



PPAP Automotive Limited

B-206A ■ Sector-81 ■ Phase-II ■ Noida 201305 ■ Uttar Pradesh ■ India
☎ +91-120-4093901 ✉ info@ppapco.com 🌐 www.ppapco.in

23th August, 2022

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001
Symbol: 532934

The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051
Symbol: PPAP

Subject: Regulation 34 - Notice for 27th Annual General Meeting ("AGM") and annual report for the financial year 2021-22 of PPAP Automotive Limited ("Company")

Dear Sir,

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed notice for 27th AGM scheduled to be held on 16th September, 2022 at 11.30 a.m. (IST), through video conferencing/ other audio visual means and annual report for financial year 2021-22 of the Company.

The notice for 27th AGM and annual report for financial year 2021-22 is also available on the website of the Company at www.ppapco.in.

This is for your information and record.

Yours faithfully,
For **PPAP Automotive Limited**

Pankhuri Agarwal
Company Secretary & Compliance Officer



PPAP AUTOMOTIVE LIMITED



ANNUAL
REPORT
2021-22



TAKING CHALLENGES, TOGETHER



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» Corporate Information

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

Non-Executive Director

Mrs. Vinay Kumari Jain

Committees of the Board

Audit

Mr. Pravin Kumar Gupta- Chairman
(w.e.f. 11th Feburary, 2022)

Mr. Bhuwan Kumar Chaturvedi

Mr. Abhishek Jain

Nomination and Remuneration

Mrs. Celine George- Chairperson
(w.e.f. 11th Feburary, 2022)

Mr. Bhuwan Kumar Chaturvedi

Mr. Pravin Kumar Gupta

Stakeholders Relationship

Mr. Pravin Kumar Gupta- Chairman

Mrs. Vinay Kumari Jain

Mr. Abhishek Jain

Corporate Social Responsibility

Mr. Bhuwan Kumar Chaturvedi-
Chairman

Mrs. Vinay Kumari Jain

Mr. Abhishek Jain

Chief Financial Officer

Mr. Sachin Jain

(w.e.f. 10th May, 2021)

Company Secretary

Ms. Pankhuri Agarwal

(w.e.f. 13th May, 2022)

Website

www.ppapco.in

Registered Office

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

Corporate Office

B-206A, Sector-81, Phase-II,
Noida-201305 Uttar Pradesh,
Tel. No.: +91-120-4093901

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, 1st Floor,
Plot NH2, C-1, Block LSC,
Near Savitri Market, Janakpuri,
New Delhi-110058

Plant Locations

- B-206, 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 Village Ukhlod,
Taluk Viramgam,
Ahmedabad-382150, Gujarat

» Board Of Directors

MR. AJAY KUMAR JAIN

Chairman and Managing Director



MR. BHUVAN KUMAR CHATURVEDI

Independent Director



MR. PRAVIN KUMAR GUPTA

Independent 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



Dear Stakeholders,

It is my pleasure, once again, to be in your midst and I hope all of you are in good health and spirits.

Let me begin by sharing with you my perspective of the current situation around us.

The second wave of the Covid-19 pandemic has ebbed leaving behind a trail of pain and suffering. Safety of our employees and their families was our main concern. Your company took all steps to provide a safe working environment and full support to all our employees during this turbulent period. My heart goes out to all the families who have been impacted by this health crisis.

Our second priority was to ensure that our customers lines run smoothly and there is no default from our side.

I am thankful to all our employees for their unrelenting support for keeping the company operations smooth and for meeting all the demands of our customers, despite the odds.

Due to various disruptions, the automotive industry has been facing high raw material prices, logistic issues, and semiconductor shortage, as the demand for semiconductors shot up due to Covid.

Our world is currently plagued with multiple challenges.

Global economy is facing risk of widespread stagflation and is expecting a slowdown.

A huge challenge today is the Russia Ukraine conflict. It has resulted in high prices of petroleum products, edible oils, food, energy shortages, high energy prices, supply chain disruptions, etc.

India too may have to face the short-term challenge of slowing growth and higher inflation.

On the positive side, India's manufacturing is set for long-term growth and gain a major share of global manufacturing output aided by:

- Infrastructure improvements which are helping drive down macro costs and improve reliability of supplies, and
- A supportive global environment – as various countries are looking to broad base supply sources away from China, and
- India's increasing focus on import substitution.

According to the changing times, your company is being restructured for both organic and inorganic growth.

In the automotive space, your company has been continuously adding new customers, more value-added products and expanding our operations, near to, the customers to meet their current & future needs.

We have increased our market share with our existing customers and started supplies to new customers. Your company has been regularly appreciated by our customers for our customer centric approach.

» Chairman's Message

In the EV vertical, we have setup lithium-ion battery lines for 2/3 Wheelers. This vertical is helping us in increasing the EV customers interest for development of plastic injection moulding tools, as well as plastic, and rubber parts for their vehicles. It has facilitated in making your company a big solution provider.

Leveraging our tooling facilities, your company has added new customers in automotive segment, white goods, and medical segment. We have established ourselves as one of the leading manufacturers of plastic injection mould and tooling in the country.

New ventures in aftermarket business have been getting good traction. We have been expanding our footprint across India to capitalise on the aftermarket demand.

Your company's sustainability performance is closely monitored.

At PPAP, we do more than comply with all statutory requirements set by the regulatory authorities in the true letter and spirit. We have set our foot on our ESG journey with the objective of running our operations sustainably and responsibly.

Your company's first Sustainability report for FY20 ranked seventh among Asian Sustainability Reports in the category of first-time reporting. The report defines the initiatives which your company has taken in environment, social and governance

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.

We are completely poised with dynamism and resilience to navigate through the volatile environment due to our relentless focus on global level excellence, in each area, of our operations.

Going forward, the demand for our products is improving owing to preference for personal mobility.

Our customers are launching new models and are making efforts to achieve record production.

It is expected that the semiconductor shortage, supply chain issues, along with high raw material prices, would ease out soon leading to our improved financials.

During FY22, revenue of your Company has grown by 27.4% on standalone basis and 30.9% on a consolidated basis. The consolidated EBITDA witnessed an increase of 17% during FY22 and stood at ₹ 38.6 Crores.

Your Board has recommended a final dividend of 15%, which is ₹1.5 per equity share.

Before I conclude, I would like to thank all our stakeholders for their cooperation and support.

I would like to start by thanking you, my dear shareholders, for your trust and confidence, to my colleagues in the Board for their relentless support and for always sharing their wisdom with us, to my customers due to whom, we exist; to my employees who never leave any stone unturned, and to my suppliers for their uninterrupted supplies.

Once again, a big thank you to everyone.

Ajay Kumar Jain
Chairman & Managing Director



» Facilities



Not to scale - for illustration purpose only

DELHI	NOIDA	DADRI	GREATER NOIDA	BHIWADI	SRIPERUMBUDUR	VIRAMGAM	PUNE	CHENNAI	GURUGRAM	
●										Registered Office
							●	●	●	Sales Office
	●		●	●	●	●				PPAP Manufacturing Facility
			●		●	●				PTI Manufacturing Facility
	●									PTech Manufacturing Facility
●		●								Elpis Warehouse

>> Esteemed Clientele



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: +91-120-4093901

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

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting ("AGM") of the shareholders of PPAP Automotive Limited ("Company") will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Friday, 16th September, 2022 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 31st March, 2022, 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 31st March, 2022, together with the Report of the Auditors thereon.
2. To declare final dividend of ₹ 1.5/- (15%) per equity share (face value of ₹10/- each) for the financial year ended 31st March, 2022.
3. To appoint a Director in place of Mrs. Vinay Kumari Jain (DIN: 00228718), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. **Waiver of excess remuneration paid to Mr. Ajay Kumar Jain, Chairman and Managing Director of the Company during the financial year 2021-22.**

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 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force), and upon the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to ratify and confirm waiver of recovery of excess managerial remuneration of ₹ 76.48 Lakhs (Rupees seventy-six lakh and forty-eight thousand only) paid to Mr. Ajay Kumar Jain (DIN: 00148839), Chairman & Managing Director of the Company for the financial year 2021-22, due to inadequacy of profit in the said financial year.

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

5. **Waiver of excess remuneration paid to Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company during the financial year 2021-22.**

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 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force), and upon the recommendations of Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to ratify and confirm waiver of recovery of excess managerial remuneration of ₹ 76.48 Lakhs (Rupees seventy-six lakh and forty-eight thousand only) paid to Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer & Managing Director of the Company for the financial year 2021-22, due to inadequacy of profit in the said financial year.

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

6. **Approve employee stock option scheme**

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 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI (SBEB) Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (all together referred to as "Applicable Law"), the Memorandum and Articles of Association of the Company and any other applicable and prevailing statutory guidelines/ circulars in that behalf and subject to such other approval(s), consent(s) permission(s) and sanctions as may be necessary from any appropriate regulatory authorities/ institutions, if any, and such conditions and modifications as may be prescribed or imposed by appropriate regulatory authorities / institution(s) while granting such approval(s), consent(s), permission(s) and sanction(s), consent of the members of the Company be and

is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include the, Nomination & Remuneration Committee or any other Committee, which the Board has constituted and empowered by the Board for the purpose, hereinafter referred to as “the Committee”), to adopt and implement “PPAP Employee Stock Option Scheme 2022” (“ESOP 2022”/ “Scheme”) and to grant, offer and issue, in one or more tranches, not exceeding 7,00,000 (Seven Lakhs) Options which shall be (5%) of the Paid-up Capital of the Company as on date, to such (i) permanent employees of the Company whether working in or outside India (ii) directors of the Company whether whole-time directors or otherwise excluding the Independent Directors, except (a) a promoter or a person who belongs to promoter group (b) director who holds directly or indirectly more than 10% of the issued capital of the Company, and an employee as defined in (i) and (ii) above of a group company including subsidiary or its associate company, in India or outside India (hereinafter referred to as “Eligible Employees”), who are eligible to participate, as per the applicable laws and as may be decided by the Board/ Committee, under the scheme exercisable into equivalent number i.e. not exceeding 7,00,000 (Seven Lakhs) equity shares in aggregate at such price and on such terms and conditions as may be determined by the Board/Committee in accordance with the Applicable Law as may be prevailing from time to time.

RESOLVED FURTHER THAT in case of any corporate action(s) such as sub-division, consolidation of shares, rights issues, bonus issues, reorganisation of capital structure of the Company and others, if there is any change in the total number of paid-up equity shares, then the above ceiling of equity shares and the exercise price payable by the Employees shall be deemed to be increased or decreased in line with such change in total paid-up equity shares and/or face value thereof.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari-passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of equity shares allotted under the Scheme, from time to time, on the stock exchanges where the equity shares of the Company are listed.

RESOLVED FURTHER THAT the Company shall conform to the applicable accounting policies, guidelines or accounting standards as may be applicable from time to time, including the disclosure requirements prescribed therein.

RESOLVED FURTHER THAT the number of Employee Stock Options that may be granted to any Eligible Employee, in any financial year and in aggregate under the ESOP 2022 shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company.

RESOLVED FURTHER THAT the Board of Directors may authorise Nomination & Remuneration Committee (“Committee”), to formulate, evolve, decide upon and bring into effect ESOP 2022, on such terms and conditions as it

deems necessary and to make any change(s), modifications, variations, revisions or suspend or terminate the Scheme not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also settle any issues, questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board and/or any person as authorised by the Board be and are hereby severally authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to the implementation, administration and evolution of ESOP 2022.”

7. Approve and extend benefits of PPAP Employee Stock Option Scheme 2022 to the employees of subsidiary/ associate companies (including joint venture 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 42, 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment of the Act (the “Act”), for the time being in force and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including any modifications thereof or supplements thereto (“the Regulations”) and in accordance with the provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**the Board**” which term shall be deemed to include the Nomination and Remuneration Committee), consent of the members of the Company be and is hereby accorded to the Board to extend the benefits of “PPAP Employee Stock Option Scheme 2022” (“ESOP 2022”/ “Scheme”) proposed in Resolution Number 6 in this Notice to the Employees, whether working in India or out of India and Directors whether Whole-time Directors or not, of the subsidiary /associate company(ies) of the Company unless they are prohibited from participating in the Scheme under any law or regulations for the time being in force, on such terms and conditions as may be decided by the Board/Committee in accordance with the applicable Law as may be prevailing from time to time.

RESOLVED FURTHER THAT for the purpose of creating, offering, issuing, allotting and listing of the securities, the Board be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

RESOLVED FURTHER THAT the Board and/or any person as authorised by the Board be and are hereby severally

authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to the implementation, administration and evolution of ESOP 2022.”

8. Ratification of remuneration of the Cost Auditor for the financial year 2022-23.

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 provision of 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(s) or variation thereto, for the time being in force) the members hereby ratify the remuneration of ₹ 1,60,000/- (Rupees One lakh 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 31st March, 2023.

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: Noida
Date: 10th August, 2022

Pankhuri Agarwal
Company Secretary
ACS:59103

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular no. 02/2022 dated 5th May, 2022 read with General Circular nos. 02/2021, 14/2020, 17/2020 and 20/2020 dated 13th January, 2021, 8th April, 2020, 13th April, 2020 and 5th May, 2020, respectively (“MCA Circulars”) and the Securities and Exchange Board of India (“SEBI”) vide its circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 (“SEBI Circulars”) permitted the holding of Annual General Meeting (“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 8 given above as special business in the 27th 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 8 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 27th AGM. Hence, proxy form and attendance slip are not annexed to this notice.
4. Corporate / Institutional Shareholders are entitled to appoint authorized 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 scrutinizer at e-mail ID chetan.gupta@apacandassociates.com with a copy marked to the Company at investorservice@ppapco.com, authorizing 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 line with the MCA Circulars and SEBI Circulars, the annual report including notice of the 27th 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). The Company shall send the physical copy of annual report 2021-22 to those members who request the same at investorservice@ppapco.com mentioning their Folio No./DP ID and Client ID.

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 27th AGM of the Company will also be available on the website of the Company at www.ppapco.in. The same can also be accessed from the websites of the stock exchange i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com respectively and on the website of Link Intime India Private Limited, 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, 10th September, 2022 to Thursday, 15th September, 2022 (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 and dividend.
11. Relevant details of Director 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 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 1st 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 re-lodged 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 shareholders 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 shareholders from 1st 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 Wednesday, 14th September, 2022 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.
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 Wednesday, 14th September, 2022 on investorservice@ppapco.com. The same will be replied by the Company suitably.
16. All members holding equity shares in physical mode are mandatory required to update their PAN, KYC details and Nomination to avoid freezing of folios on and after 1st April, 2023 pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 and SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021. The concerned shareholders are requested to register/ update the above mentioned details by submitting the prescribed forms duly filled and signed by the registered holders, by e-mail from their registered e-mail address to investorservice@ppapco.com or by submitting a physical copy thereof to the RTA, Link Intime India Private Limited, having its office at Noble Heights, 1st floor, Plot No NH-2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi - 110058, E-mail Id: helpdeskdelhi@mcsregistrars.com.
17. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Subdivision/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company’s website. It may be noted that any service request can be processed only after the folio is KYC compliant.
18. Final dividend for the financial year ended 31st March, 2022, 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, 09th September, 2022.
19. Members who have not so far en-cashed their dividend paid by the Company upto and during the financial year ended 31st March, 2022, may immediately approach the Company / RTA for claiming dividend amount. Information in respect of the unclaimed dividend as on 31st March, 2022, will be uploaded on the website of Investor Education and Protection Fund (“IEPF”) of the Government (www.iepf.gov.in) and on the website of the Company (www.ppapco.in). Dividends, if not en-cashed 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 en-cash his 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.
20. **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, login 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 bank account details and in consequence are not receiving communications from the Company electronically (viz. the Annual Report, notice of members meeting, e-voting details, etc.) 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 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.

21. Voting through electronic means:

- I. The businesses as set out in the notice may be transacted through electronic voting system and the Company will provide a facility for voting through electronic means. The facility of e-voting shall be provided by the RTA.
- II. The remote e-voting period begins on Monday, 12th September, 2022 (9:00 a.m. IST) and ends on Thursday, 15th September, 2022 (05:00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 9th September, 2022, may cast their vote electronically. The remote e-voting module shall be disabled by RTA for voting thereafter.
- III. The members who have cast 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 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 cast their vote on the resolutions through remote e-voting, shall be eligible to vote during the AGM through Insta Poll.
- VI. A member can opt for only single mode of voting i.e. through remote e-voting or Insta Poll. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the AGM shall be treated as "INVALID".
- VII. In compliance with the provisions of section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, Regulation 44 of the Listing Regulations and SS-2 issued by the ICSI, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by 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 than forty-eight hours from conclusion of the meeting by posting the same on the website of the Company (www.ppapco.com), website of RTA (<https://instavote.linkintime.co.in>) and by filing with the BSE Ltd. and National Stock Exchange of India Ltd. It shall also be displayed on the Notice Board at the Registered Office & Corporate Office of the Company.
- X. Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of the AGM i.e. 16th September, 2022.

22. Process and manner for attending the annual general meeting through InstaMeet

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>
- Select the "Company" and 'Event Date' and register with your following details: -

- A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
 - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
 - Shareholders/ members holding shares in **physical form shall provide Folio Number** registered with the Company
- B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable).
- C. **Mobile No.:** Enter your mobile number.
- D. **Email ID:** Enter your email id, as recorded with your DP/Company.

➤ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

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 with the company at investorservice@ppapco.com.
- 2) Shareholders will get confirmation on first cum first basis.
- 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:

- 1) On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
- 2) Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
- 3) After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
- 4) Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
- 5) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
- 6) Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

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

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

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

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

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

23. Remote e-voting:

Pursuant to SEBI circular dated 9th 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 9th 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 holding securities in demat mode with NSDL	<ul style="list-style-type: none"> • 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: https://eservices.nsd.com 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. • 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 & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ 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 hold 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 & voting during the meeting.
Individual shareholders holding securities in demat mode with CDSL	<ul style="list-style-type: none"> • 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 https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. • 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. • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration • Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email 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.

<p>Individual shareholders (holding securities in demat mode) & login through their depository participants</p>	<ul style="list-style-type: none"> • You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. • 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 & voting during the meeting.
<p>Individual shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.</p>	<ol style="list-style-type: none"> 1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in <ul style="list-style-type: none"> ➤ Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: - <ol style="list-style-type: none"> A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company. 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. C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. ➤ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@ ! # \$ & *), at least one numeral, at least one alphabet and at least one capital letter). ➤ Click “confirm” (Your password is now generated). 2. Click on ‘Login’ under ‘SHARE HOLDER’ tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’. 4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon. 5. E-voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link). 7. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘**Custodian / Mutual Fund / Corporate Body**’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘**Custodian / Mutual Fund / Corporate Body**’ login for the Scrutinizer to verify the same.

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

- o Click on ‘**Login**’ under ‘**SHARE HOLDER**’ tab and further Click ‘**forgot password?**’
- o 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 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 evoting@nsdl.co.in 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 helpdesk.evoting@cdslindia.com 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 or contact on: - Tel: 022 -4918 6000.

- Shareholders/ members are encouraged to join the meeting through tablets/ laptops and use internet with a good speed (preferably 2 MBPS download stream) for better experience during the AGM.
- In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013.

ITEM NO. 4 & 5

The managerial remuneration paid to Mr. Ajay Kumar Jain (DIN:00148839), Chairman and Managing Director and Mr. Abhishek Jain (DIN:00137651), Chief Executive Officer & Managing Director of the Company ("said Directors") for the financial year 2021-22 exceeded the limit under section 197 of the Companies Act, 2013 ("the Act").

The financial year 2021-22 has posed several challenges to the business due to COVID-related disruptions, geopolitical disruptions and most importantly, semiconductor chip shortage. As a result, the Company had inadequate profits in financial year 2021-22 for the purpose of payment of remuneration to Mr. Ajay Kumar Jain and Mr. Abhishek Jain.

Despite the challenging operational environment, the Company reported a revenue growth of 27.4% on stand-alone basis and 30.9% on a consolidated basis. While the Company continued to make payment of dividends to the shareholders, no increments including commission were given to Mr. Ajay Kumar Jain and Mr. Abhishek Jain.

The Board of Directors of the company upon recommendation of Nomination and Remuneration Committee at their meeting held on 13th May, 2022, subject to the approval of members of the Company, approved waiver of recovery of excess managerial remuneration of ₹76.48 Lakhs (Rupees seventy-six lakh and forty-eight thousand only) each paid during the financial year 2021-22 to Mr. Ajay Kumar Jain

and Mr. Abhishek Jain, which exceeded the limits specified under section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said financial year.

Thus pursuant to Section 197(10) of the Act, the members of the Company, may ratify and confirm waiver of recovery of excess managerial remuneration of ₹ 76.48 Lakhs (Rupees seventy-six lakh and forty-eight thousand only) each, paid during the financial year 2021-22 to Mr. Ajay Kumar Jain and Mr. Abhishek Jain, which exceeded the limits specified under section 197 read with Schedule V of the Act to the extent as aforesaid, due to inadequacy of profits in the said financial year.

The Board of Directors of the company recommends the item no. 4 & 5 of the notice as a special resolution.

Mr. Ajay Kumar Jain and Mr. Abhishek Jain are interested in the item no. 4 & 5 of the notice respectively. The relatives of Mr. Ajay Kumar Jain and Mr. Abhishek Jain 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. 4 & 5 of the notice.

ITEM NO. 6 & 7

PPAP Automotive Limited acknowledges that its growth may be attributed to the direction and contributions of the employees and would therefore like to provide them the option to participate and share in the wealth created similar to other stakeholders i.e. clients, investors, governments, and society. As a gesture aligned to this objective, an Employee Stock Option Scheme (“ESOP 2022” / “Scheme”) shall be implemented to:

- a. To promote success of the Company by rewarding and motivating the employees;
- b. To attract and retain talents;
- c. To link interests of employees with shareholders;
- d. To foster ownership; and
- e. To reward for loyalty.

Pursuant to section 62(1)(b) of the Companies Act, 2013 read with Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, (SEBI (SBEB) Regulations, 2021) the Company seeks your approval for implementation of the Scheme and grant options thereunder to the Eligible Employees.

