board:

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination & Remuneration Committee and
4. Corporate Social Responsibility Committee.

## Leadership Team

The leadership team of the Company is responsible for the execution of the directions set by the Board. They are empowered to take decisions in their respective domains to discover out of the box solutions to achieve the breakthrough results.

### 1. Board of Directors

#### i) Composition of Board

The Company has a balanced and diverse Board. The Board provides leadership, strategic guidance, objective, and independent views 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 sustainable 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 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 combination of Executive and Non-Executive Directors including an independent woman Director.

Composition of the Board as on 31<sup>st</sup> March, 2021 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>

The names and categories of the Directors on the Board and the number of directorships and committee chairmanship(s) / membership(s) held by them in other companies as on 31<sup>st</sup> March, 2021 are given herein below:

Sl. no	Name of Directors	Category	As on 31 <sup>st</sup> March, 2021			
			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
1	Mr. Ajay Kumar Jain	Chairman & Managing Director	4	12	-	-
2	Mr. Abhishek Jain	Chief Executive Officer & Managing Director	4	13	-	-
3	Mr. Bhuwan Kumar Chaturvedi	Independent Director	-	1	-	-
4	Mr. Pravin Kumar Gupta	Independent Director	-	-	-	-
5	Mrs. Celine George <sup>(3)</sup>	Independent Director	-	1	-	-
6	Mrs. Vinay Kumari Jain	Non-Executive Director	2	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 Automotive Limited.

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

<sup>(3)</sup>Appointed with effect from 16<sup>th</sup> April, 2020

All Directors of the Company holds directorship in only one listed company i.e. PPAP Automotive Limited.

**ii) Skill, expertise and competencies of Directors**

Skills	Mr. Ajay Kumar Jain	Mr. Abhishek Jain	Mr. Bhuwan Kumar Chaturvedi	Mr. Pravin Kumar Gupta	Mrs. Celine George <sup>(4)</sup>	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>(4)</sup>Appointed with effect from 16<sup>th</sup> April, 2020

**iii) Change in Directors**

The Board of Directors upon the recommendation of Nomination and Remuneration Committee has re-appointed Mr. Abhishek Jain (DIN: 00137651) as Chief Executive Officer & Managing Director of the Company for a further period of three years w.e.f. 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025, subject to the approval of shareholders at the ensuing Annual General Meeting ("AGM").

Mrs. Celine George (DIN: 02563846) was appointed as an Independent Director, on the Board of the Company, for a term of two years with effect from 16<sup>th</sup> April, 2020 up to 15<sup>th</sup> April, 2022, and accordingly, her tenure will expire on 15<sup>th</sup> April, 2022.

Based on the expertise and vast knowledge possessed by Mrs. Celine George in the areas of leadership, corporate restructuring, business transformation and people performance and the contribution made by her during the first term as an Independent Director, it is proposed to re-appoint Mrs. Celine George as an Independent Director for a second term of five years from 16<sup>th</sup> April, 2022 to 15<sup>th</sup> April, 2027.

In terms of Regulation 17(1A) of Listing Regulations, the Board of Directors, upon the recommendation of Nomination and Remuneration Committee and subject to the approval of shareholders of the Company, accorded its approval to continue and hold office of Independent Director of the Company by Mr. Bhuwan Kumar Chaturvedi (DIN: 00144487), who will attain 75 years of age on 6<sup>th</sup> March, 2023, till his current tenure of re-appointment i.e. upto 25<sup>th</sup> December, 2023.

Pursuant to the provisions of the Companies Act, 2013, Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer & Managing Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible offer himself for re-appointment at the 26<sup>th</sup> AGM.

Mr. Ashok Kumar Jain (DIN: 06881412), Independent Director of the Company has resigned w.e.f. 28<sup>th</sup> September, 2020 due to indifferent health. Furthermore, he has also confirmed that there is no other material reasons for his resignation except the one stated herein.

The disclosure as required under the provisions of the Companies Act, 2013 read with Secretarial Standards issued by Institute of Company Secretaries of India and the Listing Regulations forms part of the Notice convening 26<sup>th</sup> AGM.

**iv) Board procedures**

The Company Secretary, in consultation with the Chairman & Managing Director and Chief Executive Officer & 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 and committees within the prescribed time limit to enable them to have sufficient time to study, to facilitate meaningful and focused discussions at the meetings and take informed decisions.

The agenda is circulated 7 (seven) days before the date of the meeting(s) in compliance with the Companies Act, 2013 and secretarial standards issued by Institute of Company Secretaries of India.

The members of the Board have always expressed their views and opinion and decisions are taken on the basis of consensus arrived at after detailed discussions.

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.

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 Directors for their comments in compliance with the secretarial standards.

Senior management personnel are invited to the Board meetings as and when required to enable them to make requisite presentations on relevant issues or to provide necessary insights into the operations of the Company. 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.

The Independent Directors provide an annual confirmation that they meet the criteria of independence as per Regulation 16(1) (b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 along with rules framed thereunder. Further, in terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence and are independent from the management.

#### **Independent Director's databank registration**

Pursuant to notification dated 22<sup>nd</sup> October, 2019 issued by the Ministry of Corporate Affairs ("MCA"), all the Directors have registered / renewed the registration with the independent director's databank. Requisite disclosures have been received from the Independent Directors in this regard.

#### **Separate meeting of the 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 enables 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 and 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 9<sup>th</sup> March, 2021, during the financial year 2020-21.

#### **Performance evaluation criteria of independent directors**

The Board undertakes a formal annual evaluation of its own performance, its committees, and individual directors as per the provisions of the 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, its committees and individual directors was conducted as per the internally designed evaluation process. 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 the Board meetings and annual general meeting held during the year

The details of attendance at the Board meetings held during the financial year 2020-21 and at annual general meeting of the Company are as below:

Name of Directors	Attendance					
	Meeting 1 05 <sup>th</sup> June, 2020	Meeting 2 13 <sup>th</sup> August, 2020	Meeting 3 4 <sup>th</sup> November, 2020	Meeting 4 9 <sup>th</sup> February, 2021	Meeting 5 20 <sup>th</sup> February, 2021	Last AGM 25 <sup>th</sup> September, 2020
Mr. Ajay Kumar Jain	✓	✓	✓	✓	✓	✓
Mr. Abhishek Jain	✓	✓	✓	✓	✓	✓
Mr. Bhuwan Kumar Chaturvedi	✓	✓	✓	✓	✓	✓
Mr. Pravin Kumar Gupta	✓	✓	✓	✓	✓	✓
Mr. Ashok Kumar Jain <sup>(5)</sup>	✓	Leave of absence	Not applicable	Not applicable	Not applicable	Leave of absence
Mrs. Vinay Kumari Jain	✓	✓	✓	✓	✓	✓
Mrs. Celine George <sup>(6)</sup>	✓	✓	✓	✓	✓	✓

<sup>(5)</sup> Resigned with effect from 28<sup>th</sup> September, 2020.

<sup>(6)</sup> Appointed with effect from 16<sup>th</sup> April, 2020.

The last AGM held on 25<sup>th</sup> September, 2020 was conducted through Video Conference / Other Audio Video Means.

#### vi) 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.

Each committee of the Board is guided by its terms of reference, which defines the 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 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 ("AC") 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, 2021, AC comprised of two Independent Directors and one Executive Director. Mr. Bhuwan Kumar Chaturvedi is the Chairman of AC.

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

**AC 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 AC 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:**

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.





- c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
  8. Approval or any subsequent modification of transactions of the listed entity with related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the listed entity, wherever it is necessary.
  11. Evaluation of internal financial controls and risk management systems.
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  13. 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.
  14. Discussion with internal auditors of any significant findings and follow up there on.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  16. 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.
  17. 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.
  18. To review the functioning of the whistle blower mechanism.
  19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
  20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
  21. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
  22. Management discussion and analysis of financial condition and results of operations
  23. Statement of significant related party transactions (as defined by the audit committee), submitted by management.
  24. Management letters / letters of internal control weaknesses issued by the statutory auditors
  25. Internal audit reports relating to internal control weaknesses.
  26. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  27. Statement of deviations:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### Meetings, attendance & composition of AC

During the year AC met four times. The intervening gap between two meetings during the year under review were in compliance with the period prescribed under the Companies Act, 2013 and the Listing Regulations.

The details of AC meetings and attendance of the members of AC during the financial year ended 31<sup>st</sup> March, 2021 are as below:

Name of Committee Member	Designation	Category of Director		Attendance			
		Non-Executive & Independent	Executive	Meeting 1 5 <sup>th</sup> June, 2020	Meeting 2 13 <sup>th</sup> August, 2020	Meeting 3 4 <sup>th</sup> November, 2020	Meeting 4 9 <sup>th</sup> February, 2021
Mr. Bhuwan Kumar Chaturvedi	Chairman	✓	-	✓	✓	✓	✓
Mr. Pravin Kumar Gupta	Member	✓	-	✓	✓	✓	✓
Mr. Ashok Kumar Jain <sup>(7)</sup>	Member	✓	-	✓	Leave of absence	Not applicable	Not applicable
Mr. Abhishek Jain	Member	-	✓	✓	✓	✓	✓

<sup>(7)</sup>Resigned with effect from 28<sup>th</sup> September, 2020.

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

The Chairman of AC, Mr. Bhuwan Kumar Chaturvedi, was present at the annual general meeting of the Company held on 25<sup>th</sup> September, 2020, to answer shareholders' queries.

AC 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 Indian 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 AC were duly accepted by the Board of Directors.

### 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 also has the responsibility of setting criteria for appointment of directors, senior management, and Key Managerial personnel ("KMP") of the Company, recommending appointment & remuneration 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.

**NRC 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 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.

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, NRC met one time and quorum was present in the meeting.

The details of NRC meeting and attendance of the members of NRC during the financial year ended 31<sup>st</sup> March, 2021 is as below:

Name of Committee Member	Designation	Category of Director		Attendance
		Independent	Non-Executive	Meeting 1 5 <sup>th</sup> June, 2020
Mr. Pravin Kumar Gupta	Chairman	✓	-	✓
Mr. Bhuwan Kumar Chaturvedi	Member	✓	-	✓
Mrs. Vinay Kumari Jain	Member	-	✓	✓

Mr. Pravin Kumar Gupta, Chairman of NRC, was present at the AGM of the Company held on 25<sup>th</sup> September, 2020, to answer shareholders' queries.

#### Remuneration to the Directors

The appointment of the executive directors is governed by resolutions passed by the shareholders of the Company, which covers the terms and conditions of such appointment, read with the service rules of the Company. A separate service contract is not entered into by the Company with executive directors. No notice period or severance fee is payable to any Director.

The independent directors were also paid sitting fees for their separate meeting held during the year.

Details of remuneration paid to and securities held by executive directors during the financial year ended 31<sup>st</sup> March, 2021:

(₹ in lacs)

Name of Directors	Salary and perquisite	Bonus	Commission	Others	Total	No. of equity shares held
Mr. Ajay Kumar Jain (Chairman & Managing Director)	106.66	0.17	-	-	106.83	38,67,180
Mr. Abhishek Jain (CEO & Managing Director)	106.66	0.17	-	7.93	114.76	10,02,404

<sup>(6)</sup>Holding equity shares 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, 2021:

(₹ in lacs)

Name of Directors	Sitting Fees	No. of equity shares held
Mr. Bhuwan Kumar Chaturvedi	5.20	-
Mr. Pravin Kumar Gupta	5.20	-
Mr. Ashok Kumar Jain	1.20	-
Mrs. Celine George	2.40	-
Mrs. Vinay Kumari Jain	4.00	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
Mr. Abhishek Jain	Son of Mr. Ajay Kumar Jain and Mrs. Vinay Kumari Jain
Mrs. Vinay Kumari Jain	Wife of Mr. Ajay Kumar Jain and mother of Mr. Abhishek Jain

There are no pecuniary relationships or transactions held between the non-executive director, other than the sitting fees drawn by the non-executive Directors.

### C. Stakeholders Relationship Committee

Stakeholders Relationship Committee (“SRC”) is responsible for 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.

**SRC 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 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 & share transfer agent.
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 SRC

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

The details of SRC meetings and attendance of the members of SRC during the financial year ended 31<sup>st</sup> March, 2021 are as below:

Name of Committee Member	Designation	Category of Director			Attendance	
		Independent	Non-Executive	Executive	Meeting 1 5 <sup>th</sup> June, 2020	Meeting 2 4 <sup>th</sup> November, 2020
Mr. Pravin Kumar Gupta	Chairman	✓	-	-	✓	✓
Mrs. Vinay Kumari Jain	Member	-	✓	-	✓	✓
Mr. Abhishek Jain	Member	-	-	✓	✓	✓

Mrs. Sonia Bhandari, Company Secretary is the Compliance Officer of the Company.

Mr. Pravin Kumar Gupta, Chairman of SRC, was present at the AGM of the Company held on 25<sup>th</sup> September, 2020 to answer shareholders' queries.

**Details of investors' complaints handled by the Company and its registrar & share transfer agent during the financial year 2020-21 are as below:**

Number of complaints remaining unresolved as on 1 <sup>st</sup> April, 2020	0
Number of complaints received during the year	0
Number of complaints resolved during the year	0
Number of complaints remaining unresolved as on 31 <sup>st</sup> March, 2021	0

### 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 our society.

Your Company believes in making lasting impact towards creating a just, equitable, humane, and sustainable society. The Company's endeavour to continuously evolve and ramp up the CSR activities in both social and environmental spheres improving the quality of life of our society through its CSR endeavours.

The CSR Policy is also available on the website of the Company and can be accessed by web link [https://www.ppapco.in/assets/pdf/policies/Corporate\\_Social\\_Responsibility\\_Policy.pdf](https://www.ppapco.in/assets/pdf/policies/Corporate_Social_Responsibility_Policy.pdf).

CSR 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 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.
5. Such other activities as the Board of Directors may determine from time to time.

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

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

The details of CSR committee meetings and attendance of the members of CSR committee during the financial year ended 31<sup>st</sup> March, 2021 are as below:

Name of Committee Member	Designation	Category of Director			Attendance	
		Independent	Non-Executive	Executive	Meeting 1 5 <sup>th</sup> June, 2020	Meeting 2 4 <sup>th</sup> November, 2020
Mr. Ashok Kumar Jain <sup>(9)</sup>	Chairman	✓	-	-	✓	Not applicable
Mr. Bhuwan Kumar Chaturvedi <sup>(10)</sup>	Chairman	✓	-	-	✓	✓
Mrs. Vinay Kumari Jain	Member	-	✓	-	✓	✓
Mr. Abhishek Jain	Member	-	-	✓	✓	✓

<sup>(9)</sup>Resigned w.e.f. 28<sup>th</sup> September, 2020.

<sup>(10)</sup>Mr. Bhuwan Kumar Chaturvedi, member of CSR committee appointed as Chairman w.e.f. 4<sup>th</sup> November, 2020.

## 2. General body meetings

### i. Annual General Meetings:

Details of last three years annual general meetings of the Company are as under:

For the year	Venue	Day, Date & Time	Number of special resolutions
2019-20	Conducted through video conferencing / other audio-visual means. Deemed location is the registered office of the Company i.e., 54, Okhla Industrial Estate, Phase - III, New Delhi-110020.	Friday, 25 <sup>th</sup> September, 2020 at 11:00 a.m.	-
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

### ii. Postal ballot

During the year under review, neither any special resolution was passed through postal ballot nor is any special resolution proposed to be conducted through postal ballot as on the date of this corporate governance report.

## 3. Disclosures

### (i) Related party transactions

All related party transactions entered during the year under review are on an arm's length basis and in the ordinary course of business. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and

repetitive nature. The statement of transactions entered pursuant to the omnibus approval so granted is placed before the Audit Committee for review on a quarterly basis.

For reference, the details of related party transactions in accordance with Indian Accounting Standard (“Ind AS”) are given in note no. 39 in the notes to the Financial Statements.

No material related party transactions i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements were entered during the year under review.

The policy on related party 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).

**(ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by stock exchange or Securities and Exchange Board of India (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.

**(iii) Disclosure of accounting treatment**

The Company has adopted 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.

**(iv) 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 or 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 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/WHISTLE\\_BLOWER\\_POLICY-1\\_2.pdf](https://www.ppapco.in/assets/pdf/policies/WHISTLE_BLOWER_POLICY-1_2.pdf)

**(v) 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) 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).

**(vi) 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 and seminars etc.

**(vii) 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 2020-21:

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

**(viii) Payment of dividend through electronic means**

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 the Company their updated bank account details.

**(ix) 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.

**(x) 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.

**(xi) Disclosure of compliance of the Listing Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46**

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 except appointment of independent woman director. The Company has appointed Mrs. Celine George as an independent woman director w.e.f. 16<sup>th</sup> April, 2020 and has complied with the provisions of Listing Regulations.

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

As stipulated by the 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.

**(xiii) 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: As the Chairman of the Company is an executive chairman, hence the provision on entitlement of chairperson's office at the expense of the Company in case of non-executive chairperson is not applicable.
- 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, 2021.
- d. Reporting of internal auditor: Internal auditors periodically apprise the audit committee on findings and observation, if any of internal audit and actions taken thereon.

**4. 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 a policy to evaluate performance of each Director, the Board as a whole, its Committees and the Chairman. Evaluation is carried out by the Board, Nomination and Remuneration Committee 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. The 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.

**5. 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, 2021
Audit fees	8.85
Tax fees	2.49
Others	4.40
<b>Total</b>	<b>15.74</b>

**6. CEO and CFO certification**

The Chief Executive Officer and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of requirements of the Regulation 17(8) of the Listing Regulations. The Chief Executive Officer and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of requirements of the Regulation 33 (2) of the Listing Regulations.

In terms of Regulation 17(8) of the Listing Regulations, the certificate duly signed by the Chief Executive Officer & Managing Director and Chief Financial Officer 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, 2021 and is annexed to this report.

**7. Familiarization program for independent directors**

Familiarization program for independent directors form a part of the Board process. The Board familiarization program consists of detailed induction for all new independent directors when they join the Board of Directors of the Company and ongoing sessions on business strategy, operational and functional matters.

The exhaustive induction for independent directors enables them to be familiarized with the Company, its history, its culture, its principles, its values, and its purpose of existence. The

Chief Executive Officer & Managing Director also makes presentations in order to facilitate clear understanding of the business of the Company and the environment in which the Company operates.

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.
- The manufacturing facilities of the Company at its various locations.

The Company 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 updated about Company's new projects, research & development initiatives, changes in regulatory environment and strategic direction. The Company also arranges for visits to the Company's manufacturing facilities to enable them to get understanding of the processes and operations of the Company.

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/Familirisation\\_programme\\_ppap.pdf](https://www.ppapco.in/assets/pdf/policies/Familirisation_programme_ppap.pdf)

**8. Code of conduct and ethics**

The Company has 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 2020-21.

The declaration to this effect signed by the Chief Executive Officer & 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\\_Ethics-\\_V3.pdf](https://www.ppapco.in/assets/pdf/policies/Code_of_conduct_and_Ethics-_V3.pdf)

**9. 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 the policy for determining material subsidiaries and can be accessed at: [https://www.ppapco.in/assets/pdf/policies/Policy\\_for-determining-material-subsidiaries.pdf](https://www.ppapco.in/assets/pdf/policies/Policy_for-determining-material-subsidiaries.pdf)



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

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has code of conduct for regulating, monitoring, and reporting of trading by designated persons ('the code of conduct') and the code of practices and procedures for fair disclosure of unpublished price sensitive information ("code of practice"). The code of conduct ensures reporting of trading by the designated persons and their immediate relatives. The code of practice ensures fair disclosure of events and occurrences that could impact price discovery in the market.

**11. 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.

**12. 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 SEBI / MCA or any such statutory authority. The certificate is annexed and forms an integral part of this report.

**13. 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, 2020.	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, 2021.	28	1,687

**14. Transfer of Shares to the Investor Education and Protection Fund (IEPF)**

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.

During the financial year 2020-21, the Company was not required to transfer any of its shares in IEPFA. The total 5, 138 equity shares are lying with the IEPFA as on 31<sup>st</sup> March, 2021. The details of the shareholders whose shares are transferred with IEPFA are also posted on the website of the Company i.e. [www.papco.in](http://www.papco.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.papco.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+ (Reaffirmed) / stable for the long term and CRISIL A1 (Reaffirmed) 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.papco.in](http://www.papco.in).

Quarterly and annual financial results are published in all the editions of 'Business Standard' newspaper (English & Hindi) and Financial Express (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. 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.
- d. 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.
- e. 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.
- f. 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	:	3 <sup>rd</sup> September, 2021
Time	:	11:30 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, 2021	:	On or before 14 <sup>th</sup> August, 2021
Quarter ending 30 <sup>th</sup> September, 2021	:	On or before 14 <sup>th</sup> November, 2021
Quarter ending 31 <sup>st</sup> December, 2021	:	On or before 14 <sup>th</sup> February, 2022
<b>iv) Annual Audited Financial Results</b>		
Year ending 31 <sup>st</sup> March, 2022	:	On or before 30 <sup>th</sup> May, 2022
<b>v) Date of Book closure</b>	:	
<b>vi) Dividend Payment Date</b>		
Final dividend 2020-2021 of ₹ 1/- per equity share recommended by the Board of Directors at its meeting held on 10 <sup>th</sup> May, 2021 subject to the approval of shareholders	:	If approved, will be paid within 30 days from the date of AGM.
<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
Email: <a href="mailto:cmllist@nse.co.in">cmllist@nse.co.in</a>		Email: <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a>
<b>viii) Stock code</b>		
BSE	:	532934
NSE	:	PPAP
ISIN No.	:	INE095101015

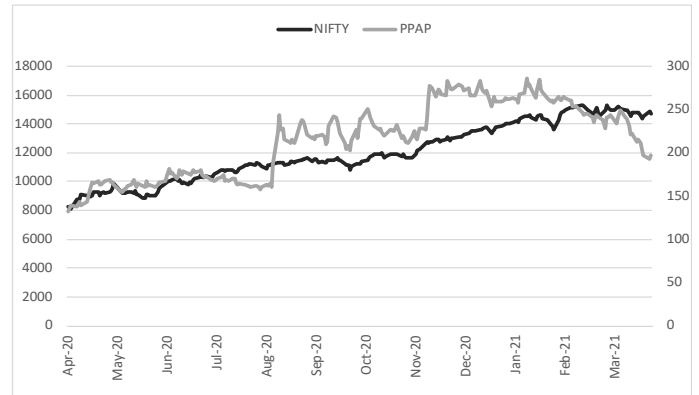
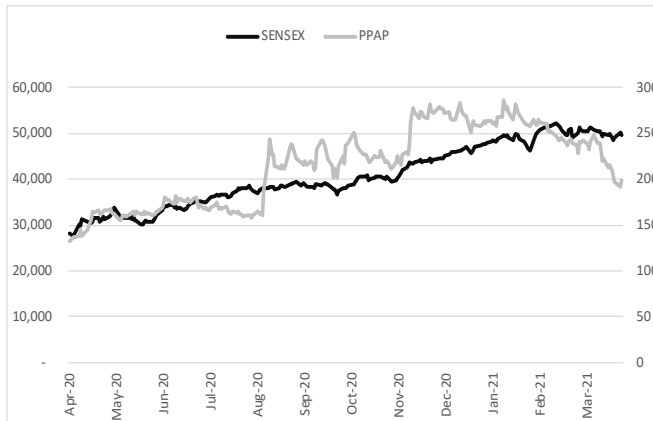
**ix) Listing fees**

The Company has paid listing fees up to the financial year ended 31<sup>st</sup> March, 2022 to BSE and NSE where the Company's securities are listed.

