



# PPAP Automotive Limited



**Annual Report  
2018-19**



*Taking Challenges, Together*



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## CORPORATE INFORMATION

**CIN: L74899DL1995PLC073281**

### REGISTERED OFFICE

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

### CORPORATE OFFICE

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

### CHIEF OPERATING OFFICER

Mr. Ramesh Chander Khanna

### CHIEF FINANCIAL OFFICER

Mr. Manish Dhariwal  
(Upto 5<sup>th</sup> July, 2019)

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Sonia Bhandari

### AUDITORS

M/s. O P Bagla & Co LLP (Statutory Auditors)  
M/s. Rakesh Singh & Co. (Cost Auditors)  
M/s. VLA & 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-I, Block LSC,  
Near Savitri Market, Janakpuri, New Delhi-110058

# BOARD OF DIRECTORS



**MR. AJAY KUMAR JAIN**

*Chairman and Managing Director*



**MR. ABHISHEK JAIN**

*Chief Executive Officer and  
Managing Director*



**MR. BHUWAN KUMAR  
CHATURVEDI**

*Independent Director  
Chairman  
Audit Committee*



**MR. PRAVIN KUMAR GUPTA**

*Independent Director  
Chairman  
Nomination & Remuneration Committee  
Stakeholders Relationship Committee*



**MR. ASHOK KUMAR JAIN**

*Independent Director  
Chairman  
Corporate Social Responsibility  
Committee*



**MRS. VINAY KUMARI JAIN**

*Non-Executive Director*



# CHAIRMAN'S MESSAGE



My dear shareholders,

First of all, I would like to thank each and everyone of you for your continuous support and good wishes. Your continued support is absolutely intrinsic for your Company's success.

The overall global economic environment has been sluggish for quite some time with the reducing growth rates and rising unemployment in most of the developed economies. The American - Chinese trade frictions, sanctions on Iran, slowing European growth, Brexit uncertainties, fluctuating oil prices, etc. are causing depressed demand, which is leading to a slower growth of GDP in most of the countries. Holistically speaking, it appears that the global economy is devoid of tailwinds.

On the national front too, things have not been bright as there was a divergence of demand due to the general elections and also due to doubts of a weak coalition government.

Our country has also been witnessing the biggest cleaning up of our financial systems. These agencies are making relentless efforts to build accountability into the whole system. They are making efforts to make all transactions, simple, transparent and bona fide. The banking and NBFC crisis, as well as, the defaults have led to reduced availability of capital and consequently a drop in the disbursement of money for the purchase of various categories of assets, goods and services. As these companies have burnt their fingers due to their liberal and easy disbursement policies of the past, they have tightened their systems to prevent further defaults. All these things have led to the reduction of economic activity and the subsequent reduction of our GDP.

On the optimistic side, our parliamentary elections have resulted in a new majority government in the centre and we are fortunate that it is being led by a strong leader who is determined to develop the country into a Five Trillion Dollar economy, in the next 5 years. This ambitious target will augur rapid development of our nation and bring a lot of opportunities to the market.

Despite the steady growth trajectory of the automotive industry for the past couple of years, currently, our industry is unable to maintain buoyancy. Our industry is witnessing a continuous drop in demand due to which the vehicle production numbers are heading south. From 1<sup>st</sup> April, 2020, the BS VI norms will be implemented. This is causing anxiety in the minds of the customers as people do not know the prices of BS VI compliant fuel or the vehicle. Many companies have announced the stoppage of diesel vehicles as compliance to these norms would lead to steep cost increases. Further,

## MISSION

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

there is uncertainty regarding the policy for Electric Vehicles. Considering these factors, the general sentiment in the market is feeble and this is leading to frail customer demand.