Subject to the members approval and approval from any other authorities, if any, the Board of the Directors of the Company and its empowered committee, vide their respective meetings held on 10th August, 2022 have approved the proposed Scheme, features of which are specified under:

S. No	Particulars	Description
1.	Brief description of the Scheme	<p>The proposed Scheme seeks to reward eligible employees by way of granting options, which when exercisable results in equivalent equity shares of the Company, with a view to reward their association and loyalty which has resulted in corporate growth and value creation over a long period of time. The Scheme would motivate them for ensuring higher corporate growth and creation of value for all stakeholders.</p> <p>The Company shall issue options to the eligible employees, which may be accepted by them within the grant period. Upon acceptance of the offer, the eligible employees shall be required to satisfy the vesting conditions specified in the ESOP 2022 and make payment of the exercise price and applicable taxes within the exercise period.</p> <p>The Nomination and Remuneration Committee or any other empowered committee of the Board of Directors of the Company, as constituted or reconstituted, shall act as the Compensation Committee (“Committee”) for the superintendence and undertaking the general administration of the Scheme. All questions of interpretation of the Scheme shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Scheme.</p>

2.	The total number of options to be offered and granted;	<p>The maximum number of options to be granted shall not exceed 7,00,000 (Seven Lakhs) employee stock options.</p> <p>As per the SEBI (SBEB) Regulations, 2021 in case of any corporate action(s) such as sub division, consolidation of shares, rights issues, bonus issues, reorganisation of capital structure of the Company and others, the Committee shall adjust the number of shares available for offer and purchase price payable by the eligible employees in such a manner that the total value of shares available for offer remain the same after any such corporate action(s).</p>
3.	Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s);	<p>The following classes of employees (“Employees”), subject to their selection as per eligibility criteria, as may be decided by the Committee, shall be entitled to participate in the Scheme:</p> <ul style="list-style-type: none"> • an employee as designated by the Company, exclusively working in India or out of India; or • a Director of the Company, whether a whole time Director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an Independent Director; or • an employee as defined in sub-Clause (a) and (b) above of a group company including subsidiary or its associate company, in India or outside India or of a holding company of the Company, but does not include: <ul style="list-style-type: none"> i. an employee who is a Promoter or a person belonging to the Promoter Group; or ii. a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.
4.	Requirements of vesting and period of vesting;	As per the ESOP Scheme
5.	Maximum period (subject to Regulation 18(1) of SEBI (SBEB) Regulation, 2021 as the case may be) within which the options / shall be vested;	The period of vesting will be determined by the Committee at the time of grant of options and will be detailed in the letter of grant and the maximum vesting period shall be 5 years. The vesting could be accelerated by the Nomination and Remuneration Committee at its sole discretion in compliance with applicable law.
6.	Exercise price or pricing formula	Exercise price will be such price as may be decided by the Board and / or the Committee and shall have the power to vary the exercise price in such a manner so as to ensure that the Scheme remains attractive and beneficial to the Grantees.
7.	Exercise period/offer period and process of exercise/acceptance of offer;	<p>Once the offer is made, the Eligible Employee who intend to participate in the Scheme shall be required to accept such offer within the offer period or the extended offer period, as the case may be as defined in the Scheme. The offer shall lapse and shall be cancelled in case an Eligible Employee fails to submit the acceptance of the offer before the closure of the offer period or extended offer period.</p> <p>The Eligible Employee shall submit the acceptance of the offer along such other documents as may be required under the Scheme to the Company in such form as may be prescribed. After submission of acceptance of offer, the Eligible Employees are required to satisfy vesting conditions as stated in the Scheme/ grant letter, and upon satisfaction of the vesting conditions, within the exercise period, make payment of the exercise price.</p> <p>The commencement and closure dates of offer period, extended offer period and payment window, respectively, as decided by the Committee, shall be specified in the offer letter to be issued to the Eligible Employees.</p>

8.	The appraisal process for determining the eligibility of employees for the scheme(s);	The appraisal process for determining the eligibility of the employees will be in accordance with the Scheme or as may be determined by the Committee at its sole discretion. The quantum of options offered will vary depending on the performance, designation, level and grade, future potential of the eligible employee in success of the Company, etc.
9.	Maximum number of options to be offered and issued per employee and in aggregate, if any;	The maximum number of options that can be granted to any Eligible Employee during any one year shall not equal or exceed 1% of the issued capital of the Company at the time of grant of options except where a separate approval from the shareholders of the Company is obtained. In aggregate the total grant to employees will not exceed 7,00,000 (Seven Lakhs) options.
10.	Maximum quantum of benefits to be provided per employee under a scheme(s);	The Scheme does not contemplate any benefit other than allowing eligible employee to receive equity shares of the Company upon exercise of options. In this context, the maximum benefit shall be the maximum number of shares that can be offered as stated above.
11.	Whether the scheme(s) is to be implemented and administered directly by the company or through a trust;	This Scheme shall be administered by the Committee working under the powers delegated by the Board of the Company, in accordance with the SEBI (SBEB) Regulations.
12.	Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both;	This scheme shall involve new issue of shares by the Company.
13.	The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.;	Not Applicable
14.	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s);	Not Applicable
15.	A statement to the effect that the company shall conform to the accounting policies specified in regulation 15;	The Company shall follow 'IND AS 102- Accounting for Share Based Payment and/or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein in compliance of Regulation 15 of the SEBI (SBEB) Regulations.

16.	The following statement, if applicable: 'In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report';	Not Applicable
17.	Period of lock-in.	None
18.	Terms & conditions for buyback, if any, of specified securities covered under these regulations.	Not Applicable
19.	The method which the company shall use to value its options;	The Company will use the market value of the shares as listed on the recognised stock exchange
20.	The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct;	As per the ESOP Scheme
21.	The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee	As per the ESOP Scheme

In terms of Regulation 6(1) of SEBI ESOP Regulations, every employee stock option scheme shall be approved by the members of the Company by passing a special resolution in a general meeting. Regulation 6(3)(c) of the SEBI (SBEB) Regulations, 2021 requires that a separate resolution is required to be passed if the benefits of the Scheme are to be extended to eligible employees of the subsidiary companies.

Further, as ESOP Scheme entails further issue of shares, consent of the shareholders is required by way of a special resolution pursuant to Section 62(1)(b) of the Companies Act, 2013.

Accordingly, the Special Resolution set out at Item No. 6 & 7 of this Notice is proposed for approval by the shareholders.

Directors / Key Managerial Personnel of the Company /their relatives who may be granted Options under ESOP Scheme may be deemed to be concerned or interested in the Special Resolution proposed at Item No. 6 & 7 of this Notice.

ITEM NO. 8

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 31st March, 2023 at a remuneration of ₹ 1,60,000 (Rupees one lac sixty thousand only) plus payment of applicable taxes and re-imbursalment of out-of-pocket expenses incurred by the Cost Auditors in connection with the aforesaid audit.

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

Accordingly, the Board of Directors recommends the ordinary resolution set out at item no. 8 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. 8 of the notice.

The Board recommends the ordinary resolution as set out in item no. 8 of the notice for approval by the members.

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

Place: Noida
Date: 10th August, 2022

Pankhuri Agarwal
Company Secretary
ACS-59103

Annexure - 1

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

Name of the Director	Mrs. Vinay Kumari Jain
Director Identification Number (DIN)	00228718
Nationality	Indian
Date of Birth and Age	February 20, 1956 (66 Years)
Date of first appointment	26/12/2013
Qualification	Graduate in Science from Delhi University
Expertise in specific functional area	Having vast experience in automotive industry.
Brief profile	Mrs. Vinay Kumari Jain was one of the founder partners of partnership firm Precision Pipes and Profiles Company formed in 1978 and continued as a partner till 1995. Subsequently, she was appointed as the Director of the Company in 2013. She has total work experience of more three decades and posses a deep understanding of the automotive business.
Terms and condition of appointment/re-appointment	Re-appointment upon retirement by rotation
Details of remuneration last drawn (Financial year 2021-22) and sought to be paid, if applicable	4.32 lakhs Sitting fee
Number of Board meetings attended during the financial year 2021-22	5 (Five)
Relationships with other Directors, Manager and other Key Managerial Personnel	Spouse of Mr. Ajay Kumar Jain, Chairman and Managing Director & Mother of Mr. Abhishek Jain, Chief Executive officer and Managing Director
List of Directorships held in other companies (excluding foreign, private and section 8 Companies) as on 31 st March 2022	Nil
Memberships/ Chairmanships of Audit and Stakeholders Relationship Committees across Public companies including PPAP Automotive Limited	Member of Stakeholders Relationship Committee of PPAP Automotive Limited
No. of shares held in the company (a) Own (b) For other persons on a beneficial basis	5,33,890

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DIRECTORS' REPORT

Dear Members,

PPAP Automotive Limited

Your directors have pleasure in presenting the Twenty Seventh Annual Report of PPAP Automotive Limited ("Company") along with the audited financial statements and the auditors' report thereon for the year ended 31st March, 2022.

Financial highlights and state of Company's affairs

The financial performance of the Company for the year ended 31st March, 2022, on a standalone and consolidated basis, is summarized below:

(₹ in lacs)

Particulars	For the year ended			
	Standalone		Consolidated	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Revenue from Operations (net of excise)	40,907.21	32,118.27	42,191.73	32,219.75
Other Income	199.65	264.93	99.78	209.51
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	4,104.59	3,635.65	3,610.31	3,347.98
Less: Depreciation / Amortization / Impairment	2,895.09	2,632.44	2,946.85	2,646.67
Profit / loss before Finance Costs, Exceptional items and Tax Expense	1,209.50	1,003.21	663.46	701.31
Less: Finance Costs	598.30	369.35	650.53	378.30
Profit / loss before Tax Expense	611.20	633.86	12.93	323.01
Less: Tax Expense (Current & Deferred)	152.38	150.25	91.77	113.26
Profit / loss for the year	458.82	483.61	(78.84)	209.75
Other Comprehensive Income / loss	(11.58)	73.69	(11.01)	78.10
Total	447.24	557.30	(89.85)	287.85

Dividend

The Board of Directors of the Company are pleased to recommend a final dividend of ₹ 1.5 per equity share (15%) 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 1st 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 (₹ Twenty Crores) comprising of 2,00,00,000 (Two Crores) equity shares of ₹ 10 each. The issued, subscribed and paid-up share capital of the Company is ₹ 14,00,00,000 (₹ Fourteen Crores) comprising of 1,40,00,000 (₹ One Crore Fourty Lakhs) 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 31st March, 2022.

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 31st March, 2022, 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_MGT-7.pdf.

Meetings of the Board of Directors

The Board of Directors met five times during the financial year 2021-22, 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

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mrs. Vinay Kumari Jain (DIN: 00228718), Director of the Company retires by rotation and being eligible, offer herself for re-appointment at the 27th Annual General Meeting.

Mr. Abhishek Jain (DIN: 00137651), Chief Executive Officer and Managing Director of the Company was reappointed by the shareholders in the last AGM w.e.f. 1st April, 2022.

Mrs. Celine George, Independent Director was reappointed by the shareholders in the last AGM for second term of five consecutive year w.e.f. 16th April, 2022 upto 15th April, 2027.

Mrs. Sonia Bhandari, Company Secretary of the Company has resigned w.e.f. 18th September, 2021.

The Board of Directors upon recommendation of Nomination and Remuneration Committee appointed Mrs. Shivani Sehgal as Company Secretary of the Company w.e.f. 12th November, 2021.

Mrs. Shivani Sehgal, Company Secretary of the Company has resigned w.e.f. 25th April, 2022.

The Board of Directors upon recommendation of Nomination and

Remuneration Committee appointed Ms. Pankhuri Agarwal as Company Secretary of the Company w.e.f. 13th May, 2022.

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 and managed by Indian Institute of Corporate Affairs.

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

The terms and conditions of appointment of the Independent Directors are placed on the website of the Company under the link: https://www.ppapco.in/assets/pdf/policies/Template_for_appointment_of_Independent_Director.pdf

Directors' responsibility statement

In terms of and pursuant to section 134(3)(c) of the Companies Act, 2013, as amended from time to time, in relation to the financial statements for the year ended 31st March, 2022, to the best of their knowledge and belief your Directors confirm the following:

- i. that in the preparation of annual accounts for the financial year ended 31st March, 2022, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a "true and fair view" of the state of affairs of the Company as at 31st March, 2022 and of the profit and loss of the Company for the financial year ended 31st March, 2022;
- 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 31st March, 2022 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 nomination and remuneration policy is available on the website of the Company at https://www.ppapco.in/assets/pdf/policies/Nomination_Remuneration_Policy.pdf.

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.
11. Evaluation of Independent Director: For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate for the balancing the holistic set of skills, knowledge, wisdom, and experience on the Board. Based on such evaluation, prepare the role and responsibilities, qualifications, and capabilities required of an incoming independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. To identify suitable candidates, the Committee may:
 - a) use the services of an external agencies,
 - b) consider candidates from a wide range of backgrounds having due regard to diversity and,
 - c) consider the time commitments of the candidates.

Particulars of employees

The information required under section 197 of the Companies Act, 2013 read with Rule 5 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-D' to this report.

Subsidiary, joint venture and associate companies

During the year 2021-22 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. Elpis Components Distributors Private Limited and PPAP Technology Limited (formerly PPAP 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 / associate / 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 and sustainability report

The Company has provided Business responsibility and sustainability report (BRSR) based on the National Guidelines on Responsible Business Conduct describing initiatives undertaken from an environmental, social and governance perspective.

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

There has been no material change and commitment, affecting the financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report

Particulars of loans, guarantees and investments

During the year under review, your Company has not given any loan or guarantee which is covered under the provisions of section 186 of the Companies Act, 2013. However, details of investments made during the year, are given under Note no. 7 of the standalone financial statements of the Company.

Related party transactions

During financial year 2021-22, 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 2021-22, 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. 40 to the standalone financial statements of the Company.

Auditors and Auditor's 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 23rd AGM held on 23rd August, 2018, for the period of five years i.e. up to the conclusion of the 28th 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 2021-22.

The secretarial audit report for the financial year 31st March, 2022 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 8th February, 2019 issued by Securities and Exchange Board of India ("SEBI"), the Company has obtained the annual secretarial compliance report for the year ended 31st March, 2022, 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) or disclaimer in the said report.

- **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 2022-23 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 27th 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 2020-21 on 1st September, 2021, 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 strives 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 health.

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 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.

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

For and on behalf of the Board

Place: Noida
Date: 13th May, 2022

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 2021-22**

Name of Directors	Designation	Ratio to median remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	48.09
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	48.09

- ii. **The percentage increase in remuneration each Director#, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year 2021-22**

Name of Employee	Designation	% increase in remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	-
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	-
Mr. Sachin Jain	Chief Financial Officer	8 %
Mrs. Sonia Bhandari*	Company Secretary	8 %
Mrs. Shivani Sehgal**	Company Secretary	-

#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.

** Mrs. Sonia Bhandari resigned w.e.f. 18th September, 2021.*

***Mrs. Shivani Sehgal has been appointed w.e.f. 12th November, 2021 and resigned w.e.f. 25th April, 2022.*

- iii. **The percentage increase in the median remuneration of employees in the financial year 2021-22 – 7.55%**
- iv. **Number of permanent employees on the rolls of the Company as on 31st March, 2022 – 1,169 employees**
- v. **Average percentiles 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 and 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: Noida
Date: 13th May, 2022

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 of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2022

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 31st March, 2022 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 31st March, 2022 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 and Sweat Equity) Regulations, 2021; 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 and dealing with client to the extent of securities issued;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable; and
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the date applicable.
- vi. Following are the other acts applicable on the Company;
- a) The Air (Prevention and Control of Pollution) Act, 1981;
 - b) The Water (Prevention Control of Pollution) Act, 1974;
 - c) The Environment (Protection) Act, 1986; and
 - d) The Petroleum Act, 1934.

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

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

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

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda

items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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.

The year under review was adversely impacted due to COVID-related disruptions, geopolitical disruptions, semiconductor chip shortage and unprecedented increase in commodity price. Due to inadequate annual profit, excess remuneration of ₹ 76,48,021/- each was paid to Mr. Ajay Kumar Jain, Chairman and Managing Director and Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company in terms of section 197 read with Schedule V of Companies Act, 2013 and the company would

seek approval from shareholders on waiver of excess remuneration paid as per the provision of Section 197 (10) of the Companies Act, 2013 within prescribed time period. The remuneration paid to Mr. Ajay Kumar Jain, Chairman and Managing Director and Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company were within the limits approved by the shareholders.

For NKJ & Associates
Company Secretaries

Neelesh Kumar Jain
(Proprietor)

Place: New Delhi
Date: 13th May, 2022

FCS No.: 5593
C P No.: 5233
PR No. : 688/2020
UDIN: F005593D000284080

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: F005593D000284080

Place: New Delhi

Date: 13th May, 2022

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

We seek to deliver long-term sustainable growth while reducing our environmental footprint and increasing our positive social impact. 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 also 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.

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. Bhuwan Kumar Chaturvedi	Chairman, Independent Director	2	2
Mrs. Vinay Kumari Jain	Member, Non-Executive Director	2	2
Mr. Abhishek Jain	Member, Executive Director	2	2

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/financials#boardmembers>
 (b) CSR Policy: https://www.ppapco.in/assets/pdf/policies/Corporate_Social_Responsibility_Policy.pdf
 (c) CSR projects: https://ppapco.in/assets/pdf/CSR_Project_v1.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	7.23

6. Average net profit of the Company for the last three financial years: ₹ 2588.71 lacs

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act: ₹ 51.77 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 2021-22: Nil

(d) Total CSR obligation for the financial year (7a + 7b - 7c): ₹ 51.77 lacs

8. a) CSR amount spent or unspent for the financial year 2021-22 (₹ 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	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 59.00	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 of the agency	CSR Registration number
Not applicable												

a) Details of CSR amount spent against other than ongoing projects for the financial year 2021-22: (₹ 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 State	District	Amount spent for the project	Mode of implementation direct (Yes / No)	Mode of implementation - through implementing agency Name	CSR Registration number
1.	Education	Promoting Education	Yes	Uttar Pradesh: Bhangel, Salarpur - District Gautam Budh Nagar	Gautam Budh Nagar	12.30	No	Vinay & Ajay Jain Foundation	CSR00001775
2.	Environmental sustainability	Environment	Yes	Sardar Patel Vidya Niketan (Sr Secondary School), Village - Mandi, Delhi, Jawahar Lal Bal Bhawan, (School), Village - Mandi, Delhi, Government Senior Secondary Boys School, Village - Mandi, Delhi, Prachin Shiv Mandir, Village - Dera, Delhi, Bajrangbali Temple, Village Dera, Delhi, Village Shiv Mandir, Dera, Delhi, Govt Secondary School, Chopanki, Pathredi, Bhiwadi, Rajasthan and Delhi NCR, Specifically at Tughlakabad Biodiversity Park, New Delhi (Activity include complete Plantation and care after the Plantation for sustainability)	Delhi	46.55	No	Vinay & Ajay Jain Foundation	CSR00001775
TOTAL						58.85			

b) Amount spent in administrative overheads: ₹ 0.15 lacs

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

d) Total amount spent for the financial year (b + c + d + e): ₹ 59.00 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)	51.77
(ii)	Total amount spent for the Financial Year	59.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	7.23
(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)]	7.23

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 Name of the Fund	Amount (₹ in lacs)	Date of transfer	Amount remaining to be spent in succeeding financial years (₹ in lacs)
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

Place: Noida
Date: 13th May, 2022Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839Bhuwan Kumar Chaturvedi
Chairman of CSR Committee
DIN: 00144487

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. Power saver time switch provided in Hydraulic Stretch Bending Machine. Pump will be switched-off when idle.
2. Extrusion line 8 -line speed increased by modifying all line machineries. 8 (operative) shift saved in a month.
3. One die zone eliminated after layout change of extruder no-3 in extrusion line-5
4. Power saver time switch provided in hydraulic power press. Pump will be switched-off when idle.
5. Energy saving by reducing crane movement 20/10T by (layout change) of fanuc-150, Toshiba 60 ton
6. Energy saving by reducing crane movement 5/3.2T by (layout change) of tool maintenance
7. Energy saving by shifting grinder area (2nd) floor to ground floor to eliminate cage lift operation.
8. Speed control of capacitor panel cooling fans
9. Smart control over A.C. (timer provided).
10. Energy efficient (IE5) rated inbuilt VFD 11 KW pump installed at Cooling Tower
11. Injection moulding machine control (UPS) removed and connected with 10 KVA UPS.
12. Old MTC having no water solenoid valve, now provided (to stop water loss).
13. New canteen area water tank automation done for energy saving.

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 at 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 ₹ 185.87 lacs as capital investment on energy conservation equipment during the financial year 2021-22.

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 2021-22:

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 st March, 2022	31 st March, 2021
Capital expenditure	0.00	0.00
Revenue expenditure	408.34	227.25
Total	408.34	227.25
Total R&D expenditure as a % turnover	1.00	0.71

Foreign exchange earnings and outgo

(₹ in lacs)

Particulars	For the year ended	
	31 st March, 2022	31 st March, 2021
Foreign exchange earning	0.00	0.00
Foreign exchange outgo	3,637.20	3,364.87

For and on behalf of the Board of Directors

Place: New Delhi
Date: 13th May, 2022

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 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, accountability, trust, honesty and safety. 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, act and 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 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 31st March, 2022 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
Total	6	100

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 31st March, 2022 are given herein below:

Sl. no	Name of Directors	Category	As on 31 st March, 2022			
			Directorship in other Companies ⁽¹⁾		Membership and chairmanship of the committees of the Board of other Companies ⁽²⁾	
			Public companies	Private companies	Chairman	Member
1	Mr. Ajay Kumar Jain	Chairman & Managing Director	4	11	-	-
2	Mr. Abhishek Jain	Chief Executive Officer & Managing Director	4	12	-	-
3	Mr. Bhuwan Kumar Chaturvedi	Independent Director	-	1	-	-
4	Mr. Pravin Kumar Gupta	Independent Director	-	-	-	-
5	Mrs. Vinay Kumari Jain	Non-Executive Director	2	1	-	-
6	Mrs. Celine George	Independent Director	-	1	-	-

⁽¹⁾Includes directorships held in public and private limited companies and excludes directorship in PPAP Automotive Limited.

⁽²⁾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 10 committees or is the chairman of more than five committees across all the companies in which he / she is a director.

All directors of the Company hold directorship in 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	Mrs. Vinay Kumari Jain
Knowledge / experience						
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	✓	✓	✓	✓	✓	✓
Technical skills / experience						
Administration	✓	✓	✓	-	✓	✓
Financial literacy	✓	✓	✓	✓	✓	-
Sales and marketing	✓	✓	✓	-	-	-
Compliances and risk mitigation	✓	✓	✓	✓	✓	-
Behavioral competencies						
High ethical standards of integrity and probity	✓	✓	✓	✓	✓	✓
Leadership and interpersonal skills	✓	✓	✓	✓	✓	✓
Mentoring abilities	✓	✓	✓	✓	✓	✓

iii) Change in Directors

Pursuant to the provisions of the Companies Act, 2013, Mrs. Vinay Kumari Jain (DIN: 00228718), Director, being liable to retire by rotation, shall retire at the ensuing Annual General Meeting ("AGM") and being eligible offer herself for re-appointment at the 27th 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Notice convening 27th 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 along with documents are 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 & opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. The Board members bring up any matter for discussion at the Board meetings in consultation with the Chairman.

During the financial year 2021-22 the Board has accepted all the recommendations of the committees of Board.

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

All the Independent Directors have renewed the registration with the independent directors' 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 30th March, 2022, during the financial year 2021-22.

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 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 2021-22 and at annual general meeting of the Company are as below:

Name of Directors	Attendance					
	Meeting 1 10 th May, 2021	Meeting 2 6 th August, 2021	Meeting 3 12 th November, 2021	Meeting 4 11 th February, 2022	Meeting 5 30 th March, 2022	Last AGM 3 rd September, 2021
Mr. Ajay Kumar Jain	✓	✓	✓	✓	✓	✓
Mr. Abhishek Jain	✓	✓	✓	✓	✓	✓
Mr. Bhuwan Kumar Chaturvedi	✓	✓	✓	✓	✓	✓
Mr. Pravin Kumar Gupta	✓	✓	✓	✓	✓	✓
Mrs. Vinay Kumari Jain	✓	✓	✓	✓	✓	✓
Mrs. Celine George	✓	✓	✓	✓	✓	✓

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 for confirmation.