**x) Market price data**

Market price of shares on NSE and BSE during the financial year 2020-21 is as below:

Month	NSE					BSE			
	Nifty close	PPAP share price (₹ Per share)			Sensex close	PPAP share price (₹ Per share)			
		High	Low	Close		High	Low	Close	
Apr 20	9,859.90	190.00	128.50	163.25	33,717.62	188.80	126.30	162.60	
May 20	9,580.30	182.05	149.60	165.70	32,424.10	198.00	154.65	165.60	
June 20	10,302.10	193.50	160.00	168.65	34,915.80	192.00	163.00	168.55	
July 20	11,073.45	184.85	155.10	159.90	37,606.89	184.80	156.50	160.50	
Aug 20	11,387.50	255.00	156.25	216.90	38,628.29	255.05	159.90	218.35	
Sep 20	11,247.55	254.10	200.00	238.55	38,067.93	255.55	197.80	237.00	
Oct 20	11,642.40	260.00	209.00	210.75	39,614.07	259.20	209.00	211.45	
Nov 20	12,968.95	295.00	211.95	272.45	44,149.72	295.00	209.05	272.55	
Dec 20	13,981.75	295.00	230.40	261.95	47,751.33	295.15	231.80	261.05	
Jan 21	13,634.60	296.55	253.85	257.20	46,285.77	296.20	255.00	257.85	
Feb 21	14,529.15	278.00	222.15	240.35	49,099.99	275.15	234.20	240.20	
Mar 21	14,690.70	257.80	187.25	197.00	49,509.15	255.65	187.50	199.10	



Source: [www.nseindia.com](http://www.nseindia.com) & source: [www.bseindia.com](http://www.bseindia.com)

**xi) Compliance officer**

Name	:	Mrs. Sonia Bhandari
Designation	:	Company Secretary & Compliance Officer
Tel	:	+91-120-2462552 / 53
Email	:	investorservice@ppapco.com

**xii) Address of Registrar and Share Transfer Agent**

: 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](mailto:delhi@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
Tel: +91-11-41410592 / 93 / 94

**xiii) Share transfer system**

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 SEBI, 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, 2021 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	2,45,350.00
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	1,12,900.00
2019-20	1 <sup>st</sup> Interim	1.00	22 <sup>nd</sup> October, 2019	28 <sup>th</sup> December, 2026	56,362.00
2019-20	2 <sup>nd</sup> Interim	2.00	18 <sup>th</sup> March, 2020	24 <sup>th</sup> May, 2027	1,53,208.00

**xv) Distribution of shareholding**

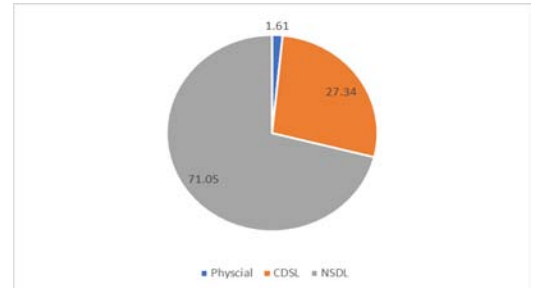
Details of category wise shareholding as on 31<sup>st</sup> March, 2021 are as below:

Categories	No. of shareholders	Percentage	No. of shares held	Percentage
1-500	19,237	94.64	15,17,539	10.84
501-1000	576	2.83	4,49,340	3.21
1001-2000	279	1.37	4,20,447	3.00
2001-3000	72	0.35	1,81,286	1.30
3001-4000	38	0.19	1,33,100	0.95
4001-5000	19	0.09	87,555	0.62
5001-10000	48	0.24	3,42,345	2.45
10001-above	58	0.29	1,08,68,388	77.63
<b>TOTAL</b>	<b>20,327</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 NSDL and CDSL.

S. No.	Mode of holding	No. of shares	% of total share capital
1.	Physical	2,25,140	1.61
2.	CDSL	38,27,107	27.34
3.	NSDL	99,47,753	71.05
	<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, 2021 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	35,29,760	25.21
	<b>Total Shareholding of Promoters &amp; Promoters' Group (A)</b>	<b>90,68,897</b>	<b>64.78</b>
<b>B.</b>	<b>Public Shareholding</b>		
i	Foreign Portfolio Investor	51,562	0.37
ii	Bodies Corporate	5,40,069	3.86
iii	Foreign Companies	2,25,000	1.61
iv	Individuals	35,48,448	25.35
vi	Others		
	Non Resident Indians	1,72,875	1.23
	IEPF Authority	5,138	0.04
	Trusts	318	0.00
	HUF	1,43,722	1.03
	Clearing Member	2,43,971	1.73
	<b>Total Public Shareholding (B)</b>	<b>49,31,103</b>	<b>35.22</b>
	<b>Total (A+B)</b>	<b>1,40,00,000</b>	<b>100.00</b>

<b>xviii)</b>	<b>Outstanding GDR / ADR / Warrants or any convertible instrument</b>	
	No outstanding GDR / ADR / Warrants or any convertible instrument as on 31 <sup>st</sup> March, 2021.	
<b>xix)</b>	The Company's plants are located at Noida (Uttar Pradesh), Surajpur (Uttar Pradesh), Pathredi (Rajasthan), Vallam Vadagal (Tamil Nadu) and Viramgam (Gujarat).	
<b>xx)</b>	<b>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, Uttar Pradesh Tel: +91-120-2462552 / 53 E-mail: investorservice@ppapco.com

**CERTIFICATION ON FINANCIAL STATEMENTS**

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

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

- a) We have reviewed the financial statements and the cash flow statement (standalone and consolidated) of the Company for the year ended 31<sup>st</sup> March, 2021 and that to the best of 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.
- b) There are, to the best of their 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.
- c) We accept 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 the 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.
- d) We have indicated, wherever applicable, to the auditors and 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: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
Chief Executive Officer & Managing Director

**Sachin Jain**  
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 and Ethics of the Company during the financial year 2020-21.

Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
Chief Executive Officer & 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> 2021, 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. However, there was a delay in appointment of woman director by 15 days as required in Regulation 17(1)(a).

**For NKJ & ASSOCIATES**  
Company Secretaries

**NEELESH KR. JAIN**

Proprietor

FCS No.: 5593

C.P. No.: 5233

UDIN: F005593C000253291

Place: New Delhi

Date: 10<sup>th</sup> May, 2021



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the 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 situated at 54, Okhla Industrial Estate, Phase III, Delhi-110020 (hereinafter referred to as 'the Company'), by conducting an online verification and examination of records, as facilitated by the Company, due to Covid-19 pandemic and subsequent lockdown and curfew by different states, for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and 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, 2021 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 appointment 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	Mrs. Vinay Kumari Jain	00228718	26.12.2013
6	Ms. Celine George	02563846	16.04.2020

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)

Membership No.: F7241  
 C. P. No.: 7622

UDIN: F007241C000244271

Place: New Delhi  
 Date: 5<sup>th</sup> May, 2021

# BUSINESS RESPONSIBILITY REPORT

## Section A: General information about the Company

1	Corporate Identity Number 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	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	29302 - manufacture of parts and accessories 28222 - manufacture of machine tools for turning, drilling, milling, shaping, planning, boring, grinding etc. 22203 - Manufacture of plastic articles for the packing of goods (Plastic bags, sacks, containers, boxes, cases, carboys, bottles etc.)
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's plants are located at Noida (Uttar Pradesh), Surajpur (Uttar Pradesh), Pathredi (Rajasthan), Vallam Vadagal (Tamil Nadu) and Viramgam (Gujarat).
10	Markets served by the Company – Local / State / National / International	The Company serves primarily to the local customers having facilities across the country. However some parts are exported by our customer as Completely Knocked Down (CKD) kits or as vehicle exports.

## Section B: Financial detail of the Company

1	Paid up Capital (INR)	₹ 14 crore as on 31 <sup>st</sup> March, 2021
2	Total Turnover (INR)	₹ 321.18 crore as on 31 <sup>st</sup> March, 2021
3	Total profit after taxes (INR)	₹ 4.84 crore as on 31 <sup>st</sup> March, 2021
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 85.76 lacs as on 31 <sup>st</sup> March, 2021 (2%)
5	List of activities in which expenditure in 4 above has been incurred:-	a) Environment sustainability; b) Promoting education; and c) Distribution of food

**Section C: Other details**

1	Does the Company have any Subsidiary Company / Companies?	The Company has two subsidiary companies as on 31 <sup>st</sup> March 2021, namely:- 1. PPAP Technology Limited; and 2. Elpis Components Distributors Private Limited
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).	The Company encourages BR initiatives at group level, including its subsidiaries and joint ventures.
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%]	All the stakeholders of the Company are expected to follow the BR initiatives laid by the Company. We have involved suppliers in the BR activities of the Company by assessing and auditing suppliers using environmental and social criteria. Suppliers have been evaluated for various environmental and social standards such as impacts related to water, emissions, energy, diversity, human rights, child labour, etc.

**Section D: BR Information**

<b>1</b>	<b>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 & Chief Operating Officer ("COO")
	Telephone No.	+91-120-2462552/53
	Email Id	rckhanna@ppapco.com
<b>2</b>	<b>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**

		P1	P2	P3	P4	P5	P6	P7	P8	P9
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:**

\*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, 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 Safety & Health Management System), ISO 50001 (Energy Management System), ISO / IEC 27001 (Information Security Management System) & Global reporting initiative Standards.

<sup>3</sup>The policies mandated under the Companies Act, 2013 and various regulations of the Securities Exchange Board of India 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>The Corporate Social Responsibility Committee of the Board administers the CSR Policy, while the foundation of the Company oversees the execution of CSR projects, the Audit Committee oversees the whistle blower policy, the Board of Directors oversees the Code of Conduct & Ethics, while the implementation of this Code for employees is looked by the Peoples Excellence Department. The Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, oversees the prevention of sexual harassment policy. The Environment, Health & Safety and Energy Policy are implemented by plant heads and reviewed by business heads under the supervision of COO of the Company.

<sup>5</sup>The policies as mandated under the Companies Act, 2013 and the 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 available on the Company's internal network.

<sup>6</sup>Policies are reviewed internally as well as by 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 drives, monitors implementation of sustainability / CSR agenda and reports progress to Steering Committee regularly. The Steering Committee headed by Business Sustainability Head reviews implementation status of Sustainability / CSR agenda and progress of new initiatives monthly. The Top Management which comprises of CEO & MD and COO monthly reviews progress report submitted by Steering Committee and set directions for promoting sustainability / CSR agenda across the Company. 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 and 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?	This is the Company's second Business Responsibility Report and is published annually as part of the Annual Report. The same can be accessed at the website of the Company at <a href="http://www.ppapco.in">www.ppapco.in</a>

**Section E: Principle-Wise Performance****Principle 1-Businesses should conduct and govern themselves with Ethics, Transparency and Accountability & Ethics.**

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. 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 2020-21.

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

1	<p>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. Extrusion with aluminum insert</li> <li>b. Sealing with glass cord</li> <li>c. Weatherstrip outer with flock tape</li> </ul>
2	<p>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. Aluminum insert replacing CRC steel in weatherstrip inner belt, sealing with glass cord as an insert replacing wire insert extrusion, Flock tape application at the time of extrusion to eliminate nylon flocking process. New products ensured that they are easy to fit, light weight and handle without compromising the product performance.</p> <p>During FY 2020-21 the renewable energy contributes 2.61% of total energy consumed, which has helped in reducing reliance on non-renewable sources of energy.</p> <p>The Company manages SOC (Substances of Concern) Management system by compliance of rules &amp; regulations stipulated through Conflict Mineral Survey, IMDS (International Material Data System), ELV (End life of Vehicle), POP (Persistent Organic Pollutants), RoHS (Restriction of Hazardous Substances).</p>
3	<p>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. We work with our suppliers so that the environmental and social impacts can be prevented or mitigated at the stage of structuring contracts or other arrangement, as well as, through ongoing collaborations with suppliers. The Company's suppliers are assessed for a range of environmental and social criteria, including human rights (such as child labour and forced or compulsory labour), employment practices, health and safety practices, industrial relations, incidents (such as abuse, coercion or harassment), wages and compensation, and working hours. The Company has an environment policy and safety policy. The Company encourages its suppliers to ensure compliance with these policies. It covers various issues like safety measures, SOC, POP substance declaration etc. The Company has assessed 27% of its suppliers in FY 2020-21 as per the Company's environment and social criteria.</p>
4	<p>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. The Company supports the MSMEs in nearby locations of its plants for raw material sourcing/packaging/ consumable etc. The supply chain team of the Company periodically visits the facilities of the vendors for their continuous up gradation and also suggest them improvement points. During the financial year 2020-21, the Company has also started supplier audit with respect to Environment and Social points to improve suppliers awareness and knowledge with respect to GRI (Environment and Social).</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 <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	The Company recognizes that the natural resources are finite and therefore need to be conserved and recycled. In the endeavor to achieve the same it continues to evaluate opportunities for technology upgradation, improved processes, water conservation, waste reduction, alternate source of energy, and in process to use of CNG vehicles. The Company always focuses on 3R concept (Reduce, Reuse and Re-cycle), use of processed water and rain water harvesting. The Company has installed the bio-composter for canteen waste and recycle the food waste produced by the Company. The Company is using reclaimed packaging materials in the form of bins that will return from the customer, eliminating the need for single use packaging. The same bins will be reused until the end of their life cycle.
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### 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, 2021 are 1198.
2	Please indicate the Total number of employees hired on temporary / contractual / casual basis	Out of the total Employees, 243 were on contractual basis as on 31 <sup>st</sup> March, 2021.
3	Please indicate the Number of permanent women employees	The number of women employees as on 31 <sup>st</sup> March, 2021 are 28.
4	Please indicate the Number of permanent employees with disabilities	The number of permanent employees with disabilities as on 31 <sup>st</sup> March, 2021 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	NA

**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	We recognise employees, communities surrounding our operations, bankers, business associates, customers, shareholders, investors and regulatory authorities as our key stakeholders.
2	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes, the Company identifies communities around its manufacturing facilities.
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 gives preference to local workers in the local areas where it operates and also give preference to employ females in assembly line who are from disadvantaged and marginalized communities. The Company has also undertaken its CSR projects in the fields of education and distribution of food in the proximity of its manufacturing plants. For more details on the CSR projects please refer Annual Report on CSR given as Annexure – C in the Directors’ Report for the financial year 2020-21.

**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 its subsidiary Companies. 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 2020-21 related to human rights.

**Principle 6-Businesses 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, 45001 and 50001 certified. The Company has well defined policies on quality, health, safety and environment that covers the group companies. The 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. The Company is also running environment restoration program in association with Vinay & Ajay Jain Foundation for bulk plantation of local species of trees using Miyawaki way of plantation.
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.	Yes, 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 our operations. The Company works continuously to reduce the waste and is focused on creating green infrastructure by installing variable frequency drive, solar plant etc. 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. 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 endeavors 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 3R concept Reduce, Reuse and Re-cycle. The Company has taken green initiatives such as renewable energy solar projects, rainwater harvesting, sewage treatment plants, waste water recycle and waste minimization techniques. The Company also maintains the environment and energy management systems.
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 2020-2021 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 2020-2021, 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. HCI Supplier's Club Society d. Toyota Kirloskar Suppliers Association (TKSA) e. Maruti Suzuki Suppliers Welfare Association (MSSWA) f. Bhiwadi Manufacturers Association (BMA) g. Tools and Gauge Manufacturers Association of India (TAGMA)
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 focusing on Environment, Education and Healthcare sectors to streamline its efforts towards Corporate Social Responsibility.
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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 ("Foundation") for focused implementation of its CSR activities.
3	Have you done any impact assessment of your initiative?	Impact assessment is carried out through personal visits of Foundation team periodically to understand the impact of the CSR activities. The CSR Committee of the Board monitors these activities periodically.
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 2020-21, the Company spent ₹ 85.76 lacs on CSR initiatives as detailed in Annexure-C 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 the community.

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

1	What percentage of customer complaints / consumer cases are pending as on the end of financial year.	The Company has a customer complaint handling system based on IATF16949:2016 and business policy of each customer. 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 are pending at the end of financial year 2020-21.
2	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).	The company displays product label on the parts as per the customer requirement. The label displays information related to part manufacturing date, time and material used. The Company also provide details about the material used to customer like SOC ( Substances of Concern) free, Conflict Mineral free, POP ( Persistent Organic Pollutants) free and compliance with RoHS (Restriction of Hazardous Substances).
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	There is no case filed for unfair trade practice, irresponsible advertising or anti-competitive behavior over the last 5 years and therefore, no case is pending as at the end of Financial Year 2020-21
4	Did your Company carry out any consumer survey / consumer satisfaction trends?	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 is one of the most important factors of any business. The Company constantly communicates / engages with its customers at various platforms to understand their expectations. Customer Satisfaction trends are compiled, monitored and reviewed by top management on a periodic basis and also action plans are discussed with customers.

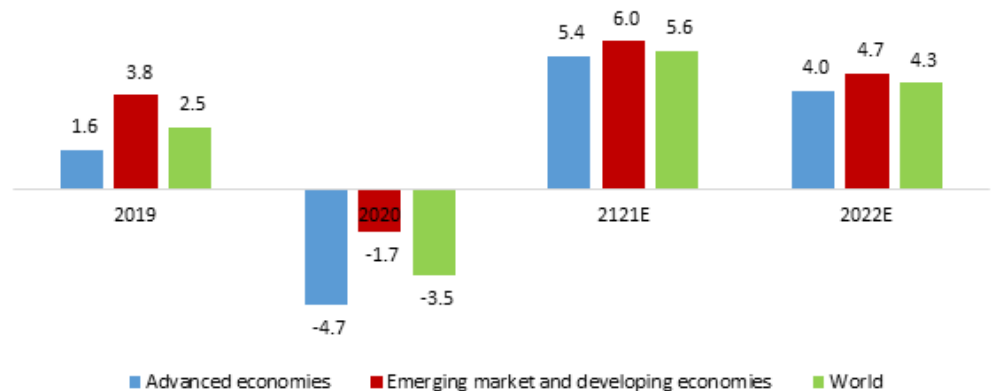
# MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

## Economy Overview

The impact of the COVID-19 pandemic has created significant volatility in the global economy and led to reduced economic activity. The pandemic has resulted, and may continue to result, in significant economic disruption that has adversely affected businesses globally. According to the World Bank, the global economy is estimated to have contracted by nearly 3.5% in 2020, an outcome “far worse” than the 2009 global financial crisis. The global economy is expected to rebound by 5.6% in 2021 and 4.3% in 2022. The recovery will depend on how vaccination takes place across the globe.

Advanced economies such as US, Japan and Euro area are estimated to have contracted by 3.5%, 4.7% and 6.6% respectively during 2020 (Source: World Bank). However, economic activity is strengthening across major advanced economies, most notably in the United States, where the recovery is being fueled by substantial fiscal support. The Emerging Market and Developing Economies (EMDE's) is forecasted to grow by 6.0% in 2021 and 4.7% in 2022 (Source: World Bank) respectively.

Growth in China remains solid but has moderated as authorities have shifted their focus from buttressing activity to reducing financial stability risks. The global manufacturing Purchasing Managers' Index ('PMI') stood at 55.0 in March 2021 (Source: Markit) on the back of robust growth across consumer, intermediate and investment goods sector. The manufacturing PMI is a result of various components such as output, new orders, new export orders, future output, employment input prices and output prices. Global output is rebounding gradually but remains below pre pandemic level.



## Indian Economy Overview

The Indian economy is battling COVID-19 and several parts of the country witnessed high number of active cases during the second wave. The central and state government-initiated plethora of steps to contain the virus spread. To curb the pandemic, India began with the vaccination drive with a mantra of “Test, Track, Treat”. Vaccination is gaining momentum across states, cities, and villages. Vaccination access and pricing has also been deregulated to quicken the pace of vaccination across all age groups. Apart from vaccination, the government has ensured availability of adequate supply of oxygen, crucial medicines, and healthcare infrastructure etc. to everyone in the country. The economy has the resilience and the fundamentals to bounce back from the pandemic and unshackle itself from pre-existing cyclical and structural hindrances.

India's gross domestic product (GDP) witnessed a contraction of 7.3% in FY21.



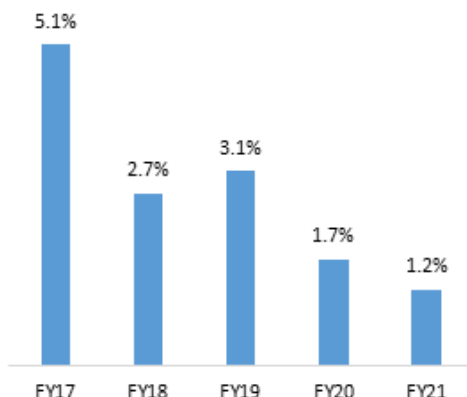
This is the first full-year contraction in the Indian economy in the last four decades since 1979-80, when GDP had shrunk by 5.2%. India's GDP grew at 1.6% in the January-March quarter of FY21. According to the RBI, India's GDP is expected to grow by 9.5% in FY22 led by strong rural demand and normal monsoon. (Source: MOSPI)

India's PMI Manufacturing Index stood at 55.4 in March, 2021 indicated that prospects for India's manufacturing sector remained favorable as companies scaled up production in line with a further improvement in demand. India has witnessed rise in the inflation in FY21. The Consumer Price Index (CPI) based inflation increased from 4.47% in FY20 to 6.16% in FY21 (Source: MOSPI). The Wholesale Price Index (WPI) based inflation had witnessed a de-growth from 1.68% in FY20 to 1.2% in FY21 (Source: Office of Economic Adviser). The rise in the retail inflation indicates rise in the prices of products. Index of Industrial Production (IIP) contracted 8.6% in FY21 against contraction of 0.8% in FY20 (Source: MOSPI). The output of eight core sectors de-grew by 6.5% in FY21 as compared to marginal growth of 0.4% in FY20 (Source: Office of Economic Adviser).