Your Company does not view these medium-term issues as problems, as these present us with an opportunity to reform and renew ourselves so as to emerge stronger when good times return. Your Company has always focused on exceeding the expectations of all stakeholders viz. customers, employees, suppliers and the society. All the functions and business process are being rejuvenated and aligned with our mission. We are constantly benchmarking ourselves with our global peers to achieve excellence in safety, product development, technology, business and management systems. In this time of adversity, internally, we are focusing on making your Company lean and externally, we are looking for new opportunities.

I am happy to inform you that this year, your Company is focussed on maximising the digitalization of all its operations. Accordingly, we have successfully completed the implementation of SAP across all our facilities. We have also successfully commenced our production at Viramgam, in Gujarat. With the start of this facility, we have established our presence in all the key passenger vehicle manufacturing hubs of our country and we are well placed to offer a one-stop shop solution to all our customers for sealing systems and injection products.

Your Company continues its focus on reducing our carbon footprint. During the year gone by, we took various initiatives including the reduction of water discharge, waste-generation reduction and use of renewable energy and in order to create a long-term sustainable Company, we have partnered with TERI.

I believe that our employees are our biggest assets and our strengths. During these difficult times, we have augmented the development of a highly capable and a result-oriented workforce and are determined to reach world-class levels.

I take pride in informing you that, this year, for the focused implementation of our CSR activities in the field of Environment, Education and Healthcare, we have registered a trust in the name of “Vinay and Ajay Jain Foundation”. Our CSR mission is “to contribute towards the betterment of the local communities in which we operate, so as to uplift the marginalized sections of our society”.

During the year gone by your Company sales were stagnant due to which we were able to achieve an EPS of ₹ 23.87 only which was 10% lower, than the previous year. In spite of the reduction of EPS, your Board of Directors has maintained the total dividend pay-out of ₹ 4.50 per share which is the same as that of the previous year. This dividend comes to 45% of the face value of the equity share of your Company. I am confident that your Company will be able to improve its performance, no sooner the demand for vehicles starts to move north.

I would like to, once again, take this opportunity to express my sincere gratitude to you for your unwavering support. I also express my gratefulness to our technology partners, our bankers and our supplier partners for facilitating smooth business operations. Further, I thank all the members on our Board for their whole-hearted guidance and commitment. Last but not the least, I take this opportunity to express my appreciation to our employees and their families for their unstinted support and hard work.

I, on behalf of your Company, assure you that we will always endeavour to make a meaningful contribution for a better society and will continuously work to exceed the expectations of all our stakeholders, as well as, our shareholders.

Thank you.