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 ('the Committee') and its composition as well as charter are in line with the requirements of the Companies Act, 2013 and the Listing Regulations.

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

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

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 Audit Committee

The details of the Committee meetings and attendance of the members of the Committee during the financial year ended 31st March, 2022 are as below:

Name of the Committee Member	Designation	Category of Director		Attendance			
		Independent	Executive	Meeting 1 10 th May, 2021	Meeting 2 6 th August, 2021	Meeting 3 12 th November, 2021	Meeting 4 11 th February, 2022
Mr. Pravin Kumar Gupta ⁽³⁾	Chairman	✓	-	✓	✓	✓	✓
Mr. Bhuwan Kumar Chaturvedi ⁽⁴⁾	Member	✓	-	✓	✓	✓	✓
Mr. Abhishek Jain	Member	-	✓	✓	✓	✓	✓

⁽³⁾ Mr. Pravin Kumar Gupta, Member of the Committee designated as Chairman w.e.f. 11th February, 2022

⁽⁴⁾ Mr. Bhuwan Kumar Chaturvedi, Chairman of the Committee designated as Member w.e.f. 11th February, 2022

In addition to the members of the Committee, 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 the Committee.

Mr. Bhuwan Kumar Chaturvedi⁽⁴⁾, Chairman of the Committee was present at the annual general meeting of the Company held on 3rd September, 2021, to answer shareholders' queries.

The Committee relies on the expertise and knowledge of the management, the internal auditors, and the statutory auditor, in carrying out its oversight responsibilities. The management is responsible for the preparation, presentation and integrity of the Company's financial statements including consolidated statements, accounting, and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with 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 Committee 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.

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

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal and to carry out evaluation of every director's performance.
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
3. 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.
4. To formulate the criteria for evaluation of independent directors and the board.
5. To devise a policy on board diversity.
6. To extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors; and
7. To recommend / review remuneration of managing Director / whole-time director.
8. To recommend to the Board, all remuneration, in whatever form, payable to senior management.
9. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate for the balancing the holistic set of skills, knowledge, wisdom, and experience on the Board. Based on such evaluation, prepare the role and responsibilities, qualifications, and capabilities required of an incoming independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. To identify suitable candidates, the Committee may:
 - a) use the services of an external agencies,
 - b) consider candidates from a wide range of backgrounds having due regard to diversity and,
 - c) consider the time commitments of the candidates.

Meetings, attendance & composition of the NRC:

During the year, the NRC met three times and quorum was present in the meeting.

The details of the NRC meeting and attendance of the members of NRC during the financial year ended 31st March, 2022 is as below:

Name of Committee Member	Designation	Category of Director		Attendance		
		Independent	Non-Executive	Meeting 1 10 th May, 2021	Meeting 2 6 th August, 2021	Meeting 3 12 th November, 2021
Mr. Pravin Kumar Gupta ⁽⁵⁾	Member	✓	-	✓	✓	✓
Mrs. Celine George ⁽⁶⁾	Chairman	✓	-	Not applicable	Not applicable	Not applicable
Mr. Bhuwan Kumar Chaturvedi	Member	✓	-	✓	✓	✓
Mrs. Vinay Kumari Jain ⁽⁷⁾	Member	-	✓	✓	✓	✓

⁽⁵⁾ Mr. Pravin Kumar Gupta, Chairman of NRC designated as Member w.e.f. 11th February, 2022

⁽⁶⁾ Mrs. Celine George, appointed as Chairman of NRC w.e.f. 11th February, 2022

⁽⁷⁾ Mrs. Vinay Kumari Jain, ceased to be the member of NRC w.e.f. 11th February, 2022

Mr. Pravin Kumar Gupta⁽⁵⁾, Chairman of the NRC, was present at the AGM of the Company held on 3rd September, 2021, 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 and securities held by executive directors during the financial year ended 31st March, 2022:

Name of Directors	Salary and perquisite	Bonus	Commission	Others	Total	No. of equity shares held
Mr. Ajay Kumar Jain (Chairman & Managing Director)	120.40	0.17			120.57	38,67,180 90,123 ⁽⁸⁾
Mr. Abhishek Jain (CEO & Managing Director)	120.40	0.17		7.20	127.77	10,02,404

⁽⁸⁾ Holding equity shares in the name of Ajay Kumar Jain HUF as Karta.

Non-executive directors are paid sitting fees for attending the meeting of Board and Committees of Board.

Details of sitting fees paid to non-executive directors and equity shares held by them during the financial year ended 31st March, 2022:

Name of Directors	Sitting Fees	No. of equity shares held
Mr. Bhuwan Kumar Chaturvedi	5.40	-
Mr. Pravin Kumar Gupta	5.40	-
Mrs. Celine George	2.16	-
Mrs. Vinay Kumari Jain	4.32	5,33,890

Inter-se relationship between directors

The Directors' inter-se relationship are as follows:

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

There are no pecuniary relationships or transactions held between the 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 to resolve the requests of share transfer.

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

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

Meetings, attendance & composition of SRC

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

The details of the SRC meetings and attendance of the members of SRC during the financial year ended 31st March, 2022 are as below:

Name of Committee Member	Designation	Category of Director			Attendance	
		Independent	Non-Executive	Executive	Meeting 1 10th May, 2021	Meeting 2 12th November, 2021
Mr. Pravin Kumar Gupta	Chairman	✓	-	-	✓	✓
Mrs. Vinay Kumari Jain	Member	-	✓	-	✓	✓
Mr. Abhishek Jain	Member	-	-	✓	✓	✓

Mrs. Sonia Bhandari, Compliance Officer of the Company resigned w.e.f. 18th September, 2021.

Mrs. Shivani Sehgal was appointed as Compliance Officer of the Company w.e.f. 19th September, 2021. and resigned w.e.f. 25th April, 2022.

Ms. Pankhuri Agarwal is appointed as Compliance Officer w.e.f. 26th April, 2022.

Mr. Pravin Kumar Gupta, Chairman of the SRC, was present at the AGM of the Company held on 3rd September, 2021, to answer shareholders' queries.

Details of investors' complaints handled by the Company and its registrar & share transfer agent during the financial year 2021-22 are as below:

Number of complaints remaining unresolved as on 1 st April, 2021	0
Number of complaints received during the year	1
Number of complaints resolved during the year	1
Number of complaints remaining unresolved as on 31 st March, 2022	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 initiatives of the Company are categorized into environment, education, and health care.

The CSR Policy is also available on the website of the Company and can be accessed by web link <https://www.papco.in/assets/pdf/policies/Corporate-Social-Responsibility-Policy1.pdf>.

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

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

Meetings, attendance & composition of CSR Committee:

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

The details of the CSR committee meetings and attendance of the members of the CSR committee during the financial year ended 31st March, 2022 are as below:

Name of Committee Member	Designation	Category of Director			Attendance	
		Independent	Non-Executive	Executive	Meeting 1 10 th May, 2021	Meeting 2 12 th November, 2021
Mr. Bhuwan Kumar Chaturvedi	Chairman	✓	-	-	✓	✓
Mrs. Vinay Kumari Jain	Member	-	✓	-	✓	✓
Mr. Abhishek Jain	Member	-	-	✓	✓	✓

2. General body meetings

a) 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
2020-21	Conducted through video conferencing / other audio-visual means. Deemed location is the registered office of the Company at 54, Okhla Industrial Estate, Phase – III, New Delhi-110020.	Friday, 3 rd September, 2021 at 11:30 a.m.	3
2019-20	Conducted through video conferencing / other audio-visual means. Deemed location is the registered office of the Company at 54, Okhla Industrial Estate, Phase – III, New Delhi-110020.	Friday, 25 th 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 rd September, 2019 at 11:00 a.m.	-

b) 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

(a) Related party transactions

All related party transactions entered during 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 IND AS-24 are given in note no. 40 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.

(b) 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.

(c) Disclosure of accounting treatment

The Company has adopted Indian Accounting Standards as amended ("Ind AS") and accordingly the financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 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.

(d) 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 of the mechanism and also provide for direct access to the Chairman of the audit committee in exceptional cases. The Company affirms that no employee of the Company was denied access to the Chairman of the audit committee.

This policy is also available on the Company's website and is accessible at https://www.ppapco.in/assets/pdf/policies/WHISTLE_BLOWER_POLICY-1_2.pdf

(e) 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).

(f) Training of board members

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

(g) 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 2021-22:

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

(h) 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.

(i) 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.

(j) 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.

(k) Disclosure of compliance of 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 Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

(l) Certificate for transfer of shares and reconciliation of share capital

As stipulated by the Securities and Exchange Board of India, 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.

(m) 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 31st March, 2022.
- 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, NRC and by the Independent Directors. A structured questionnaire was prepared for the Directors considering various factors for evaluation including contribution to the Board work, domain expertise, strategic vision, industry knowledge, participation, effectiveness, and quality of discussions etc. 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 st March, 2022
Audit fees	9.30
Tax fees	7.21
Others	0.04
Total	16.55

6. CEO and CFO certification

The Chief Executive Officer and the 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 the 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 Managing Director & Chief Executive Officer and the 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 31st March, 2022 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 Managing Director & CEO 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.; and
- 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 Plants 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.papco.in/assets/pdf/policies/Familiarization_Programme_FY22.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 2021-22.

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

The code of conduct and ethics for Board members and senior management can be accessed at the following link: https://www.papco.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.papco.in/assets/pdf/policies/POLICY_FOR_DETERMINING_MATERIAL_SUBSIDIARIES1.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 by the Securities and Exchange Board of India / 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 st April, 2021.	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 st March, 2022.	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 2021-22, 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 31st March, 2022. The details of the shareholders whose shares are transferred with IEPFA are also posted on the website of the Company i.e. www.ppapco.in. 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.

15. Credit rating

CRISIL, the reputed rating agency, has revised the credit rating of the Company on the long term bank facilities at 'CRISIL A/ Stable' and reaffirmed the short term bank facilities at 'CRISIL A1'.

16. Details of loans and advances in which directors are interested are given in note no. 14 in the notes to the Financial Statements.

17. Means of communication

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

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

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 and intimated to both the stock exchange i.e. National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

c. **Website:** Pursuant to Regulation 46 of the Listing Regulations, the Company's website 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, press release, financial results, annual reports and various policies of the Company.

d. **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.

e. **Designated exclusive email-id:** The Company has designated the e-mail id investorservice@ppapco.com for investor servicing. Investors can also mail their queries to Registrar and Share Transfer Agent at delhi@linkintime.co.in.

f. **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

i) AGM		
Day	:	Friday
Date	:	16 th September, 2022
Time	:	11:30 a.m.
Mode	:	Through video conferencing / other audio-visual means
ii) Financial year	:	1 st April to 31 st March
iii) Quarterly Unaudited Financial Results		
Quarter ending 30 th June, 2022	:	On or before 14 th August, 2022
Quarter ending 30 th September, 2022	:	On or before 14 th November, 2022
Quarter ending 31 st December, 2022	:	On or before 14 th February, 2023
iv) Annual Audited Financial Results		
Year ending 31 st March, 2023	:	On or before 30 th May, 2023
v) Date of Book closure	:	10 th September, 2022 to 15 th September, 2022 (both dates inclusive)

vi) Dividend Payment Date

For Final dividend 2021-2022 of ₹ 1.5/- per equity share : If approved, will be paid within 30 days from the date of AGM.
recommended by the Board of Directors at its meeting held
on 13th May, 2022 subject to the approval of shareholders

vii) Listing on stock exchanges

National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, Bandra Kurla Complex	Phiroje Jeejeebhoy Towers
Bandra (E), Mumbai-400051	Dalal Street, Mumbai 400001
Tel: +91-22-26598100 / 14	Tel: +91-22-22721233 / 34
Email: cmlist@nse.co.in	Email: corp.relations@bseindia.com

viii) Stock code

BSE	:	532934
NSE	:	PPAP
ISIN No.	:	INE095101015

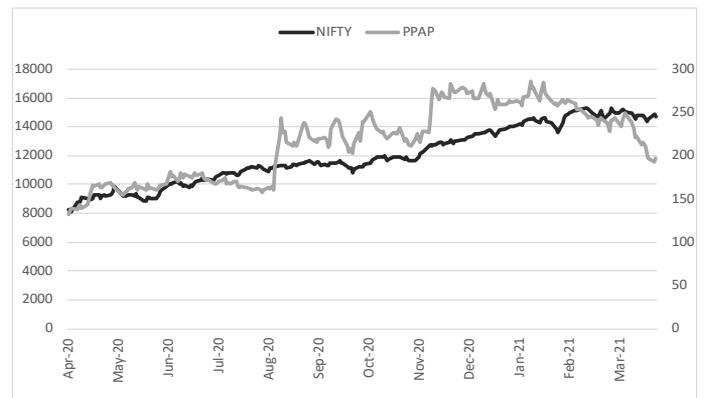
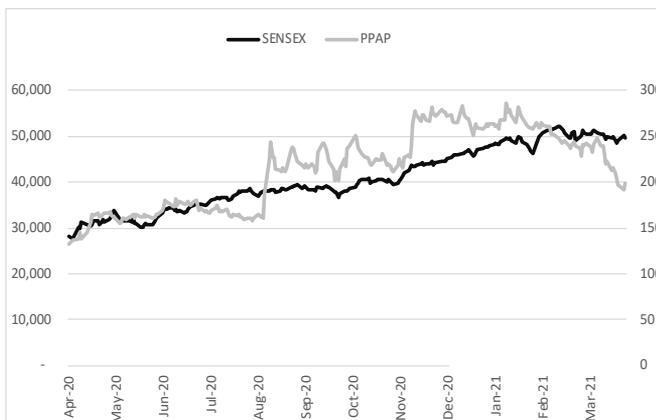
ix) Listing fees

The Company has paid listing fees up to the financial year ended 31st March, 2023 to BSE and NSE where Company's securities are listed.

x) Market price data

Market price of shares on NSE and BSE during the financial year 2021-22 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 21	14,631.10	209.00	177.10	190.30	48782.36	208.25	173.65	191.00
May 21	15,582.80	222.00	173.65	211.80	51937.44	220.00	181.65	212.35
June 21	15,721.50	249.00	206.65	225.95	52482.71	249.05	205.00	225.80
July 21	15,763.05	339.40	222.95	313.15	52586.84	339.35	223.50	313.25
Aug 21	17,132.20	326.90	225.00	249.70	57552.39	326.15	224.95	249.45
Sep 21	17,618.15	254.00	232.45	243.50	59126.36	254.90	232.65	243.65
Oct 21	17,671.65	272.00	230.35	237.85	59306.93	271.05	233.00	236.50
Nov 21	16,983.20	260.80	224.95	234.35	57064.87	261.00	227.45	234.00
Dec 21	17,354.05	239.70	207.65	218.75	58253.82	241.65	207.65	219.00
Jan 22	17,339.85	250.90	220.25	239.25	58014.17	251.95	218.80	238.50
Feb 22	16,793.90	244.95	190.00	207.95	56247.28	244.00	189.75	207.20
Mar 22	17,464.75	236.3	188.55	190.15	58568.51	234.90	189.00	190.05



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

xi) Compliance officer	
Name	: Ms. Pankhuri Agarwal
Designation	: Company Secretary & Compliance Officer
Tel	: +91-120-4093901
Email	: investorservice@ppapco.com
xii) Address of Registrar and Share Transfer Agent	: Link Intime India Private Limited Noble Heights, 1 st Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 Email: delhi@linkintime.co.in Website: www.linkintime.co.in Tel: +91-11-41410592 / 93 / 94

xiii) Share transfer system

In terms of the Circular bearing Ref. No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and further amendment vide Circular bearing Ref. No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018, both issued by Securities and Exchange Board of India, with effect from 1st 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

Information in respect of the unclaimed dividend as on 31st March, 2022, will be uploaded on the website of Investor Education and Protection Fund ("IEPF") of the Government (www.iepf.gov.in) and on the website of the Company (www.ppapco.in). Dividends, if not en-cashed 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 en-cash his dividend for a continuous period of 7 years, are also liable to be transferred to the Demat account of IEPF Authority.

xv) Distribution of shareholding

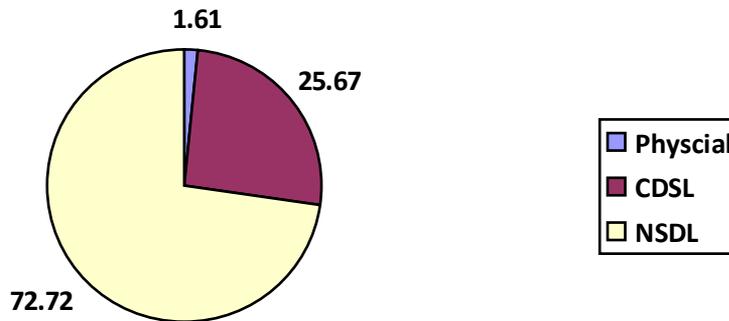
Details of category wise shareholding as on 31st March, 2022 are as below:

Categories	No. of shareholders	Percentage	No. of shares held	Percentage
1-500	18598	95.51	13,51,964	9.66
501-1000	465	2.39	3,62,287	2.59
1001-2000	202	1.03	3,05,148	2.18
2001-3000	74	0.38	1,84,335	1.32
3001-4000	21	0.11	75,078	0.54
4001-5000	24	0.12	1,08,056	0.77
5001-10000	38	0.20	2,76,393	1.97
10001-above	50	0.26	1,13,36,739	80.97
TOTAL	19472	100.00	1,40,00,000	100.00

xvi) Dematerialization of shares

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

S. No.	Mode of holding	No. of shares	% of total share capital
1.	Physical	2,25,139	1.61
2.	CDSL	35,94,197	25.67
3.	NSDL	1,01,80,664	72.72
	Total	1,40,00,000	100.00

**xvii) Details of Shareholding Pattern as on 31st March, 2022 are as below:**

S. No.	Category	Total number of shares	% of total number of shares
A.	Promoters & Promoters' Group		
i	Individual / Hindu Undivided Family	55,39,137	39.57
ii	Bodies Corporate	35,42,760	25.30
	Total Shareholding of Promoters & Promoters' Group (A)	90,81,897	64.87
B.	Public Shareholding		
i	Foreign Portfolio Investor	8,19,501	5.85
ii	Bodies Corporate	5,37,724	3.84
iii	Foreign Companies	2,25,000	1.61
iv	Individuals	30,66,836	21.91
vi	Others		
	Non Resident Indians	1,36,820	0.98
	IEPF Authority	5,138	0.04
	Trusts	318	0.00
	HUF	1,03,283	0.73
	Clearing Member	23,483	0.17
	Total Public Shareholding (B)	49,18,103	35.13
	Total (A+B)	1,40,00,000	100.00

xviii)	Outstanding GDR / ADR / Warrants or any convertible instrument	
	No outstanding GDR / ADR / Warrants or any convertible instrument as on 31 st March, 2022.	
xix)	The Company's plants are located at Noida (Uttar Pradesh), Surajpur (Uttar Pradesh), Pathredi (Rajasthan), Vallam Vadagal (Tamil Nadu) and Viramgam (Gujarat).	
xx)	Registered office	: 54, Okhla Industrial Estate, Phase-III, New Delhi-110020 Tel: +91-011-26311671 / 26910777 E-mail: investorservice@ppapco.com
	Address for correspondence and corporate office	: B-206A, Sector-81, Phase-II, Noida-201305, U.P. Tel: +91-120-4093901 E-mail: investorservice@ppapco.com

**CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY
FOR THE QUARTER AND YEAR ENDED MARCH 31, 2022**

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

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

- a) We have reviewed financial statements and the cash flow statement (standalone and consolidated) of the Company for the year ended on March 31, 2022, 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;
 - 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 violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated 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 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 listed entity's internal control system over financial reporting

Place: Noida
Date: 13th May, 2022

Abhishek Jain
Chief Executive Officer & Managing Director

Sachin Jain
Chief Financial Officer

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 Managerial Personnel of the Company have affirmed due observance of the Code of Conduct and Ethics of the Company during the financial year 2021-22.

Place: Noida
Date: 13th May, 2022

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 31st 2022, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has to conduct the affairs of the Company.
4. On the basis of our review and according to the best of our information and according to the explanation given to us, the Company has been complying with conditions of Corporate Governance, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For NKJ & ASSOCIATES

Company Secretaries

NEELESH KR. JAIN

Proprietor

FCS No.: 5593

C.P. No.: 5233

UDIN: F005593D000284058

Place: New Delhi

Date: 13th May, 2022

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**'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of 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 31st March, 2022 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	Mr. Celine George	02563846	16.04.2020
6	Mrs. Vinay Kumari Jain	00228718	26.12.2013

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

For VLA & Associates
 Company Secretaries

Vishal Lochan Aggarwal
 (Proprietor)

Membership No.: F7241

C. P. No.: 7622

UDIN: F007241D000514220

Place: New Delhi

Date: 13th May, 2022

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

PREFACE

The Securities & Exchange Board of India (SEBI) through a notification dated 5th May 2021 has made amendments to certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). As per the notification, companies would be required to submit a new report on ESG parameters, namely Business Responsibility and Sustainability Report (BRSR). The Indian capital markets regulator, SEBI, shall get credit for taking the lead in developing the BRSR framework. It is a comprehensive framework, which calls for more measurable, quantitative metrics to facilitate better benchmarking. For the top 1,000 Indian listed entities based on market capitalisation on the BSE Limited and National Stock Exchange of India Limited, are required to submit a Business Responsibility and Sustainability Report (BRSR). The BRSR is voluntary for Financial Year 2022 and mandatory from Financial Year 2023 onwards.

PPAP initiates voluntary disclosure of BRSR for Financial Year 2021-22, providing information on key business environment, social and governance responsibility initiatives undertaken by the Company. The ESG performance of the Company is assessed quarterly by PPAP's Top management.

We are dedicated towards developing engagement with our stakeholders to achieve our mission to be a global level excellence company.