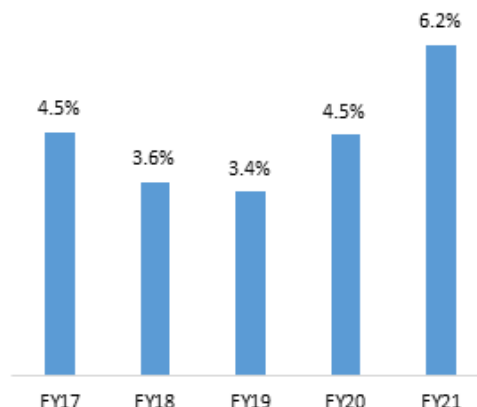
**Indian Automobile Industry Overview**

Indian automobile sector witnessed a strong pent-up demand in March 2021 with domestic sales of passenger vehicle and two & three wheelers growing at a strong 115% and 71% YoY respectively during March 2021 over the low base of March 2020. The industry produced a total 22.65 million vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and

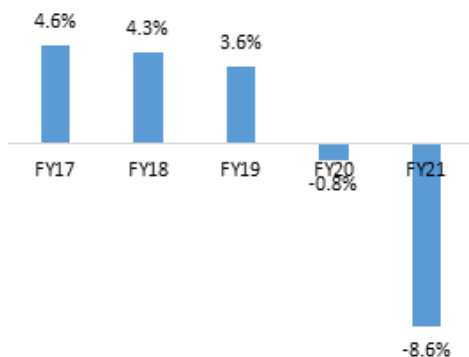
**Wholesale Inflation %**



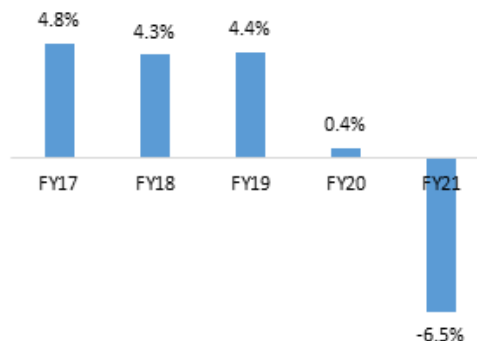
**Retail Inflation %**



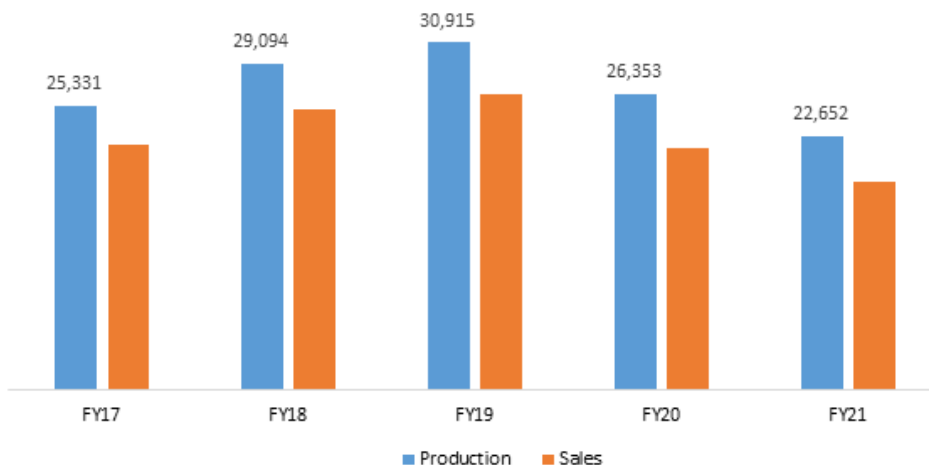
**Index of Industrial Production %**



**Core Sector Output %**



**Domestic Automobile industry (000')**



quadricycles in FY21 as against 26.35 million in FY20, registering a de-growth of 14.04% over previous year. The overall sales declined by 13.6% to 18.61 million in FY21 against 21.54 million in FY20. (Source: SIAM)

In the overall mix, the production of passenger vehicles declined by 10.6% in FY21 over last year. The sales of passenger vehicles declined by 2.24% in FY21 over the same period last year. The commercial vehicles production decreased by 17.4% in FY21. The overall commercial vehicles segment registered a de-growth of 20.7% in FY21 as compared to FY20.

Two Wheelers sales registered a de-growth of 13.2% whereas three wheelers reported a steep decline of 66% in sales in FY21 over FY20, The EV market is booming in India. Despite pandemic EV sales stood at 148837 as on FY21.

The Indian auto-components industry has experienced healthy growth over the last few years. The auto-components industry expanded by a CAGR of 6% over FY16 to FY20 to reach US\$ 49.3 billion (Source: IBEF) in FY20. The industry is expected to reach US\$ 200 billion (Source: IBEF) by FY26. Auto-components industry account for 2.3% of India's GDP and employs as many as 15 lacs people directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favourable destination for investment.

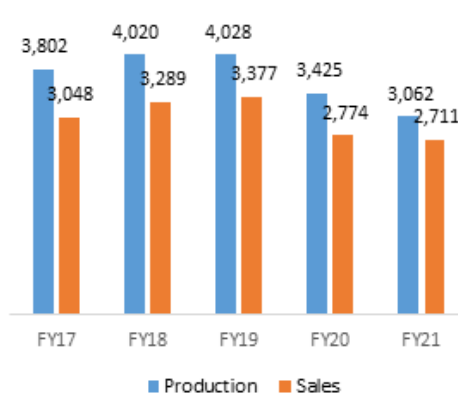
### Group Overview

PPAP group comprises of PPAP Automotive Limited, PPAP Tokai India Rubber Private Limited (joint venture) and Elpis Components Distributors Private Limited & PPAP Technology Limited (wholly owned subsidiary companies).

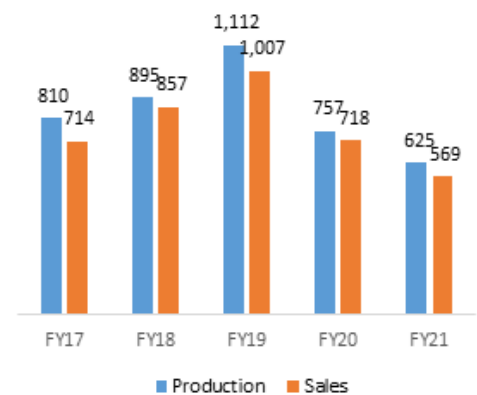
PPAP Automotive Limited ("PPAP" or "Company") is a leading manufacturer of automotive sealing systems, interior and exterior automotive parts in India. The Company started its association with the automotive industry more than 35 years ago with the first Maruti cars being launched in the country. The Company's state of the art manufacturing facilities are located across the automotive hubs in 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 passenger vehicle segment as well as the commercial and the two-

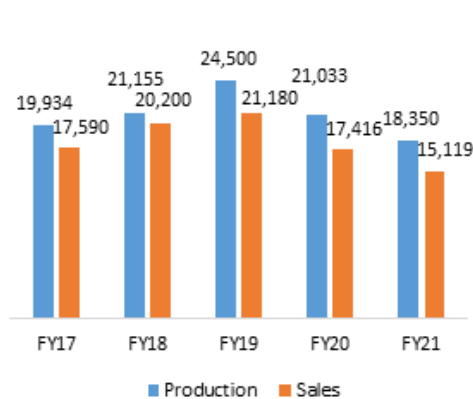
#### Passenger Vehicles (000')



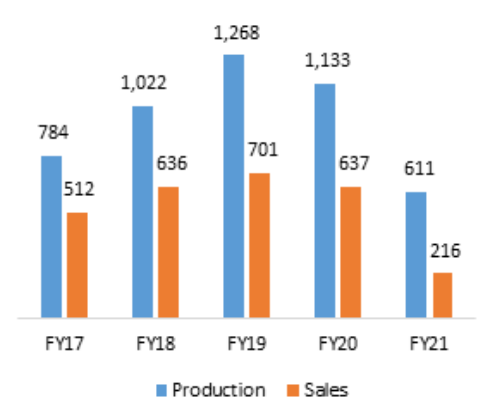
#### Commercial Vehicles (000')



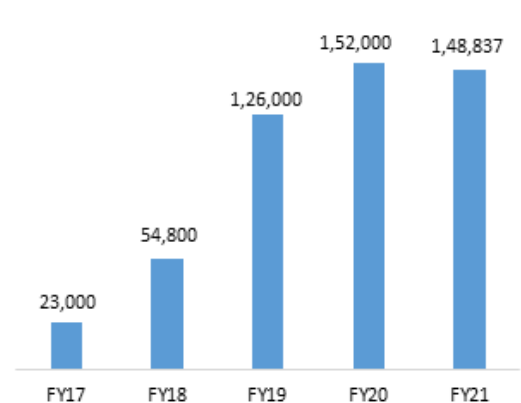
#### Two Wheelers (000')



#### Three Wheelers (000')



#### EV - Two Wheelers Sales



wheelers segment. The product range offered by the Company are engine agnostic and can be used for assembly of both internal combustion engine and electric technology based vehicles.

Over the years, PPAP has been continuously adding products and expanding its customer base to enhance its per vehicle contribution, not only in passenger vehicle segment, but in two wheeler and commercial vehicle segment as well. The Company is focused on development of value added products through in house design and technology development capabilities. 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 since 1989, for development and manufacturing of automotive body sealing systems. PPAP also has a technical collaboration with Nissen Chemitec Corporation, Japan, since 2007, for development and manufacture of interior and exterior injection products. The Company also tied up with Tokai Kogyo Seiki Co. Limited, Japan for manufacturing of tools and dies. The Company enjoys a harmonious and mutually beneficial relationship with its technology partners.

The Company continues to unlock and commercialize its developed knowledge and know-how into new opportunities. The Company has restructured its captive tooling facility into commercial tooling facility which will design and develop plastic injection molds for customers in automotive as well as white goods and electric goods industry.

Leveraging the know-how developed in the plastic injection molding technology, the Company has also started developing Pail Containers for customers in agriculture, lubrication and paints sectors. These containers offer significant value addition to the customer and are used to store and transport fertilizers, paints and lubricants to the consumers.

The Company ventured into EPDM rubber based automotive body sealing systems by establishing a Joint Venture, PPAP Tokai India Rubber Private Limited ("PTI") with its Technology Partner Tokai Kogyo Co. Limited, Japan in 2012

The Company has ventured into the After Market business by establishing a wholly owned subsidiary Elpis Components Distributors Private Limited ("Elpis") in 2020. The focus of elpis is to promote spare parts as well as premium car accessories to the customer. Elpis is establishing a distribution network and foraying into e-commerce by promoting the products on e-commerce websites (Amazon) as well as its own online shopping portal (shopelpis.com)

The Company has also ventured into the electric vehicle market by establishing a wholly owned subsidiary PPAP Technology Limited ("PTech") in 2020. The purpose of PTech is to develop solutions for the mobility as well as energy storage system. PTech is developing battery pack solutions as its main product and intends to add more products in its product range for the customers.

The Company has restructured its organizations and operations in the following segments:

- **Automotive Parts Business:**

Over the years, PPAP has emerged as one of the largest manufacturer of automotive sealing systems, interior and exterior injection moulded products. The Company's experience has helped it gaining trust amongst customers. The Company serves almost all major OEMs in the passenger vehicle segment and also caters the need of commercial and two-wheeler segment. The Company has 5 manufacturing facilities for its OE business located at Noida (Uttar Pradesh), Surajpur (Uttar Pradesh), Pathredi (Rajasthan), Vallam Vadagal (Tamil Nadu) and Viramgam (Gujarat).

The Company, over the years, has built a strong customer base. It includes almost all the leading manufacturers of four-wheelers as an OEM 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, Kia India Private Limited, Kia Motors Mexico. The Company customer's base also includes two wheeler manufacture viz. Suzuki Motorcycle India Private Limited. The Company also caters to CKD parts export requirements of its customers. The Company also caters the requirement of OEMs and Two wheeler manufacture with their respective Tier 1 suppliers.

(The Company's product portfolio for Automotive Parts business is shown on page no 184-185)

- **After market and spare parts business**

The Company has restructured and consolidated its spare parts business in its facility located at Surajpur Industrial Area, Uttar Pradesh. This facility focus on supply of parts to its OEM customers as well as develop and supply parts for the Company's aftermarket initiatives.

The Company has ventured into the after-market business as part of its growth and de-risking strategy. The Company through its wholly owned subsidiary company, namely, Elpis Components Distributors Private Limited ("Elpis") is engaged in this business. Elpis started this business with a warehouse in Okhla, New Delhi. Due to good demand from customers, Elpis is in process to establish a new warehouse in Gurugram, Haryana to cater to the distribution requirements.

The focus of Elpis is to promote spare parts as well as premium car accessories to the customer. Elpis is establishing a distribution network and foraying into e-commerce by promoting the products on e-commerce websites (Amazon) as well as its own online shopping portal (shopelpis.com)

(The Company's product portfolio for premium car accessories business is shown on page no. 184)

- **Commercial Tooling Business**

The Company has commercialized its Tooling facility in 2019 to make plastic injection tooling upto 1.5 meter \* 1.0 meter in size. The Tooling facility is situated at Surajpur Industrial Area, Uttar Pradesh. The tooling facility can develop Gas assist moulds, multi cavity moulds, hot runner with / without sequential valve gate etc. for the products having special requirements like chrome plating, painting, high gloss and graining. This tooling facility is supported with latest CAD software's for designing and analysis purpose.

The tooling facility has large size VMC machines (1.6 m \* 1.2 m), High Speed VMCs (upto 36000 RPM), High precision EDM and WEDM, In-house Graphite electrode machining facility, validation equipment's like portable scanner cum CMM, digital height master, precision 150T die-spotting for mold matching, profile projector for checking part thickness & rib sections. The facility is in the process of obtaining ISO 9001:2015 certification. The Company has a vast pool of experienced manpower to work on these tools and deliver a high-quality product exceeding the customer's expectations.

This facility is manufacturing tools for customers in automotive as well as white goods and electronic goods segments.

(The Company's tooling portfolio is shown on page no. 185)

- **Pail Container Business**

The Company has ventured into development of pail containers. The facility is located at Surajpur Industrial Area, Uttar Pradesh. Leveraging the know-how developed in the plastic injection molding technology, the Company realized this opportunity for customers in agriculture, lubrication and paints sectors. The Company is developing containers of various sizes (5 Liters, 10 Liters, 20 Liters and 25 Liters) in various shapes (round and square) to meet the customer requirements. These containers offer significant value addition to the customer and are used to store and transport fertilizers, paints and lubricants to the consumers.

(The Company's pail containers portfolio is shown on page no. 184)

- **Electric Vehicle Component Business**

The Company has also ventured into the electric vehicle market by establishing a wholly owned subsidiary PPAP Technology Limited ("PTech") in 2020. The facility is located in Noida, Uttar Pradesh.

The purpose of PTech is to develop solutions for the mobility as well as energy storage system customers. PTech is developing its in-house designing capabilities, currently focusing on the battery pack solutions. Apart from developing in house capability, PTech is also tying up with renowned institutions and technology start ups to develop value added solutions for its customers.

The focus of PTech is to develop solutions for 2-wheeler and 3-wheeler customers. Apart from the mobility segment, PTech is also developing various solutions for energy storage systems like solar streetlights, back up power for telecom towers, UPS back up etc. PTech has installed its primary assembly line with a capacity of 150 MWh per year and is planning to increase this capacity to 250 MWh per year.

(The Company's product portfolio is shown on page no. 184-185)

#### Awards & Recognition

The Company has been bestowed the following awards during FY21:

1. Quality by Toyota Kirloskar Motor Private Limited;
2. Fire Safety Management Award by Toyota Kirloskar Motor Private Limited; and
3. 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 Initiative**

The government has placed a greater emphasis on curbing imports and growth of economy. The government has imposed customs duty on certain auto parts to promote domestic manufacture, which would lead to increased value addition and localization. The government has also announced capital investments of ₹ 5.54 trillion for infrastructural development, which could catalyse automobile offtake. The Government FAME-II scheme with a fund requirement of ₹ 10,000 crores for FY19-22, plan on introducing electrical vehicles into the public transport system, thereby driving demand of auto components.

The said scheme is a remarkable initiative of government which started from 1<sup>st</sup> April, 2019. Out of total budgetary support, about 86% of fund has been allocated for demand incentive to create demand for EVs in the country. The second phase of the scheme aims to generate demand by supporting 7,000 e-buses, 5 lakhs e-three wheelers, 55,000 e-four wheeler passenger cars (including strong hybrid) and 10 lakhs e-two wheelers. Further in November 2020, the Union Cabinet approved the production-linked incentive scheme in automobile and auto components with an approved financial outlay over a five-year period of INR 57,042 crore.

- **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 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. A proposed 'green tax' on polluting cars and the implementation of a vehicle scrapping policy could accelerate vehicle replacements.

- **Shift in automotive sector**

The automotive value chain is likely to see significant shift to non-traditional sub-segments such as electric vehicles, advanced driver assistance systems (ADAS), data-enabled services, etc. in the coming future. Adapting to the required changes to seize these upcoming opportunities, the auto component manufacturers will be in a strategic position to leapfrog into the global arena.

**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.

The main threats to which auto component industry is exposed to are cost reduction demand from OEMs and increasing commodity prices and volatile forex movements

**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 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.

#### Outlook

The industry which is in a sluggish growth is likely to witness a positive momentum on the back of revival in overall economy. Expected improvement in rural cash flows due to normal monsoon, will increase need for personal mobility. Introduction of schemes like production-linked incentive and vehicle scrappage policy is likely to increase the competitiveness of the Indian automotive industry globally. Furthermore, help is required to attract investments and boost exports. However, any future wave of COVID-19 and the consequent restrictive measures could derail growth prospects. On the other hand, widespread vaccination campaigns being run by the Government is likely to control the pandemic resulting in expanded economic activity.

#### Financial Performance

##### Standalone

##### Profit and Loss statement analysis

- Revenue from operations decreased by 10.79% YoY to ₹ 32,118.27 lacs in FY21, due to sluggish demand and COVID-19.
- EBITDA decreased by ₹ 1,703.68 lacs YoY to ₹ 3,370.72 lacs in FY21 due to lower sales and lower absorption of fixed cost.
- Depreciation stood at ₹ 2,632.44 lacs in FY21 from ₹ 2,577.37 lacs in FY20.

- EBIT stood at ₹ 1,003.21 lacs in FY21 from ₹ 2,577.39 lacs in FY20.
- PAT stood at ₹ 483.61 lacs in FY21.
- Earnings per share stood at ₹ 3.45 in FY21

##### Balance Sheet analysis

- Net worth increased to ₹ 30,977.07 lacs from ₹ 30,419.76 lacs in FY21. Equity share capital remained same to ₹ 1,400 lacs whereas, reserves and surplus increased to ₹ 29,577.07 lacs from ₹ 29,019.76 lacs recorded in FY21.
- Book value per share increased to ₹ 221.26 from ₹ 217.28 in FY20.
- Net fixed assets stood at ₹ 25,980.80 lacs in FY21 and in FY20 ₹ 23,805.86 lacs.
- Current assets stood at ₹ 11,364.86 lacs in FY21.
- Borrowings decreased to ₹ 4,958.96 lacs from ₹ 2,217.06 lacs in FY20. Debt-Equity ratio stood at 0.16 times.
- Return on Net Worth (RONW) is 1.56% in FY21.
- Return on Capital Employed (ROCE) is 2.79% in FY21.

##### Consolidated

##### Profit and Loss statement analysis

- PAT stood at ₹ 209.75 lacs in FY21.
- Earnings per share stood at ₹ 1.50 in FY21.

##### Key Financial Ratios on standalone basis

Particulars	FY21	FY20	Remarks
Debtors Turnover	6.24	8.77	Debtor turnover is lower this year on account of higher secured credit sales
Inventory Turnover	7.09	7.68	
Interest Coverage Ratio	2.72	9.78	Interest coverage ratio is impacted due to low profitability
Current Ratio	1.46	1.41	
Debt Equity Ratio	0.16	0.07	Debt equity ratio is higher due to long term loans taken during the year
Operating Profit Margin	2.30%	6.95%	Operating profit margin is lower due to decline in sales
*Net Profit Margin	1.15	5.35%	Net Profit Margin is lower on account of drop in sales.
*Return on Net Worth	1.56%	6.30%	Net Profit Margin and Return on Net Worth is lower on account of drop in sales.

### 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 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.

The Company also have 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. Over time, the Company has built systems of internal control which are in synchronised to its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with

applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies. The Company has periodic internal audits in collaboration with independent internal auditors to carry out both system and financial audit of its activities. The Audit Committee of the Board of Directors, comprising of independent directors reviews the audit plans, significant audit findings and adequacy of internal controls at regular intervals.

### Human Resources

Human Development is the key foundation of growth for the Company. The Company has embarked on a journey to develop the mind, body and intellect of the people. The Company is developing the mind and intellect by explanation and application of the principles set out in the ancient vedic systems. This initiative is paving way for identifying the right path for success for the people. This initiative also trains people in identifying the right way of life ensuring a stronger intellect and emotion for the people. Along with this, the Company also teaches western best practices for problem solving. These practices have been derived from Toyota Production System as well as Toyota Business Practices. The unique combination of our ancient learnings with modern problem-solving techniques is the training mantra for the Company.

The Company endeavors to implement best health and safety practices across all the operating facilities. This sense of safety ensures that the people working in the environment can dedicate 100% of their mind towards the purpose of their job.

The Company has a strong and diverse workforce where every employee is involved as "partners in progress" of the Company. 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 continuously trains and 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.

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 human resource 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 to learn and 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 train its new work force.

### **Sustainability initiatives**

PPAP endeavours to protect the environment of our planet by combining modern ways of living with a deep understanding of nature. The Company is undertaking the various environment management programs and projects to reduce our carbon emissions, energy consumption, water consumption and waste generation from manufacturing operations which lead to a reduction in our carbon footprint.

PPAP has aligned itself with the Sustainable Development Goals (SDGs) set by the United Nations General Assembly 2015. We strongly believe that SDGs are the blueprint for achieving a better and more sustainable future for our planet. We continuously sensitise our employees about the environmental elements across all our plants and projects to enable them to be focussed on protecting our planet.

Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and lowering our overall environmental footprint. As part of the sustainability approach, we prioritised energy consumption by renewable sources with the adoption of solar power. The Company has currently installed 495 KW rooftop solar power in its plants to reduce the non-renewable energy consumption.

Although our manufacturing facilities are located in industrial areas, we are well aware of the impacts our operations have on the local biodiversity. To meet these concerns, we have undertaken tree plantation drive in our Plants and nearby areas to increase the local green cover. As a part of our CSR initiatives, we are supporting biodiversity parks in the NCR with the plantation of native species trees and shrubs. We are ensuring their sustainability by maintaining these parks till such time the shrubs and plants have a dependence upon human beings.

PPAP is committed to improving waste management practices at the plant continually in order to minimise our wastages. The safe and responsible management of hazardous, non-hazardous, and high-volume low-toxicity waste is crucial for our business. We dispose off waste in compliance with operating permits and hazardous waste authorisations. The hazardous waste is sent for disposal to the treatment, storage, and disposal facilities whereas the non-hazardous waste is sold to authorised recyclers. We have also installed organic bio composter is at our Noida plant to treat domestic waste and prepare manure to be used in gardening.

With water scarcity posing a social issue worldwide, water resource management has become vital for the Company. The water is required at the manufacturing plant for industrial and gardening purposes. We aim to reduce water consumption and continuously attempt to improve our efficiencies through the use of water saving devices and tools.

We reuse / recycle wastewater within the factories. We have installed automated filling system for the cooling tower tank through corporation water leading to zero water wastage. To meet our water needs, we rely on government supplied water sources. We also collect water through rainwater harvesting to recharge our groundwater.

