



# PPAP Automotive Limited



Chennai Plant



Artwork by Arhaan

## Annual Report 2019-20



CSR - Tree Plantation



Manufacturing Facility

*Taking Challenges, Together*





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## CORPORATE INFORMATION

**CIN: L74899DL1995PLC073281**

### REGISTERED OFFICE

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

### CORPORATE OFFICE

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

### PRESIDENT AND CHIEF OPERATING OFFICER

Mr. Ramesh Chander Khanna

### CHIEF FINANCIAL OFFICER

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

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Sonia Bhandari

### AUDITORS

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

### BANKERS

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

### REGISTRAR AND SHARE TRANSFER AGENT

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

# BOARD OF DIRECTORS



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



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



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



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



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



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



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

# KEY MANAGERIAL PERSONNEL



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



**MR. ANURAG SAXENA**  
Chief Financial Officer



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



# CHAIRMAN'S MESSAGE



My Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

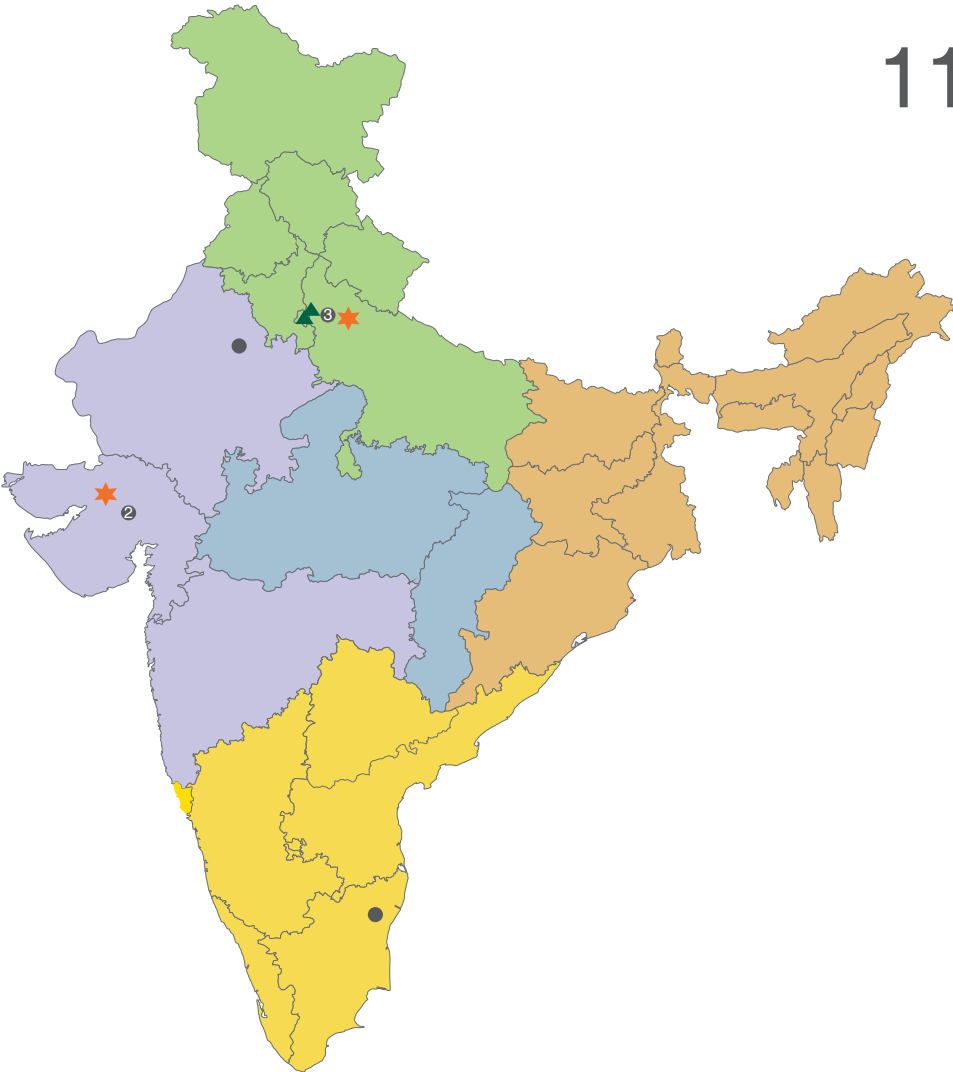
On behalf of the Board, I would like to express my sincere gratitude and thank all stakeholders once again for being a part of the journey of our business over these years. We remain committed to addressing the challenges before us and will continue our journey towards global excellence.

**Ajay Kumar Jain**  
Chairman & Managing Director

## MISSION

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

# MANUFACTURING FACILITIES



11 Plants 5 Locations

- Facilities
- Noida, Uttar Pradesh (Plant I & II)
  - Surajpur, Uttar Pradesh (Plant III)
  - Pathredi, Rajasthan (Plant IV)
  - Vallam Vadagal, Tamil Nadu (Plant V)
  - Viramgam, Gujarat (Plant VI & VII)
- Joint Venture Company
- ★ Surajpur, Uttar Pradesh (Plant I)
  - ★ Viramgam, Gujarat (Plant II)
- Subsidiary Companies
- ▲ Noida, Uttar Pradesh
  - ▲ Okhla, Delhi

Not to scale - for illustration purpose only





# CUSTOMERS



## CKD EXPORTS



## ACCOLADES - 2020



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



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



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



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



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



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



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



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





# PPAP AUTOMOTIVE LIMITED

CIN: L74899DL1995PLC073281

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

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

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

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

## NOTICE

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

### ORDINARY BUSINESS

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

### SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

**Sonia Bhandari**  
Company Secretary

### NOTES:

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

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

4. Pursuant to Section 113 of the Act, corporate members are required to send the scanned copy (in PDF or JPG format) of the certified board resolution / authority Letter from its governing body, as the case may be, authorising their representative(s) to attend this AGM through VC / OAVM and vote on their behalf through remote e-voting or at the AGM, by email from their registered email addresses to the Scrutinizer at chetan.gupta@apacandassociates.com with a copy marked to the Company at investorservice@ppapco.com, mentioning the name of the Company in the subject line.

5. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the said MCA Circulars issued by the MCA and said SEBI Circular, the Annual Report including notice of the 25<sup>th</sup> AGM of the Company inter alia indicating the process and manner of e-voting is being sent only by email, to all the members whose email address are registered with the Company / Depository Participant(s).

Further, in terms of the applicable provisions of the Act, Listing Regulations read with the said MCA Circulars and said SEBI Circular, the Annual Report including notice of the 25<sup>th</sup> AGM of the Company will also be available on the website of the Company at [www.ppapco.in](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 (LIPL), i.e. <https://instavote.linkintime.co.in>.

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

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

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

**16. Process for updating / registration of email address and mobile numbers and updation of bank account details:**

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

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

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