SECTION A: GENERAL DISCLOSURES

I. Company details

S.No.	Details	
1	Corporate Identity Number (CIN) of PPAP:	L74899DL1995PLC073281
2	Name of Company:	PPAP AUTOMOTIVE LIMITED
3	Year of incorporation:	1995
4	Registered office address:	54, Okhla Industrial Estate, Phase-III, New Delhi-110020
5	Corporate office address:	B-206A, Sector-81, Phase-II, Noida-201305, Uttar Pradesh
6	E-mail:	compliance@ppapco.com
7	Telephone:	91-120-4093901
8	Website:	https://www.ppapco.in/
9	Financial year for which reporting is being done:	2021-22
10	Name of the Stock Exchange(s) where shares are listed	Equity shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
11	Paid-up Capital (in INR Cr)	14 Cr
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ramesh Chander Khanna Landline number: +91-120-4093901 Email Id: sustainability@ppapco.com
13	Reporting boundary	Disclosures made in this report are on a standalone basis and limited to PPAP Automotive Limited

II. Products/ Services

14. Details of business activities:

Description of Main Activity group	Description of Business Activity	% of Turnover of PPAP
Manufacturing of automotive parts	Manufacturing of automotive parts for passenger vehicles & two-wheelers	90%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/ Service	NIC Code	% of total Turnover contributed
1	Manufacture of parts and accessories for motor vehicles	34300	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	5	4	9
International	Nil	Nil	Nil

17. Markets served by PPAP:

a.	Locations	Number
	National (No. of States)	9
	International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity? Nil

c. A brief on types of customers

PPAP's esteemed clientele includes all major OEM vehicle manufacturer and tier-2 suppliers of OEM:

Passenger vehicles clientele includes Maruti Suzuki India Limited, Honda Cars India Limited, Toyota Kirloskar Motors, Hyundai, Toyota Boshoku, Kia Motors, Volkswagen, Renault Nissan, ISUZU, SML ISUZU, Mahindra, Magna Corp, Hyundai Mobis, Motherson, Unitex, TS Tech Limited, Asahi India Glass Limited, Saint-Gobain Polyplastics Industries Private Limited etc.

Commercial vehicle clientele includes SML ISUZU, ISUZU, Faurecia.

Two-wheeler clientele includes Suzuki, UNO Minda, Motovolt, Sanket Pragati India Private Limited, J&G Automotive Industries India Private Limited, etc.

Tooling clientele includes IAC, Amber, Havells, Aisin Group, etc.

Pail Containers clientele includes Dayal Group, MD Biocoals Private Limited.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees (including differently abled):			Employees			
S. No.	Particulars	Total	Male (%)		Female (%)	
			No.	%	No.	%
1	Permanent	1027	1021	99%	6	0.01%
2	Other than Permanent	653	594	91%	59	9%
3	Total	1680	1615	96%	65	4%

b. Differently abled Employees			Employees			
S. No.	Particulars	Total	Male (%)		Female (%)	
			No.	%	No.	%
1	Permanent	-	-	-	-	-
2	Other than Permanent	-	-	-	-	-
3	Total differently abled employees	-	-	-	-	-

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

19. Participation/Inclusion/Representation of women:

	Total	No. and % of Females	
		No.	%
Board of Directors	6	2	33.33
Key Management Personnel (KMP)	2	1	50

*The Company secretary (KMP) is appointed on 13th May 2022.

20. Turnover rate for permanent employees and workers:

	FY 2019-20			FY 2020-21			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	4.9%	0.2%	5.1%	15%	1%	16%	10%	1%	11%
Other Than Permanent	18%	2.7%	20.7%	29%	5%	34%	35%	2%	37%

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding/subsidiary/associate companies/joint ventures: As of March 31, 2022

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	PPAP Technology Limited	Wholly owned subsidiary	100%	Yes, PPAP positively influences and encourages its group companies to adopt Business Responsibility (BR) initiatives.
2	Elpis Components Distributors Private Limited	Wholly owned subsidiary	100%	
3	PPAP Tokai India Rubber Private Limited	Joint Venture	50%	

VI. CSR Details:

22. (a) (i) Whether CSR is applicable as per section 135: (Yes/No) Yes, applicable.

(ii) Turnover (in ₹): 409.07 Cr

(iii) Net worth (in ₹): 312.84 Cr

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any aspect of the National Guidelines on Responsible Business Conduct in the financial year:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No), If yes, then provide web-link for grievance redressal policy	2021-22		
		Number of complaints at the beginning of the year	Number of complaints received during the year	Number of complaints pending resolution at close of year
Shareholders	Yes	-	1	-
Employees	Yes	-	-	-
Customers	Yes	45	22	-
Value Chain Partners	Yes	-	-	-
Investors (other than shareholders)	Yes	-	-	-
Communities	Yes	-	-	-

PPAP has established a code of conduct & ethics policy, code of fair disclosure policy and whistle-blower policy to allow for the expression of concerns and grievances. This policy is consistent with PPAP's dedication to the highest possible standards of ethical, moral and legal business conduct with commitment to open communication. During the reporting year, no complaints were received from the stakeholder's group except the customers & shareholder and all the customer's concerns have been closed on timely basis.

Links of the same are as follows:

https://www.ppapco.in/assets/pdf/policies/Code_of_conduct_and_Ethics-_V3.pdf

https://www.ppapco.in/assets/pdf/policies/Code-of_Fair_Disclosure.pdf

https://www.ppapco.in/assets/pdf/policies/WHISTLE_BLOWER_POLICY-1_2.pdf

24. Overview of PPAP’s high priority responsible business conduct issues.

PPAP’s key material issues identified in the materiality matrix are divided under Environment, Social and Governance (ESG). The materiality assessment process is in line with Global Reporting Initiative (GRI) framework which is reviewed and approved by the PPAP’s steering committee. The identification of material issues was rated considering their importance and impact on business and stakeholders.

S. No.	Material Issue identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the Risk or Opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
1	Environment	Opportunity	<ol style="list-style-type: none"> Energy consumption Material use, recycling & reclaiming Waste reuse, recycling & disposal Water consumption GHG Emission & intensity 	Managing (Using, re-using and recycling) resources (such as energy, waste, water) more efficiently by upgradation of existing technology to optimize and minimize the organization’s overall carbon footprint. By adopting renewable energy sources for the energy resources.	Positive
2	Social	Opportunity	<ol style="list-style-type: none"> Employment Occupational Health & Safety Training and Development Diversity and gender equality 	Building Safety Leadership capability at all levels to achieve zero harm and to improve competency and capability for hazard identification and risk management, creating an inclusive workspace to attract and retain diverse talent by skill upgradation via numerous programmes	Positive
3	Economic	Opportunity	<ol style="list-style-type: none"> Economic Performance Market Presence Procurement practices 	Focusing on tangible & intangible growth, scaling of adjacent businesses, entering into new market segments, raw material de-risking for enhancing operational efficiency	Positive

Material Topics		
High Importance	Medium Importance	Low Importance
Economic		
Economic Performance	Indirect Economic Impact	
Market Presence	Anti-Corruption	Anti-Competitive Behaviour
Procurement Practices		
Environment		
Materials	Biodiversity	
Energy	Environmental Compliance	
Water and Effluents		
Emissions		
Effluents and Waste		
Supplier Environmental Assessment		

Social

Employment	Labour/Management Relations	Freedom of Association and Collective Bargaining
Occupational Health & Safety	Non-Discrimination	Security Practices
Training & Education	Child Labour	Rights of Indigenous People
Supplier Social Assessment	Forced or Compulsory Labour	Public Policy
Diversity and Equal Opportunity	Human Rights Assessment	Marketing and Labeling
Local Community	Customer Health & Safety	Socio-Economic Compliance
	Customer Privacy	

PPAP is continuously making efforts to improve its sustainability performance against the key material topics identified as KPIs in relevant activities and evaluate the same on regular basis. We also examine the validity and review the extent of the materiality itself on a periodic basis.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Ethics & Transparency	Product Responsibility	Human Resources	Responsiveness to Stakeholders	Respect for Human Rights	Environment Responsibility	Public Policy Advocacy	Inclusive Growth	Customer Engagement
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
c. Web Link of the Policies, if available	Some policies may also comprise a combination of internal PPAP policies that are available to all internal stakeholders and other are available on PPAP's website. https://www.ppapco.in/financials#codes_and_policies								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	NA	Y	Y
4. Name of the national and international codes/certifications/labels/standards adopted by your entity and mapped to each principle	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), GRI Standards and BRSR Guidelines.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	PPAP sustainability approach for FY23 includes: <ul style="list-style-type: none"> • Implementation of best practices through Vinay and Ajay Jain Foundation to rigorously manage environmental impacts. • Betterment of the local community in which we operate and the upliftment of the marginalised section of our society by providing education. • Endeavour to preserve water, clean air and ensure responsible management of hazardous & non-hazardous waste. • Commitment to increase the percentage of women workforce to at least 5% of total workforce. 								

6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met. PPAP strongly believes that sustainability is a journey and is constantly working on it.

Governance, leadership, and oversight

7. Statement by director responsible for the business report, highlighting related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)

In an increasingly complex and changing world, businesses are constantly facing new challenges and risks, which are evolving due to responsible for the climate change, environmental degradation, loss of biodiversity, rising inequality, increasing expectations from local communities, and business responsibility associated regulatory changes.

PPAP is committed to preserve 3Ps (People, Planet and Prosperity). We have a robust Governance Structure in place to take care of related challenges, socio-economic and environmental aspects of our business. We are strengthening efforts to align ourselves with 'United Nations' 17 Sustainable Development Goals (SDGs).

"Creating the greener world for our children" we continue to serve our society through our CSR initiatives. PPAP continues its CSR mission through its non-profit Trust "Vinay and Ajay Jain Foundation". The trust works in areas of environment, education, and healthcare.

The Trust has planted more than 62,000 native trees and shrubs in various Biodiversity Parks.

We strongly believe that sustainability is a journey, and we need to constantly keep working on it. Whatever, we do is little as the task ahead of us is gigantic. We believe that sustainability is important to all our stakeholders; from employees to customers to business partners to investors, etc. and it is an important guide for decision making. With a strong SDG culture and the values guiding our business actions, we are strongly committed to move in mission mode and work for providing greener tomorrow and a better world for the coming generations.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(s). Mr. Abhishek Jain, Chief Executive Officer & Managing Director

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. Yes, PPAP's sustainability initiatives inter alia plantation, education etc are monitored by corporate social responsibility committee and a Board at periodic intervals.

Principle wise PPAP policies

1 Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and Accountable.	The Board of Directors of PPAP have adopted a Code of Conduct & Ethics policy to elucidate the ethical behaviour, transparency and accountability in its business. These are set of regulations, policies, principles, and guidelines to help maintain a lawful, honest, and ethical environment throughout PPAP. The policies, rules and guidelines in the Code of Conduct & Ethics are applicable to all Directors and employees of PPAP.
2 Businesses should provide goods and services in a manner that is sustainable and safe	PPAP 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. PPAP remains focused on reducing resources in manufacturing of products with a sustainable life cycle through innovations to provide safe, comfortable and environment friendly products.
3 Businesses should respect and promote the well-being of all employees, including those in their value chains	PPAP has various policies to support employee well-being. Besides the Code of Conduct and ethics, other policies include the Whistle Blower policy, Supplier Code of Conduct, Quality & Environment Health and Safety policy, Comprehensive Employee Health Insurance policy, policy for Training & Development are in place to ensure the well-being of all employees.

4	Businesses should respect the interests of and be responsive towards all its stakeholders	PPAP recognises employees, communities surrounding our operations, suppliers, customers, technology partner, auditors, Insurance companies, shareholders, investors, NGOs & other advocacy group and regulatory authorities as our key stakeholders and respect the interests of all its stakeholders.
5	Businesses should respect and promote human rights	PPAP follows its policy on Human Rights which are embedded in the Code of Conduct and Ethics of PPAP. The Code of Conduct and Ethics extends to PPAP and its subsidiary companies. PPAP is committed to the fundamental principles of human rights & labour rights, workplace free of harassment and prohibition of child and forced labour. PPAP does not discriminate against any person based on their gender, caste, religion, age (within statutory limits), marital status, nationality, ancestry, ethnicity, geographical origin, sexual orientation or disability.
6	Businesses should respect, protect, and make efforts to restore the environment	PPAP has a well-defined 'Quality & Environment Health and Safety policy' and 'Energy Policy' which guides us to continually reduce our carbon footprint by conservation, reduction and energy optimization. PPAP plants are ISO 14001, 45001 and 50001 certified. PPAP works continuously to reduce the waste and is focused on creating green infrastructure by installing various energy efficient technologies. The suppliers are also encouraged and educated to follow environment friendly processes and policies.
7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	NA
8	Businesses should promote inclusive growth and equitable development	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.
9	Businesses should engage with and provide value to their consumers in a responsible manner	PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user. PPAP 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 are one of the most important factors of any business. PPAP constantly communicates / engages with all 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 action plans are discussed with customers.

10. Details of Review of NGRBCs by PPAP: Subject for Review	Whether review was undertaken by Director / Committee of the Board/ Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The policies of PPAP are reviewed on need or periodic basis by the Committees of Board or Board of directors of PPAP.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	PPAP is in compliance with the extant regulations as applicable.								
Frequency (Annually, Half Yearly, Quarterly, Any other)	The Top Management quarterly reviews progress and set directions for promoting policies across PPAP. The action points that emerge from the discussions at these meetings are recorded, implemented wherever necessary and reviewed in the subsequent meetings.								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency.

P1	P2	P3	P4	P5	P6	P7	P8	P9
Policies are reviewed internally and external assistance is availed whenever required.								

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is able to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.



Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training & awareness programs held	Topics /principles covered under the training and its impact	% Coverage by awareness programmes
Board of Directors	5	PPAP shares business presentations periodically at the meetings of the board of directors and the committees to inform the directors about the strategy, operations, and functions of PPAP. At various board meetings, presentations are also made on safety, health and environment, risk management, PPAP policies, and changes in regulatory environment.	100%
Key Managerial Personnel	12		100%

**Employees 77
other than
BOD and
KMPs**

PPAP's basic policy for training and development is the cultivation of "Teach and be Taught". 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.

100%

PPAP imparts induction training to all fresh recruits and Refresher training is also imparted to existing employees as per need. PPAP 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). PPAP has 'DOJO Centre' to train its new work force.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings with regulators/ law enforcement agencies imposed on your company by regulatory/ judicial institutions in the financial year:

Monetary					
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Penalty/ Fine					
Settlement		Nil			
Compounding fee					
Non-Monetary					
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)		
Imprisonment					
Punishment		Nil			

3. Of the instances disclosed in Question 2 above, details of the appeal/ revision preferred in cases where monetary or non-monetary action has been appealed. Not Applicable.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link of the policy.

Yes. anti-bribery and anti-corruption are covered in PPAP's code of conduct and ethics. The policy reiterates PPAP's zero-tolerance approach to bribery and corruption. The policy makes ethical decision-making easier and reinforces PPAP's culture of transparency in all its business relationships. This policy applies to all stakeholders or persons associated with PPAP or acting on behalf of PPAP.

Link is as follows: https://www.ppapco.in/assets/pdf/policies/Code_of_conduct_and_Ethics-_V3.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2020-21	FY 2021-22
Directors		
KMPs		Nil
Employees		

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

6. Details of complaints with regard to conflict of interest:

	FY 2020-21		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors				
Number of complaints received in relation to issues of Conflict of Interest of the KMPs			Nil	

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest. Not Applicable.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	Sustainability Awareness on virtual platform	56% (Considering 89 Manufacturer- Self assessment taken from 50 suppliers)

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No)

Yes, PPAP has procedures in place to avoid/manage conflict of interest involving members of the Board and the same has been embedded in the code of conduct & ethics policy and related party transactions policy.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe



Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

	2020-21 (in INR)	2021-22 (in INR)	Details of improvements in environmental and social impacts
R&D	0	1,50,000	Weatherability test
Capex	Nil	Nil	Nil

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No):

Yes, PPAP has procedures in place for sustainable sourcing. At PPAP, 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 agreements, as well as, through ongoing collaborations with suppliers. PPAP'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. PPAP has a quality, environment, health and safety policy and encourages its suppliers to ensure compliance with these policies. It covers various issues like safety measures, SOC, POP substance declaration under PPAP's supplier manual including policy for responsible sourcing of raw material. PPAP has assessed 56% (rest of the suppliers did self-assessment) of its suppliers in FY 2021-22 as per PPAP's environment and social criteria.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

PPAP 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. PPAP 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. PPAP 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. For e-waste disposal, PPAP works with authorized e-waste handlers. In FY 2021-22, approximately 1.01 tonne of e-waste was created and recycled by authorized recyclers. Approximately, 10.7 tonne of paper for recycling is disposed of by PPAP through local vendors.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same. Not Applicable.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

N I C Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)
34300	Manufacture of parts and accessories for motor vehicles	100%	Cradle to Gate	No	No

PPAP is IATF-16949, ISO-14001, ISO-45001, ISO-50001 certified and PPAP is following all these standards while producing its products.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective /Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

No significant social or environmental risks have been identified during the production. However, 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 as per standard ISO 14001.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2020-21	FY 2021-22
Plastics	335.78 tonne	269.28 tonne

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonne) reused, recycled, and safely disposed, as per the following format:

	FY 2020-21			FY 2021-22		
	Re- Used	Recycled	Safely Disposed	Re- Used	Recycled	Safely Disposed
Plastics (reclaimed packing bins)	494468 (no's)	-	-	735040 (no's)	-	-
E-waste	-	-	-	-	-	1.01 tonne
Hazardous waste	-	-	4.4 tonne	-	-	4.4 tonne
Non-Hazardous waste	-	-	770 tonne	-	-	1119 tonne

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category. Nil.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains



Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No.	%	No.	%	No.	%	No.	%	No.	%
Permanent Employee											
a. Male	1021	312	31%	312	31%	NA	NA	NA	NA		
b. Female	6	2	33%	2	33%	2	33%	NA	NA	NA	
c. Total	1027	314	31%	314	31%	2	0.2%	NA	NA		
Other than Permanent employees											
a. Male	594										
b. Female	59										
c. Total	653										

All 'other than permanent employees' are covered under the WCA

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

Employees have always been an asset of PPAP. PPAP endeavours to establish long-term relationships with its employees by providing an atmosphere that is motivating and enjoyable to work in, with the goal of moving toward a high-performance socio-economic work culture at all levels.

2. Details of retirement benefits, for current financial year and previous financial year.

Benefits	FY 2020-21		FY 2021-22	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	As per Act	100%	As per Act
Gratuity	100% (As per Act)	As per Act	100% (As per Act)	As per Act
ESI	100% (As per Act)	As per Act	100% (As per Act)	As per Act

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Currently, there is no facility available at the plant. However, PPAP is working towards making its plants accessible to differently abled people.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Equal opportunity policy is combined in PPAP's code of conduct & ethics policy, link for the same is available: https://www.ppapco.in/assets/pdf/policies/Code_of_conduct_and_Ethics-_V3.pdf

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Other than Permanent employees	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	-	-	100%	100%

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Yes/No (If yes, then give details of the mechanism in brief)

Permanent Employees

Yes (Monthly Town Hall Meeting, Help Desk)

Other than Permanent Employees

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

There are no employee associations at PPAP. PPAP, however, acknowledges and respects the right to freedom of association and does not oppose collective bargaining and follows all local laws for representation of labour.

8. Details of training given to employees and workers:

Category	FY 2020-21					FY 2021-22				
	Total	On health and safety/wellness measures		On skill upgradation		Total	On health and safety/wellness measures		On skill upgradation	
	(A)	No. (B)	% (B/A)	No. (C)	% (C/A)	(A)	No. (B)	% (B/A)	No.(C)	% (C/A)
Permanent employees										
Male	860	860	100%	860	100%	1021	1021	100%	1021	100%
Female	3	3	100%	3	100%	6	6	100%	6	100%
Total	863	863	100%	863	100%	1027	1027	100%	1027	100%
Other than Permanent										
Male	530	530	100%	530	100%	594	594	100%	594	100%
Female	20	20	100%	20	100%	59	59	100%	59	100%
Total	550	550	100%	550	100%	653	653	100%	653	100%

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2020-21			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	% (B/A)
Permanent employees						
Male	860	860	100%	1021	1021	100%
Female	3	3	100%	6	6	100%
Total	863	863	100%	1027	1027	100%
Other than permanent employees						
Male	530	530	100%	594	594	100%
Female	20	20	100%	59	59	100%
Total	550	550	100%	653	653	100%

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

10. a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, PPAP is ISO 45001 (Occupational Safety & Health Management System) certified. Extract from the Company’s “Quality Environment Health & Safety (QEHS) Policy” are displayed at the manufacturing plants in English as well as in regional languages. The Company has also developed visitor safety security procedure and entry regulation at factory with safety communication to ensure the same at all levels. PPAP covers 100% of its employees under the Occupational Safety & Health Management System.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Environment, Health, and Safety (EHS) is the main focal area for PPAP since it is committed to providing a safe, secure, and healthy workplace for its employees. The company has a well-defined safety team that is in charge of conducting all safety, electrical and fire audits, risk assessments, safety meetings, and implementing necessary safety measures on identified unsafe conditions and acts (Hiyari Hatto Points) in order to prevent any near-miss or accidents. The safety team periodically conducts numerous training sessions for the employees to increase awareness regarding the work-related hazards. PPAP ensures that all the safety standards and guidelines are complied with.

c. Whether you have processes for employees/workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)

Yes, all the work-related hazards reported by employees is listed and a dedicated team under the safety officer is assigned to analyse and implement the counter measures to close all work-related hazards and are communicated in DWM (Daily work management), Safety committee meeting and townhall meeting.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, PPAP believes in creating a safe working environment for all its employees by having tie up with hospitals for employees and their families. Employees are covered in the company’s health insurance policy.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2020-21	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)		-	-
Total recordable work-related injuries	Employees	8	4
No. of fatalities		-	-
High consequence work-related injury or ill-health (excluding fatalities)		-	-

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

PPAP emphasizes the importance of providing a safe and healthy workplace for all its employees and third-party contractors. PPAP regularly evaluates its workplace health, safety, and environmental performance. Along with that, following measures are continuously monitored and implemented across all units:

- Assurance of machine safety by installing safety devices during the design phase of machine manufacturing.
- EHS mobile app for reporting unsafe acts and unsafe conditions on digital platforms.
- PPAP has done the Hazard identification and Risk assessment (HIRA) of all the activities inside the premises.
- Training provided on the work-related activities as per weekly and monthly basis.
- SOP and OCP's are prepared and followed for the all the routine and non-routine activities.
- Daily KYT (Kiken yochi training or hazard prediction activity) is conducted to raise awareness among employees.
- For improvement of OHS conditions at workstations KAIZENS (continuous improvements) done

13. Number of Complaints on the following made by employees and workers:

Year Category	FY 2020-21			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Health and safety practices	-	-	Nil	-	-	Nil
Working Conditions	-	-	Nil	-	-	Nil

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

14. Assessments for the year:

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)	
Health and safety practices	100%
Working Conditions	100%

All units of PPAP are assessed against ISO 45001:2018 standard. PPAP complies with all the health and safety related laws and rules.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Owing to the significant risks of COVID-19 pandemic continuation, PPAP has been following standard operating procedures to comply with Government's extant regulations and ensure safety and hygiene protocols and necessary social distancing is being followed by employees, customers and other visitors on any of the premises of PPAP.

With the team of COVID Marshals in each plant, guided PPEs and sanitization equipment, oxygen cylinders and concentrators with emergency medical facilities are available 24*7 in plant Occupational Health Centre (OHC).

Leadership Indicators

- 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?** No
- 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

PPAP ensures that the statutory dues are deducted and remitted in conformity with regulations for transactions. Complinty software is also implemented for adherence of legal compliance and dues. The internal and statutory audits review this activity as well. PPAP expects its value chain partners to adhere to employee well-being and uphold the values of Supplier's code of conduct & ethics.