**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 : 2009	ISO 14001 : 2015	ISO 45001 : 2018	ISO 50001 : 2018
<b>PPAP</b>				
Plant at (Noida)	Y	Y	Y	Y
Plant at (Surajpur)	Y	Y	Y	Y
Plant at (Pathredi)	Y	Y	Y	Y
Plant at (Vallam Vadagal)	Y	#	#	#
Plant at (Viramgam)	Y	#	#	#
<b>JV Company</b>				
Plant at (Surajpur)	Y	#	#	#
Plant at (Viramgam)	Y	#	#	#

# under process

PPAP endeavours to protect the environment by combining the modern ways of living with a deeper understanding of nature. PPAP strives that the environment 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, 2021, 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, 2021, 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. 52 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 Act. 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 Act 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 had 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 in the previous year.</p> <p>During the current year, the Company re-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. (Refer note no. 52 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>Re-assessing the accuracy and completeness of the information shared with the independent expert engaged by the management.</li> <li>Re-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 auditors' 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.

The Board of Directors is also 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 Act 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 Act, 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 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a Director in terms of Section 164(2) of the Act; and
  - (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 no. 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 were no amounts which were required to be transferred 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: 10<sup>th</sup> May, 2021

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 21408316AAAAADR1206

**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) As explained to us physical verification has been conducted by the management at reasonable intervals in respect of inventories of finished goods. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. We are explained that no material discrepancies have been noticed on physical verification.
- (iii) As informed to us, the Company had granted unsecured loans to a party covered in the register maintained under Section 189 of the Act. In respect of such loan we have been informed that:
- the terms and conditions of the grant of such loan are not prejudicial to the Company's interest.
  - the loan was fully repaid during the year.
  - no amount is overdue as at the end of the year.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, 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 of the Act or any other relevant provisions of the Act 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: -

<b>Particulars</b>	<b>Period</b>	<b>Amount</b>	<b>Forum where appeal is pending</b>
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. 2018-2019	1,50,51,240	Commissioner (Appeals), Delhi
Income Tax	A.Y. 2017-2018	41,37,000	Commissioner (Appeals), Delhi
Income Tax	A.Y. 2019-2020	1,48,20,000	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) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).
- (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 2021.
- (xi) The remuneration paid to Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company was in excess of the limit prescribed under Section 197 read with Schedule V to the Act by ₹ 64.92 lacs. The management has informed to us that it is in the process of complying with the prescribed statutory requirements to regularize such excess payment and the said excess remuneration paid is held in trust for the Company by the said Director till the necessary compliance is made.
- (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: 10<sup>th</sup> May, 2021

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 21408316AAAADR1206

## **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 2021, 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 Act.

### **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) the Act 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 2021, 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: 10<sup>th</sup> May, 2021

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 21408316AAAADR1206

# BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	23,055.32	22,165.47
Capital work-in-progress	4	2,013.93	786.06
Other intangible assets	5	894.90	854.33
Intangible assets under development	5a	16.65	-
Financial assets			
a. Investments	6	5,533.00	5,083.00
b. Loan	7	178.95	209.49
c. Other financial assets	8	298.01	241.06
Other non-current assets	9	1,068.67	865.09
		<b>33,059.43</b>	<b>30,204.50</b>
<b>Current assets</b>			
Inventories	10	4,176.95	4,881.45
Financial assets			
a. Trade receivables	11	6,186.15	4,106.32
b. Cash and cash equivalents	12	100.71	209.14
c. Other balances with banks	13	12.84	291.31
d. Loans	14	53.78	42.73
e. Other financial assets	8	49.41	49.91
Current tax assets (net)		-	-
Other current assets	15	785.02	867.58
		<b>11,364.86</b>	<b>10,448.44</b>
<b>Total Assets</b>		<b>44,424.29</b>	<b>40,652.94</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	1,400.00	1,400.00
Other equity	17	29,577.07	29,019.76
		<b>30,977.07</b>	<b>30,419.76</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
a. Borrowings	18	4,225.62	1,202.67
Provisions	19	732.09	950.66
Deferred tax liabilities (net)	20	704.62	695.05
<b>Current liabilities</b>			
Financial liabilities			
a. Borrowings	18	1.87	992.79
b. Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		406.30	49.38
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,366.16	4,107.11
c. Other financial liabilities	22	1,501.55	423.70
Other current liabilities	23	1,353.54	1,697.44
Provisions	19	82.80	99.29
Current tax liabilities (net)	24	72.67	15.09
<b>Total Liabilities</b>		<b>13,447.22</b>	<b>10,233.18</b>
<b>Total Equity and Liabilities</b>		<b>44,424.29</b>	<b>40,652.94</b>

Significant accounting policies

2

The accompanying Notes 1 to 52 form an integral part of these financial statements.

In terms of our report of even date annexed

For and on behalf of the Board

**For O P Bagla & Co LLP****PPAP Automotive Limited**

Chartered Accountants

FRN No. 000018N / N500091

**Sanjeev Agarwal**

Partner

Membership No: 408316

**Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

Place: New Delhi

**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

Place: New Delhi

Place: New Delhi

Date: 10<sup>th</sup> May, 2021**Sachin Jain**

Chief Financial Officer

Place: New Delhi

Date: 10<sup>th</sup> May, 2021**Sonia Bhandari**

Company Secretary

Membership No.: A20650

Place: Mumbai

# STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2021	Year ended 31.03.2020
<b>INCOME</b>			
Revenue from operations	25	32,118.27	36,004.46
Other income	26	264.93	75.29
<b>Total Income (I)</b>		<b>32,383.20</b>	<b>36,079.75</b>
<b>Expenses</b>			
Cost of materials consumed	27	17,872.48	19,708.32
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	389.09	(113.82)
Employee benefits expense	29	6,122.26	6,606.93
Finance costs	30	369.35	263.51
Depreciation and amortization expense	31	2,632.44	2,572.29
Other expenses	32	4,363.72	4,728.63
<b>Total Expenses (II)</b>		<b>31,749.34</b>	<b>33,765.86</b>
<b>Profit / (loss) before tax from continuing operations (I-II)</b>		<b>633.86</b>	<b>2,313.89</b>
<b>Tax expenses</b>	20		
Current tax		173.00	684.00
Adjustment of tax relating to earlier periods		(7.55)	(147.67)
Deferred tax		(15.20)	(150.24)
<b>Profit / (loss) for the year</b>		<b>483.61</b>	<b>1,927.80</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		98.47	(150.71)
Income tax effect on such items		(24.78)	59.96
<b>Total other comprehensive income for the year, net of tax</b>		<b>73.69</b>	<b>(90.75)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>557.30</b>	<b>1,837.05</b>
Earnings per equity share (computed on the basis of profit for the year)	34		
(1) Basic (in ₹)		3.45	13.77
(2) Diluted (in ₹)		3.45	13.77

Significant accounting policies

2

The accompanying Notes 1 to 52 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: 10<sup>th</sup> May, 2021

For and on behalf of the Board

**PPAP Automotive Limited****Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

Place: New Delhi

**Sachin Jain**

Chief Financial Officer

Place: New Delhi

Date: 10<sup>th</sup> May, 2021**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

Place: New Delhi

**Sonia Bhandari**

Company Secretary

Membership No.: A20650

Place: Mumbai

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Year ended	
	31.03.2021	31.03.2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	633.86	2,313.89
<b>Adjusted for</b>		
Depreciation and amortisation expense	2,632.44	2,572.29
(Profit) / Loss on sale of fixed assets	-	-
Provision employee benefits / CSR	(136.59)	98.31
Interest expense	237.57	143.21
Balances written off	-	(14.56)
Provision for bad & doubtful debts	0.86	(0.70)
Profit on sale of investments	(0.86)	-
Interest income	(35.73)	(22.35)
	2,697.69	2,776.20
<b>Operating Profit before Working Capital Changes</b>	<b>3,331.55</b>	<b>5,090.09</b>
<b>Working capital adjustments</b>		
Decrease / (Increase) in inventories	704.50	(385.12)
Decrease / (Increase) in trade and other receivables	(2,269.18)	2,404.92
Movement in trade and other payables	1,349.92	(2,271.94)
	(214.76)	(252.14)
<b>Cash generated from operations</b>	<b>3,116.79</b>	<b>4,837.94</b>
Direct taxes refunded / (paid)	(107.88)	(1,219.23)
<b>Net cash from operating activities (A)</b>	<b>3,008.91</b>	<b>3,618.72</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, equipment	(3,350.66)	(1,557.68)
Purchase of assets in CWIP	(1,227.88)	(736.02)
Purchase of assets in intangible assets under construction	(16.65)	(65.36)
Purchase of intangible assets	(248.33)	(191.34)
Sale of tangible fixed assets	36.12	123.94
Sale / (purchase) of non current investments	(450.00)	(229.20)
Profit on sale of investments	0.86	-
Investment in fixed deposits (purchased) / matured	278.47	(282.67)
Interest income	35.73	22.35

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Year ended	
	31.03.2021	31.03.2020
<b>Net cash used in investing activities (B)</b>	<b>(4,942.34)</b>	<b>(2,915.98)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan	30.54	9.46
Interest paid	(237.57)	(143.21)
Proceeds / (repayment) of long term borrowings	3,022.95	(90.96)
Proceeds / (repayment) of short term borrowings	(990.92)	616.84
Dividends paid (including dividend distribution tax)	-	(928.31)
<b>Net cash flow from financing activities (C)</b>	<b>1,825.00</b>	<b>(536.19)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(108.43)</b>	<b>166.56</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>209.14</b>	<b>42.59</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>100.71</b>	<b>209.14</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash on hand	11.38	14.76
Balance with banks		
On current accounts	89.33	194.38
Deposits with maturity of less than 3 months	-	-
	<b>100.71</b>	<b>209.14</b>

Significant accounting policies

2

The accompanying Notes 1 to 52 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: 10<sup>th</sup> May, 2021

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839  
Place: New Delhi

**Sachin Jain**  
Chief Financial Officer  
Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651  
Place: New Delhi

**Sonia Bhandari**  
Company Secretary  
Membership No.: A20650  
Place: Mumbai

# STATEMENT OF CHANGES IN EQUITY

## AS AT 31<sup>ST</sup> MARCH, 2021

### 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, 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>
Issue of share capital	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,40,00,000</b>	<b>1,400.00</b>

### B. Other equity

Particulars	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, 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>29,019.77</b>
Net income / (loss) for the year	-	-	483.61	-	483.61
Other comprehensive income (note 33)	-	-	-	73.69	73.69
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>483.61</b>	<b>73.69</b>	<b>557.30</b>
<b>At 31<sup>st</sup> March, 2021</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>21,471.23</b>	<b>(53.11)</b>	<b>29,577.06</b>

Significant accounting policies

2

The accompanying Notes 1 to 52 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: 10<sup>th</sup> May, 2021

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839  
Place: New Delhi

**Sachin Jain**  
Chief Financial Officer  
Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651  
Place: New Delhi

**Sonia Bhandari**  
Company Secretary  
Membership No.: A20650  
Place: Mumbai



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### 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), Pathredi (Rajasthan) and Ahmedabad (Gujarat). The Company is listed on the BSE Limited and the National Stock Exchange of India Limited in 2008. The financial statements of the Company for the year ended 31<sup>st</sup> March 2021 were authorized for issue in accordance with a resolution of the Directors on 10<sup>th</sup> May, 2021.

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) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on accrual and going concern basis under the historical cost convention, 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
- 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

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

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 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 are 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

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

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, stores and spares, packing materials, trading and other products are determined on weighted average 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 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.

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

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.

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**

##### **Short-term obligations**

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled within twelve months of rendering the service are recognised in the period in which the employee renders the related service and are measured at the undiscounted amount expected to be paid.

##### **Other long-term employee benefit obligations**

Other long-term employee benefits are recognised as an expense in the statement of profit and loss as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the statement of profit and loss.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### Post-employment obligations

#### Defined contribution plans:

The Company makes payments made to defined contribution plans such as provident fund and employees' state insurance fund. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

#### Defined benefit plans:

The Company has defined benefit plan namely gratuity fund for employees. The gratuity fund is recognised by the income tax authorities and is administered through trust set up by the Company. Any shortfall in the size of the fund maintained by the trust is additionally provided for in profit or loss. The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### 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

#### As a lessee:

The Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the useful life of the asset or the balance lease term of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset is separately presented in the balance sheet and lease payments is classified as financing cash flows.

### As a lessor :

Lease income from operating leases where the Company is a lessor is recognised in the Statement of Profit and Loss on a straight- line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

### 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

#### (i) Amendments to Ind AS 116: Covid-19-related rent concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession, the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1<sup>st</sup> April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1<sup>st</sup> April 2019. This amendment had no impact on the standalone financial statements of the Company.

#### (ii) Amendments to Ind AS 1 and Ind AS 8: Definition of material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of the Company, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after, the 1<sup>st</sup> April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company’s financial statements.

### (iii) Amendments to Ind AS 107 and Ind AS 109:

#### Interest rate benchmark reform

The amendments to Ind AS 109 Financial Instruments: Recognition and measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationships. The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after, the 1<sup>st</sup> April 2020. These amendments are not expected to have a significant impact on the Company’s standalone financial statements.

#### 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.
- 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, 2021

### 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, 2021

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.
- 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:

	<b>0-180 days past due</b>	<b>More than 180 days past due</b>
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, 2021

### **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.

### **e) 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.

### **f) 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, 2021

### 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 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, 2021

(₹ in lacs)

### 3. Property, plant and equipment

Particulars	Land	Factory Building	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
<b>Cost</b>									
As at 1 <sup>st</sup> April, 2019	2,158.10	9,292.89	14,140.00	649.10	1,140.99	357.47	1,835.00	320.50	29,894.05
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>
Additions	-	58.17	2,225.71	10.31	0.78	5.96	1,022.95	26.78	3,350.66
Disposals	-	-	22.69	-	25.14	0.50	-	-	48.33
<b>As at 31<sup>st</sup> March, 2021</b>	<b>2,159.27</b>	<b>9,479.15</b>	<b>17,387.61</b>	<b>721.66</b>	<b>1,038.33</b>	<b>387.36</b>	<b>2,997.83</b>	<b>382.26</b>	<b>34,553.47</b>
<b>Depreciation</b>									
As at 1 <sup>st</sup> April, 2019	5.99	829.36	4,190.99	145.16	327.33	177.43	906.10	188.26	6,770.62
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>
Depreciation charge for the year 2020-21	21.24	357.88	1,517.02	68.89	148.61	45.62	227.91	37.51	2,424.68
Disposals	-	-	3.04	-	9.17	-	-	-	12.21
<b>As at 31<sup>st</sup> March, 2021</b>	<b>48.46</b>	<b>1,541.68</b>	<b>7,150.71</b>	<b>280.35</b>	<b>553.03</b>	<b>279.23</b>	<b>1,365.42</b>	<b>279.25</b>	<b>11,498.13</b>
<b>Net book value</b>									
<b>As at 31<sup>st</sup> March, 2021</b>	<b>2,110.81</b>	<b>7,937.47</b>	<b>10,236.90</b>	<b>441.31</b>	<b>485.30</b>	<b>108.13</b>	<b>1,632.41</b>	<b>103.01</b>	<b>23,055.34</b>
As at 31 <sup>st</sup> March, 2020	2,132.05	8,237.18	9,547.86	499.89	649.10	148.29	837.37	113.74	22,165.48

### 4. Capital work-in-progress

Particulars	Building Construction	Plant & Machinery	Furniture & Fixtures	Vehicle	Office Equipment	Dies & Moulds	Total
As at 1 <sup>st</sup> April, 2019		43.81	6.23	-	-	-	50.04
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>
Additions		867.39	2,542.58	61.81	17.47	34.03	3,551.23
Disposals / capitalizations		32.38	2,228.02	39.00	5.30	8.50	2,323.35
<b>As at 31<sup>st</sup> March, 2021</b>		<b>1,333.67</b>	<b>585.71</b>	<b>38.76</b>	<b>12.17</b>	<b>25.83</b>	<b>2,013.94</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

5. Other Intangible assets	Software	Technical Know How	Total
<b>Cost</b>			
As at 1 <sup>st</sup> April , 2019	244.59	965.09	1,209.69
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>
Additions	63.08	185.25	248.33
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>514.46</b>	<b>1,379.98</b>	<b>1,894.45</b>
<b>Amortisation</b>			
As at 1 <sup>st</sup> April , 2019	102.45	508.71	611.17
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>
Amortization charge for the year 2020-21	65.64	142.11	207.75
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>210.20</b>	<b>789.33</b>	<b>999.54</b>
<b>Net book value</b>			
<b>As at 31<sup>st</sup> March, 2021</b>	<b>304.26</b>	<b>590.65</b>	<b>894.91</b>
<b>As at 31<sup>st</sup> March, 2020</b>	<b>306.82</b>	<b>547.51</b>	<b>854.33</b>
<b>5a. Intangible assets under development</b>			<b>Software</b>
As at 1 <sup>st</sup> April , 2019			179.73
Additions			65.36
Disposals / capitalizations			245.09
<b>As at 31<sup>st</sup> March , 2020</b>			-
Additions			96.36
Disposals / capitalizations			79.71
<b>As at 31<sup>st</sup> March, 2021</b>			<b>16.65</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

6. Investments	Non-current			
	As at 31.03.2021	As at 31.03.2020		
<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) 62,99,985 (31 <sup>st</sup> March, 2020: 18,00,000) equity shares of ₹10 each fully paid up	630.00	180.00		
Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited 5,00,000 (31 <sup>st</sup> March, 2020: 5,00,000) equity shares of ₹10 each fully paid up	50.00	50.00		
	<b>680.00</b>	<b>230.00</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, 2020 : 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>Total</b>	<b>5,533.00</b>	<b>5,083.00</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>5,233.00</b>	<b>5,083.00</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 31.03.2021</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Security deposits	178.95	209.49	-	-
<b>Total</b>	<b>178.95</b>	<b>209.49</b>	<b>-</b>	<b>-</b>
<b>8. Other financial assets</b>	<b>Non-current</b>		<b>Current</b>	
(Unsecured, considered good)	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Bank deposits (having maturity more than 12 months)	298.01	241.06	-	-
Interest accrued on deposits	-	-	0.28	3.51
Insurance claim receivable	-	-	46.06	45.12
<b>Derivative instruments at fair value through profit or loss</b>				
Foreign exchange forward contracts receivables	-	-	3.07	1.28
<b>Total</b>	<b>298.01</b>	<b>241.06</b>	<b>49.41</b>	<b>49.91</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, 2021

(₹ in lacs)

<b>9. Other non-current assets</b>	<b>As at</b>	<b>As at</b>
(Unsecured, considered good)	<b>31.03.2021</b>	<b>31.03.2020</b>
Capital advances	953.12	733.05
Other Non Current assets	115.55	132.04
<b>Total</b>	<b>1,068.67</b>	<b>865.09</b>
<b>10. Inventories</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
Raw materials	2,022.21	1,815.41
Work-in-progress	411.41	671.97
Finished goods	1,312.18	1,642.71
Stores and spares	423.76	433.25
Goods in transit	7.39	318.11
<b>Total</b>	<b>4,176.95</b>	<b>4,881.45</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>31.03.2021</b>	<b>31.03.2020</b>
Unsecured, considered good	6,189.19	4,106.32
Unsecured, credit impaired	-	8.13
Less: Provision for doubtful receivables	3.04	8.13
<b>Total</b>	<b>6,186.15</b>	<b>4,106.32</b>
Trade receivable are 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	285.29	245.63

<b>12. Cash and cash equivalents</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Balances with banks</b>		
On current accounts	89.33	194.38
Cash on hand	11.38	14.76
<b>Total</b>	<b>100.71</b>	<b>209.14</b>
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
<b>Balance with banks</b>		
On current accounts	89.33	194.38
Cash on hand	11.38	14.76
<b>Total</b>	<b>100.71</b>	<b>209.14</b>

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

<b>13. Other balances with banks</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Bank deposits with maturity for 3 to 12 months (earmarked balances with banks)	12.84	291.31
<b>Total</b>	<b>12.84</b>	<b>291.31</b>

<b>14. Loans</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
<b>Other loans</b>		
(Unsecured, considered good)		
Loan to staff	14.20	7.03
Labour welfare receivable	39.58	35.70
<b>Total</b>	<b>53.78</b>	<b>42.73</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 31.03.2021</b>	<b>As at 31.03.2020</b>
(Unsecured, considered good)		
Advance to suppliers & contractors	318.22	364.98
Prepaid expenses	150.43	135.47
Balances with government authorities	316.15	366.87
Other current assets	0.22	0.26
<b>Total</b>	<b>785.02</b>	<b>867.58</b>



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

16. Equity share capital	As at 31.03.2021	As at 31.03.2020
<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

Particulars	As at 31.03.2021		As at 31.03.2020	
	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 31.03.2021		As at 31.03.2020	
	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	18,95,482	13.54%	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 31.03.2021	As at 31.03.2020
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, 2021

	(₹ in lacs)
	<b>Amount</b>
<b>17. Other equity</b>	
<b>a) Securities premium</b>	
<b>As at 1<sup>st</sup> April, 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>
Issue of equity shares	-
<b>As at 31<sup>st</sup> March, 2021</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, 2019</b>	<b>(36.05)</b>
Other comprehensive income for the period	(90.75)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>(126.80)</b>
Other comprehensive income for the period	73.69
<b>As at 31<sup>st</sup> March, 2021</b>	<b>(53.11)</b>
<b>c) General reserve</b>	
<b>As at 1<sup>st</sup> April, 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>
Add: Transferred from retained earnings	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,158.95</b>
<b>d) Retained earnings</b>	
<b>As at 1<sup>st</sup> April, 2019</b>	<b>19,988.14</b>
Profit for the period	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>
Profit for the period	483.61
<b>As at 31<sup>st</sup> March, 2021</b>	<b>21,471.23</b>
<b>Total other equity</b>	
<b>As at 31<sup>st</sup> March, 2021</b>	<b>29,577.07</b>
<b>As at 31<sup>st</sup> March, 2020</b>	<b>29,019.76</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, 2021

(₹ in lacs)

18. Borrowings	Non-current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>Secured</b>				
<b>Term loans</b>				
Term loan from banks	3,610.23	-	-	-
Term loan from financial institution	1,308.17	1,163.98	-	-
<b>Vehicle loans</b>				
From banks	38.69	60.29	-	-
Less: Current maturities	(731.47)	(21.60)	-	-
<b>Working capital loans from banks</b> (refer note III below)	-	-	1.87	992.79
<b>Total</b>	<b>4,225.62</b>	<b>1,202.67</b>	<b>1.87</b>	<b>992.79</b>

### Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31.03.2021	As at 31.03.2020			
AXIS bank term loan	1,000.00	-	6.90% per annum	Refer note I	Repayable in 54 monthly installment ₹18.52 lacs each.
HDFC bank term loan	1,710.00	-	7.75% per annum	Refer note I	Repayable in 20 quarterly installment ₹90.00 lacs each.
	300.00	-	7.70% per annum	Refer note I	Repayable in 19 quarterly installment ₹15.79 lacs each.
HSBC bank term loan	600.23	-	8.45% per annum	Refer note I	Repayable in 60 monthly installment ₹11.33 lacs each.
Term loan from financial institution (PICUP)	1,308.17	1,163.98	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	38.69	60.29	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	1.87	992.79	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, 2021

(₹ in lacs)

19. Provisions	Non-current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>Provision for employee benefits</b>				
Provision for gratuity	603.12	794.17	68.64	65.24
Provision for compensated absences (Refer note 33 for Ind AS 19 disclosures)	128.97	156.49	14.16	34.05
<b>Total</b>	<b>732.09</b>	<b>950.66</b>	<b>82.80</b>	<b>99.29</b>

### 20. Income Taxes

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 are:

#### A. Statement of profit and loss

(i) Profit & loss section	As at 31.03.2021	As at 31.03.2020
Current income tax charge	173.00	684.00
Adjustments in respect of current income tax of previous year	(7.55)	(147.67)
MAT Credit Entitlement utilised / (Claimed)	-	-
<b>Deferred tax</b>	-	-
Relating to origination and reversal of temporary differences	(34.35)	(150.24)
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>131.10</b>	<b>386.09</b>
(ii) OCI section	As at 31.03.2021	As at 31.03.2020
<b>Deferred tax related to items recognised in OCI during the year:</b>		
Net (loss) / gain on remeasurements of defined benefit plans	(24.78)	59.96
<b>Income tax charged to OCI</b>	<b>(24.78)</b>	<b>59.96</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, 2021 and 31<sup>st</sup> March, 2020.