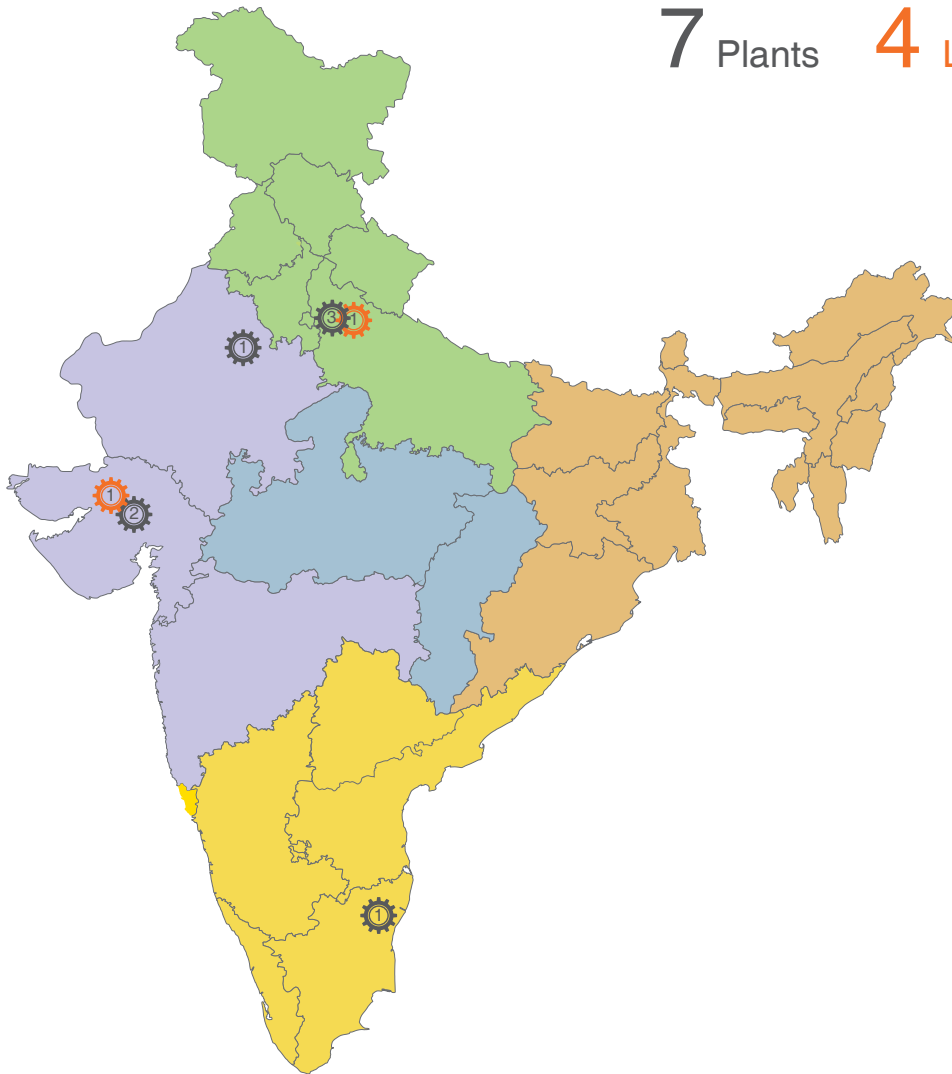
**Ajay Kumar Jain**

Chairman & Managing Director



# MANUFACTURING FACILITIES

7 Plants 4 Locations 2 JV Plants



Not to scale - for illustration purpose only

## EXTRUSION FACILITIES

- ⚙ Noida, Uttar Pradesh (Plant I & II)
- ⚙ Vallam Vadagal, Tamil Nadu (Plant V)
- ⚙ Viramgam, Gujarat (Plant VII)

## INJECTION FACILITIES

- ⚙ Surajpur, Uttar Pradesh (Plant III)
- ⚙ Pathredi, Rajasthan (Plant IV)
- ⚙ Viramgam, Gujarat (Plant VI)

## RUBBER EXTRUSION FACILITIES (Joint Venture Company)

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





# CUSTOMERS



## CKD EXPORTS



JAPAN



USA



BRAZIL



MEXICO



VENEZUELA



THAILAND



UNITED KINGDOM



SOUTH AFRICA



ARGENTINA



## ACCOLADES - 2019



**Overall Performance Shield**

*By Maruti Suzuki India Limited*



**Silver Award for Delivery**

*By Honda Access India Private Limited*



**First Runner-Up Award in National  
Level Quality Circle Competition**

*By Honda Cars India Limited*



**Supplier-Gold Award**

*By Toyota Kirloskar Motor Private Limited*



**Zero PPM Award**

*By Toyota Kirloskar Motor Private Limited*



**Achieving Quality Target Award**

*By Toyota Kirloskar Motor Private Limited*



**Achieving Delivery Target Award**

*By Toyota Kirloskar Motor Private Limited*



**Zero Defect Supplies**

*By Toyota Kirloskar Motor Private Limited*



**Award for Quality**

*By Tata Motors Limited*



**Delivery Performance 2018**

*By Asahi India Glass Limited*



**Appreciation for continued  
support 2018**

*By Asahi India Glass Limited*



**Excellence in Plastics Award 2019**

*By Economic Times Polymers*





# PPAP AUTOMOTIVE LIMITED

CIN: L74899DL1995PLC073281

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

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

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

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

## NOTICE

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of PPAP Automotive Limited will be held on Tuesday, 03<sup>rd</sup> September, 2019 at 11:00 a.m. at M.P.C.U. Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi-110054 to transact the following business:

### ORDINARY BUSINESS

- To receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended 31<sup>st</sup> March, 2019, together with the Reports of the Board of Directors and Auditors' thereon.
- To confirm the payment of interim dividend and to declare final dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2019.
- To appoint a Director in place of Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer and Managing Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

- To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, the remuneration of ₹ 1,60,000 (Rupees one lacs sixty thousand only) plus applicable taxes and reimbursement of travel and out of pocket expenses as approved by the Board, to be paid to M/s Rakesh Singh & Co. (Firm Registration No. 000247), Cost Accountants, cost auditors of the Company for the financial year ended 31<sup>st</sup> March, 2020, be and is hereby ratified, confirmed and approved."

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

Place: Noida

Date: 22<sup>nd</sup> May, 2019**Sonia Bhandari**

Company Secretary

### NOTES:

- A member entitled to attend and vote at the annual general meeting (the "Meeting" or "AGM") is also entitled to appoint proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or members(s).
- A blank Proxy Form is enclosed with this notice and if intended to be used, the Proxy Form duly stamped and completed must be deposited at the Registered / Corporate Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority, as applicable.
- Members / proxies are requested to bring a copy of this notice, as no copies will be made available at the Meeting. Under no circumstances, photocopies of the admission slip will be allowed for admission into the Meeting place.
- As a measure of economy, copies of the Annual Report will not be distributed at the Meeting place. The members are, therefore requested to bring their Annual Reports. Those members who have not received the copies of Annual Report can collect their copies from the Registered / Corporate Office of the Company.
- Member, proxies and authorized representatives should bring their attendance slips duly filled in for attending the Meeting.

- In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
- Corporate members intending to send their authorized representatives to attend the Meeting, are requested to submit a duly certified copy of the board resolution / power of attorney authorizing their representative to attend and vote on their behalf at the Meeting, pursuant to the provisions of Section 113 of the Companies Act, 2013.
- Explanatory statement pursuant to the provisions of Section 102 of the Companies Act, 2013, in respect of item no. 4 of the notice is annexed hereto.
- Details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India (ICSI) in respect of seeking re-appointment of Mr. Abhishek Jain:

Name of the Director	Mr. Abhishek Jain
Director Identification Number (DIN)	00137651
Nationality	Indian
Date of Birth and age	24/09/1981 37 years
Date of first appointment	01/12/2006
Qualification	Bachelor of Science in Industrial Engineering from Purdue University, West Lafayette, USA.
Expertise in specific functional area	Vast experience in all function of the Company including automotive industry, sales & marketing and general management.
Terms and conditions of appointment / re-appointment	Refer item no. 3 of the notice
Details of remuneration last drawn (financial year 2017-18) and sought to be paid, if applicable	₹ 268.44 lacs
No. of Board meetings attended during the financial year 2018-19	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
List of companies in which directorships held as on 31 <sup>st</sup> March, 2019*	Nil
Chairmanship / Membership of specified committees** of the Boards of above Companies as on 31 <sup>st</sup> March, 2019	Nil
No. of shares held in the Company	
(a) Own	10,02,404
(b) For other persons on a beneficial basis	Nil

\*includes directorships held in public limited companies and excludes directorships in private limited companies, overseas companies and companies incorporated under Section 8 of the Companies Act, 2013 and of the Company.

\*\*for the purpose of committees of Board of Directors, only audit and stakeholders relationship committees in other public limited companies are considered.

10. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 28<sup>th</sup> August, 2019 to Monday, 02<sup>nd</sup> September, 2019 (both days inclusive).
11. The voting shall be reckoned in proportion to the paid up equity share capital held by the members as on Tuesday, 27<sup>th</sup> August, 2019 (cut-off date). Only those members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or voting at the AGM. A person who is not a member on the cut-off date should accordingly treat this notice as for information purpose only. The voting rights for the equity shares are one vote per equity share, as registered in the name of the member.
12. Final dividend of ₹ 2.50 per equity share has been recommended by the Board of Directors, if approved by the members at the ensuing AGM, will be paid on and after Wednesday, 11<sup>th</sup> September, 2019 to those members whose names appear on the Company's Register of Members as on Tuesday, 27<sup>th</sup> August, 2019. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of business hours on Tuesday, 27<sup>th</sup> August, 2019 as per the details furnished by the Depositories, viz., National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) for the purpose as on that date. An interim dividend of ₹ 2.00 per equity share was paid on Tuesday, 06<sup>th</sup> November, 2018.
13. Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
14. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend(s). The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective depository participant of the members. Members holding shares in physical form are desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend(s) are requested to write to the Company.  
Members who wish to register their e-mail id can download the 'Email-Registration Form' from the Company's website at <http://ppapco.in/pdf/Email-Registration-Form.pdf>.
15. The members desirous of seeking any information on the financial statements, may write to the Company at the Registered Office for the attention to the Company Secretary, at least 10 days before the Meeting, so that the required information can be made available at the Meeting.
16. All documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company, on all working days between 10:00 a.m. to 01:00 p.m. upto the date of this Meeting.
17. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM. The Register of contracts or arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will also be available for inspection by the members at the AGM.
18. Pursuant to the provisions of Section 124 of the Companies Act, 2013, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹ 2,23,798 and ₹ 1,04,886 being the unpaid and unclaimed dividend amount pertaining to Interim Dividend 2011 and Final Dividend 2011 on 13<sup>th</sup> April, 2018 and on 22<sup>nd</sup> November, 2018, respectively to the IEPF.
19. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the Investors Education and Protection Fund Authority ('IEPFA') within a period of thirty days of such shares becoming due to be transferred to the IEPFA.

During the year, the Company had transferred 2,662 equity shares of ₹ 10 each to the IEPFA on which the dividend remained unpaid or unclaimed for seven consecutive years. The unclaimed shares which have been transferred, can be claimed back by the shareholders from IEPFA by following the procedure as prescribed in the IEPF Rules. The procedure is also available on website of Investors Education and Protection Fund i.e. <http://iepf.gov.in/IEPF/corporates.html>

20. Members may also note that the notice of the 24<sup>th</sup> AGM and the Annual Report for the year ended 31<sup>st</sup> March, 2019 are also available on the Company's website at [www.ppapco.in](http://www.ppapco.in) for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the members may also send requests to the Company's investor e-mail id: [investorservice@ppapco.com](mailto:investorservice@ppapco.com).
21. The route map showing directions to reach the 24<sup>th</sup> AGM venue is annexed.
22. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 issued by the ICSI, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by Link Intime India Private Limited (LIPL), on the resolutions set forth in this notice. The Company has appointed Mr. Chetan Gupta, Practicing Company Secretary (CP No. 7077) and Partner of M/s APAC & Associates LLP, Company Secretaries, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
23. SEBI, vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated 08<sup>th</sup> June, 2018 and amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which after 05<sup>th</sup> December, 2018, transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository. The said deadline has been extended by SEBI to 01<sup>st</sup> April, 2019. Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI.

**The instructions for members for voting electronically are as under:**

- i. The voting period begins on Friday, 30<sup>th</sup> August, 2019 (10:00 a.m. IST) and ends on Monday, 02<sup>nd</sup> September, 2019 (05:00 p.m. IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, 27<sup>th</sup> August, 2019, may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.
- ii. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>
- iii. Click on "Login" tab, available under 'Shareholders' section.
- iv. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
- v. Your User ID details are given below:
  - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 character DP ID followed by 8 digit Client ID.
  - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 digit Beneficiary ID.
  - c. **Shareholders holding shares in physical Form (i.e. share certificate):** Your User ID is event no. + folio no. registered with the Company.
- vi. Your password details are given below:

If you are using e-voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (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).