3. Provide the number of employees/workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Employees	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2020-21	FY 2021-22	FY 2020-21	FY 2021-22

Nil

Given the nature of operations, safety has always been an important aspect of PPAP’s working culture and it has been the Company’s constant endeavour to extend this safety culture among all its employees. Regular health monitoring and check-ups by external hospitals conducted as a measure of identification of any work-related ill-health. At PPAP, health & safety are a part of the company’s guiding principles on employees’ well-being.

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, PPAP provides transition assistance programs to facilitate continued employability through retainership & advisory engagement.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	56% (Considering 89 Manufacturer- Self assessment taken from 50 suppliers)
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No significant risks/concerns observed in the self-assessment taken by suppliers for health and safety practices and working conditions.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders



Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

PPAP has identified its stakeholders as entities or individuals that can reasonably be expected to be significantly affected by the organisation’s activities, products, or services. Stakeholders are also those whose actions can reasonably be expected to affect the ability of the organisation to implement its strategies or achieve its objectives.

PPAP believes that the stakeholder engagement process serves as a tool for understanding the reasonable expectations and interests of stakeholders and their information needs.



2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication	Frequency	Purpose & Scope of Engagement including key topics and concerns raised during such engagement
Customers	Yes (MSMEs)	Call, mail, one-to-one meetings tech shows, conference, technical meetings, trials and events. personal visits	Need-based, daily interaction, weekly, annually, twice a year, as and when required	Key account managers interact with customers to retain and capture more business
Prospective customers		RFQs & RFIs, public forums, personal meetings, videos & PPT	Situation based	Insights, market news, self-explore
Employees	No	Open house/ town hall, suggestions, award functions, DWM, Awards ceremonies, celebrations, plant gemba	Monthly, yearly, daily, weekly, once a month	Employee engagement activities, suggestions, EOB, Motivational schemes, celebrations, gauging motivation levels
Lenders	No	Reports, call, mail, meeting	Weekly, monthly, quarterly	Lending, funding, support in daily transactions
Shareholders and investors	No	Call, mail, meeting, AGM	Quarterly, annually, need-based	Dividend declaration, shareholders' approval, to attract good quality investors
Government & Regulators	No	Reports, notices, submission & inspection, assessment, meetings	Monthly, annually, need-based	Renewing consent orders, show cause notice, new projects, online application, returns, challans, etc.
Insurance companies	No	Interaction through consultants & brokers - email & phone calls, mails, plant visits	Monthly, quarterly	Insuring company assets against fire, earthquake, claim, settlement, premium payment etc
Auditors	No	Face-to-face interactions, auditing of processes, meetings, visit	Quarterly, monthly as per schedule	Legal requirement, audit of financial reports
NGOs and other advocacy groups	No	Meeting	Requirement based, annually	Engagement letter, external members required for ICC committee
Board of directors	No	Board meetings, one-to-one meetings	Quarterly, twice or thrice a year, daily basis	Compliance of law, major decisions, day-to-day functioning
Suppliers	No	Meeting, mail, call & visit, face-to-face discussions, plant audits, PO inspection, telephonic discussions, buyer net, internet, networking, exhibition	Daily, need-based, half-yearly. Once a quarter, yearly, monthly, weekly, based on requirement	Abnormality management, NG material & product performance, auditing of suppliers, verification and closure of a problem, raw material for tooling, steel, aluminium, building & construction, monitoring schedule and actual, negotiation & lead time reduction, Job work, data and machining, CNC, quality, heat treatment
Technology partners	No	Telephonic, skype conference, meeting, visits, mails	Fortnightly, yearly, daily	Technical, new technology related, new products and projects, etc.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Economic, environment and social topics are discussed in the Board meeting. The consultation with stakeholders delegated to corporate governance and other concerned functions where they engage with stakeholders, take their feedback and communicate to management and board about the activity of engagement and feedback received.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, PPAP uses stakeholder consultation while deciding the sustainability materiality matrix. Materiality matrix is established by the steering committee of PPAP based on interaction of steering committee members with different stakeholders. PPAP believes that the stakeholder engagement process serves as a tool for understanding the reasonable expectations and interests of stakeholders and their information needs. Improvement in gender diversity was taken as one of the material topics in consultation with Board of directors.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder group.

PPAP recognizes its responsibility and identifies underprivileged communities around its business locations as disadvantaged, vulnerable, and marginalized stakeholders, and engages with all such stakeholders and thrives to constantly contribute towards the betterment of the local community in which it operates and the upliftment of the vulnerable/marginalised section of our society, through “Vinay and Ajay Jain Foundation”, a registered trust for focused implementation of CSR activities of the Company majorly in the field of environment, education, and Healthcare (CSR Policy available on website).

Environment: The foundation has undertaken several plantation projects in Tughlaqabad Biodiversity Park, schools (Govt Boys Sr Secondary School, Nehru Bal Bhawan and Sardar Patel Vidya Nikaten, Village - Mandi, Delhi. Govt Girls School, etc) and development of a Nursery near Dera Mandi.

Education: PPAP has sponsored School Uniforms, Books, Tuition Fees, Bus Fees for children from underprivileged sections of society at Village Salarpur and Bhangel, Noida.

Healthcare: COVID vaccination of both doses for volunteer villagers from nearby area of Plants at Noida, Greater Noida and Pathredi, Bhiwadi, Rajasthan.

Ration distribution to slums at (Jhuggi Basti) adjacent to Old Noida Court, Noida.

Principle 5: Businesses should respect and promote human rights



Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(s) of the entity, in the following format:

Category	FY 2020-21			FY 2021-22		
	Total	No.	%	Total	No.	%
Employees						
Permanent	863	863	100%	1027	1027	100%
Other than permanent	550	550	100%	653	653	100%
Total Employees	1413	1413	100%	1680	1680	100%

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

2. Details of minimum wages paid to employees and workers, in the following format:

	FY 2020-21					FY 2021-22				
	Total	Equal to Minimum Wage		More than Minimum Wage		Total	Equal to Minimum Wage		More than Minimum Wage	
	(A)	No. (B)	% (B/A)	No. (B)	% (B/A)	(A)	No. (B)	% (B/A)	No. (B)	% (B/A)
Employees										
Permanent	863			863	100%	1027			1027	100%
Male	860			860	100%	1021			1021	100%
Female	3		NA	3	100%	6		NA	6	100%
Other than Permanent	550			550	100%	653			653	100%
Male	530			530	100%	594			594	100%
Female	20			20	100%	59			59	100%

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

3. Details of remuneration/salary/wages, in the following format:

Segments	Male			Female	
	Number	Average		Number	Average
		remuneration/ salary/ wages			remuneration/ salary/ wages
Board of Directors	5	46.63		2	3.2
Key Managerial Personnel	1	1.91		1	1.81
Employees other than BOD and KMP	1159	0.31		10	0.28

Note: The Company secretary (KMP) is appointed on 13th May 2022.

*PPAP does not have any workers as defined in the guidance note on BRSR.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, PPAP has instituted an Internal Complaints (IC) Committee for redressal of human rights issue and for ensuring time-bound treatment of such complaints.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

PPAP is committed to the highest standards of ethical, moral, and legal business conduct. PPAP's dedication to human rights and fair treatment is outlined in its code of conduct and ethics policy. 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 violation of human rights.

6. Number of Complaints on the following made by employees and workers:

	FY 2020-21			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	NA	-	-	NA
Discrimination at workplace	-	-	NA	-	-	NA
Child Labour	-	-	NA	-	-	NA
Forced Labour/Involuntary Labour	-	-	NA	-	-	NA
Wages	-	-	NA	-	-	NA
Other human rights related issues	-	-	NA	-	-	NA

Note: PPAP does not have any workers as defined in the guidance note on BRSR.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

PPAP views all incidents of discrimination and harassment cases, very seriously and encourages employees to report any incidents of harassment to the Internal Complaints Committee (ICC) formed under Policy of Prevention of Sexual Harassment at the workplace of the Company (“POSH Policy”). Any aggrieved individual may make, in writing, a complaint of Sexual Harassment at the workplace to the Committee giving details of the harassment.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, PPAP 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, extend to value chain partners as per the contracts during supplier manual agreement.

9. Assessments for the year:

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

Sexual Harassment

Discrimination at workplace

Child Labour

Forced Labour/Involuntary Labour

Wages

Other human rights related issues

No case reported during the reporting period

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No significant risk was observed in this reporting period.

Leadership Indicators

1. Details of a business process being modified / introduced because of addressing human rights grievances/complaints.

No human right grievance/complaint received during the reporting period.

2. Details of the scope and coverage of any Human rights due diligence conducted.

No human rights due diligence conducted during the reporting period.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Currently, there is no facility available at the plant. However, PPAP is working towards making its workplace accessible to differently abled people.

4. Details on assessment of value chain partners:

% of value chain partners (by value of business done with such partners) that were assessed

Sexual Harassment	100%
Discrimination at workplace	100%
Child Labour	100%
Forced Labour/Involuntary Labour	100%
Wages	100%
Other	100%

Based upon self-assessment by value chain partners as a part of supplier manual agreement.

5. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 4 above.

No significant risks/concerns observed in the self-assessment taken by suppliers.

Principle 6: Businesses should respect and make efforts to protect and restore the environment



Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2020-21	FY 2021-22
Total electricity consumption (A)- Giga Joules	31207	42981
Total fuel consumption (B)-Giga Joules	5955	6757
Energy consumption through other sources (C)-Giga Joules	919	2072
Total energy consumption (A+B+C)- Giga Joules	38081	51810
Energy intensity per crore of turnover -Giga Joules/Cr. of Sales	135	128

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No designated consumers entity in PPAP.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2020-21	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	29617	31896
(iii) Third party water	9821	12286
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	39438	44182
Total volume of water consumption (in kilolitres)	39438	44182
Water intensity per crore of turnover (Water consumed/ turnover)	139	109

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, PPAP has implemented a mechanism for Zero Liquid Discharge. The wastewater generated from cooling towers was previously drained out in municipal drains, it is currently being stored in underground storage tanks and then used for gardening. The wastewater is recycled in-house and reused for various purposes including (but not limited to) the following:

- Water is being reused from the cooling extrusion for the greenbelt development and horticulture.
- An automated filling system is provided for the cooling tower tank & corporation water tank, leading to zero water wastage and saving around 1.3 KL after adopting the said technique.
- Rainwater harvesting tanks are installed to recharge the groundwater.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Unit	FY 2020-21	FY 2021-22
NOx	Kg	408	689
SOx	-	-	-
Particulate matter (PM)	Kg	43	45
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
CO	Kg	246	523

Note: Assurance of environmental performance is under process.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2020-21	FY 2021-22
Total Scope 1 emissions	Metric tonnes of CO2 equivalent	380	423
Total Scope 2 emissions		6731	9432
Total Scope 1 and Scope 2 emissions per crore of turnover		25	24

Note: Assurance of environmental performance is under process.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, reduction of resources forms an integral part of PPAP's continuous focus on reducing its carbon footprint on the environment.

- Smart control over air conditioners (timer provided) leading to 2592 kWh energy saving of per year consumption.
- Various in-house energy efficient machines installation saves the energy consumption of 331,300 kWh per year, respectively.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2020-21	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	296	815
E-waste (B)	-	1.01
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	4.4	4.4
Other Non-hazardous waste generated (H). Please specify, if any.	474	304
Total (A+B + C + D + E + F + G+ H)	774	1124
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	773.5	1033
(ii) Re-used	0.3	0.2
(iii) Other recovery operations	-	-
Total	774	1033.2
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0.5	1.87
(ii) Landfilling	-	0.05
(iii) Other disposal operations	-	-
Total	0.5	2

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

PPAP recognizes that the natural resources are finite and therefore need to be conserved and recycled. In the endeavour to achieve the same it continues to evaluate opportunities for technology upgradation, improved processes for waste reduction. PPAP always focuses on 5R concept (Refrain, Reform, Reduce, Reuse and Re-cycle). PPAP has installed the bio-composter for canteen waste and recycle the food waste produced by PPAP. PPAP 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.

PPAP follows the international standard of materials as per IMDS and verify the SOC/ POP free material to protect against any toxicity.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format: NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: NA

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, PPAP gives highest priority to ensure environment-friendly practices, having all valid consent to operate (Air & Water), Hazardous waste authorization by concerned pollution control boards, ensuring compliance with applicable environmental laws, rules, regulations, and guidelines.

Leadership Indicators**1. Provide break-up of the total energy consumed (in Giga Joules) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2020-21	FY 2021-22
From renewable sources (Solar Power)		
Total electricity consumption (A)	919	2072
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	919	2072
From non-renewable sources		
Total electricity consumption (D)	31207	42981
Total fuel consumption (E)	5955	6757
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	37162	49738

2. Provide the following details related to water discharged:

Yes, PPAP has implemented a mechanism for Zero Liquid Discharge. The waste water generated from cooling towers was previously drained out in municipal drains, it is currently being stored in underground storage tanks and then used for gardening. The wastewater is recycled in-house and reused for various purposes including (but not limited to) the following:

- Water is being reused from the cooling extrusion for the greenbelt development and horticulture.
- An automated filling system is provided for the cooling tower tank & corporation water tank, leading to zero water wastage and saving around 1.3 KL after adopting the said technique.
- Rainwater harvesting tanks are installed to recharge the groundwater.

3. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area: Delhi NCR, Chennai (Tamil Nadu), Ahmedabad (Gujarat), Pathredi (Rajasthan).
- (ii) Nature of operations: Manufacturing of Automotive sealing parts (Extrusion, Injection Moulding, Assembly).
- (iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2020-21	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	29617	31896
(iii) Third party water	9821	12286
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	39438	44182
Total volume of water consumption (in kilolitres)	39438	44182
Water intensity per crore of turnover (Water consumed / turnover)	140	109
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		NA
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Currently, PPAP is only mapping its Scope 1 and Scope 2 emissions & its intensity. However, in future, PPAP will consider the mapping of its Scope 3 emissions.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative	Outcome of the initiative
FY 2020-21			
1.	Energy Conservation Initiatives	Various energy efficient technology has been installed inside the machines.	It saves 267959 kWh units per year of energy consumption
		Smart control over air conditioners (timer provided)	It saves 2592 kWh units per year of energy consumption
		Timer provided for streetlights & canteen cooler	It saves 288 kWh units per year of energy consumption
FY 2021-22			
2.	Waste Management Initiatives	Various energy efficient technology has been installed inside the machines.	It saves 63341 kWh units per year of energy consumption
		All the hazardous waste and E-Waste generated at the site is disposed of to the Treatment, Storage, and Disposal Facility (Bharat Oil and Waste Management Limited) and authorised agency (NAMO e-waste) respectively. Non-hazardous waste is being sold to scrap dealers for recycling. In addition, an organic bio composter is installed at the plant to treat domestic waste, which prepares manure as the final product used in gardening.	

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, PPAP has a well-defined risk, business continuity and disaster management plan. The plan outlines all the contingencies along with the overall governance and monitoring of the business continuity function. Business continuity spans people, processes and technology. Requisite training programmes have been conducted for the teams to be prepared to respond in a crisis. Most of the business functions are supported through automation with the help of technology.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

No significant adverse impact has been observed to the environment, arising from the value chain.

Ensure counter measure through periodical self-assessment by suppliers.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

56% (Considering 89 Manufacturer- Self assessment taken from 50 suppliers).

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

PPAP is a member of 7 business associations.

b. List the top 10 trade and industry chambers/ associations you are a member of/are affiliated to, on the basis of no. of members.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industries (CII)	
2	Automotive Component Manufacturers Association of India (ACMA)	
3	Tools and Gauge Manufacturers Association of India (TAGMA)	
4	Bhiwadi Manufacturers Association (BMA)	Association
5	Toyota Kirloskar Suppliers Association (TKSA)	
6	Maruti Suzuki Suppliers Welfare Association (MSSWA)	
7	HCI Supplier's Club Society	

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not Applicable

Leadership Indicators

1. Details of public policy positions advocated by the entity.

PPAP is currently not engaged in public advocacy.

Principle 8: Businesses should promote inclusive growth and equitable development



Essential Indicators

1. Details of Social Impact Assessments (SIA) undertaken by PPAP for projects in the current financial year.

SIA activity has not been started yet, however, PPAP has been planning to undertake the SIA in the upcoming years.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: Nil

3. Describe the mechanisms to receive and redress grievances of the community.

Register of grievances is kept and maintained to receive and redress grievances of the community.

4. Percentage of input material [inputs to total inputs by value (in Cr.)] sourced from suppliers:

PPAP undertakes initiatives to build capacities of the suppliers. PPAP supports the MSMEs in nearby locations of its plants for raw material sourcing/packaging/ consumable etc. The supply chain team of PPAP periodically visits the facilities of the vendors for their continuous upgradation and suggest them improvement points.

	FY 2020-21	FY 2021-22
Directly sourced from MSMEs/ small producers	11%	11%
Sourced directly from within the district and neighbouring districts	11%	10%

Leadership Indicators

- 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments.**
NA
- 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:** Nil
- 3. a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**
None, however, PPAP is planning to have a preferential procurement policy in the coming years.
b) From which marginalized/vulnerable groups do you procure?
PPAP supports the MSMEs and small suppliers in nearby locations of its plants for raw material sourcing/packaging/ consumable etc.
(c) What percentage of total procurement (by value) does it constitute?
During the reporting period, it constituted around 11% of the total procurement (in sales).
- 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**
NA
- 5. Details of corrective actions taken in intellectual property related cases wherein usage of traditional knowledge is involved:**
NA
- 6. Details of beneficiaries of CSR Projects:**
PPAP recognizes its responsibility and identifies underprivileged communities around its business locations as disadvantaged, vulnerable, and marginalized stakeholders, and engages with all such stakeholders and thrives to constantly contribute towards the betterment of the local community in which it operates.
Kindly refer to the Annexure-C of Annual Report FY 21-22.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner



Essential Indicators

- 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**
PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user. However, PPAP has a customer complaint handling system based on IATF16949:2016 and business policy of each customer. PPAP 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, PPAP 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. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Product/Services	As a % to total turnover
Environmental and social parameters relevant to the product	
Safe and responsible usage	NA
Recycling and safe disposal	

3. Number of consumer complaints in respect of the following:

	2020-21			2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy						
Advertising						
Delivery of essential services			Nil			
Restrictive Trade Practices						
Unfair Trade Practices						

Note: PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, PPAP has policy for cyber security and certified ISO 27001: 2013. Web-link of the policy is as follows: https://www.ppapco.in/assets/pdf/policies/Privacy_policy.pdf

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

During the reporting period, there was no observance of any issue related to cyber security, data privacy and safety of products and services.

Leadership Indicators**1. Channels / platforms where information on products and services of PPAP can be accessed (provide web link if applicable).**

Information on products and services can be availed from the official website of PPAP. Link for the same is as follows: <https://www.ppapco.in/>

2. Steps taken to inform and educate consumers, especially vulnerable and marginalised consumers, about safe and responsible usage of products and services

PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user. Safe and responsible usage of product ensured by collaboration of OEM customers with their terms of manufacturing and delivery of products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services

PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user. However, PPAP has contingency plan of covering the risk of disruption/discontinuation of essential services and very well informed to all customers.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief.

Not applicable, as PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user. However, PPAP displays product label on part by laser printing as per customer requirements. The label displays information related to part manufacturing date, time and material used. We 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).

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Not applicable as PPAP supplies to Original Equipment Manufacturers (OEMs) and there is no direct visibility for the end user. However, PPAP 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 are one of the most important factors of any business. Customer Satisfaction trends are compiled, monitored, and reviewed by top management on a periodic basis and action plans are discussed with customers.

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil

b. Percentage of data breaches involving personally identifiable information of customers

Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economy

FY22 marked the global economy recovery from the Covid-19 pandemic with many parts of the world lifting restrictions and several economies returning to their pre-Covid-19 position. However, Russia's invasion on Ukraine and economic sanctions resulted in escalated energy costs, supply-chain disruptions and record high inflation. As a result, the world economy is going through an uncertain period.

Indian Economy

India's GDP grew at 8.7% in the FY22, as per the data released by the National Statistical Office (NSO). GDP shows growth after the Covid-19 pandemic in 2020.

Among the G-20 economies, India is the fastest growing economy. It has the capability to prove it is a 'reliable partner' for the world. India is currently No. 2 on the Global Retail Index.

In the recent turn of events, the Reserve Bank of India (RBI) raised the repo rate – the rate at which it lends money to commercial banks - by 40 basis points to 4.4% in May 2022. The rate had been reduced to a record low of 4% during the Covid-19 pandemic.

Auto Industry

The Indian automotive industry is one of the key drivers of economic growth in India and contributes to 7.1% of the GDP. Due to its deep integration with other industrial sectors, it is a major driver of exports and employment.

The transition from Internal Combustion Engine (ICE) to battery powered electric vehicle (EV) is happening at a rapid pace. The Government has made a significant policy push by promoting the upcoming EV segment. Huge investments in electrical architecture are getting in place, such as battery development, electrification, e-motors, and power electronics.

Although the automotive industry and the auto component industry have been recovering from a difficult challenge including high raw material prices, logistic issues, and semiconductor shortage but with the help of the Government and innovation, this sector will soon have a bright future.

Group Overview

PPAP Automotive Limited commenced its business in 1978 and entered the automotive component business in 1985 with the start of operations of Maruti Suzuki in India. Since then, the Company has been expanding its customer base and adding new products to its portfolio. The focus of the Company is to become a global level excellence company which can inspire people to outperform their potential to by exceeding the expectations set forth by customers, society as well as stakeholders.

With over four decades of responsible business practices, our businesses have grown into wide range including automotive sealing system, interior and exterior automotive part, rubber automotive sealing system, commercial tool room, pail containers, etc.

The company has a Joint Venture with Tokai Kogyo Company Limited for manufacture of rubber automotive sealing system.

The products manufactured by us are all engine-agnostic products and can be extended to the electric vehicles as well.

The global automotive industry is undergoing a paradigm shift towards less energy intensive options. India, too, is investing in this electric mobility shift. We have established 100% subsidiary known as PPAP Technology Limited to focus on this enormous opportunity.

The Company also rolled out aftermarket business named Elpis Components Distributors Private Limited, which is 100% subsidiary of PPAP. The focus is to develop and supply spare parts as well as premium car accessories and cleaning products for automobiles.

Automotive Parts Business:

Over the years, PPAP has emerged as one of the largest manufacturers of automotive sealing systems, interior, and exterior injection moulded products. The Company's performance has helped it gaining trust amongst customers. The Company serves almost all major OEMs in the passenger vehicle segment and 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 has also established three sales office for OE Business in Gurugram, Pune and Chennai. (The Company's product portfolio for Automotive Parts business is shown on page no ?)

Aftermarket business:

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 aftermarket business. The cornerstone of Elpis is to supply sustainable & reliable products. Elpis supplies spares as well as premium car accessories to the customer. Elpis is establishing a distribution network and has forayed into e-commerce by promoting the products on e-commerce websites (Amazon, Bodmo) as well as its own online shopping portal (shopelpis.com).

Elpis started this business with a warehouse in Okhla, New Delhi and currently spread to Dadri, Greater Noida for storage & distribution to PAN India and nearby countries like Nepal and Bhutan. (The Company’s product portfolio for premium car accessories business is shown on page no ?).