Particulars	As at 31.03.2021	As at 31.03.2020
Accounting profit before tax from continuing operations	633.86	2,313.89
<b>Profit / (loss) before tax from a discontinued operation</b>	-	-
<b>Accounting profit before income tax</b>	<b>633.86</b>	<b>2,313.89</b>
At India's statutory income tax rate of 25.168% (31 <sup>st</sup> March, 2020: 25.168%)	159.53	582.36
Adjustments in respect of current income tax of previous years	(7.55)	(147.67)
Net disallowances on which deferred tax is not recognised	11.70	23.77
Exempted income / deductions	(13.42)	(72.37)
Unabsorbed losses and depreciation carry forward and set off	-	-
	<b>150.25</b>	<b>386.09</b>
Income tax expense reported in the statement of profit and loss	150.25	386.09
Income tax attributable to a discontinued operation	-	-
	<b>150.25</b>	<b>386.09</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

**C. Deferred tax**

Deferred tax relates to the following:

Particulars	Balance sheet		Statement of profit and loss / OCI	
	As at 31.03.2021	As at 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Accelerated depreciation for tax purposes	784.80	797.81	13.01	27.98
Provision for gratuity & leave encashment	(218.87)	(277.96)	(59.09)	62.68
Provision for expected credit loss	-	-	-	(1.00)
Present valuation of borrowings	138.69	175.20	36.51	120.54
<b>Deferred tax (expense) / income</b>			<b>(9.57)</b>	<b>210.20</b>
<b>Net deferred tax (assets) / liabilities</b>	<b>704.62</b>	<b>695.05</b>		

Reflected in the balance sheet as follows:

Particulars	As at 31.03.2021	As at 31.03.2020
Deferred tax assets	(218.87)	(277.96)
Deferred tax liabilities	923.49	973.01
<b>Deferred tax liabilities, net</b>	<b>704.62</b>	<b>695.05</b>

Reconciliation of deferred tax liabilities (net)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Opening balance</b>	<b>695.04</b>	<b>905.24</b>
Tax (income) / expense during the period recognized in profit & loss	34.36	(150.24)
Tax (income) / expense during the period recognized in OCI	(24.78)	(59.96)
<b>Closing balance</b>	<b>704.62</b>	<b>695.04</b>

**21. Trade payables**

	As at 31.03.2021	As at 31.03.2020
Trade payables		
- total outstanding dues of micro and small enterprises	406.30	49.38
- total outstanding dues of creditors other than micro and small enterprises	4,366.16	4,107.11
<b>Total</b>	<b>4,772.46</b>	<b>4,156.49</b>

**22. Other financial liabilities**

	As at 31.03.2021	As at 31.03.2020
Security deposits	50.79	13.66
Current maturities of long-term debt		
Term loans	718.12	-
Vehicle loans	13.35	21.60
Interest accrued on borrowings	13.50	0.15
Creditors for expenses	693.51	97.53
Unclaimed dividends	12.28	290.76
<b>Total</b>	<b>1,501.55</b>	<b>423.70</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.

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

<b>23. Other current liabilities</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Advance from customers	803.76	807.32
Statutory dues payable	549.78	890.12
<b>Total</b>	<b>1,353.54</b>	<b>1,697.44</b>

<b>24. Current tax liabilities (net)</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Income tax provision (net of advance tax of ₹100.33 lacs (31 <sup>st</sup> March, 2020: ₹ 668.91 lacs))	72.67	15.09
<b>Total</b>	<b>72.67</b>	<b>15.09</b>

<b>25. Revenue from operations</b>	<b>Year Ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
Sale of products		
Automotive parts	29,966.39	31,807.90
Moulds	1,980.00	3,983.55
	31,946.39	35,791.45
Other operating revenue		
GST subsidy	139.83	179.72
Hedging gain (loss)	-	1.28
Investment subsidy on employment	32.05	32.01
<b>Total</b>	<b>32,118.27</b>	<b>36,004.46</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, 2021 (31<sup>st</sup> March, 2020: Nil).

<b>26. Other income</b>	<b>Year Ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
<b>Other non operating income</b>		
Interest income	35.73	22.35
Profit on sale of investment	0.86	-
Foreign exchange gain	15.06	-
Rent received	57.31	29.25
Investment subsidy on electricity	-	9.13
Unclaimed balances written off	-	14.56
Redemption of keyman insurance policy	155.97	-
<b>Total</b>	<b>264.93</b>	<b>75.29</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

	Year Ended 31.03.2021	Year ended 31.03.2020
<b>27. Cost of materials consumed</b>		
Raw material	16,282.03	17,352.16
Dyes & chemicals	153.17	167.64
Packing material	434.52	723.27
Steel	250.33	538.31
Dies & molds	752.43	926.95
<b>Total</b>	<b>17,872.48</b>	<b>19,708.32</b>
<b>28. Changes in inventories of finished goods, stock in trade and work-in-progress</b>		
<b>Inventories at the beginning of the year</b>		
Work-in-progress	649.63	329.93
Work-in-progress of inhouse manufactured molds	1,176.69	1,542.51
Finished goods	488.35	328.42
<b>Total inventories at the beginning of the year (A)</b>	<b>2,314.67</b>	<b>2,200.86</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	346.04	649.63
Work-in-progress of inhouse manufactured molds	755.44	1,176.69
Finished goods	824.10	488.35
<b>Total inventories at the end of the year (B)</b>	<b>1,925.58</b>	<b>2,314.68</b>
<b>Total (A-B)</b>	<b>389.09</b>	<b>(113.82)</b>
<b>29. Employee benefits expense</b>		
Salaries and wages	5,535.62	5,919.97
Contribution to provident and other funds	303.48	334.45
Staff welfare expenses	283.16	352.51
<b>Total</b>	<b>6,122.26</b>	<b>6,606.93</b>
<b>30. Finance costs</b>		
Interest expense	369.07	263.17
Other borrowing costs	0.28	0.34
<b>Total</b>	<b>369.35</b>	<b>263.51</b>

## Notes to Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

31. Depreciation and amortization expense	Year Ended 31.03.2021	Year ended 31.03.2020
Depreciation of property, plant and equipment (refer note 3)	2,424.69	2,391.67
Amortization of intangible assets (refer note 5)	207.75	180.62
<b>Total</b>	<b>2,632.44</b>	<b>2,572.29</b>
32. Other expenses	Year Ended 31.03.2021	Year ended 31.03.2020
Other manufacturing expenses		
Stores and spares consumed	193.17	187.73
Power and fuel	838.23	869.32
Factory expenses	134.37	142.45
Repair & maintenance		
Building	23.58	17.59
Machinery	262.94	182.19
Others	19.84	30.69
Administrative and other expenses		
Rent	32.77	65.74
Rates & taxes	9.86	10.36
Listing expenses	5.40	2.50
Postage & telephone expenses	63.85	49.31
Printing & stationery	52.74	39.49
Traveling & conveyance expenses	463.46	577.09
Office electricity & water	6.23	9.96
Insurance charges	181.86	192.59
Factory security	122.69	116.53
Foreign exchange loss	-	40.42
Foreign hedging loss	2.57	-
Loss on sale of assets	0.91	32.03
Legal & professional charges	216.91	199.77
Meeting expenses	2.12	1.23
Motor car expenses	15.16	26.96
Bank charges	33.98	28.50
Fees & subscription	23.02	14.16
Provision for bad and doubtful debt	0.86	-0.70
Corporate social responsibility expenses (refer note 51)	85.74	94.15
Directors sitting fees	18.00	22.00
Payment to collaborators / royalty	271.50	319.38
Charity & donation	0.15	0.28
Discount and short recovery	2.87	4.18
Miscellaneous expenses	162.28	235.24
Auditors' remuneration		
As audit fees	8.45	8.45
For tax audit, certification & tax representations	2.36	5.82
For other matters	4.10	9.45
For reimbursement of expenses	-	0.09
Selling & distribution expenses		
Freight & forwarding expenses	1,098.46	1,170.55
Advertisement, publicity & sales promotion	3.29	23.13
<b>Total</b>	<b>4,363.72</b>	<b>4,728.63</b>



# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ 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, 2021	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	98.47	98.47
Income tax effect	(24.78)	(24.78)
<b>Total</b>	<b>73.69</b>	<b>73.69</b>

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>

### 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 31.03.2021	Year ended 31.03.2020
Profit for the year as per statement of profit & loss	483.61	1,927.80
<b>Profit attributable to equity holders of the Company for basic earnings</b>	<b>483.61</b>	<b>1,927.80</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 (in ₹)	3.45	13.77
Diluted (in ₹)	3.45	13.77
<b>Face value of each equity share (in ₹)</b>	<b>10</b>	<b>10</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ 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 ₹ 238.93 lacs (31<sup>st</sup> March, 2020: ₹ 259.12 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>31.03.2021</b>	<b>31.03.2020</b>
<b>Defined benefit obligation at the beginning of the year</b>	859.41	672.61
Current service cost	71.63	81.09
Past service cost	-	-
Interest cost	59.47	52.46
Benefits paid	(60.29)	(97.46)
Actuarial (gain) / loss on obligations-OCI	(98.18)	150.71
<b>Defined benefit obligation at the end of the year</b>	<b>832.04</b>	<b>859.41</b>
<b>Changes in the fair value of plan assets are as follows:</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Fair value of plan assets at the beginning of the year</b>	-	-
Contribution by employer	160.00	-
Benefits paid	-	-
Expected interest income on plan assets	-	-
Actual gain / (loss) on plan asset	0.29	-
<b>Fair value of plan assets at the end of the year</b>	<b>160.29</b>	-
<b>Reconciliation of fair value of plan assets and defined benefit obligation</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Fair value of plan assets	-	-
Defined benefit obligation	832.04	859.41
<b>Amount recognised in the balance sheet</b>	<b>832.04</b>	<b>859.41</b>
<b>Amount recognised in statement of profit and loss</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Current service cost	71.63	81.09
Net interest expense	59.47	52.46
Past service cost	-	-
<b>Amount recognised in statement of profit and loss</b>	<b>131.10</b>	<b>133.55</b>

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

Amount recognised in other comprehensive income	31.03.2021	31.03.2020
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(32.59)	74.88
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gain) / loss arising from experience adjustments	(65.60)	75.83
<b>Amount recognised in other comprehensive income</b>	<b>(98.19)</b>	<b>150.71</b>

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31.03.2021	31.03.2020
Discount rate	6.80%	6.92%
Expected rate of return on plan assets	NA	NA
Future salary increases	5.00%	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, 2021 and 31<sup>st</sup> March, 2020 is as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Assumptions				
Discount rate	+0.50%	+0.50%	(40.12)	(43.94)
	-0.50%	-0.50%	43.34	47.57
Future salary increases	+0.50%	+0.50%	43.40	47.52
	-0.50%	-0.50%	(40.51)	(44.26)

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 ₹127.22 lacs (31<sup>st</sup> March, 2020: ₹ 149.86 lacs).

The expected maturity analysis of undiscounted gratuity is as follows:	31.03.2021	31.03.2020
Within the next 12 months (next annual reporting period)	68.64	65.23
Between 1 to 2 years	38.24	22.55
Between 2 to 3 years	37.34	35.97
Between 3 to 4 years	21.85	35.89
Between 4 to 5 years	30.28	21.33
Between 5 to 6 years	39.91	29.35
Over 6 years	595.78	649.08
<b>Total expected payments</b>	<b>832.04</b>	<b>859.40</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.55 years (31<sup>st</sup> March, 2020: 16.86 years)

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

(₹ 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 ₹ 32.77 lacs (31<sup>st</sup> March, 2020: ₹ 65.74 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2021	As at 31.03.2020
Not later than one year	3.84	58.66
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>3.84</b>	<b>58.66</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 ₹ 57.31 lacs (31<sup>st</sup> March, 2020: ₹ 29.25 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2021	As at 31.03.2020
Not later than one year	57.31	57.31
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>57.31</b>	<b>57.31</b>

**37. Commitments**

(i) Retention charges and capital commitments (net of advances) are ₹ 1,098.26 lacs (31<sup>st</sup> March, 2020: ₹ 588.62 lacs)

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

38. Contingent liabilities	As at 31.03.2021	As at 31.03.2020
Contingent liabilities not provided for in respect of		
Letters of guarantees	2,374.92	2,440.00
Letters of credit	84.46	-
Income tax appeal		
For assessment year 2015-16	-	29.84
For assessment year 2017-18	41.37	-
For assessment year 2018-19	150.51	150.51
For assessment year 2019-20	148.20	-
GST appeals (includes excise and sales tax demands)	114.10	114.10
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>3,427.18</b>	<b>3,248.07</b>

## Notes:

- (i) A demand of ₹ 41.37 lacs has been raised for the assessment year 2017-18 for disallowance of 25% of royalty expense. The company has filed an appeal before Hon'ble CIT(Appeals) against the order of disallowance 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 on account of Corporate Dividend Tax as the credit for the challan has not been allowed. An appeal is pending before the CIT(A) in the above matter.
- (iii) A demand of ₹148.20 lacs has been raised for the assessment year 2019-20 by the income tax department disallowing the credit of dividend distribution tax. An appeal is pending before the CIT(A) in the above matter.
- (iv) 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.
- (v) 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.).
- (vi) 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.).
- (vii) 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.
- (viii) 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 department has 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.
- (ix) 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-206A and B-4, Kasna, Uttar Pradesh Plants and ₹ 25.47 lacs relates to Pathredi plant. The Company has disputed the matter and filed the reply with Additional Director General (Adjudication) of Goods & Service Tax Intelligence, New Delhi on 26.02.2021 to quash the notice.
- (x) 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, 2021

(₹ 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. Mr. Bhuwan Kumar Chaturvedi, Independent Director
	4. Mr. Pravin Kumar Gupta, Independent Director
	5. Mr. Ashok Kumar Jain, Independent Director (upto 28.09.2020)
	6. Mrs. Celine George, Independent Director (w.e.f 16.04.2020)
	7. Mrs. Vinay Kumari Jain, Non-Executive Director
	8. Mr. Manish Dhariwal, Chief Financial Officer (upto 05.07.2019)
	9. Mr. Anurag Saxena, Chief Financial Officer (upto 19.03.2021)
	10. Mr. Sachin Jain, Chief Financial Officer (w.e.f 10.05.2021)
	11. Mrs. Sonia Bhandari, Company Secretary
<b>(c) Related Parties in the group where common control exists</b>	1. Vinay and Ajay Jain Foundation
<b>(d) 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>(e) Other Related Party-Post employment benefit plan of the Company</b>	1. PPAP Automotive Limited Employees Group Gratuity Fund Trust

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	Other Related Party-Post employment benefit plan of the Company	Total
<b>CSR expenses paid</b>						
Vinay and Ajay Jain Foundation	31.03.2021	85.74	-	-	-	85.74
	31.03.2020	94.15	-	-	-	94.15
<b>Material / licence purchases</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	147.18	-	-	147.18
	31.03.2020	-	19.04	-	-	19.04
<b>Investment in equity shares</b>						
Elpis Components Distributors Private Limited	31.03.2021	-	-	-	-	-
	31.03.2020	-	-	49.00	-	49.00
PPAP Technology Limited	31.03.2021	-	-	450.00	-	450.00
	31.03.2020	-	-	179.00	-	179.00
<b>Loan given</b>						
PPAP Technology Limited	31.03.2021	-	-	300.00	-	300.00
	31.03.2020	-	-	-	-	-
<b>Loan repayment received</b>						
PPAP Technology Limited	31.03.2021	-	-	300.00	-	300.00
	31.03.2020	-	-	-	-	-
<b>Receipt of security deposit</b>						
Elpis Components Distributors Private Limited	31.03.2021	-	-	-	-	-
	31.03.2020	-	-	2.93	-	2.93
PPAP Technology Limited	31.03.2021	-	-	-	-	-
	31.03.2020	-	-	1.10	-	1.10
<b>Receipts for other services*</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	116.43	-	-	116.43
	31.03.2020	-	134.57	-	-	134.57
Elpis Components Distributors Private Limited	31.03.2021	-	-	35.11	-	35.11
	31.03.2020	-	-	14.63	-	14.63
PPAP Technology Limited	31.03.2021	-	-	20.43	-	20.43
	31.03.2020	-	-	2.20	-	2.20
<b>Sales</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	70.53	-	-	70.53
	31.03.2020	-	22.88	-	-	22.88
Elpis Components Distributors Private Limited	31.03.2021	-	-	602.92	-	602.92
	31.03.2020	-	-	283.72	-	283.72
PPAP Technology Limited	31.03.2021	-	-	0.50	-	0.50
	31.03.2020	-	-	-	-	-
<b>Contribution to fund: Employer's contribution towards gratuity fund</b>						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2021	-	-	-	160.00	160.00
	31.03.2020	-	-	-	-	-

\*Other services include management support fee, reimbursement of expenses, job work charges, interest received on loan given and rental income.

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

**Net outstanding balance:**

Related Party	Period	Related Parties where common control exists	Joint Ventures	Wholly Owned Subsidiaries	Other Related Party- Post employment benefit plan of the Company	Total
<b>Trade receivable</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	30.78	-	-	30.78
	31.03.2020	-	57.71	-	-	57.71
Elpis Components Distributors Private Limited	31.03.2021	-	-	285.29	-	285.29
	31.03.2020	-	-	187.66	-	187.66
PPAP Technology Limited	31.03.2021	-	-	0.09	-	0.09
	31.03.2020	-	-	0.26	-	0.26
<b>Trade payable</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	56.03	-	-	56.03
	31.03.2020	-	-	-	-	-
<b>Security Deposit Received</b>						
Elpis Components Distributors Private Limited	31.03.2021	-	-	2.93	-	2.93
	31.03.2020	-	-	2.93	-	2.93
PPAP Technology Limited	31.03.2021	-	-	1.10	-	1.10
	31.03.2020	-	-	1.10	-	1.10

**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	31.03.2021	-	-
	31.03.2020	0.60	0.60

**Details relating to remuneration of KMP & their relatives**

Name of KMP	31.03.2021		31.03.2020	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	120.90	-	195.93	-
Mr. Abhishek Jain	128.83	-	204.05	-
Mrs. Vinay Kumari Jain	-	4.00	-	5.20

**Details relating to remuneration of KMP other than MD / Manager / Whole Time Director**

Name of KMP	31.03.2021		31.03.2020	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Bhuwan Kumar Chaturvedi	-	5.20	-	5.60
Mr. Pravin Kumar Gupta	-	5.20	-	6.40
Mr. Ashok Kumar Jain	-	1.20	-	4.80
Mrs. Celine George	-	2.40	-	-
Mr. Anurag Saxena (from 12.08.2019 to 19.03.2021)	33.36	-	20.64	-
Mr. Manish Dhariwal (upto 05.07.2019)	-	-	10.14	-
Mrs. Sonia Bhandari	15.04	-	13.77	-

## Notes to Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

(₹ 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		31.03.2021	31.03.2020
(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	406.30	49.38
	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, 2021

(₹ in lacs)

### 42. Fair values measurements

#### (i) Financial instruments by category

Particulars	31.03.2021		31.03.2020	
	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets				
Investments (non current)*	-	5,533.00	-	5,083.00
Other financial assets (non current)	-	476.96	-	451.83
Trade receivables	-	6,186.15	-	4,106.32
Cash and cash equivalents	-	100.71	-	209.14
Other balances with banks	-	12.84	-	291.31
Loans	-	53.78	-	42.73
Other financial assets (current)	-	49.41	-	48.63
<b>Total financial assets</b>	-	<b>12,412.85</b>	-	<b>10,232.96</b>
<b>Financial liabilities</b>				
Borrowings (non current)	-	4,225.62	-	1,202.67
Borrowings (current)	-	1.87	-	992.79
Trade payables	-	4,772.46	-	4,156.49
Other financial liabilities (current)	-	1,501.55	-	423.70
<b>Total financial liabilities</b>	-	<b>10,501.50</b>	-	<b>6,775.65</b>

\*Investment value includes investment in joint venture of ₹ 4,853 lacs (31<sup>st</sup> March, 2020: ₹ 4,853 lacs) and investment in wholly owned subsidiary companies of ₹680 lacs (31<sup>st</sup> March, 2020: ₹ 230 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 2019-20 and 2020-21.

#### Valuation technique used to determine fair value:

- 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.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- 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, 2021

(₹ 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, 2021 and 31<sup>st</sup> March, 2020.

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, 2021 and 31<sup>st</sup> March, 2020.

#### 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	Effect on profit before tax
<b>31.03.2021</b>		
INR	+50	(26.97)
INR	-50	26.97
<b>31.03.2020</b>		
INR	+50	(5.27)
INR	-50	5.27

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, 2021

(₹ 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	Effect on profit before tax
<b>31.03.2021</b>	+5%	(15.80)
	-5%	15.80
<b>31.03.2020</b>	+5%	(15.05)
	-5%	15.05
	Change in JPY rate	Effect on profit before tax
<b>31.03.2021</b>	+5%	(7.15)
	(5%)	7.15
<b>31.03.2020</b>	+5%	(3.12)
	(5%)	3.12
	Change in EURO rate	Effect on profit before tax
<b>31.03.2021</b>	+5%	-
	(5%)	-
<b>31.03.2020</b>	+5%	-
	(5%)	-

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 Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ 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.

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31.03.2021</b>					
Borrowings (non current)	198.66	531.23	4,661.10	-	5,390.99
Borrowings (current)	1.87	-	-	-	1.87
Trade payables	4772.46	-	-	-	4,772.46
Other financial liabilities (current)	770.08	-	-	-	770.08
<b>Total</b>	<b>5,743.07</b>	<b>531.23</b>	<b>4,661.10</b>	<b>-</b>	<b>10,935.40</b>
<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>

**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, 2021

(₹ 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, 2021.