Commercial Tooling Business:

The Company commercialized its Tooling facility in 2019 to make plastic injection tooling. 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. The commercial tooling facility is developing tooling for Automotive, Electrical, White Goods and Medical sector.

The Tooling facility is situated at Surajpur Industrial Area, Uttar Pradesh. (The Company’s tooling portfolio is shown on page no.).

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

Our focus is on the enhancement of our in-house ‘R&D Testing facilities’ to conduct testing for batteries, Cells, Chargers, BMS etc. We are also working to strengthen our ‘After sales service’ by establishing service centres in North, South & East zones. The facility is in Noida, Uttar Pradesh. (The Company’s product portfolio is shown on page no.)

Pail Container Business

The Company has ventured into development of pail containers. 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 facility is located at Surajpur Industrial Area, Uttar Pradesh. (The Company’s pail containers portfolio is shown on page no.)

Opportunities and threats

Opportunities

- **“Electrification” – Capturing market opportunity in the growing EV space**

Electrification of vehicles is beneficial for the environment and is further likely to expand in the overall industry, promoting growth. The increasing number of electric vehicles is an indicator of the changing customer perception and will encourage OEMs and OEM partners to invest significantly. Moreover, India could be a leader in shared mobility by 2030, providing increased opportunities for electric and autonomous vehicles.

- **Affirmative Government Policies**

Government policies such as the recently announced 76,000 Cr. for the semiconductor manufacturing scheme, the extension of the FAME-II scheme till 2024, improved incentives for the 2-Wheelers segment, production-linked incentive (PLI) scheme for the Auto and Auto Component sector for 26,000 Cr., and PLI for advanced chemistry cell for 18,000 Cr. will provide enormous support as it implements innovative technologies.

- **Continue to focus on R&D to develop new and innovative systems and components**

With deep emphasis on R&D and innovation, we aspire to enhance and adopt newer technologies consistently.

Threats

- **Rise in Inflation**

Increase in borrowing cost and inflation has led to the increase in the cost of production of vehicles which may result in demand slow down and erosion in margins.

- **Product Complexity and Ever-changing Market Dynamics**

Product cycles are shrinking due to shortening technology cycles and rapidly changing customer needs, requiring real-time agility and visibility across the participants in the entire value chain. These are the most important factors capable of changing the demand or supply scenario in the market dynamics. Thus, several other digital & connected services have become the key value driver for automotive players.

- **Change in regulations and industry trends**

The automotive industry is subject to environmental and other regulations, and therefore any adverse impact on the industry in general and the Company's customers, due to any change in such rules, can affect its business.

Risks

- **Obsolescence in Technology**

The risk of obsolescence in technology is prominent. The Company manufactures a range of vehicle components that require ongoing technical updates to meet customer requirements.

- **Volatility in the Raw Material Prices**

The Company's business could be affected by commodity price volatility which could affect the overall cost of manufacturing operations.

- **Risk of losing the opportunity to alternate mobility solutions**

With the rise of electric cars as customers' preferred mode of transportation, the automotive sector is undergoing significant transformations, with new development areas in high-tech and electronic products and services. Similarly, auto-ancillary enterprises must engage in research and development to produce goods for the burgeoning growth area or risk becoming obsolete.

Outlook

Globally, the automobile industry is experiencing progressive changes that will result into a major transformation, resulting in high technological investments and higher consumer costs. Additionally, these adjustments have reached a point of inflexion. As a result, the industry would be disrupted, providing India's automotive component sector with a chance to innovate and produce high-quality goods at low rates, paving the path for the country to dominate in such an unpredictable scenario.

However, due to geopolitical concerns, supply-side restrictions caused by semiconductor shortage, rising inflation, and central bank monetary policy tightening, the domestic and global economic outlook will remain unclear in FY23. The Indian government is concentrating on growing the economy through various indigenous projects that will help India become AtmaNirbhar. Furthermore, these initiatives will assist the economy in overcoming and capitalising on the opportunities presented.

Financial Performance

Despite the challenging operational environment, the Company reported a revenue growth of 27.4% on stand-alone basis and 30.9% on a consolidated basis.

The consolidated EBITDA witnessed an increase of 17% during FY22 and stood at ₹ 38.6 Crores. The operating profit margin in FY22 is 2.94% against 3.10% in FY21. Significant changes in key financial ratios along with explanation forms part of Note no. 45 of standalone financial statements.

Internal Control System and their adequacy

The Indian industry has witnessed a major shift towards better internal controls with mandatory implementation of internal financial controls (IFC). The Company has put in place strong internal control, systems and processes and keeps reviewing their adequacy from time to time. There is a strong system of both internal review as well as review by external independent auditors.

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 has a strong and diverse workforce where every employee is involved as "partners in progress" of the Company. The Company believes in building a capable and agile workforce to achieve its business objectives. It continuously trains and prepares its people for the changing market scenario, maintain its competitive edge and unleash their full potential. 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. The Company has total 1830 employees as on March 31, 2022.

Safety, Health, and Environment

PPAP continually strives to accomplish ESG (Environment, Social and Governance) parameters.

PPAP is undertaking various environment management programmes & projects to reduce GHG footprints, energy & water intensity and waste reduction from its manufacturing operations aligning the SDGs (Sustainable Development Goals).

The key areas are:

- Prevent pollution and reduce environmental impacts.
- Waste optimization regulations.
- Governing chemicals; and
- Contribution towards global SDG

Several certifications adopted by PPAP in this area as elaborated below:

Location	ISO IATF 16949: 2009	ISO 14001: 2015	ISO 45001: 2018	ISO 50001: 2018
PPAP				
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	Y	Y	*
Plant at (Viramgam)	Y	Y	Y	*
JV Company				
Plant at (Surajpur)	Y	Y	Y	*
Plant at (Viramgam)	Y	Y	Y	*

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 IND AS Financial Statements

Opinion

We have audited the accompanying IND AS financial statements of **PPAP AUTOMOTIVE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the IND AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS 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 prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the IND AS financial statements under the provisions of the Companies Act, 2013 and the Rules issued there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

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>Recoverable value assessment of property, plant and equipment</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. 57 to the standalone financial statements)</p>	<p>Our audit procedures included, but were not restricted to:</p> <ul style="list-style-type: none"> Evaluating the design and implementation, and testing the operating effectiveness of the relevant controls over determination of recoverable value of property, plant and equipment. Re-assessing the accuracy and completeness of the information shared with the independent expert engaged by the management. 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. Assessing the competence and independence of the valuation expert engaged by the Company for determining the replacement cost of property, plant and equipment. Verification of accounting implications, if any, and appropriateness of disclosures in the financial statements. <p>Audit Conclusion: Our procedures did not identify any requirement for impairment in value of property, plant and equipment.</p>

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

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors/ management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the IND AS 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 IND AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the IND AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors/Management are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the IND AS financial Statements

Our objectives are to obtain reasonable assurance about whether the IND AS 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 IND AS financial statements.

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

1. Identify and assess the risks of material misstatement of the IND AS 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.
2. Obtain an understanding of internal controls 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 IND AS 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.
5. Evaluate the overall presentation, structure and content of the IND AS financial statements, including the disclosures, and whether the IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the interim condensed standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit 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 purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including the Other Comprehensive income), the Cash Flow Statement and the 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 Indian Accounting Standards specified under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure I”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
 - (g) Due to inadequate annual profit, excess remuneration of ₹ 76,48,021/- each was paid to Mr. Ajay Kumar Jain, Chairman and Managing Director and Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company in terms of section 197 read with Schedule V of Companies Act, 2013 and Company is proposing to take approval from shareholders on waiver of excess remuneration paid as per the provisions of Section 197 (10) of the Companies Act, 2013 within prescribed time period. The remuneration paid to Mr. Ajay Kumar Jain, Chairman and Managing Director and Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company were within the limits approved by the shareholders.
 - (h) 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 IND AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred during the year, to the Investor Education and Protection Fund by the Company.
 - iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The dividend declared or paid during the year by the Company is in compliance with the Section 123 of the Act.
- 2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure II" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

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

Place: New Delhi
Date: 13th May, 2022

Sanjeev Agarwal
Partner
M No.408316
UDIN: 22408316AIWZQS9803

ANNEXURE-I TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date) Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of **PPAP AUTOMOTIVE LIMITED** ("the Company") as of 31st March 2022 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company 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 (the "ICAI"). 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 of the Company 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgement, 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.

Meaning of Internal Financial Controls over Financial Reporting

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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, 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: 13th May, 2022

Sanjeev Agarwal
Partner
M No.408316
UDIN: 22408316AIWZQS9803

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)**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (B) The company has maintained proper records showing full particulars of intangible assets.
 - b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
 - d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - e) Based on audit procedures performed and the representation obtained from the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. 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.
- b) During the year, the Company has been sanctioned working capital limits in excess of Rs 5 crore by banks based on the security of Current Assets. There are no material variations between the quarterly statement of current assets filed during the year with the banks and the books of accounts.
- iii. a) The Company has provided loans or advances in the nature of loans to its wholly owned subsidiary. The details of the same are given below:

Particulars	Loans
Aggregate amount during the year	
- Subsidiary	3255.67
Balance outstanding as at balance sheet date	
- Subsidiary	750.51

- b) The investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not, prima facie, prejudicial to the Company's interest.
- c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and the payment of the interest has not been stipulated.
- d) There is no amount which is overdue for more than 90 days in respect of loans or advances in the nature of loans granted to subsidiary company.
- e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.

- f) The Company has granted loan or advance in the nature of loan which are repayable on demand or without specifying any terms or period of repayment, as per details below

Particulars	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan - Repayable on demand (A)			
- Agreement does not specify any terms or period of repayment (B)	750.51	-	750.51
Total (A+B)	750.51	-	750.51
Percentage of loans/advances in nature of loan to the total loans	100%		100%

- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. Maintenance of Cost records has been specified by the Central Government. We have broadly reviewed such records and are of the opinion that prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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:

Particular's	Period	Amount	Forum where appeal is pending
Sales Tax / VAT	2004-2005	45,441	Joint Commissioner of Sales Tax (Appeals)
Sales Tax / VAT	2011-12	5,24,112	Commercial Tax Tribunal (Noida, UP)
Sales Tax / VAT	2012-13	35,59,469	Commercial Tax Tribunal (Noida, UP)
Excise Duty	May, 2004 to July, 2004	2,11,792	Appellate Tribunal (CESTAT), Delhi
Excise Duty	April, 2015 to March, 2016	70,72,000	Appellate Tribunal (CESTAT), Delhi
Excise Duty	April, 2013 to June, 2017	4,10,05,000	Joint Commissioner Greater Noida / Alwar
Income Tax	A.Y. 2017-2018	41,37,000	Commissioner (Appeals), Delhi

- viii. Based on our audit procedures and on the basis of information and explanations given to us by the management, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. a) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any bank or financial institution or government or any other lender during the year. The Company did not have any outstanding debentures during the year.
- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) 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.
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have, prima facie, been used for long-term purposes by the company.

- e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. a) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year. Accordingly, the provisions of clause 3 (x) of the Order are not applicable to the Company and hence not commented upon.
- b) The company has not made preferential allotment/private placement of shares or fully or partly or optionally convertible debentures during the year covered under the provisions of Section 42 and 62 of Companies Act 2013 during the year under review.
- xi. a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the company and no material fraud on the Company has been noticed or reported during the year.
- b) We report that no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- 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 Companies Act, 2013. Necessary disclosures have been made in the financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports of the company issued till date, in determining the nature, timing and extent of our audit procedures.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, in view of its business activities, the Company is not required to be registered under Section 45IA of Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- xvii. The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) of the Order is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- xxi. The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For O P Bagla & Co LLP

Chartered Accountants

FRN No. 000018N / N500091

Place: New Delhi

Date: 13th May, 2022

Sanjeev Agarwal

Partner

M No.408316

UDIN: 22408316AIWZQS9803

BALANCE SHEET

AS AT 31st MARCH, 2022

(₹ in lacs)

Particulars	Notes	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	26,137.98	23,055.32
Capital work-in-progress	3	2,078.66	2,013.93
Right of use assets	4	113.85	-
Investment properties	5	106.28	-
Other intangible assets	6	877.46	894.90
Intangible assets under development	6	-	16.65
Financial assets			
a. Investments	7	6,304.28	5,533.00
b. Other financial assets	8	373.18	476.96
Other non-current assets	9	1,031.14	1,098.40
		37,022.83	33,089.16
Current assets			
Inventories	10	4,291.41	4,176.95
Financial assets			
a. Investments	7	269.74	-
b. Trade receivables	11	5,215.53	6,186.15
c. Cash and cash equivalents	12	23.06	100.71
d. Other balances with banks	13	13.22	12.84
e. Loans	14	750.51	53.78
f. Other financial assets	8	175.21	49.41
Current tax assets (net)	15	123.78	-
Other current assets	16	1,145.55	755.30
		12,008.01	11,335.14
Total Assets		49,030.84	44,424.30
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1,400.00	1,400.00
Other equity	18	29,884.31	29,577.06
		31,284.31	30,977.06
LIABILITIES			
Non-current liabilities			
Financial liabilities			
a. Borrowings	19	7,237.05	4,225.62
b. Lease liabilities	4	66.66	-
c. Other financial liabilities	20	22.41	4.03
Provisions	21	626.40	732.08
Deferred tax liabilities (net)	22	707.42	704.64
Current liabilities			
Financial liabilities			
a. Borrowings	19	1,937.22	733.34
b. Lease liabilities	4	47.16	-
c. Trade payables	23		
- total outstanding dues of micro enterprises and small enterprises		641.97	406.30
- total outstanding dues of creditors other than micro enterprises and small enterprises		4,044.29	4,366.16
d. Other financial liabilities	20	580.11	766.06
Other current liabilities	24	1,751.02	1,353.54
Provisions	21	84.82	82.80
Current tax liabilities (net)	25	-	72.67
Total Liabilities		17,746.53	13,447.24
Total Equity and Liabilities		49,030.84	44,424.30

Significant accounting policies

2

The accompanying Notes 1 to 58 form an integral part of these financial statements.

In terms of our report of even date annexed

For O P Bagla & Co LLP

Chartered Accountants

FRN No. 000018N / N500091

Sanjeev Agarwal

Partner

Membership No: 408316

For and on behalf of the Board
PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Sachin Jain

Chief Financial Officer

Place: Noida

Date: 13th May, 2022**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Pankhuri Agarwal

Company Secretary

Membership No.: A59103

Place: New Delhi

Date: 13th May, 2022

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2022

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2022	Year ended 31.03.2021
INCOME			
Revenue from operations	26	40,907.21	32,118.27
Other income	27	199.65	264.93
Total Income (I)		41,106.86	32,383.20
Expenses			
Cost of materials consumed	28	24,375.89	17,872.48
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	332.18	389.09
Employee benefits expense	30	6,961.20	6,122.26
Finance costs	31	598.30	369.35
Depreciation and amortization expense	32	2,895.09	2,632.44
Other expenses	33	5,333.00	4,363.72
Total Expenses (II)		40,495.66	31,749.34
Profit / (loss) before tax from continuing operations (I-II)		611.20	633.86
Tax expenses	22		
Current tax		109.16	173.00
Adjustment of tax relating to earlier periods		36.55	(7.55)
Deferred tax		6.67	(15.20)
Profit / (loss) for the year		458.82	483.61
Other Comprehensive Income (OCI)	34		
Items that will not be reclassified to profit & loss in subsequent periods			
Re-measurement gains / (losses) on defined benefit plans		(15.47)	98.47
Income tax effect on such items		3.89	(24.78)
Total other comprehensive income for the year, net of tax		(11.58)	73.69
Total comprehensive income for the year, net of tax		447.24	557.30
Earnings per equity share (computed on the basis of profit for the year)	35		
(1) Basic (in ₹)		3.28	3.45
(2) Diluted (in ₹)		3.28	3.45

Significant accounting policies

2

The accompanying Notes 1 to 58 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

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PPAP Automotive Limited**Ajay Kumar Jain**

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Place: Noida

Date: 13th May, 2022**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Pankhuri Agarwal

Company Secretary

Membership No.: A59103

Place: New Delhi

Date: 13th May, 2022

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st MARCH, 2022

(₹ in lacs)

Particulars	Year ended	
	31.03.2022	31.03.2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	611.20	633.86
Adjusted for		
Depreciation and amortisation expense	2,895.09	2,632.44
Provision employee benefits / CSR	(119.13)	(136.59)
Interest expense	451.82	237.57
Balances written off	9.64	-
Provision for bad & doubtful debts	(1.30)	0.86
Profit on sale of investments	(4.24)	(0.86)
Interest income	(82.81)	(35.73)
	3,149.07	2,697.69
Operating Profit before Working Capital Changes	3,760.27	3,331.55
Working capital adjustments		
Decrease / (Increase) in inventories	(114.46)	704.50
Decrease / (Increase) in trade and other receivables	617.31	(2,269.18)
Movement in trade and other payables	125.33	1,349.92
	628.18	(214.76)
Cash generated from operations	4,388.45	3,116.79
Direct taxes refunded / (paid)	(342.16)	(107.88)
Net cash from operating activities (A)	4,046.29	3,008.91
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment	(5,911.58)	(3,350.66)
Purchase of assets in CWIP	(64.73)	(1,227.88)
Purchase of assets in Intangible assets under construction	(3.50)	(16.65)
Purchase of intangible assets	(189.00)	(248.33)
Sale of tangible fixed assets	81.03	36.12
Sale / (purchase) of current investments	(269.74)	-
Sale / (purchase) of non current investments	(752.90)	(450.00)
Profit on sale of investments	4.24	0.86
Investment in fixed deposits (purchased) / matured	(0.38)	278.47
Interest income	82.81	35.73
Net cash used in investing activities (B)	(7,023.75)	(4,942.34)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st MARCH, 2022

(₹ in lacs)

Particulars	Year ended	
	31.03.2022	31.03.2021
CASH FLOW FROM FINANCING ACTIVITIES		
Loan	(696.73)	30.54
Payment of lease liabilities (refer note 4a)	(26.95)	-
Interest paid	(451.82)	(237.57)
Proceeds / (repayment) of long term borrowings	3,011.43	3,022.95
Proceeds / (repayment) of short term borrowings	1,203.88	(990.92)
Dividends paid (including dividend distribution tax)	(140.00)	-
Net cash flow from financing activities (C)	2,899.81	1,824.99
Net increase in cash and cash equivalents (A+B+C)	(77.65)	(108.43)
Cash and cash equivalents at the beginning of the year	100.71	209.14
Cash and cash equivalents at the end of the year	23.06	100.71
Components of cash and cash equivalents at the end of the year		
Cash on hand	22.50	11.38
Balance with banks		
On current accounts	0.56	89.33
Deposits with maturity of less than 3 months	-	-
	23.06	100.71

Significant accounting policies

2

The accompanying Notes 1 to 58 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

For and on behalf of the Board

PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Sachin Jain

Chief Financial Officer

Place: Noida

Date: 13th May, 2022**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Pankhuri Agarwal

Company Secretary

Membership No.: A59103

Place: New Delhi

Date: 13th May, 2022

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH, 2022

A. Equity share capital (refer note 16)

(₹ in lacs)

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
At 1st April, 2020	1,40,00,000	1,400.00
Issue of share capital	-	-
At 31st March, 2021	1,40,00,000	1,400.00
Issue of share capital	-	-
As at 31st March, 2022	1,40,00,000	1,400.00

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	
At 1st April, 2020	1,158.95	7,000.00	20,987.62	(126.80)	29,019.77
Net income / (loss) for the year	-	-	483.60	-	483.60
Other comprehensive income (note 33)	-	-	-	73.69	73.69
Total comprehensive income	-	-	483.60	73.69	557.29
Final dividend	-	-	-	-	-
Dividend distribution tax on final dividend	-	-	-	-	-
Interim dividend	-	-	-	-	-
Dividend distribution tax on interim dividend	-	-	-	-	-
As at 31st March, 2021	1,158.95	7,000.00	21,471.22	(53.11)	29,577.06
Net income / (loss) for the year	-	-	458.84	-	458.84
Other comprehensive income (note 33)	-	-	-	(11.58)	(11.58)
Total comprehensive income	-	-	458.84	(11.58)	447.26
Final dividend	-	-	(140.00)	-	(140.00)
As at 31st March, 2022	1,158.95	7,000.00	21,790.06	(64.69)	29,884.31

Significant accounting policies

2

The accompanying Notes 1 to 58 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: 13th May, 2022

For and on behalf of the Board

PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Sachin Jain

Chief Financial Officer

Place: Noida

Date: 13th May, 2022**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Pankhuri Agarwal

Company Secretary

Membership No.: A59103

Notes to Financial Statements

for the year ended 31st March, 2022

1. Corporate information

PPAP AUTOMOTIVE LIMITED (“PPAP” or “the Company”) is a limited company domiciled in India and was incorporated on 18th 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.

The financial statements of the Company for the year ended 31st March 2022 were authorized for issue in accordance with a resolution of the Directors on 13th May, 2022.

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,
- 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 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.

Notes to Financial Statements

for the year ended 31st March, 2022

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:

Particulars	Useful lives
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. Investment properties

Investment properties held to earn rentals or for capital appreciation or both are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation is charged on a straight line basis over their estimated useful lives. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property and is recognized in the statement of profit and loss. Transfer to, or from, investment property is done at the carrying amount of the property.

d. 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 and accumulated impairment loss.

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.

Internally generated: Research & development Costs

- a) Expenditure on research activities is recognised in profit or loss as incurred.
- b) Development expenditure is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

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.

Notes to Financial Statements

for the year ended 31st March, 2022

f. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

g. Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, trading and other products are determined on moving 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.

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.

Notes to Financial Statements

for the year ended 31st March, 2022

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.

i. 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.

j. 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 31st March, 2022

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.

k. 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.

l. 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.

Lease Liability

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to Financial Statements

for the year ended 31st March, 2022

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3, Impairment of non-financial assets.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

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

As a lessor :

The Company enters into lease arrangements as a lessor with respect to some of its investment properties and buildings. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

m. 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.

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.

n. Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

(i) Ind AS 16- Property Plant and equipment:

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Notes to Financial Statements

for the year ended 31st March, 2022

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

(ii) Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets:

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consists of both

- a) the incremental costs of fulfilling that contract (examples would be direct labor, materials) and
- b) an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

(iii) Ind AS 109- Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

o. 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.

p. 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.

q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Notes to Financial Statements

for the year ended 31st March, 2022

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 less impairment loss, if any.

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 116.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Notes to Financial Statements

for the year ended 31st March, 2022

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 analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years
Default rate	0.05%	1.00%	0.05%	50.00%	100.00%

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.

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 Financial Statements

for the year ended 31st March, 2022

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 favourable 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.

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.

Notes to Financial Statements

for the year ended 31st March, 2022

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.

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.

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.

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.

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 31st March, 2022

(₹ in lacs)

3. Property, plant and equipment

Particulars	Land	Factory Building	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
Cost									
As at 1 st April, 2020	2,159.27	9,420.98	15,184.59	711.35	1,062.69	381.90	1,974.88	355.48	31,251.14
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
As at 31st March, 2021	2,159.27	9,479.15	17,387.61	721.66	1,038.33	387.36	2,997.83	382.26	34,553.47
Additions	65.89	1,689.45	2,464.30	87.06	71.08	25.74	1,462.28	65.93	5,931.73
Disposals	-	-	60.06	2.44	215.83	5.21	-	1.49	285.03
Reclassification to Investment Property	14.89	186.29							201.18
As at 31st March, 2022	2,210.27	10,982.31	19,791.85	806.28	893.58	407.89	4,460.11	446.70	39,998.99
Depreciation									
As at 1 st April, 2020	27.22	1,183.80	5,636.73	211.46	413.59	233.61	1,137.51	241.74	9,085.66
Depreciation charge for the year 2020-21	21.24	357.88	1,517.04	68.89	148.61	45.62	227.91	37.51	2,424.70
Disposals	-	-	3.04	-	9.17	-	-	-	12.21
As at 31st March, 2021	48.46	1,541.68	7,150.73	280.35	553.03	279.23	1,365.42	279.25	11,498.15
Depreciation charge for the year 2021-22	21.06	352.01	1,690.25	69.08	128.49	38.05	314.11	32.81	2,645.86
Disposals	-	-	45.26	0.66	153.72	3.55	-	0.81	204.00
Reclassification to Investment Property	0.36	78.64	-	-	-	-	-	-	79.00
As at 31st March, 2022	69.16	1,815.05	8,795.72	348.77	527.80	313.73	1,679.53	311.25	13,861.01
Net book value									
As at 31st March, 2022	2,141.11	9,167.26	10,996.13	457.51	365.78	94.16	2,780.58	135.45	26,137.98
As at 31st March, 2021	2,110.81	7,937.47	10,236.88	441.31	485.30	108.13	1,632.41	103.01	23,055.32

Note : Property, plant & equipment refer significant accounting policies note no 2.2b

(i) Additional disclosure / Regulatory Information as required by Notification no. GSR 207(E) dated 24.03.2021

- The Company has not revalued its Property, Plant and Equipment during the year.
- The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

3. Capital work-in-progress

Particulars	Building Construction	Plant & Machinery	Furniture & Fixtures	Office Equipment	Dies & Moulds	Computer	Total
As at 1st April, 2020	495.68	272.52	17.55	-	8.04	5.63	799.43
Additions	867.39	2,542.58	61.81	20.66	27.95	17.47	3,537.87
Disposals / capitalizations	32.39	2,228.02	39.00	8.50	10.15	5.30	2,323.36
As at 31st March, 2021	1,330.68	587.08	40.36	12.16	25.84	17.80	2,013.93
Additions	644.14	3,471.24	52.94	5.79	285.57	1.23	4,460.91
Disposals / capitalizations	1,675.92	2,305.77	69.45	14.92	311.10	19.02	4,396.18
As at 31st March, 2022	298.90	1,752.55	23.85	3.03	0.31	0.01	2,078.66

a) Ageing of Capital work-in-progress as at 31.03.2022

Capital work-in-progress	Amount of Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,078.66	-	-	-	2,078.66
Projects temporarily suspended	-	-	-	-	-

b) Ageing of Capital work-in-progress as at 31.03.2021

Capital work-in-progress	Amount of Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,013.93	-	-	-	2,013.93
Projects temporarily suspended	-	-	-	-	-

4. Right of use assets

Particulars	Leasehold Building	Vehicle	Total	Lease liabilities
As at 15th April, 2021				
Additions	72.20	68.57	140.77	135.70
Depreciation	16.75	10.18	26.92	-
Finance cost	-	-	-	5.07
Lease payments	-	-	-	(26.95)
As at 31st March, 2022	55.45	58.40	113.85	113.82
Non-current portion				66.66
Current portion				47.16
As at 31st March, 2022				113.82
Non-current portion				-
Current portion				-
As at 31st March, 2021				-

The maturity analysis of lease liabilities are disclosed in Note 44.

The effective interest rate for lease liabilities is 7.55%.

Amounts recognised in the statement of profit & loss related to leases are as under:

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Depreciation expense of right-of-use assets	26.92	-
Interest expense on lease liabilities	5.07	-
Expense relating to short term and low value leases (included in other expenses)- Ref. Note 37	11.78	32.77
Total	43.78	32.77

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

5. Investment properties	Land	Factory Building	Total
Cost as at 1st April , 2021	-	-	-
Reclassification from Property, plant and equipment	14.89	186.29	201.18
Disposals	-	-	-
As at 31st March, 2022	14.89	186.29	201.18
Depreciation			
Depreciation as at 1st April , 2021	-	-	-
Reclassification from Property, plant and equipment	0.36	78.64	79.00
Disposals	-	-	-
Depreciation charge for the year 2021-22	0.18	15.71	15.89
Disposals	-	-	-
As at 31st March, 2022	0.54	94.35	94.90
Net book value			
As at 31st March, 2022	14.35	91.94	106.28
As at 31st March, 2021	-	-	-

(a) Amount recognised in profit and Loss for Investment Properties are as under:

	(₹ in lacs)	
	Year ended 31.03.2022	Year ended 31.03.2021
Rental income	13.20	-
Direct operating expenses (including repairs and maintenance) on properties generating rental income	(3.46)	-
Direct operating expenses (including repairs and maintenance) on properties not generating rental income	-	-

(b) The Company has no contractual obligations to purchase, construct or develop Investment Properties or for repairs, maintenance and enhancements. There is no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal on the Company.

(c) The fair value of the Company's Investment properties as at March 31, 2022, has been arrived at on the basis of valuation carried out at the respective date by an external, independent valuer. The fair value measurement for all the investments properties has been categorised as Level 2 based on the inputs to the valuation technique used. Considering the type of the assets, market approach (sales comparable method) to estimate the fair value of the subject properties is adopted.

The significant assumption used in the determination of fair value was the market price (per sqf).

Under market approach, fair value is estimated based on comparable transactions. The market approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Company is the price per square feet ('sqf').

Fair Value of Investment Properties:	(₹ in lacs)
	As at 31.03.2022
	Level 2
Land	1,059.94
Building	248.31
Total	1,308.25

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

6. Other Intangible assets

Cost	Software	Technical Know How	Total
As at 1st April, 2020	451.38	1,194.73	1,646.12
Additions	63.08	185.25	248.33
Disposals	-	-	-
As at 31st March, 2021	514.46	1,379.98	1,894.45
Additions	36.93	152.07	189.00
Disposals	-	-	-
As at 31st March, 2022	551.39	1,532.05	2,083.45
Amortisation			
As at 1st April, 2020	144.56	647.22	791.79
Amortization charge for the year 2020-21	65.64	142.12	207.76
Disposals	-	-	-
As at 31st March, 2021	210.20	789.34	999.55
Amortization charge for the year 2021-2022	68.84	137.61	206.44
Disposals	-	-	-
As at 31st March, 2022	279.04	926.95	1,205.99
Net book value			
As at 31st March, 2022	272.35	605.10	877.46
As at 31st March, 2021	304.26	590.64	894.90

6. Intangible assets under development

	Software
As at 1st April, 2020	-
Additions	96.36
Disposals / capitalizations	79.71
As at 31st March, 2021	16.65
Additions	3.50
Disposals / capitalizations	20.15
As at 31st March, 2022	-

a) Ageing of intangible assets under development as at 31.03.2021

Particulars	Amount of intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	16.65	-	-	-	16.65
Projects temporarily suspended	-	-	-	-	-

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

7. Investments	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
(a) Investments in equity shares of Subsidiaries at cost				
Unquoted				
PPAP Technology Limited (formerly PPAP Technology Private Limited and PPAP Automotive Technology Private Limited) 1,37,99,235 (31 st March, 2021: 62,99,985) equity shares of ₹ 10 each fully paid up	1,379.92	630.00		
Elpis Components Distributors Priavate Limited (formerly PPAP Automotive Systems Private Limited 5,00,000 (31 st March, 2021: 5,00,000) equity shares of ₹ 10 each fully paid up	50.00	50.00		
Other Equity Investment- Fair Value of Financial Guarantee given for PPAP Technology Limited *	21.36	-		
	1,451.28	680.00		
(b) Investment in equity shares of joint venture company at cost				
Unquoted				
PPAP Tokai India Rubber Private Limited 4,85,00,000 (31 st March, 2021 : 4,85,00,000) equity shares of ₹ 10 each fully paid up	4,853.00	4,853.00		
	4,853.00	4,853.00		
(c) Investment in mutual funds				
Quoted				
ICICI MUTUAL FUND: 7,25,972 (March 31, 2021: nil) units			60.50	-
PGIM FLEXI CAP: 9,157.73 (March 31, 2021: nil) units			2.35	-
ABSL MULTICAP: 17,204.56 (March 31, 2021: nil) units			2.10	-
ADITYA BIRLA SUNLIFE MUTUAL FUND: 2,65,773.41 (March 31, 2021: nil) units			195.45	-
CANARA ROBECO EMERGING EQUITIES: 1,520.03 (March 31, 2021: nil) units			2.41	-
AXIS MIDCAP: 3,616.94 (March 31, 2021: nil) units			2.44	-
SBI CONTRA: 1,232.25 (March 31, 2021: nil) units			2.46	-
MIRAE ASSET FOCUSED EQUITY: 10,647.51 (March 31, 2021: nil) units			2.03	-
			269.74	-
Total	6,304.28	5,533.00	269.74	-

* Financial guarantees given to subsidiary was initially recognised at fair value will continue to be accounted as Other Equity Investment until the investment in subsidiary is derecognised or impaired.

Aggregate value of unquoted investments	6,304.28	5,533.00
Aggregate amount of impairment in value of investments	-	-

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

8. Other financial assets (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Security Deposits	182.54	178.95	-	-
Bank deposits (having maturity more than 12 months)	190.64	298.01	-	-
Bank deposits with original maturity of more than three months but less than 12 months			125.97	-
Interest accrued on deposits			3.10	0.28
Insurance claim receivable			42.70	46.06
Derivative instruments at fair value through profit or loss				
Foreign exchange forward contracts receivables			3.44	3.07
Total	373.18	476.96	175.21	49.41

Derivative instruments at fair value through profit or loss

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Bank deposits (having maturity more than 12 months)

Bank deposits are held as security against letter of credit and bank guarantees.

9. Other non-current assets (Unsecured, considered good)	As at 31.03.2022	As at 31.03.2021
Capital advances	885.87	953.13
Other non current assets	145.27	145.27
Total	1,031.14	1,098.40

10. Inventories	As at 31.03.2022	As at 31.03.2021
Raw materials	2,319.36	1,820.21
Work-in-progress	513.55	411.41
Finished goods	1,079.86	1,514.18
Stores and spares	372.22	423.76
Goods in transit	6.42	7.39
Total	4,291.41	4,176.95

Note:

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

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

11. Trade receivables	As at 31.03.2022	As at 31.03.2021
Unsecured, considered good	5,217.28	6,189.19
Less: Provision for doubtful receivables	1.75	3.04
Total	5,215.53	6,186.15

Trade receivables	As at 31.03.2022							Total
Outstanding for following periods from due date of payment	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Other	
(i) Undisputed Trade receivables – considered good	4,395.31	671.61	150.37	-	-	-	-	5,217.28
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	4,395.31	671.61	150.37	-	-	-	-	5,217.28

Trade receivables	As at 31.03.2021							Total
Outstanding for following periods from due date of payment	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Other	
(i) Undisputed Trade receivables – considered good	5,355.64	833.55	-	-	-	-	-	6,189.19
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	5,355.64	833.55	-	-	-	-	-	6,189.19

Trade receivables	As at 31.03.2022	As at 31.03.2021
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	259.07	285.29

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

	As at 31.03.2022	As at 31.03.2021
12. Cash and cash equivalents		
Balances with banks		
On current accounts	0.56	89.33
Deposits with maturity of less than 3 months	-	-
Cash on hand	22.50	11.38
Total	23.06	100.71
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
Balance with banks		
On current accounts	0.56	89.33
Cash on hand	22.50	11.38
Total	23.06	100.71
13. Other balances with banks		
	As at 31.03.2022	As at 31.03.2021
Bank Balance: unpaid dividend account (earmarked balances with banks)	13.22	12.84
Total	13.22	12.84
14. Loans		
	As at 31.03.2022	As at 31.03.2021
Loans to related parties		
(Considered good, unsecured)	-	-
Other loans		
(Unsecured, considered good)		
Loan to staff	-	14.20
Loan to subsidiary company	750.51	-
Labour welfare receivable	-	39.58
Total	750.51	53.78
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.		
No any loan is granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), which are either repayable on demand or without specifying any terms or period of repayment.		
15. Current tax assets (net)		
	As at 31.03.2022	As at 31.03.2021
"Income tax provision (net of provision for income tax ₹ 109.16 lacs)"	123.78	-
Total	123.78	-

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

16. Other current assets (Unsecured, considered good)	As at 31.03.2022	As at 31.03.2021
Advance to suppliers & contractors	384.64	318.22
Prepaid expenses	194.10	120.71
Balances with government authorities	566.81	316.15
Other current assets	-	0.22
Total	1,145.55	755.30

17. Equity share capital	As at 31.03.2022	As at 31.03.2021
Authorized		
2,00,00,000 equity shares of ₹ 10 each (2,00,00,000 equity shares of ₹ 10 each)	2,000.00	2,000.00
Subscribed and fully paid up		
1,40,00,000 equity shares of ₹ 10 each (1,40,00,000 equity shares of ₹ 10 each)	1,400.00	1,400.00
Total	1,400.00	1,400.00

A. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31.03.2022		As at 31.03.2021	
	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	-	-	-	-
Outstanding at the end of the year	1,40,00,000	1,400.00	1,40,00,000	1,400.00

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 31.03.2022		As at 31.03.2021	
	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	19,08,482	13.63%	18,95,482	13.54%

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 31.03.2022	As at 31.03.2021
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 31st March, 2022

(₹ in lacs)

E. Details of Promoter's Shareholding

S. No.	Promoter's Name	No. of Shares	%age of shares held	%age change during the year
1	Ajay Kumar Jain	38,67,180	27.62%	-
2	Abhishek Jain	10,02,404	7.16%	-
3	Vinay Kumari Jain	5,33,890	3.81%	-
4	Ajay Kumar Jain (HUF)	90,123	0.64%	-
5	Rashi Jain	45,540	0.33%	-
6	Kalindi Farms Private Limited	19,08,482	13.63%	0.69%
7	Sri Lehra Jewellers Private Limited	5,57,463	3.98%	-
8	Advance Commotrade Private Limited	2,22,500	1.59%	-
9	Littlestar Tradelinks Private Limited	1,98,010	1.41%	-
10	Prism Suppliers Private Limited	1,93,700	1.38%	-
11	Smart Commotrade Private Limited	1,68,030	1.20%	-
12	Ratnakar Dealtrade Private Limited	1,48,130	1.06%	-
13	Nikunj Foods Private Limited	1,46,445	1.05%	-

18. Other equity	Amount
a) Securities premium	
As at 1st April, 2020	7,000.00
Issue of equity shares	-
As at 31st March, 2021	7,000.00
Issue of equity shares	-
As at 31st March, 2022	7,000.00
b) Actuarial gains / losses on defined benefit employee obligations	
As at 1st April, 2020	(126.80)
Other comprehensive income for the period	73.69
As at 31st March, 2021	(53.11)
Other comprehensive income for the period	(11.58)
As at 31st March, 2022	(64.69)
c) General reserve	
As at 1st April, 2020	1,158.95
Add: Transferred from retained earnings	-
As at 31st March, 2021	1,158.95
Add: Transferred from retained earnings	-
As at 31st March, 2022	1,158.95
d) Retained earnings	
As at 1st April, 2020	20,987.62
Profit for the period	483.61
As at 31st March, 2021	21,471.23
Profit for the period	458.82
Less: Final dividend paid	(140.00)
As at 31st March, 2022	21,790.05
Total other equity	
As at 31st March, 2022	29,884.31
As at 31st March, 2021	29,577.06

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.

Notes to Financial Statements

for the year ended 31st March, 2022

- 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.

(₹ in lacs)

19. Borrowings	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Secured				
Term loans				
Term loan from banks	7,111.54	3,610.23	-	-
Term loan from financial institution	760.18	1,308.17	809.38	-
Vehicle loans				
From banks	106.77	38.69	-	-
Less: Current maturities	(741.44)	(731.47)	741.44	731.47
Working capital loans from banks (refer note vi below)	-	-	386.40	1.87
Total	7,237.05	4,225.62	1,937.22	733.34

Terms of borrowings

Type of loan	Loan outstanding		MCLR/ Repo. Rate (% per annum)	Spread (% per annum)	Repayment terms
	As at 31.03.2022	As at 31.03.2021			
AXIS bank term loan	870.37	1,000.00	4.00	2.90	Repayable in 54 monthly installment ₹ 18.52 lacs each.
	2,190.00	-	6.90	0.45	Repayable in 54 monthly installment ₹ 40.56 lacs each.
HDFC bank term loan	1,350.00	1,710.00	7.50	0.45	Repayable in 20 quarterly installment ₹ 90.00 lacs each.
	236.84	300.00	7.50	0.45	Repayable in 19 quarterly installment ₹ 15.79 lacs each.
HSBC bank term loan	464.33	600.23	7.25	0.25	Repayable in 60 monthly installment ₹ 11.33 lacs each.
	1,610.00	-	7.10	0.25	Repayable in 60 monthly installment ₹ 26.83 lacs each.
	390.00	-	7.10	0.25	Repayable in 60 monthly installment ₹ 6.50 lacs each.
Term loan from financial institution (The Pradeshiya Industrial & Investment Corporation of U.P.)	1,569.56	1,308.17	-	-	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, 02.11.2018 for ₹ 432.99 lacs and 30.03.2022 for ₹ 109.49 lacs.
Vehicle loans from banks	106.77	38.69	7.35 % to 10.50% per annum	-	Repayable in equal monthly instalments of 60 months
Working capital loans from banks - see Note vi & vii	386.40	1.87	see Note vi & vii		On demand

Notes to Financial Statements

for the year ended 31st March, 2022

Note i:

Term loans are secured by 1st 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 Pradeshya Industrial & Investment Corporation of U.P. Limited is secured by bank guarantee equivalent to 100% of loan amount.

Note iii:

Secured by way of hypothecation of vehicles.

Note iv:

The Company has satisfied all the loan covenants.

Note v:

The Company has used the loans for the purpose for which these were taken.

Note vi:

Secured by hypothecation of inventories, book debts, other current assets, factory land and building situated at B-206A, Sector-81, Phase-II, Noida.

Note vii:

Bank	MCLR / Repo. Rate (% per annum)	Spread (% per annum)
HSBC Bank	3.70	3.55
HDFC Bank	7.00	-
ICICI Bank	7.25	0.10
Axis Bank	7.40	-

Details submitted in half yearly statement with the bankers vs books of accounts

Particulars	Period	Amount as per Financials	Amount filed with Bankers	Difference
Eligible Trade Receivables	31.03.2022	5,215.53	5,215.53	-
Eligible Inventories	31.03.2022	4,291.41	4,291.41	-
Other Current Assets reported to banks	31.03.2022	1,320.76	1,320.76	-
Any Other Financial Information reported to banks in half yearly returns		-	-	-

Particulars	Period	Amount as per Financials	Amount filed with Bankers	Difference
Eligible Trade Receivables	30.09.2021	4,672.09	4,672.09	-
Eligible Inventories	30.09.2021	5,438.94	5,438.94	-
Other Current Assets reported to banks	30.09.2021	1,202.25	1,202.25	-
Any Other Financial Information reported to banks in half yearly returns		-	-	-

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

20. Other financial liabilities	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Security deposits	4.03	4.03	44.21	46.77
Interest accrued on borrowings	-	-	18.07	13.50
Creditors for expenses	-	-	505.16	693.51
Unclaimed dividends	-	-	12.67	12.28
Fair Value of Financial Guarantee given	18.38	-	-	-
Derivative instruments at fair value through profit or loss:				
Foreign currency forward contracts				
Total	22.41	4.03	580.11	766.06

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.

(₹ in lacs)

21. Provisions	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Provision for employee benefits				
Provision for gratuity	487.51	603.11	66.62	68.64
Provision for compensated absences (Refer note 36 for Ind AS 19 disclosures)	138.89	128.97	18.20	14.16
Total	626.40	732.08	84.82	82.80

22. Income Taxes

The major components of income tax expense for the year ended 31st March, 2022 and 31st March, 2021 are:

A. Statement of profit and loss

(i) Profit & loss section	As at 31.03.2022	As at 31.03.2021
Current income tax charge	109.16	173.00
Adjustments in respect of current income tax of previous year	36.55	(7.55)
Deferred tax		
Relating to origination and reversal of temporary differences	6.67	(15.20)
Income tax expense reported in the statement of profit & loss	152.38	150.25
(ii) OCI section	As at 31.03.2022	As at 31.03.2021
Deferred tax related to items recognised in OCI during the year:		
Net (loss) / gain on remeasurements of defined benefit plans	3.89	(24.78)
Income tax charged to OCI	3.89	(24.78)

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for financial year ended 31st March, 2022 and 31st March, 2021.

Particulars	As at	As at
	31.03.2022	31.03.2021
Accounting profit before tax from continuing operations	611.20	633.86
Profit / (loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	611.20	633.86
At India's statutory income tax rate of 25.168% (31 st March, 2021: 25.168%)	153.83	159.53
Adjustments in respect of current income tax of previous years	36.55	(7.55)
Net disallowances on which deferred tax is not recognised	(23.05)	11.70
Exempted income / deductions	(14.95)	(13.42)
	152.38	150.25
Income tax expense reported in the statement of profit and loss	152.38	150.25
Income tax attributable to a discontinued operation	-	-
	152.38	150.25

C. Deferred tax

Deferred tax relates to the following:

Particulars	Balance sheet		Statement of profit and loss / OCI	
	As at 31.03.2022	As at 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Accelerated depreciation for tax purposes	835.80	784.81	(50.99)	13.01
Provision for gratuity & leave encashment	(229.92)	(218.86)	11.06	(59.09)
Present valuation of borrowings	101.54	138.69	37.15	36.51
Deferred tax (expense) / income			(2.78)	(9.57)
Net deferred tax (assets) / liabilities	707.42	704.64		

Reflected in the balance sheet as follows:

Particulars	As at	As at
	31.03.2022	31.03.2021
Deferred tax assets	(229.92)	(218.86)
Deferred tax liabilities	937.34	923.50
Deferred tax liabilities, net	707.42	704.64

Reconciliation of deferred tax liabilities (net)

Particulars	As at	As at
	31.03.2022	31.03.2021
Opening balance	704.64	695.04
Tax (income) / expense during the period recognized in profit & loss	6.67	(15.18)
Tax (income) / expense during the period recognized in OCI	(3.89)	24.78
Closing balance	707.42	704.64

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

23. Trade payables	As at 31.03.2022	As at 31.03.2021
Trade payables		
- total outstanding dues of micro and small enterprises	641.97	406.30
- total outstanding dues of creditors other than micro and small enterprises	4,044.29	4,366.16
Total	4,686.26	4,772.46

Trade payables	As at 31.03.2022			
Outstanding for following periods from due date of payment	6 months -1 year	1-2 years	Other	Total
(i) MSME	641.97	-	-	641.97
(ii) Others	4,013.83	30.46	-	4,044.29
(iii) Disputed dues – MSME	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total	4,655.80	30.46	-	4,686.26

Trade payables	As at 31.03.2021			
Outstanding for following periods from due date of payment	6 months -1 year	1-2 years	Other	Total
(i) MSME	406.30	-	-	406.30
(ii) Others	4,317.97	42.44	-	4,366.16
(iii) Disputed dues – MSME	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total	4,724.27	42.44	-	4,772.46

24. Other current liabilities	As at 31.03.2022	As at 31.03.2021
Advance from customers	1,171.08	803.76
Advance for sale of assets	11.64	-
Statutory dues payable	568.30	549.78
Total	1,751.02	1,353.54

25. Current tax liabilities (net)	As at 31.03.2022	As at 31.03.2021
Income tax provision	-	72.67
31 st March, 2021: net of advance tax of ₹ 100.33 lacs)		
Total	-	72.67

26. Revenue from operations	Year ended 31.03.2022	Year ended 31.03.2021
Sale of products		
Automotive parts	37,803.93	29,966.39
Moulds	2,605.21	1,980.00
	40,409.14	31,946.39
Other operating revenue		
GST subsidy	463.49	139.83
Investment subsidy on employment	34.58	32.05
Total	40,907.21	32,118.27

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 31st March, 2022 (31st March, 2021: Nil).