	31.03.2021	31.03.2020
Borrowings (non current)	4,225.62	1,202.67
Borrowings (current)	1.87	992.79
Trade payables	4,772.46	4,156.49
Other financial liabilities (current)	1,501.55	423.70
<b>Total debts</b>	<b>10,501.50</b>	<b>6,775.65</b>
Less: Cash and cash equivalents	100.71	209.14
<b>Net debts</b>	<b>10,400.79</b>	<b>6,566.51</b>
<b>Total equity</b>	<b>30,977.07</b>	<b>30,419.76</b>
<b>Total debt and equity</b>	<b>41,377.86</b>	<b>36,986.27</b>
<b>Gearing ratio (%)</b>	<b>25.38%</b>	<b>18.32%</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:

	31.03.2021	31.03.2021	31.03.2020	31.03.2020
	Foreign currency	Amount	Foreign currency	Amount
<b>Foreign trade payables</b>				
USD in lacs	4.41	325.19	4.58	329.76
JPY in lacs	204.18	143.69	228.22	152.28
<b>Foreign trade receivables</b>				
USD in lacs	0.12	9.19	0.39	28.86
JPY in lacs	0.97	0.69	133.97	89.80
EURO in lacs	-	-	-	-

### 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, 2021

(₹ 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, 2020	Provided during the year	Paid / Adjusted during the year	Balance as on 31 <sup>st</sup> March, 2021
<b>Provisions</b>				
Gratuity	859.41	(127.36)	(60.29)	671.76
Accumulated leaves	190.54	(16.80)	(30.61)	143.13
Income Tax	15.08	173.00	(115.40)	72.67
<b>Total</b>	<b>1,065.03</b>	<b>28.84</b>	<b>(206.30)</b>	<b>887.56</b>

#### 49. Dividends paid and proposed

Particulars	Year Ended 31.03.2021	Year ended 31.03.2020
<b>A Paid during the year</b>		
Interim dividend for FY 2020-21 Nil (FY 2019-20: ₹3.00 per equity share) of ₹10/- each (Including dividend distribution tax for FY 2020-21 of ₹ Nil, FY 2019-20 ₹86.35 lacs)	-	506.35
Final dividend for FY 2019-20: Nil (FY 2018-19: ₹ 2.50 per share) (Including dividend distribution tax for FY 2019-20 of ₹ Nil, FY 2018-19: ₹ 71.96 lacs)	-	421.96
	-	<b>928.31</b>
<b>B Proposed for approval at the annual general meeting (not recognised as a liability)</b>		
Final dividend for FY 2020-21 Re.1.00 per share (FY 2019-20: Nil)	140.00	-
	<b>140.00</b>	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at year end.

#### 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.

	31.03.2020	Cash flows	Non-cash changes Fair value changes	31.03.2021
Long-term borrowings	1,224.27	3,588.62	144.20	4,957.09
Short term borrowings	992.79	(990.92)	-	1.87
<b>Total liabilities from financing activities</b>	<b>2,217.06</b>	<b>2,597.70</b>	<b>144.20</b>	<b>4,958.96</b>

#### 51. Details of Corporate Social Responsibility (CSR) expenditure

	31.03.2021	31.03.2020
Amount required to be spent as per Section 135 of the Companies Act, 2013	85.74	94.15
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	85.74	94.15

# Notes to Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

### 52. 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.

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 it was concluded that the change in estimated future economic conditions on account of possible effects relating to COVID-19 was unlikely to cause the carrying amount to exceed the recoverable amount of the PPE. The Company's operations have progressively moved towards normal capacity during the current year and no material change has occurred in the underlying assumptions, projections and conclusion.

##### 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, 2021 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: 10<sup>th</sup> May, 2021

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839  
Place: New Delhi

**Sachin Jain**  
Chief Financial Officer  
Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651  
Place: New Delhi

**Sonia Bhandari**  
Company Secretary  
Membership No.: A20650  
Place: Mumbai

# 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 subsidiary companies and joint venture company (collectively referred to as "the Group") which comprise the consolidated balance sheet as at 31<sup>st</sup> March 31, 2021, and the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then 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, 2021, 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. 53 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 Act. 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 Act 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 had 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 in the previous year. During the current year, the Company re-assessed 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. (Refer note no. 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>Re-assessing the accuracy and completeness of the information shared with the independent expert engaged by the management.</li> <li>Re-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> 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 Act, 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 subsidiary companies and joint venture company and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2021 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".

- (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 were no amounts which were required to be transferred 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: 10<sup>th</sup> May , 2021

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 21408316AAAADS1786

## **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 subsidiary companies and joint venture company (collectively referred to as "the Group"), which are companies incorporated in India as of 31<sup>st</sup> March 2021 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 subsidiary 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) Act, 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 joint venture and subsidiary companies 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, 2021, 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: 10<sup>th</sup> May, 2021

**Sanjeev Agarwal**  
Partner  
M No.408316  
UDIN: 21408316AAAADS1786

# CONSOLIDATED BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	23,485.63	22,167.14
Capital work-in-progress	4	2,013.93	843.52
Other intangible assets	5	901.77	854.33
Intangible assets under development	5a	19.04	-
Financial assets			
a. Investments	6	4,642.43	4,790.35
b. Loan	7	178.95	209.49
c. Other financial assets	8	298.01	242.34
Other non-current assets	9	1,068.67	865.09
		<b>32,608.43</b>	<b>29,972.26</b>
<b>Current assets</b>			
Inventories	10	4,495.64	4,957.08
Financial assets			
a. Trade receivables	11	6,039.54	3,998.02
b. Cash and cash equivalents	12	134.83	320.30
c. Other balances with banks	13	16.74	291.31
d. Loans	14	53.78	42.73
e. Other financial assets	8	170.77	48.63
Other current assets	15	811.60	957.89
		<b>11,722.90</b>	<b>10,615.96</b>
<b>Total Assets</b>		<b>44,331.33</b>	<b>40,588.22</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	1,400.00	1,400.00
Other equity	17	29,218.19	28,922.77
		<b>30,618.19</b>	<b>30,322.77</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
a. Borrowings	18	4,457.72	1,202.67
Provisions	19	732.09	950.66
Deferred tax liabilities (net)	20	665.39	695.04
<b>Current liabilities</b>			
Financial liabilities			
a. Borrowings	18	1.87	992.79
b. Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		406.30	49.38
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,384.78	4,138.20
c. Other financial liabilities	22	1,551.69	426.05
Other current liabilities	23	1,357.83	1,698.53
Provisions	19	82.80	99.29
Current tax liabilities (net)	24	72.67	12.84
<b>Total Liabilities</b>		<b>13,713.14</b>	<b>10,265.45</b>
<b>Total Equity and Liabilities</b>		<b>44,331.33</b>	<b>40,588.22</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: 10<sup>th</sup> May, 2021

For and on behalf of the Board

**PPAP Automotive Limited****Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

Place: New Delhi

**Sachin Jain**

Chief Financial Officer

Place: New Delhi

Date: 10<sup>th</sup> May, 2021**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

Place: New Delhi

**Sonia Bhandari**

Company Secretary

Membership No.: A20650

Place: Mumbai

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2021	Year ended 31.03.2020
<b>INCOME</b>			
Revenue from operations	25	32,219.75	35,951.05
Other income	26	209.51	58.46
<b>Total Income (I)</b>		<b>32,429.26</b>	<b>36,009.51</b>
<b>EXPENSES</b>			
Cost of materials consumed	27	17,967.81	19,708.33
Purchase of stock in trade		17.22	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	314.29	(189.46)
Employee benefits expense	29	6,218.97	6,622.28
Finance costs	30	378.30	263.51
Depreciation and amortization expense	31	2,646.67	2,572.35
Other expenses	32	4,410.65	4,737.62
<b>Total expenses (II)</b>		<b>31,953.92</b>	<b>33,714.63</b>
<b>Profit / (loss) before share of (profit) / loss of associates and a joint venture and tax from continuing operations (I-II)</b>		<b>475.34</b>	<b>2,294.88</b>
Share of (profit) / loss of associates and a joint venture		(152.33)	(90.63)
<b>Profit / (loss) before tax from continuing operations</b>		<b>323.01</b>	<b>2,204.25</b>
<b>Tax expenses</b>	20		
Current tax		173.00	681.75
Adjustment of tax relating to earlier periods		(7.55)	(147.67)
Deferred tax		(52.19)	(150.24)
<b>Profit / (loss) for the year</b>		<b>209.75</b>	<b>1,820.41</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		98.47	(150.70)
Share of other comprehensive income of associates and joint venture		4.41	(3.63)
Income tax effect on such items		(24.78)	59.96
<b>Total other comprehensive income for the year, net of tax</b>		<b>78.10</b>	<b>(-94.37)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>287.85</b>	<b>1,726.03</b>
Earnings per equity share (computed on the basis of profit for the year)	34		
(1) Basic (in ₹)		1.50	13.00
(2) Diluted (in ₹)		1.50	13.00

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: 10<sup>th</sup> May, 2021

For and on behalf of the Board

**PPAP Automotive Limited****Ajay Kumar Jain**

Chairman &amp; Managing Director

DIN: 00148839

Place: New Delhi

**Sachin Jain**

Chief Financial Officer

Place: New Delhi

Date: 10<sup>th</sup> May, 2021**Abhishek Jain**

CEO &amp; Managing Director

DIN: 00137651

Place: New Delhi

**Sonia Bhandari**

Company Secretary

Membership No.: A20650

Place: Mumbai

# CONSOLIDATED CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars		Year ended 31.03.2021		Year ended 31.03.2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		323.01		2,204.25
<b>Adjusted for</b>				
Depreciation and amortisation expense	2,646.67		2,572.34	
(Profit) / loss on sale of fixed assets	-		-	
Provision employee benefits / CSR	(136.59)		98.31	
Interest expense	237.57		143.22	
Balances written off	-		(14.56)	
Provision for bad & doubtful debts	0.86		(0.70)	
Gain from de-recognition of other financial assets	-		-	
Profit on sale of investments	(0.86)			
Government grant	-		-	
Share in net profit / loss in associate & joint venture	152.33		90.63	
Interest income	(35.73)	2,864.25	(22.35)	2,866.89
<b>Operating Profit before Working Capital Changes</b>		<b>3,187.26</b>		<b>5,071.14</b>
<b>Working capital adjustments</b>				
Decrease / (Increase) in inventories	469.01		(460.76)	
Decrease / (Increase) in trade and other receivables	(2,100.23)		2,432.39	
Movement in trade and other payables	1,196.52	(434.71)	(2,238.16)	(266.52)
<b>Cash generated from operations</b>		<b>2,752.55</b>		<b>4,804.62</b>
Direct taxes refunded / (paid)		(108.10)		(1,219.23)
<b>Net cash from operating activities (A)</b>		<b>2,644.45</b>		<b>3,585.39</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant, equipment	(3,745.34)		(1,557.68)	
Purchase of assets in CWIP	(1,227.88)		(795.18)	
Purchase of assets in intangible assets under construction	(16.65)		(65.36)	
Purchase of intangible assets	(248.33)		(191.34)	
Sale of tangible fixed assets	36.12		123.94	
Sale / (purchase) of current investments				
Sale / (purchase) of non current investments	-		-	
Profit on sale of investments	0.86		-	
Investment in fixed deposits (purchased) / matured	278.47		(282.67)	
Sale of non-current investments	-		-	



# CONSOLIDATED CASH FLOWS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021

(₹ in lacs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Interest income	35.73	22.35
<b>Net cash used in investing activities (B)</b>	<b>(4,887.02)</b>	<b>(2,745.94)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan	30.54	(143.21)
Interest paid	(237.57)	(16.08)
Proceeds from issue of equity share capital	-	(90.96)
Proceeds / (repayment) of long term borrowings	3,255.05	616.84
Proceeds / (repayment) of short term borrowings	(990.92)	(928.31)
Dividends paid (including dividend distribution tax)	-	
<b>Net cash flow from financing activities (C)</b>	<b>2,057.10</b>	<b>(561.73)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(185.47)</b>	<b>277.71</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>320.30</b>	<b>42.59</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>134.83</b>	<b>320.30</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash on hand	11.65	14.80
Balance with banks:		
On current accounts	123.18	305.50
Deposit with maturity of less than 3 months		
	<b>134.83</b>	<b>320.30</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: 10<sup>th</sup> May, 2021

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839  
Place: New Delhi

**Sachin Jain**  
Chief Financial Officer  
Place: New Delhi  
Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651  
Place: New Delhi

**Sonia Bhandari**  
Company Secretary  
Membership No.: A20650  
Place: Mumbai

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## AS AT 31<sup>ST</sup> MARCH, 2021

### 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, 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>
Issue of share capital	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,40,00,000</b>	<b>1,400.00</b>

### B. Other equity

Particulars	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, 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>
Net income / (loss) for the year	-	-	209.75	-	209.75
Other comprehensive income (note 33)	-	-	-	78.10	78.10
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>217.32</b>	<b>78.10</b>	<b>295.42</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,158.95</b>	<b>7,000.00</b>	<b>21,120.31</b>	<b>(61.06)</b>	<b>29,218.19</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: 10<sup>th</sup> May, 2021

For and on behalf of the Board

**PPAP Automotive Limited**

**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Place: New Delhi

**Sachin Jain**

Chief Financial Officer

Place: New Delhi

Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Place: New Delhi

**Sonia Bhandari**

Company Secretary

Membership No.: A20650

Place: Mumbai

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### 1. Corporate information

The consolidated financial statements comprise financial statements of PPAP Automotive Limited (“PPAP”) and its subsidiary companies (collectively, the Group) for the year ended 31<sup>st</sup> March, 2021. PPAP Automotive Limited (“PPAP” or “the Company” or the “Parent”) is a public 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), Pathredi (Rajasthan) and Ahmedabad (Gujarat). The Company is listed on the Indian Stock Exchange (BSE / NSE) since 2008.

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.

The consolidated financial statements for the year ended 31<sup>st</sup> March 2021 were authorized for issue in accordance with a resolution of the Directors on 10<sup>th</sup> May, 2021.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The consolidated financial statements have been prepared on a historical cost convention, 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 Indian Rupees (INR) and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

#### 2.2 Basis of Consolidation

##### (i) Subsidiaries

Subsidiary companies 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. Subsidiary companies 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 subsidiary companies line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company 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.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### (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 recognized 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 any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized 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. Unrealized 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 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 Group 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;
- 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<sup>st</sup> March, 2016. The Group 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 Group 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.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

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 method (SLM). 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 Group 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 Group 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.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2021

### 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 weighted average basis. Work-in-progress is carried at cost or net realisable value whichever is lower.

### h. Revenue Recognition

The Group 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 is 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 Group 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 Group 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 Group 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 Group'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 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

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

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 Group 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 Group 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**

### **Short-term obligations**

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled within twelve months of rendering the service are recognised in the period in which the employee renders the related service and are measured at the undiscounted amount expected to be paid.

### **Other long-term employee benefit obligations**

Other long-term employee benefits are recognised as an expense in the statement of profit and loss as and when they accrue. The Group determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the statement of profit and loss.

### **Post-employment obligations**

#### **Defined contribution plans:**

The Group makes payments made to defined contribution plans such as provident fund and employees' state insurance fund. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

#### **Defined benefit plans:**

The Group has defined benefit plan namely gratuity fund for employees. The gratuity fund is recognised by the income tax authorities and is administered through trusts set up by the Group. Any shortfall in the size of the fund maintained by the trust is additionally provided for in profit or loss. The liability or asset recognised in the balance sheet in respect of

## Notes to Consolidated Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

#### **i. Royalty**

The Group 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**

##### **As a lessee:**

The Group recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the useful life of the asset or the balance lease term of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset is separately presented in the Balance Sheet and lease payments is classified as financing cash flows.

##### **As a lessor :**

Lease income from operating leases where the Group is a lessor is recognised in the statement of profit and loss on a straight- line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### n. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group 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

#### i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1<sup>st</sup> April, 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1<sup>st</sup> April, 2019. This amendment had no impact on the consolidated financial statements of the Group.

#### ii) Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1<sup>st</sup> April, 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the consolidated financial statements of the Group but may impact future periods, if the Group enter into any business combinations.

#### iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2021

These amendments are applicable prospectively for annual periods beginning on or after the 1<sup>st</sup> April 2020. The amendments to the definition of material are not expected to have a significant impact on the Group's financial statements.

### iv) Amendments to Ind AS 107 and Ind AS 109:

#### Interest Rate Benchmark Reform

The amendments to Ind AS 109 financial instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships. The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1<sup>st</sup> April, 2020. These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

### 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 Group 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
- 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 Group 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 Group 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 Group 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.

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### 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 Group 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 Group has transferred its rights to receive cash flows from the asset.

Investment in subsidiaries, joint ventures and associates

The Group has accounted for its investment in subsidiaries, joint ventures and associates at cost.

### Impairment of financial assets

The Group 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 Group 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 Group 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 Group 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, 2021

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 Group 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 Group estimates the following provision matrix at the reporting date:

	<b>0-180 days past due</b>	<b>More than 180 days past due</b>
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 Group 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 Group'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 Group 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.

#### 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

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

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 Group 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 Group 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 Group'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 Group 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.

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

### Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, 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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

#### (a) Impairment of non-financial assets

The Group 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 Group 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 Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Group'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, 2021

(₹ in lacs)

### 3. Property, plant and equipment

Particulars	Land	Factory Building	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
<b>Cost</b>									
As at 1 <sup>st</sup> April , 2019	2,158.10	9,292.89	14,140.00	649.10	1,140.99	357.47	1,835.00	320.50	29,894.05
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
As at 31 <sup>st</sup> March, 2020	2,159.27	9,420.98	15,184.59	711.35	1,062.69	382.44	1,974.88	356.65	31,252.85
Additions	-	58.17	2,649.01	19.02	0.78	10.59	1,022.95	32.83	3,793.35
Disposals	-	-	22.69	-	25.14	0.50	-	-	48.33
As at 31 <sup>st</sup> March, 2021	2,159.27	9,479.15	17,810.91	730.37	1,038.33	392.53	2,997.83	389.48	34,997.87
<b>Depreciation</b>									
As at 1 <sup>st</sup> April, 2019	5.99	829.36	4,190.99	145.16	327.33	177.43	906.10	188.26	6,770.62
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
As at 31 <sup>st</sup> March, 2020	27.22	1,183.80	5,636.73	211.46	413.59	233.61	1,137.51	241.79	9,085.71
Depreciation charge for the year 2020-21	21.24	357.88	1,529.28	69.31	148.61	45.95	227.91	38.56	2,438.74
Disposals	-	-	3.04	-	9.17	-	-	-	12.21
As at 31 <sup>st</sup> March, 2021	48.46	1,541.68	7,162.97	280.77	553.03	279.56	1,365.42	280.35	11,512.24
<b>Net book value</b>									
As at 31 <sup>st</sup> March, 2021	2,110.81	7,937.47	10,647.94	449.60	485.30	112.97	1,632.41	109.13	23,485.63
As at 31 <sup>st</sup> March, 2020	2,132.05	8,237.18	9,547.86	499.89	649.10	148.83	837.37	114.86	22,167.14

4. Capital work-in-progress	Building Construction	Plant & Machinery	Furniture & Fixtures	Vehicle	Office Equipment	Dies & Moulds	Total
As at 1 <sup>st</sup> April , 2019	43.81	6.23	-	-	-	-	50.04
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
As at 31 <sup>st</sup> March , 2020	498.66	328.61	15.95	-	0.30	-	843.52
Additions	867.39	2,542.58	61.81	17.47	34.03	27.95	3,551.23
Disposals / capitalizations	32.38	2,285.49	39.00	5.30	8.50	10.15	2,380.82
As at 31 <sup>st</sup> March, 2021	1,333.67	585.70	38.76	12.17	25.83	17.80	2,013.93

## Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ 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, 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>
Additions	70.12	185.25	255.37
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>521.50</b>	<b>1,379.98</b>	<b>1,901.49</b>
<b>Amortisation</b>			
<b>As at 1<sup>st</sup> April , 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>
Amortization charge for the year 2020-21	65.82	142.11	207.93
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>210.38</b>	<b>789.33</b>	<b>999.72</b>
<b>Net book value</b>			
<b>As at 31<sup>st</sup> March, 2021</b>	<b>311.12</b>	<b>590.65</b>	<b>901.77</b>
<b>As at 31<sup>st</sup> March, 2020</b>	<b>306.82</b>	<b>547.51</b>	<b>854.33</b>
<b>5a. Intangible assets under development</b>			<b>Software</b>
<b>As at 1<sup>st</sup> April , 2019</b>			<b>179.73</b>
Additions			65.36
Disposals / capitalizations			245.09
<b>As at 31<sup>st</sup> March , 2020</b>			<b>-</b>
Additions			98.75
Disposals / capitalizations			79.71
<b>As at 31<sup>st</sup> March, 2021</b>			<b>19.04</b>



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

6. Investments	Non-current	
	As at 31.03.2021	As at 31.03.2020
<b>Investments 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, 2020 : 4,85,00,000) equity shares of ₹10 each fully paid up	4,642.43	4,790.35
<b>Total</b>	<b>4,642.43</b>	<b>4,790.35</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>4,642.43</b>	<b>4,790.35</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-

7. Loans (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Security deposits	178.95	209.49	-	-
<b>Total</b>	<b>178.95</b>	<b>209.49</b>	<b>-</b>	<b>-</b>

8. Other financial assets (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
Bank deposits (having maturity more than 12 months)	298.01	241.06	-	-
Interest accrued on deposits	-	-	0.28	3.51
FDR at bank	-	-	2.80	-
Insurance claim receivable	-	-	164.62	45.12
<b>Derivative instruments at fair value through profit or loss</b>				
Foreign exchange forward contracts receivables	-	1.28	3.07	-
<b>Total</b>	<b>298.01</b>	<b>242.34</b>	<b>170.77</b>	<b>48.63</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 Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

9. Other non-current assets (Unsecured, considered good)	As at 31.03.2021	As at 31.03.2020
Capital advances	953.12	733.05
Other Non Current assets	115.55	132.04
<b>Total</b>	<b>1,068.67</b>	<b>865.09</b>

10. Inventories	As at 31.03.2021	As at 31.03.2020
Raw materials	2,182.90	1,815.41
Work-in-process	428.97	671.97
Finished goods	1,452.62	1,718.35
Stores and spares	423.76	433.25
Goods in transit	7.39	318.10
<b>Total</b>	<b>4,495.64</b>	<b>4,957.08</b>

**Note:**

For mode of valuation refer accounting policy number 2.2 (g)

11. Trade receivables	As at 31.03.2021	As at 31.03.2020
Unsecured, considered good	6,042.58	3,998.02
Unsecured, credit impaired	0.04	8.13
Less: Provision for doubtful receivables	3.08	8.13
<b>Total</b>	<b>6,039.54</b>	<b>3,998.02</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	30.78	57.71

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

	As at 31.03.2021	As at 31.03.2020
<b>12. Cash and cash equivalents</b>		
<b>Balances with banks</b>		
On current accounts	123.18	305.50
Cash on hand	11.65	14.80
<b>Total</b>	<b>134.83</b>	<b>320.30</b>
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
<b>Balance with banks</b>		
On current accounts	123.19	305.50
Cash on hand	11.65	14.80
<b>Total</b>	<b>134.84</b>	<b>320.30</b>
<b>13. Other balances with banks</b>		
	As at 31.03.2021	As at 31.03.2020
Bank deposits with maturity for 3 to 12 months (earmarked balances with banks)	16.74	291.31
<b>Total</b>	<b>16.74</b>	<b>291.31</b>
<b>14. Loans</b>		
	As at 31.03.2021	As at 31.03.2020
<b>Other loans</b>		
(Unsecured, considered good)		
Loan to staff	14.20	7.03
Labour welfare receivable	39.58	35.70
<b>Total</b>	<b>53.78</b>	<b>42.73</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 31.03.2021	As at 31.03.2020
Advance to suppliers & contractors	322.02	364.98
Prepaid expenses	150.62	135.47
Balances with government authorities	338.74	366.87
Other current assets	0.22	90.57
<b>Total</b>	<b>811.60</b>	<b>957.89</b>

## Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

16. Equity share capital	As at 31.03.2021	As at 31.03.2020
<b>Authorised</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

Particulars	As at 31.03.2021		As at 31.03.2020	
	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 shareholding.

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 31.03.2021		As at 31.03.2020	
	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	18,95,482	13.54%	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 31.03.2021	As at 31.03.2020
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, 2021

	(₹ in lacs)
	<b>Amount</b>
<b>17. Other equity</b>	
<b>a) Securities premium</b>	
<b>As At 1<sup>st</sup> April, 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>
Issue of equity shares	-
<b>As at 31<sup>st</sup> March, 2021</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, 2019</b>	<b>(44.79)</b>
Other comprehensive income for the period	(94.37)
<b>As At 31<sup>st</sup> March, 2020</b>	<b>(139.16)</b>
Other comprehensive income for the period	78.10
<b>As at 31<sup>st</sup> March, 2021</b>	<b>(61.06)</b>
<b>c) General reserve</b>	
<b>As At 1<sup>st</sup> April, 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>
Add: Transferred from retained earnings	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,158.95</b>
<b>d) Retained earnings</b>	
<b>As At 1<sup>st</sup> April, 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>
Profit for the period	209.75
<b>Total other equity</b>	
<b>As at 31<sup>st</sup> March, 2021</b>	<b>29,218.19</b>
<b>As At 31<sup>st</sup> March, 2020</b>	<b>28,922.77</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 the 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, 2021

(₹ in lacs)

18. Borrowings	Non-current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>Secured</b>				
<b>Term loans</b>				
Term loan from banks	3,868.34	-	-	-
Term loan from financial institution	1,308.17	1,163.98	-	-
<b>Vehicle loans</b>				
From banks	38.69	60.29	-	-
Less: Current maturities	(757.48)	(21.60)	-	-
<b>Working capital loans from banks</b> (refer note III below)	-	-	1.87	992.79
<b>Total</b>	<b>4,457.72</b>	<b>1,202.67</b>	<b>1.87</b>	<b>992.79</b>

### Terms of borrowings

Type of loan	Loan outstanding		Rate of interest	Security guarantee	Repayment terms
	As at 31.03.2021	As at 31.03.2020			
AXIS bank term loan	1,000.00	-	6.90% per annum	Refer note I	Repayable in 54 monthly installment ₹18.52 lacs each.
HDFC bank term loan	1,710.00	-	7.75% per annum	Refer note I	Repayable in 20 quarterly installment ₹90.00 lacs each.
	300.00	-	7.70% per annum	Refer note I	Repayable in 19 quarterly installment ₹15.79 lacs each.
HSBC bank term loan	600.23	-	8.45% per annum	Refer note I	Repayable in 60 monthly installment ₹ 11.33 lacs each.
HSBC bank term loan	258.11	-	8.45% per annum	Refer note II	Repayable in 20 quarterly installment ₹13.01 lacs each.
Term loan from financial institution	1,308.17	1,163.98	Nil	Refer note III	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	38.69	60.29	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	1.87	992.79	8.15% to 9.30% per annum	Refer note IV	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:

Term loans are secured by corporate guarantee from PPAP Automotive Ltd., holding company and exclusive charge on assets funded out of the term loan.

#### Note III:

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 IV:

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 Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

19. Provisions	Non-current		Current	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>Provision for employee benefits</b>				
Provision for gratuity	603.12	794.17	68.64	65.24
Provision for compensated absences (Refer note 35 for Ind AS 19 disclosures)	128.97	156.49	14.16	34.05
<b>Total</b>	<b>732.09</b>	<b>950.66</b>	<b>82.80</b>	<b>99.29</b>

### 20. Income Taxes

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 are:

#### A. Statement of profit and loss

##### (i) Profit & loss section

Particulars	As at 31.03.2021	As at 31.03.2020
Current income tax charge	173.00	681.75
Adjustments in respect of current income tax of previous year	(7.55)	(147.67)
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(52.19)	(150.24)
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>113.26</b>	<b>383.84</b>

##### (ii) OCI section

Deferred tax related to items recognised in OCI during the year:

Particulars	As at 31.03.2021	As at 31.03.2020
Net loss / (gain) on remeasurements of defined benefit plans	(24.78)	59.96
<b>Income tax charged to OCI</b>	<b>(24.78)</b>	<b>59.96</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, 2021 and 31<sup>st</sup> March, 2020.

Particulars	As at 31.03.2021	As at 31.03.2020
Accounting profit before tax from continuing operations	475.34	2,294.88
Profit / (loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>475.34</b>	<b>2,294.88</b>
At India's statutory income tax rate of 25.17% (31 <sup>st</sup> March, 2020: 25.17%)	119.63	577.58
Adjustments in respect of current income tax of previous years	(7.55)	(147.67)
Net disallowances on which deferred tax is not recognised	11.70	23.77
Exempted income / deductions	(10.52)	(72.37)
	<b>113.26</b>	<b>381.30</b>
Income tax expense reported in the statement of profit and loss	113.26	386.09
	<b>113.26</b>	<b>386.09</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

**C. Deferred tax**

Deferred tax relates to the following:

Particulars	Balance sheet		Statement of profit and loss / OCI	
	As at 31.03.2021	As at 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Accelerated depreciation for tax purposes	790.28	797.80	7.52	27.98
Provision for gratuity & leave encashment	(218.86)	(277.96)	(59.10)	62.68
Provision for expected credit loss	-	-	-	(1.00)
Unabsorbed losses and depreciation	(44.22)	-	41.97	-
Present valuation of borrowings	138.19	175.20	37.01	120.54
<b>Deferred tax (expense) / income</b>			<b>27.40</b>	<b>210.20</b>
<b>Net deferred tax (assets) / liabilities</b>	<b>665.39</b>	<b>695.04</b>		

Reflected in the balance sheet as follows:

Particulars	As at 31.03.2021	As at 31.03.2020
Deferred tax assets	(263.08)	(277.96)
Deferred tax liabilities	928.47	973.00
<b>Deferred tax liabilities, net</b>	<b>665.39</b>	<b>695.04</b>

Reconciliation of deferred tax liabilities (net)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Opening balance</b>	<b>695.04</b>	<b>905.24</b>
Tax (income) / expense during the period recognized in profit & loss	(52.19)	(150.24)
Tax (income) / expense during the period recognized in OCI	22.54	(59.96)
<b>Closing balance</b>	<b>665.39</b>	<b>695.04</b>

21. Trade payables	As at 31.03.2021	As at 31.03.2020
Trade payables		
total outstanding dues of micro and small enterprises	406.30	49.38
total outstanding dues of creditors other than micro and small enterprises	4,384.78	4,138.20
<b>Total</b>	<b>4,791.08</b>	<b>4,187.58</b>

22. Other financial liabilities	As at 31.03.2021	As at 31.03.2020
Security deposits	50.79	9.64
Current maturities of long-term debt		
Term loans	744.13	-
Vehicle loans	13.35	21.60
Interest accrued on borrowings	13.50	0.15
Creditors for expenses	717.64	103.90
Unclaimed dividends	12.28	290.76
<b>Total</b>	<b>1,551.69</b>	<b>426.05</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.



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

<b>23. Other current liabilities</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Advance from customers	805.47	807.46
Statutory dues payable	552.36	891.07
<b>Total</b>	<b>1,357.83</b>	<b>1,698.53</b>

<b>24. Current tax liabilities (net)</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Income tax provision (net of advance tax of ₹ 100.33 lacs (31 <sup>st</sup> March, 2020: ₹ 668.91 lacs))	72.67	12.84
<b>Total</b>	<b>72.67</b>	<b>12.84</b>

<b>25. Revenue from operations</b>	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
<b>Sale of products</b>		
Automotive parts	30,067.87	31,754.49
Moulds	1,980.00	3,983.55
	32,047.87	35,738.04
<b>Other operating revenue</b>		
GST subsidy	139.83	179.72
Hedging Gain (Loss)	-	1.28
Investment subsidy on employment	32.05	32.01
<b>Total</b>	<b>32,219.75</b>	<b>35,951.05</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, 2021 (31<sup>st</sup> March, 2020: Nil).

<b>26. Other income</b>	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
<b>Other non operating income</b>		
Interest income	35.73	22.35
Profit on sale of investment	0.86	-
Foreign exchange gain	15.06	-
Rent received	1.89	12.42
Investment subsidy on electricity	-	9.13
Unclaimed balances written off	-	14.56
Redemption of keyman insurance policy	155.97	-
<b>Total</b>	<b>209.51</b>	<b>58.46</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

	Year ended 31.03.2021	Year ended 31.03.2020
<b>27. Cost of materials consumed</b>		
Raw material	16,377.36	17,352.17
Dyes & chemicals	153.17	167.64
Packing material	434.52	723.27
Steel	250.33	538.31
Dies & molds	752.43	926.95
<b>Total</b>	<b>17,967.81</b>	<b>19,708.33</b>
<b>27a. Purchase of stock in trade</b>		
Stock in trade	17.22	-
<b>Total</b>	<b>17.22</b>	<b>-</b>
<b>28. Changes in inventories of finished goods, stock in trade and work-in-progress</b>		
<b>Inventories at the beginning of the year</b>		
Work-in-progress	649.63	329.93
Work-in-progress of inhouse manufactured molds	1,176.69	1,542.51
Finished goods	563.99	328.42
<b>Total inventories at the beginning of the year (A)</b>	<b>2,390.31</b>	<b>2,200.86</b>
<b>Inventories at the end of the year</b>		
Work-in-progress	346.04	649.63
Work-in-progress of inhouse manufactured molds	755.44	1,176.69
Finished goods	974.54	563.99
<b>Total inventories at the end of the year (B)</b>	<b>2,076.02</b>	<b>2,390.32</b>
<b>Total (A-B)</b>	<b>314.29</b>	<b>(189.46)</b>
<b>29. Employee benefits expense</b>		
Salaries and wages	5,627.67	5,935.32
Contribution to provident and other funds	308.12	334.45
Staff welfare expenses	283.18	352.51
<b>Total</b>	<b>6,218.97</b>	<b>6,622.28</b>
<b>30. Finance costs</b>		
Interest expense	378.02	263.17
Other borrowing costs	0.28	0.34
<b>Total</b>	<b>378.30</b>	<b>263.51</b>

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

<b>31. Depreciation and amortization expense</b>	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
Depreciation of property, plant and equipment (refer note 3)	2,438.58	2,391.73
Amortization of intangible assets (refer note 5)	208.09	180.62
<b>Total</b>	<b>2,646.67</b>	<b>2,572.35</b>
<b>32. Other expenses</b>	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
Other manufacturing expenses		
Stores and spares consumed	193.28	187.73
Power and fuel	838.23	869.32
Factory expenses	134.58	142.45
Repair & maintenance		
Building	23.58	17.59
Machinery	262.94	182.19
Others	19.94	30.69
Administrative and other expenses		
Rent	32.77	65.74
Rates & taxes	9.86	10.36
Listing expenses	5.40	2.50
Postage & telephone expenses	63.91	49.31
Printing & stationery	55.91	39.88
Traveling & conveyance expenses	473.72	580.22
Office electricity & water	6.23	9.96
Insurance charges	182.84	192.59
Factory security	122.69	116.53
Foreign exchange loss	-	40.42
Foreign Hedging loss	2.56	-
Loss on sale of assets	0.91	32.03
Legal & professional charges	220.70	199.92
Meeting expenses	2.12	1.23
Motor car expenses	15.16	26.96
Bank charges	36.77	28.51
Fees & subscription	26.31	15.59
Web Design Expenses	1.36	-
Provision for bad and doubtful debt	0.86	(0.66)
Corporate social responsibility expenses (refer note 51)	85.74	94.15
Directors sitting fees	18.00	22.00
Payment to collaborators / royalty	271.50	319.38
Charity & donation	0.15	0.28
Discount and short recovery	2.87	4.18
Miscellaneous expenses	164.62	235.27
Auditors' remuneration		
As audit fees	8.85	8.70
For tax audit, certification & tax representations	2.49	5.88
For other matters	4.40	9.45
For reimbursement of expenses	-	0.09
Selling & distribution expenses		
Freight & forwarding expenses	1,113.23	1,173.95
Advertisement, publicity & sales promotion	6.17	23.23
<b>Total</b>	<b>4,410.65</b>	<b>4,737.62</b>

## Notes to Consolidated Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

(₹ 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, 2021	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	98.47	98.47
Share of other comprehensive income of associates and joint venture	4.41	4.41
Income tax effect	(24.78)	(24.78)
<b>Total</b>	<b>78.10</b>	<b>78.10</b>
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>

#### 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 31.03.2021	Year ended 31.03.2020
Profit for the year as per statement of profit & loss	209.75	1,820.41
<b>Profit attributable to equity holders of the Company for basic earnings</b>	<b>209.75</b>	<b>1,820.41</b>
	No. of Shares	
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 (in ₹)	1.50	13.00
Diluted (in ₹)	1.50	13.00
<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, 2021

(₹ 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 ₹ 243.57 lacs (31<sup>st</sup> March, 2020: ₹ 259.12 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>31.03.2021</b>	<b>31.03.2020</b>
<b>Defined benefit obligation at the beginning of the year</b>	859.41	672.61
Current service cost	71.63	81.09
Past service cost	-	-
Interest cost	59.47	52.46
Benefits paid	(60.29)	(97.46)
Actuarial (gain) / loss on obligations-OCI	(98.18)	150.71
<b>Defined benefit obligation at the end of the year</b>	<b>832.04</b>	<b>859.41</b>
<b>Changes in the fair value of plan assets are as follows:</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Fair value of plan assets at the beginning of the year</b>	-	-
Contribution by employer	160.00	-
Benefits paid	-	-
Expected interest income on plan assets	-	-
Actual gain / (loss) on plan asset	0.29	-
<b>Fair value of plan assets at the end of the year</b>	<b>160.29</b>	-
<b>Reconciliation of fair value of plan assets and defined benefit obligation</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Fair value of plan assets	-	-
Defined benefit obligation	832.04	859.41
<b>Amount recognised in the balance sheet</b>	<b>832.04</b>	<b>859.41</b>

## Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

<b>Amount recognised in statement of profit and loss</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Current service cost	71.63	81.09
Net interest expense	59.47	52.46
Past service cost	-	-
<b>Amount recognised in statement of profit and loss</b>	<b>131.10</b>	<b>133.55</b>
<b>Amount recognised in other comprehensive income</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(32.59)	74.88
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gain) / loss arising from experience adjustments	(65.60)	75.83
<b>Amount recognised in other comprehensive income</b>	<b>(98.19)</b>	<b>150.71</b>
<b>The principal assumptions used in determining gratuity liability for the Company's plans are shown below:</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Discount rate	6.80%	6.92%
Expected rate of return on plan assets	NA	NA
Future salary increases	5.00%	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, 2021 and 31<sup>st</sup> March, 2020 is as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Assumptions				
Discount rate	+0.50%	+0.50%	(40.12)	(43.94)
	(0.50)%	(0.50)%	43.34	47.57
Future salary increases	+0.50%	+0.50%	43.40	47.52
	(0.50)%	(0.50)%	(40.51)	(44.26)

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 ₹127.22 lacs (31<sup>st</sup> March, 2020: ₹ 149.86 lacs).

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

The expected maturity analysis of undiscounted gratuity is as follows:	31.03.2021	31.03.2020
Within the next 12 months (next annual reporting period)	68.64	65.23
Between 1 to 2 years	38.24	22.55
Between 2 to 3 years	37.34	35.97
Between 3 to 4 years	21.85	35.89
Between 4 to 5 years	30.28	21.33
Between 5 to 6 years	39.91	29.35
Over 6 years	595.78	649.08
<b>Total expected payments</b>	<b>832.04</b>	<b>859.40</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.55 years (31<sup>st</sup> March, 2020: 16.86 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 ₹ 32.77 lacs (31<sup>st</sup> March, 2020: ₹ 65.74 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2021	As at 31.03.2020
Not later than one year	3.84	58.66
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>3.84</b>	<b>58.66</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 ₹1.89 lacs (31<sup>st</sup> March, 2020: ₹12.42 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2021	As at 31.03.2020
Not later than one year	9.00	9.00
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>9.00</b>	<b>9.00</b>

### 37. Commitments

(i) Retention charges and capital commitments (net of advances) are ₹ 1,103.60 lacs (31<sup>st</sup> March, 2020: ₹ 588.62 lacs)

## Notes to Consolidated Financial Statements

### for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

38. Contingent liabilities	As at 31.03.2021	As at 31.03.2020
Contingent liabilities not provided for in respect of		
Letters of guarantees	2,374.92	2,440.00
Letters of credit	84.46	-
Income tax appeal		
For assessment year 2015-16	-	29.84
For assessment year 2017-18	41.37	-
For assessment year 2018-19	150.51	150.51
For assessment year 2019-20	148.20	-
GST appeals (includes excise and sales tax demands)	114.10	114.10
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>3,427.18</b>	<b>3248.07</b>

## Notes:

- (i) A demand of ₹ 41.37 lacs has been raised for the assessment year 2017-18 for disallowance of 25% of royalty expense. The company has filed an appeal before Hon'ble CIT(Appeals) against the order of disallowance 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 on account of Corporate Dividend Tax as the credit for the challan has not been allowed. An appeal is pending before the CIT(A) in the above matter.
- (iii) A demand of ₹ 148.20 lacs has been raised for the assessment year 2019-20 by the income tax department disallowing the credit of dividend distribution tax. An appeal is pending before the CIT(A) in the above matter.
- (iv) 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.
- (v) 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.).
- (vi) 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.).
- (vii) 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.
- (viii) 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 department has 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.
- (ix) 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-206A and B-4, Kasna, Uttar Pradesh Plants and ₹ 25.47 lacs relates to Pathredi plant. The Company has disputed the matter and filed the reply with Additional Director General (Adjudication) of Goods & Service Tax Intelligence, New Delhi on 26.02.2021 to quash the notice.
- (x) 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, 2021

(₹ 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. Mr. Bhuwan Kumar Chaturvedi, Independent Director 4. Mr. Pravin Kumar Gupta, Independent Director 5. Mr. Ashok Kumar Jain, Independent Director (upto 28.09.2020) 6. Mrs. Celine George, Independent Director (w.e.f 16.04.2020) 7. Mrs. Vinay Kumari Jain, Non-Executive Director 8. Mr. Manish Dhariwal, Chief Financial Officer (upto 05.07.2019) 9. Mr. Anurag Saxena, Chief Financial Officer (upto 19.03.2021) 10. Mr. Sachin Jain, Chief Financial Officer (w.e.f 10.05.2021) 11. Mrs. Sonia Bhandari, Company Secretary
<b>(c) Related Parties in the group where common control exists</b>	1. Vinay and Ajay Jain Foundation 2. Kalindi Farms Privater Limited
<b>(e) Other Related Party-Post employment benefit plan of the Company</b>	1. PPAP Automotive Limited Employees Group Gratuity Fund Trust

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	Other Related Party-Post employment benefit plan of the Company	Total
<b>CSR Expenses Paid</b>						
Vinay and Ajay Jain Foundation	31.03.2021	85.74	-	-	-	85.74
	31.03.2020	94.15	-	-	-	94.15
<b>Material / licence purchases</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	147.18	-	-	147.18
	31.03.2020	-	19.04	-	-	19.04
<b>Receipts for other services*</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	116.43	-	-	116.43
	31.03.2020	-	134.57	-	-	134.57
<b>Sales</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	70.53	-	-	70.53
	31.03.2020	-	22.88	-	-	22.88
<b>Contribution to fund: Employer's contribution towards gratuity fund"</b>						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2021	-	-	-	160.00	160.00
	31.03.2020	-	-	-	-	-

\*Other services include management support fee, reimbursement of expenses, job work charges, interest received on loan given and rental income.

**Net outstanding balance**

Related party	Period	Related Parties where common control exists	Joint Ventures	Wholly Owned Subsidiaries	Other Related Party-Post employment benefit plan of the Company	Total
<b>Trade receivable</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	30.78	-	-	30.78
	31.03.2020	-	57.71	-	-	57.71
<b>Trade payable</b>						
PPAP Tokai India Rubber Private Limited	31.03.2021	-	56.03	-	-	56.03
	31.03.2020	-	-	-	-	-
<b>Post employment benefit plan of the Company</b>						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2021	-	-	-	160.29	160.29
	31.03.2020	-	-	-	-	-

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

### Details relating to remuneration of KMP & their relatives

Name of KMP	31.03.2021		31.03.2020	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	120.90	-	195.93	-
Mr. Abhishek Jain	128.83	-	204.05	-
Mrs. Vinay Kumari Jain	-	4.00	-	5.20

### Details relating to remuneration of KMP other than MD / Manager / Whole Time Director

Name of KMP	31.03.2021		31.03.2020	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Bhuwan Kumar Chaturvedi	-	5.20	-	5.60
Mr. Pravin Kumar Gupta	-	5.20	-	6.40
Mr. Ashok Kumar Jain	-	1.20	-	4.80
Mrs. Celine George	-	2.40	-	-
Mr. Anurag Saxena (from 12.08.2019 to 19.03.2021)	33.36	-	20.64	-
Mr. Manish Dhariwal (upto 05.07.2019)	-	-	10.14	-
Mrs. Sonia Bhandari	15.04	-	13.77	-

### 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	31.03.2021	31.03.2020
(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	406.30	49.38
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, 2021

(₹ in lacs)

### 42. Fair values measurements

#### (i) Financial instruments by category

Particulars	31.03.2021		31.03.2020	
	FVTPL	Amortized cost	FVTPL	Amortized cost
<b>Financial assets</b>				
Investments (non current)*	-	4,642.43	-	4,790.35
Other financial assets (non current)	-	476.96	-	451.83
Trade receivables	-	6,039.54	-	3,998.02
Cash and cash equivalents	-	134.83	-	320.30
Other balances with banks	-	16.74	-	291.31
Loans	-	53.78	-	42.73
Other financial assets (current)	-	170.77	-	48.63
<b>Total financial assets</b>	-	<b>11,535.05</b>	-	<b>10,185.51</b>
<b>Financial liabilities</b>				
Borrowings (non current)	-	4,457.72	-	1,202.67
Borrowings (current)	-	1.87	-	992.79
Trade payables	-	4,791.08	-	4,187.58
Other financial liabilities (current)	-	1,551.69	-	426.04
<b>Total financial liabilities</b>	-	<b>10,802.36</b>	-	<b>6,809.08</b>

\*Investment value includes investment in joint venture of ₹ 4,642.43 lacs (31<sup>st</sup> March, 2020: ₹ 4790.35 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 2019-20 and 2020-21.

#### 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, 2021

(₹ 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, 2021 and 31<sup>st</sup> March, 2020.

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, 2021 and 31<sup>st</sup> March, 2020.

#### 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	Effect on profit before tax
<b>31.03.2021</b>		
INR	+50	(26.97)
INR	(50)	26.97
<b>31.03.2020</b>		
INR	+50	(5.27)
INR	(50)	5.27

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, 2021

(₹ 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	Effect on profit before tax
<b>31.03.2021</b>	+5%	(15.80)
	(5)%	15.80
<b>31.03.2020</b>	+5%	(15.05)
	(5)%	15.05
	Change in JPY rate	Effect on profit before tax
<b>31.03.2021</b>	+5%	(7.15)
	(5)%	7.15
<b>31.03.2020</b>	+5%	(3.12)
	(5)%	3.12
	Change in EURO rate	Effect on profit before tax
<b>31.03.2021</b>	+5%	-
	(5)%	-
<b>31.03.2020</b>	+5%	-
	(5)%	-

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, 2021

(₹ 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 31.03.2021</b>					
Borrowings (non current)	198.66	531.23	4,919.23	-	5,649.12
Borrowings (current)	1.87	-	-	-	1.87
Trade payables	4791.08	-	-	-	4,791.08
Other financial liabilities (current)	794.21	-	-	-	794.21
<b>Total</b>	<b>5,785.82</b>	<b>531.23</b>	<b>4,919.23</b>	<b>-</b>	<b>11,236.28</b>
<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	4,197.84	-	-	-	4,197.84
Other financial liabilities (current)	404.44	-	-	-	404.44
<b>Total</b>	<b>5,600.47</b>	<b>16.20</b>	<b>1,347.78</b>	<b>432.99</b>	<b>7,397.44</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, 2021

(₹ 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, 2021.

	31.03.2021	31.03.2020
Borrowings (non current)	4,457.72	1,202.67
Borrowings (current)	1.87	992.79
Trade payables	4,791.08	4,187.58
Other financial liabilities (current)	1,551.69	426.04
<b>Total debts</b>	<b>10,802.36</b>	<b>6,809.08</b>
Less: Cash and cash equivalents	134.83	320.30
<b>Net debts</b>	<b>10,667.53</b>	<b>6,488.78</b>
<b>Total equity</b>	<b>30,618.19</b>	<b>30,322.76</b>
<b>Total debt and equity</b>	<b>41,285.72</b>	<b>36,811.54</b>
<b>Gearing ratio (%)</b>	<b>26.16%</b>	<b>18.50%</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:

	31.03.2021	31.03.2021	31.03.2020	31.03.2020
	Foreign Currency	Amount	Foreign Currency	Amount
<b>Foreign trade payables</b>				
USD in lacs	4.41	325.19	4.58	329.76
JPY in lacs	204.18	143.69	228.22	152.28
<b>Foreign trade receivables</b>				
USD in lacs	0.12	9.19	0.39	28.86
JPY in lacs	0.97	0.69	133.97	89.80

### 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, 2021

(₹ 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, 2020	Provided during the year	Paid / Adjusted during the year	Balance as on 31 <sup>st</sup> March, 2021
<b>Provisions</b>				
Gratuity	859.41	(127.36)	(60.29)	671.76
Accumulated leaves	190.54	(16.80)	(30.61)	143.13
Income Tax	12.84	173.00	(113.16)	72.67
<b>Total</b>	<b>1,062.79</b>	<b>28.84</b>	<b>(204.06)</b>	<b>887.56</b>

### 49. Dividends paid and proposed

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
<b>A Paid during the year</b>		
Interim dividend for FY 2020-21 Nil (FY 2019-20: ₹3.00 per equity share) of ₹10/- each (Including dividend distribution tax for FY 2020-21 of ₹ Nil, FY 2019-20 ₹86.35 lacs)	-	506.35
Final dividend for FY 2019-20: Nil (FY 2018-19: ₹ 2.50 per share) (Including dividend distribution tax for FY 2019-20 of ₹ Nil, FY 2018-19: ₹ 71.96 lacs)	-	421.96
	-	<b>928.31</b>
<b>B Proposed for approval at the annual general meeting (not recognised as a liability)</b>		
Final dividend for FY 2020-21 Re. 1.00 per share (FY 2019-20: Nil)	140.00	-
<b>Total</b>	<b>140.00</b>	<b>-</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at year end.

### 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.

Particulars	31.03.2020	Cash flows	Non-cash changes	31.03.2021
			Fair value changes	
Long-term borrowings	1,224.27	3,846.74	144.19	5,215.20
Short term borrowings	992.79	(990.92)	-	1.87
<b>Total liabilities from financing activities</b>	<b>2,217.06</b>	<b>2,855.82</b>	<b>144.19</b>	<b>5,217.07</b>

### 51. Details of Corporate Social Responsibility (CSR) expenditure

	31.03.2021	31.03.2020
Amount required to be spent as per Section 135 of the Companies Act, 2013	85.74	94.15
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	85.74	94.15



# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

### 52. Disclosure of significant investments in wholly owned subsidiaries company and joint venture.

#### 1) Disclosure of investment in the following wholly owned subsidiaries company :

S. No.	Name	Country of incorporation	Ownership interest of PPAP Automotive Limited (%)	
			As on 31.03.2021	As on 31.03.2020
1	Elpis Components Distributors Private Limited (formerly PPAP Automotive Systems Private Limited)	India	100.00%	100.00%
2	PPAP Technology Limited (formerly PPAP Technology Private Limited & PPAP Automotive Technology Private Limited)	India	100.00%	100.00%

#### 2) Disclosure of investment in the following joint ventures :

S. No.	Name	Country of incorporation	Ownership interest of PPAP Automotive Limited (%)	
			As on 31.03.2021	As on 31.03.2020
1	PPAP Tokai India Rubber Private Limited	India	50.00%	50.00%

#### 3) Summarized financial information for wholly owned subsidiaries company and joint venture:

The tables below provide summarised financial information for those wholly owned subsidiaries company 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, 2021 and 31<sup>st</sup> March, 2020:

Particulars	Elpis Components Distributors Private Limited		PPAP Technology Limited	
	As on 31.03.2021	As on 31.03.2020	As on 31.03.2021	As on 31.03.2020
Revenue	632.32	230.82	72.54	-
Purchase of stock in trade	620.48	284.23	95.34	-
Changes in stock of finished goods, work-in-progress and stock-in-trade	(62.69)	(83.20)	(20.73)	-
Depreciation & amortization	0.33	0.00	14.19	0.05
Finance costs	-	-	18.85	-
Employee benefit	43.99	12.40	52.72	2.96
Other expense	58.42	22.55	27.56	1.06
<b>Profit before tax</b>	<b>(28.21)</b>	<b>(5.16)</b>	<b>(115.39)</b>	<b>(4.07)</b>
Income tax expense	-	(1.25)	-	(1.00)
<b>Profit for the year from continuing operations</b>	<b>(28.21)</b>	<b>(3.91)</b>	<b>(115.39)</b>	<b>(3.08)</b>
Other comprehensive income	(7.10)	-	(29.89)	-
<b>Total comprehensive income</b>	<b>(21.11)</b>	<b>(3.91)</b>	<b>(85.50)</b>	<b>(3.08)</b>
<b>Group's share of profit for the year</b>	<b>(21.11)</b>	<b>(3.91)</b>	<b>(85.50)</b>	<b>(3.08)</b>
Dividends received	-	-	-	-

# Notes to Consolidated Financial Statements

## for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

**Summarised balance sheet as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020:**

Particulars	Elpis Components Distributors Private Limited		PPAP Technology Limited	
	As on 31.03.2021	As on 31.03.2020	As on 31.03.2021	As on 31.03.2020
<b>Current assets</b>				
Cash and cash equivalents	15.66	44.40	18.46	66.77
Other assets	294.53	183.90	327.43	73.25
<b>Total current assets</b>	<b>310.19</b>	<b>228.30</b>	<b>345.89</b>	<b>140.01</b>
<b>Total non-current assets</b>	<b>12.36</b>	<b>2.17</b>	<b>474.97</b>	<b>-</b>
<b>Current liabilities</b>				
Financial liabilities (excluding trade payables)	14.86	1.14	39.31	-
Other liabilities	289.13	189.67	19.18	35.65
<b>Total current liabilities</b>	<b>303.99</b>	<b>190.82</b>	<b>58.49</b>	<b>35.65</b>
<b>Non-current liabilities</b>				
Financial liabilities (excluding trade payables)	-	-	232.10	-
Other liabilities	-	-	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>232.10</b>	<b>-</b>
<b>Total equity</b>	<b>18.56</b>	<b>39.66</b>	<b>530.27</b>	<b>104.36</b>
Proportion of the group's ownership (%)	100%	100%	100%	100%
Carrying amount of the investment (including transaction costs)	50.00	50.00	630.00	180.00

**Summarized statement of profit and loss for the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020:**

Particulars	PPAP Tokai India Rubber Private Limited	
	As on 31.03.2021	As on 31.03.2020
Revenue	6,070.26	6,691.64
Cost of raw material and components consumed	3,991.19	4,220.80
Changes in stock of finished goods, work-in-progress and stock-in-trade	(64.38)	(6.94)
Depreciation & amortization	535.01	618.78
Finance costs	0.48	0.06
Employee benefit	860.44	936.99
Other expense	968.51	1,189.43
<b>Profit before tax</b>	<b>(220.99)</b>	<b>(267.48)</b>
Income tax expense	83.66	(86.23)
<b>Profit for the year from continuing operations</b>	<b>(304.65)</b>	<b>(181.25)</b>
Other comprehensive income	8.82	(7.26)
<b>Total comprehensive income</b>	<b>(295.83)</b>	<b>(188.51)</b>
Group's share for the year	(147.92)	(94.26)
Dividends received	-	-

# Notes to Consolidated Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(₹ in lacs)

**Summarised balance sheet as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020:**

Particulars	PPAP Tokai India Rubber Private Limited	
	As on 31.03.2021	As on 31.03.2020
<b>Current assets</b>		
Cash and cash equivalents	129.77	590.55
Other assets	3,483.19	3,426.43
<b>Total current assets</b>	<b>3,612.96</b>	<b>4,016.98</b>
<b>Total non-current assets</b>	<b>7,151.64</b>	<b>6,877.25</b>
<b>Current liabilities</b>		
Financial liabilities (excluding trade payables)	149.74	9.55
Other liabilities	1,247.59	1,212.63
<b>Total current liabilities</b>	<b>1,397.33</b>	<b>1,222.18</b>
<b>Non-current liabilities</b>		
Financial liabilities (excluding trade payables)	-	-
Other liabilities	88.40	97.35
<b>Total non-current liabilities</b>	<b>88.40</b>	<b>97.35</b>
<b>Total equity</b>	<b>9,278.87</b>	<b>9,574.70</b>
Proportion of the group's ownership	50.00%	50.00%
Carrying amount of the investment (including transaction costs)	4,639.44	4,790.35

**Commitments and contingent liabilities in respect of wholly owned subsidiaries company and joint venture**

Particulars	As on	As on
	31.03.2021	31.03.2020
<b>Commitments-wholly owned subsidiaries company</b>		
Share of subsidiaries company' commitments in respect of orders remaining to be executed / supplied	5.33	346.83
<b>Contingent liabilities-wholly owned subsidiaries company</b>	nil	nil
<b>Commitments-joint venture</b>		
Share of joint venture's commitments in respect of orders remaining to be executed / supplied	13.14	207.05
<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	40.01	33.32

(₹ in lacs)

**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:

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 it was concluded that the change in estimated future economic conditions on account of possible effects relating to COVID-19 was unlikely to cause the carrying amount to exceed the recoverable amount of the PPE. The Company's operations have progressively moved towards normal capacity during the current year and no material change has occurred in the underlying assumptions, projections and conclusion.

**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, 2021 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: 10<sup>th</sup> May, 2021

For and on behalf of the Board  
**PPAP Automotive Limited**

**Ajay Kumar Jain**  
 Chairman & Managing Director  
 DIN: 00148839  
 Place: New Delhi

**Sachin Jain**  
 Chief Financial Officer  
 Place: New Delhi  
 Date: 10<sup>th</sup> May, 2021

**Abhishek Jain**  
 CEO & Managing Director  
 DIN: 00137651  
 Place: New Delhi

**Sonia Bhandari**  
 Company Secretary  
 Membership No.: A20650  
 Place: Mumbai

**Form AOC-1**

(Pursuant to first proviso of Section 129(3) of the Companies Act, 2013 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	01.04.2020	01.04.2020
	End date of accounting period of subsidiary	31.03.2021	31.03.2021
	Reporting Currency	INR	INR
	Share capital	50.00	6.30
	Reserves & Surplus	-31.45	-99.73
	Total Assets	322.55	820.85
	Total Liabilities	322.55	820.85
	Investments	-	-
	Turnover	632.32	72.42
	Profit before Taxation	-28.20	-115.38
	Provision for Taxation	7.09	29.89
	Profit after taxation	-21.11	-85.49
	Proposed Dividend	-	-
	% of Shareholding	100	100

1 Names of subsidiaries which are yet to commence operations: Not applicable

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	31.03.2021
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.	48,500,000
	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	4550.93
7	Profit / loss for the year	
	i) Considered in consolidation	-147.97
	ii) Not Considered in consolidation	-147.92

1. Associates or joint ventures which are yet to commence operations: NA

**For and on behalf of the Board of Directors**Place: New Delhi  
Date: 10<sup>th</sup> May, 2021**Ajay Kumar Jain**  
Chairman & Managing Director  
DIN: 00148839**Abhishek Jain**  
CEO & Managing Director  
DIN: 00137651









# ACCOLADES



Achieving Quality Targets  
By Toyota Kirloskar in 2020



Achieving Zero PPM  
By Toyota Kirloskar in 2020



On Time Development  
By ISUZU Motors in 2020



Excellence in maintenance  
& Super shopfloor  
By The Machinist Super Shopfloor 2020 (SME)



Comprehensive Excellence  
By Maruti Suzuki in 2019



Appreciation for Partnership  
By Hyundai Motor in 2019



Excellence in Productivity category  
By The Machinist Super Shopfloor 2019  
(SME)



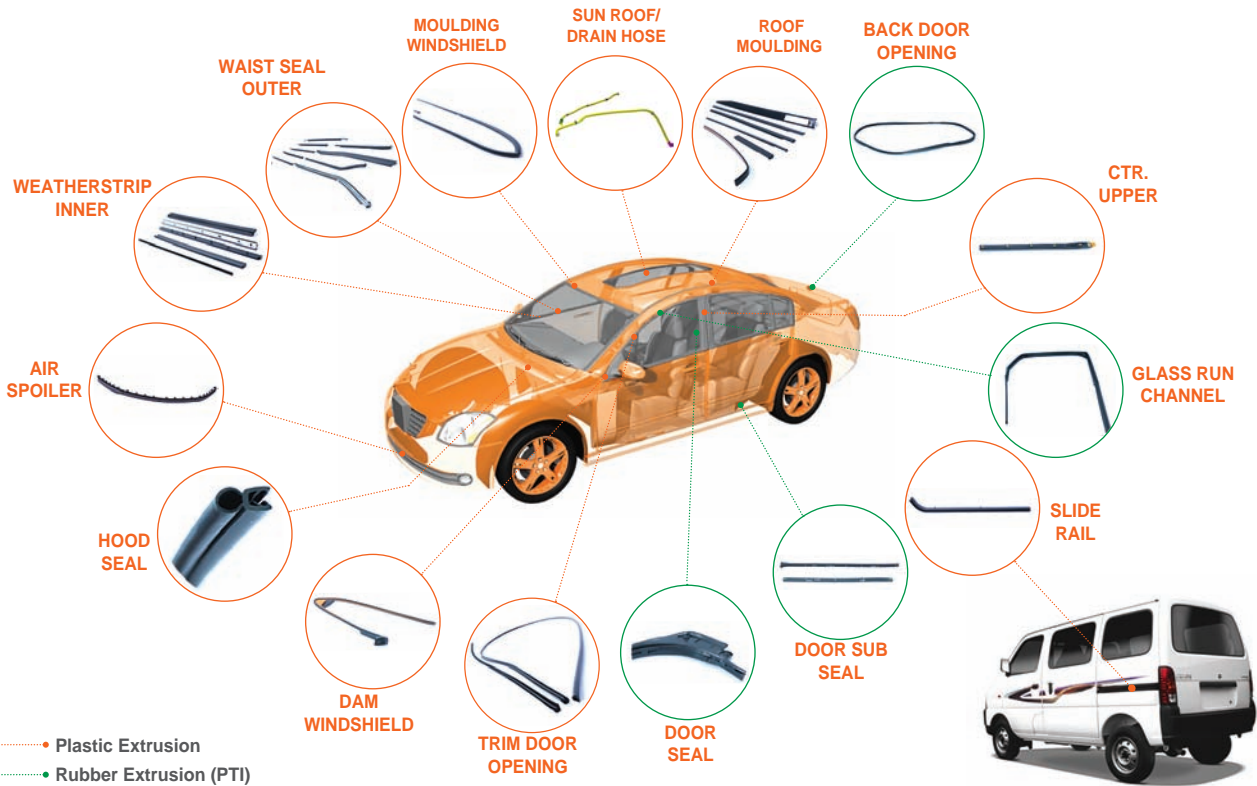
Excellence in Automotive-Interior  
By The Economic Times  
Polymers Award 2019



Fire Safety Management  
By Toyota Kirloskar in 2019

# PRODUCT PORTFOLIO

## Passenger Vehicle Products



## Pail Containers



## Battery Pack for back up power\*



\* PTech

## Car Accessories\*



\* Elpis

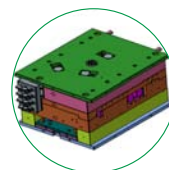
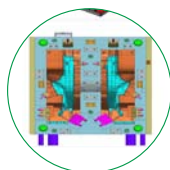
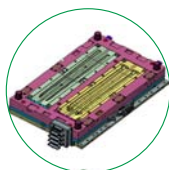
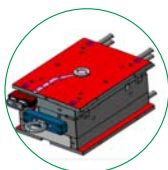
## Passenger Vehicle Products



## Commercial Vehicle and Two Wheeler Products



## Commercial Tooling



# PERFORMANCE SUMMARY

(on consolidated basis)

Revenue From Operations  
(₹ in lacs)



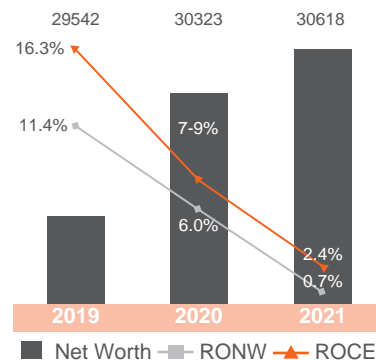
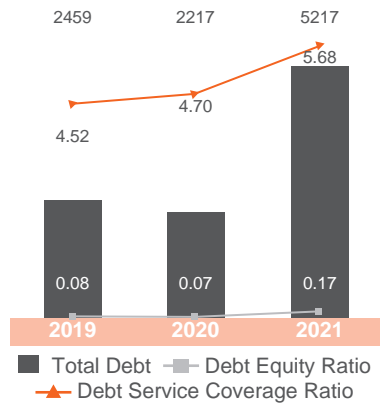
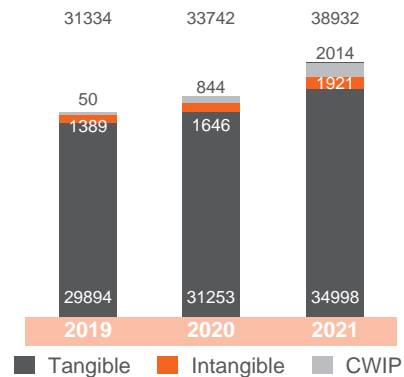
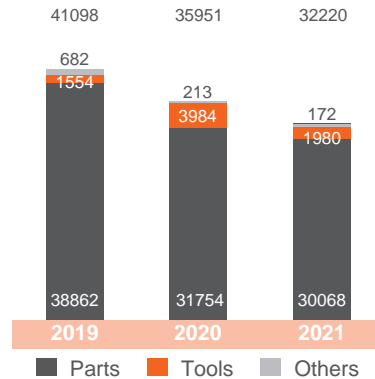
Gross Fixed Assets  
(₹ in lacs)



Debt  
(₹ in lacs)



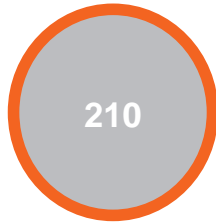
Net Worth  
(₹ in lacs)



EBITDA  
(₹ in lacs)



Profit After Tax  
(₹ in lacs)



\*Earning Per Share  
(in ₹)

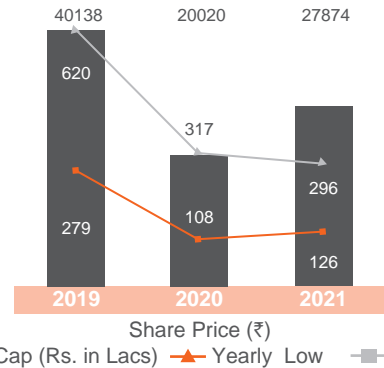
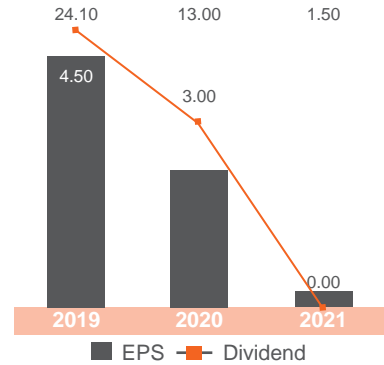
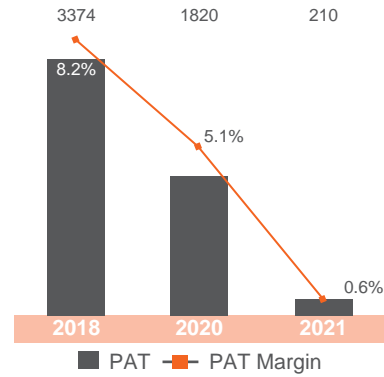
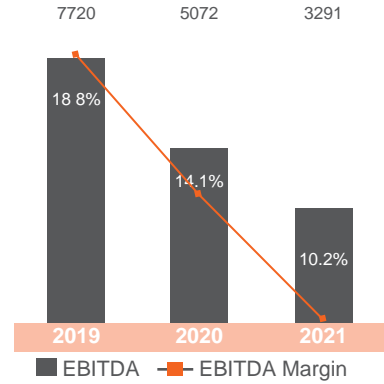


\* Face Value of ₹10 Per Share

\*\*Market Capitalization  
(₹ in lacs)



\*\*Source: BSE as on 31<sup>st</sup> March 2021



■ Market Cap (Rs. in Lacs) ▲ Yearly Low ▬ Yearly High



# 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



Vaccination



Distribution of food

# EMPLOYEES ENGAGEMENT

*Human development is the key foundation of growth for the Company. We have always believed that our employees are our most important asset. We constantly place great emphasis on employee engagement, capability building, leadership training and diversification.*



**ENVIRONMENT DAY**



**YOGA DAY**



**TOWN HALL MEETING**









**Registered Office**

54, Okhla Industrial Estate,  
Phase-III, New Delhi-110020  
CIN: L74899DLI995PLC073281