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

	Year ended 31.03.2022	Year ended 31.03.2021
27. Other income		
Other non operating income		
Interest income	82.81	35.73
Profit on sale of investment	0.07	0.86
Gain on fair valuation of current investments	4.17	-
Foreign exchange gain	38.54	15.06
Rent received	52.06	57.31
Unclaimed balances written off	9.64	-
Redemption of keyman insurance policy	-	155.97
Provision for bad and doubtful debt	1.30	-
Guarantee/ Commission Income	4.88	-
Miscellaneous Income	6.18	-
Total	199.65	264.93
28. Cost of materials consumed		
Year Ended 31.03.2022	Year ended 31.03.2021	
Raw material	22,075.74	16,282.03
Dyes & chemicals	195.71	153.17
Packing material	635.23	434.52
Steel	653.96	250.33
Dies & molds	815.26	752.43
Total	24,375.89	17,872.48
29. Changes in inventories of finished goods, stock in trade and work-in-progress		
Year ended 31.03.2022	Year ended 31.03.2021	
Inventories at the beginning of the year		
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
Total inventories at the beginning of the year (A)	1,925.58	2,314.67
Inventories at the end of the year		
Work-in-progress	513.55	346.04
Work-in-progress of inhouse manufactured molds	-	755.44
Finished goods	1,079.85	824.10
Total inventories at the end of the year (B)	1,593.40	1,925.58
Total (A-B)	332.18	389.09
30. Employee benefits expense		
Year ended 31.03.2022	Year ended 31.03.2021	
Salaries and wages	6,259.00	5,535.62
Contribution to provident and other funds	317.66	303.48
Staff welfare expenses	384.54	283.16
Total	6,961.20	6,122.26

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

31. Finance costs	Year ended 31.03.2022	Year ended 31.03.2021
Interest expense	593.23	369.07
Other borrowing costs	-	0.28
Interest on lease liabilities	5.07	-
Total	598.30	369.35
32. Depreciation and amortization expense	Year ended 31.03.2022	Year ended 31.03.2021
Depreciation of Property, Plant and Equipment (refer note 3)	2,645.84	2,424.69
Depreciation of Right of Use Assets (refer note 3)	26.92	-
Depreciation of Investment Properties (refer note 3)	15.89	-
Amortization of Intangible Assets (refer note 5)	206.44	207.75
Total	2,895.09	2,632.44
33. Other expenses	Year ended 31.03.2022	Year ended 31.03.2021
Other manufacturing expenses		
Stores and spares consumed	221.33	193.17
Power and fuel	902.28	838.23
Factory expenses	221.52	134.37
Repair & maintenance		
Building	52.63	23.58
Machinery	413.26	262.94
Others	66.13	19.84
Administrative and other expenses		
Rent	11.78	32.77
Rates & taxes	10.02	9.86
Listing expenses	2.50	5.40
Postage & telephone expenses	40.31	63.85
Printing & stationery	78.32	52.74
Traveling & conveyance expenses	480.50	463.46
Office electricity & water	6.87	6.23
Insurance charges	185.06	181.86
Factory security	130.47	122.69
Foreign exchange hedging loss	2.26	2.57
Legal & professional charges	462.74	216.91
Meeting expenses	-	2.12
Motor car expenses	25.46	15.16
Bank charges	44.30	33.98
Fees & subscription	30.99	23.02
Provision for bad and doubtful debt	-	0.86
Corporate social responsibility expenses (refer note 52)	59.00	85.74
Directors sitting fees	19.20	18.00
Payment to collaborators / royalty	278.28	271.50
Charity & donation	-	0.15
Discount and short recovery	7.31	2.87
Miscellaneous expenses	193.88	163.19
Auditors' remuneration		
As audit fees	8.45	8.45
For tax audit, certification & tax representations	7.06	2.36
For other matters	-	4.10
Selling & distribution expenses		
Freight & forwarding expenses	1,335.71	1,098.46
Advertisement, publicity & sales promotion	35.38	3.29
Total	5,333.00	4,363.72

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

34. 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 st March, 2022	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	(15.47)	(15.47)
Income tax effect	3.89	3.89
Total	(11.58)	(11.58)
During the year ended 31 st 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)
Total	73.69	73.69

35. 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 31.03.2022	Year ended 31.03.2021
Profit for the year as per statement of profit & loss	458.82	483.61
Profit attributable to equity holders of the Company for basic earnings	458.82	483.61
	No. of Shares	
Weighted average number of equity shares in calculating basic EPS	1,40,00,000	1,40,00,000
Effect of dilution	-	-
Weighted average number of equity shares in calculating diluted EPS	1,40,00,000	1,40,00,000
Earnings per equity share		
Basic (in ₹)	3.28	3.45
Diluted (in ₹)	3.28	3.45
Face value of each equity share (in ₹)	10	10

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

36. 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 ₹ 257.13 lacs (31st March, 2021: ₹ 238.93 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:

Changes in the present value of the defined benefit obligation are as follows:	31.03.2022	31.03.2021
Defined benefit obligation at the beginning of the year	832.04	859.41
Current service cost	73.50	71.63
Past service cost	-	-
Interest cost	56.58	59.47
Benefits paid	(104.16)	(60.29)
Actuarial (gain) / loss on obligations-OCI	25.37	(98.18)
Defined benefit obligation at the end of the year	883.33	832.04
Changes in the fair value of plan assets are as follows:	31.03.2022	31.03.2021
Fair value of plan assets at the beginning of the year	160.29	-
Contribution by employer	159.00	160.00
Benefits paid	-	-
Expected interest income on plan assets	-	-
Actual gain / (loss) on plan asset	9.90	0.29
Fair value of plan assets at the end of the year	329.19	160.29
Reconciliation of fair value of plan assets and defined benefit obligation	31.03.2022	31.03.2021
Fair value of plan assets	329.19	160.29
Defined benefit obligation	883.33	832.04
Amount recognised in the balance sheet	554.14	671.75

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Amount recognised in statement of profit and loss	31.03.2022	31.03.2021
Current service cost	73.50	71.63
Net interest expense	45.68	59.47
Past service cost	-	-
Amount recognised in statement of profit and loss	119.18	131.10
Amount recognised in other comprehensive income	31.03.2022	31.03.2021
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(11.09)	(32.59)
Remeasurement return on plan assets excluding amount included in interest income	-	-
Actuarial (gain) / loss arising from experience adjustments	36.46	(65.60)
Amount recognised in other comprehensive income	25.37	(98.19)

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

	31.03.2022	31.03.2021
Discount rate	7.18%	6.80%
Expected rate of return on plan assets	NA	NA
Future salary increases	5.25%	5.00%
Attrition rate (up to 30 years)	3.00%	3.00%
Attrition rate (from 31 to 44 years)	2.00%	2.00%
Attrition rate (above 44 years)	1.00%	1.00%
Retirement age	58 years	58 years

A quantitative sensitivity analysis for significant assumption as at 31st March, 2022 and 31st March, 2021 is as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Assumptions				
Discount rate	+0.50%	+0.50%	(41.51)	(40.12)
	-0.50%	-0.50%	44.73	43.34
Future salary increases	+0.50%	+0.50%	44.89	43.40
	-0.50%	-0.50%	(41.99)	(40.51)

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.

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Company's best estimate of expense for the next Annual reporting period is ₹ 123.96 lacs (31st March, 2021: ₹ 127.22 lacs).

The expected maturity analysis of undiscounted gratuity is as follows:	31.03.2022	31.03.2021
Within the next 12 months (next annual reporting period)	66.68	68.64
Between 1 to 2 years	42.47	38.24
Between 2 to 3 years	23.69	37.34
Between 3 to 4 years	35.32	21.85
Between 4 to 5 years	44.34	30.28
Between 5 to 6 years	36.39	39.91
Over 6 years	634.44	595.78
Total expected payments	883.33	832.04

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.44 years (31st March, 2021: 16.55 years)

37. 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 ₹ 11.78 lacs (31st March, 2021: ₹ 32.77 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2022	As at 31.03.2021
Not later than one year	6.93	3.84
Later than one year and not later than five years	-	-
Later than five years	-	-
	6.93	3.84

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 ₹ 52.06 lacs (31st March, 2021: ₹ 57.31 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2022	As at 31.03.2021
Not later than one year	48.31	57.31
Later than one year and not later than five years	-	-
Later than five years	-	-
	48.31	57.31

38. Commitments

(i) Retention charges and capital commitments (net of advances) are ₹ 417.34 lacs (31st March, 2021: ₹ 1098.26 lacs)

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

39. Contingent liabilities	As at 31.03.2022	As at 31.03.2021
Contingent liabilities not provided for in respect of		
Letters of guarantees	2,832.00	2,374.92
Letters of credit	171.30	84.46
Income tax appeal		
For assessment year 2017-18	41.37	41.37
For assessment year 2018-19	-	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
Total	3,672.39	3,427.18

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 was pending before the CIT(A) in the above matter which has been decided in favour of the company allowing the credit of Corporate Dividend Tax.
- (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 was pending before the CIT(A) in the above matter which has been decided in favour of the company allowing the credit of Corporate Dividend Tax.
- (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 Company approached the Delhi High Court against the order of CESTAT and the High Court has remanded the case back to CESTAT for hearing it again. The matter is pending in CESTAT, Delhi.
- (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. However, the jurisdiction of the case has been transferred from Gurugram, Haryana to Additional Director General (Adjudication) DGGSTI, New Delhi on 26.07.2019. 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 31st March, 2022

(₹ in lacs)

40. Related party disclosures**A. List of related parties**

(a) Joint Venture	1. PPAP Tokai India Rubber Private Limited
(b) Key Management Personnel (KMP)	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. Anurag Saxena, Chief Financial Officer (upto 19.03.2021)
	9. Mr. Sachin Jain, Chief Financial Officer (w.e.f 10.05.2021)
	10. Mrs. Sonia Bhandari, Company Secretary (upto 18.09.2021)
	11. Mrs Shivani Sehgal, Company Secretary (w.e.f 12.11.21 to 25.04.2022)
	12. Ms. Pankhuri Agarwal, Company Secretary (w.e.f 13.05.2022)
(c) Related Parties in the group where common control exists	1. Vinay and Ajay Jain Foundation
(d) Wholly owned subsidiaries	1. Elpis Components Distributors Private Limited
	2. PPAP Technology Limited
(e) Other Related Party-Post employment benefit plan of the Company	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
CSR expenses paid						
Vinay and Ajay Jain Foundation	31.03.2022	59.00	-	-	-	59.00
	31.03.2021	85.74	-	-	-	85.74
Material / licence purchases						
PPAP Technology Limited	31.03.2022	-	-	0.52	-	0.52
	31.03.2021	-	-	-	-	-
Material / licence purchases						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	621.23	-	-	621.23
	31.03.2021	-	147.18	-	-	147.18
Investment in equity shares						
PPAP Technology Limited	31.03.2022	-	-	749.93	-	749.93
	31.03.2021	-	-	450.00	-	450.00
Loan given						
PPAP Technology Limited	31.03.2022	-	-	3,255.67	-	3,255.67
	31.03.2021	-	-	300.00	-	300.00
Loan repayment received						
PPAP Technology Limited	31.03.2022	-	-	2,505.69	-	2,505.69
	31.03.2021	-	-	300.00	-	300.00
Receipts for other services*						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	116.94	-	-	116.94
	31.03.2021	-	116.43	-	-	116.43
Elpis Components Distributors Private Limited	31.03.2022	-	-	35.11	-	35.11
	31.03.2021	-	-	35.11	-	35.11
PPAP Technology Limited	31.03.2022	-	-	13.20	-	13.20
	31.03.2021	-	-	13.20	-	13.20
Sales						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	113.40	-	-	113.40
	31.03.2021	-	70.53	-	-	70.53
Elpis Components Distributors Private Limited	31.03.2022	-	-	720.17	-	720.17
	31.03.2021	-	-	602.92	-	602.92
PPAP Technology Limited	31.03.2022	-	-	-	-	-
	31.03.2021	-	-	0.50	-	0.50
Contribution to fund: Employer's contribution towards gratuity fund						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2022	-	-	-	159.00	159.00
	31.03.2021	-	-	-	160.00	160.00

*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 31st March, 2022

(₹ 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
Trade receivable						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	-	-	-	-
	31.03.2021	-	30.78	-	-	30.78
Elpis Components Distributors Private Limited	31.03.2022	-	-	259.07	-	259.07
	31.03.2021	-	-	285.29	-	285.29
PPAP Technology Limited	31.03.2022	-	-	-	-	-
	31.03.2021	-	-	0.09	-	0.09
Trade payable						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	72.19	-	-	72.19
	31.03.2021	-	56.03	-	-	56.03
Security Deposit Received						
Elpis Components Distributors Private Limited	31.03.2022	-	-	2.93	-	2.93
	31.03.2021	-	-	2.93	-	2.93
PPAP Technology Limited	31.03.2022	-	-	1.10	-	1.10
	31.03.2021	-	-	1.10	-	1.10
Loan given						
PPAP Technology Limited	31.03.2022	-	-	750.51	-	750.51
	31.03.2021	-	-	0.09	-	0.09
Contribution to fund: Employer's contribution towards gratuity fund						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2022	-	-	-	319.00	319.00
	31.03.2021	-	-	-	160.00	160.00

Details relating to remuneration of KMP & their relatives

Name of KMP	31.03.2022		31.03.2021	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	120.57	-	120.90	-
Mr. Abhishek Jain	127.77	-	128.83	-
Mrs. Vinay Kumari Jain	-	4.80	-	4.00

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

Name of KMP	31.03.2022		31.03.2021	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Bhuwan Kumar Chaturvedi	-	6.00	-	5.20
Mr. Pravin Kumar Gupta	-	6.00	-	5.20
Mr. Ashok Kumar Jain	-	-	-	1.20
Mrs. Celine George	-	2.40	-	2.40

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

41. 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.

42. 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	31.03.2022	31.03.2021
(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	641.97	406.30
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 31st March, 2022

(₹ in lacs)

43. Fair values measurements

(i) Financial instruments by category

Particulars	31.03.2022		31.03.2021	
	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets				
Investments (non current)*	-	6,304.28	-	5,533.00
Other financial assets (non current)	-	373.18	-	476.96
Investments (current)	269.74	-	-	-
Trade receivables	-	5,215.53	-	6,186.15
Cash and cash equivalents	-	23.06	-	100.71
Other balances with banks	-	13.22	-	12.84
Loans	-	750.51	-	53.78
Other financial assets (current)	3.44	175.21	3.07	49.41
Total financial assets	273.18	12,854.99	3.07	12,412.85
Financial liabilities				
Borrowings (non current)	-	7,237.05	-	4,225.62
Borrowings (current)	-	1,937.22	-	733.34
Lease Liabilities	-	113.82	-	-
Trade payables	-	4,686.26	-	4,772.46
Other financial liabilities (non current)	-	22.41	-	4.03
Other financial liabilities (current)	-	580.11	-	766.06
Total financial liabilities	-	14,576.87	-	10,501.51

*Investment value includes investment in joint venture of ₹ 4,853 lacs (31st March, 2021: ₹ 4,853 lacs) and investment in wholly owned subsidiary companies of ₹ 1429.92 lacs (31st March, 2021 ₹ 680 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.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities, other than those whose fair values are close approximations of their carrying values.

Financial assets and liabilities measured at fair value-recurring fair value measurements for which fair values are disclosed at 31st March, 2022

	Date of valuation	Fair value measurement using		
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
Financial Assets				
Investments in mutual funds	31.03.2022	269.74	269.74	-
Foreign currency forward contracts	31.03.2022	3.44	3.44	-

There have been no transfers between Level 1 and Level 2 during the financial year 2020-21 and 2021-22.

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Financial assets and liabilities measured at fair value-recurring fair value measurements for which fair values are disclosed at 31st March, 2021

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets					
Investments in mutual funds	31.03.2021	-	-	-	-
Foreign currency forward contracts	31.03.2021	3.07	3.07	-	-

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.

44. 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 31st March, 2022 and 31st March, 2021.

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 31st March, 2022 and 31st March, 2021.

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
31.03.2022		
INR	+50	(47.28)
INR	-50	47.28
31.03.2021		
INR	+50	(26.97)
INR	-50	26.97

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.

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for the year ended 31st March, 2022

(₹ 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
31.03.2022	+5%	(1.59)
	-5%	1.59
31.03.2021	+5%	(15.80)
	-5%	15.80
	Change in JPY rate	Effect on profit before tax
31.03.2022	+5%	(1.06)
	(5%)	1.06
31.03.2021	+5%	(7.15)
	(5%)	7.15
	Change in EURO rate	Effect on profit before tax
31.03.2022	+5%	(0.01)
	(5%)	0.01
31.03.2021	+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.

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.

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

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
Year ended 31.03.2022					
Borrowings (non current)	185.36	556.08	6,668.14	109.49	7,519.07
Borrowings (current)	-	1,550.82	-	-	1,550.82
Lease liabilities	11.24	35.92	66.66	-	113.82
Trade payables	4,419.34	234.17	29.32	-	4,682.82
Other financial liabilities (current)	535.90	44.21	22.41	-	602.52
Total	5,151.84	2,421.20	6,786.52	109.49	14,469.05
Year ended 31.03.2021					
Borrowings (non current)	198.66	531.23	4,661.10	-	5,390.99
Borrowings (current)	-	1.87	-	-	1.87
Lease liabilities	-	-	-	-	-
Trade payables	4,772.46	-	-	-	4,772.46
Other financial liabilities (current)	770.08	-	-	-	770.08
Total	5,741.20	533.10	4,661.10	-	10,935.40

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.

45. 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 31st March, 2022.

	31.03.2022	31.03.2021
Borrowings (non current)	7,237.05	1,202.67
Borrowings (current)	1,937.22	992.79
Lease liabilities	113.82	-
Trade payables	4,686.26	4,156.49
Other financial liabilities (current)	580.11	423.70
Total debts	14,554.46	6,775.65
Less: Cash and cash equivalents	23.06	209.14
Net debts	14,531.40	6,566.51
Total equity	31,284.31	30,419.76
Total debt and equity	45,815.71	36,986.27
Gearing ratio (%)	31.77%	18.32%

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for the year ended 31st March, 2022

(₹ in lacs)

Additional Regulatory Information: Financial Ratios

Ratio	Numerator	Denominator	31.03.2022	31.03.2021	% change	Reason where variance exceeds 25%
Current ratio (in times)	Current Assets	Current Liabilities	1.32	1.46	-10%	-
Debt- Equity Ratio (in times)	Total Debt	Shareholder's Equity	0.29	0.16	45%	Additional borrowings
Debt Service Coverage ratio (in times)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	3.02	6.47	-114%	Repayment liabilities towards additional borrowings
Return on Equity ratio (in %)	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	1.5%	1.6%	-7%	-
Inventory Turnover ratio (in times)	Cost of goods sold or sale	Average Inventory	9.66	7.09	27%	Improved sales
Trade Receivable Turnover Ratio (in times)	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	7.18	6.24	13%	-
Trade Payable Turnover Ratio (in times)	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.22	4.09	22%	-
Net Capital Turnover Ratio (in times)	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	14.00	9.04	35%	Improved sales
Net Profit ratio (in %)	Net Profit	Net sales = Total sales - sales return	1.1%	1.5%	-34%	Higher input cost due to increase in commodity prices
Return on Capital Employed (in %)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	3.0%	2.8%	6%	-
Return on Investment* (in %)	"Income generated from investments"	"Time weighted average investments"	1.59%	0	100%	NA

* Non current investments held by the Company is for strategic purposes. Benchmarking the return on annual basis will not reflect yield from such investments.

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for the year ended 31st March, 2022

(₹ in lacs)

46. 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:

	31.03.2022	31.03.2022	31.03.2021	31.03.2021
	Foreign currency	Amount	Foreign currency	Amount
Foreign trade payables				
USD in lacs	0.42	31.85	4.41	325.19
JPY in lacs	32.30	21.26	204.18	143.69
EURO in lacs	0.00	0.28	-	-
Foreign trade receivables				
USD in lacs	-	-	-	-
JPY in lacs	-	-	-	-
EURO in lacs	-	-	-	-

47. 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.

48. 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.
49. Disclosure of movement in provisions during the year as per Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets':

Particulars	Balance as on 1 st April, 2021	Provided during the year	Paid / Adjusted during the year	Balance as on 31 st March, 2022
Provisions				
Gratuity	832.04	155.45	(104.16)	883.33
Accumulated leaves	143.12	41.07	(27.09)	157.10
Income Tax	72.67	109.16	(72.67)	109.16
Total	1,047.83	305.68	(203.92)	1,149.58

50. Dividends paid and proposed

Particulars	Year Ended 31.03.2022	Year ended 31.03.2021
A Paid during the year		
Final dividend for FY 2020-21: ₹.1.00 per share (FY 2019- 20 ₹ nil)	140.00	-
	140.00	-
B Proposed for approval at the annual general meeting (not recognised as a liability)		
Final dividend for FY 2021-22 ₹ 1.50 per share (FY 2020-21: ₹ 1.00 per share)	210.00	140.00
	210.00	140.00

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.

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for the year ended 31st March, 2022

(₹ in lacs)

51. Disclosure under Ind AS 7 'Statement of Cash Flows'

With effect from 1st 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.

	31.03.2021	Cash flows	Non-cash changes Fair value changes	31.03.2022
Long-term borrowings	4,957.09	2,869.50	151.90	7,978.49
Short term borrowings	1.87	384.53	-	386.40
Total liabilities from financing activities	4,958.96	3,254.03	151.90	8,364.89

52. Details of Corporate Social Responsibility (CSR) expenditure

	31.03.2022	31.03.2021
a) Gross amount required to be spent during the year	51.77	85.74
b) Amount spent during the year ending on 31 March 2022:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	59.00	85.74
Amount spent through related parties out of (i) or (ii) above:		
- Vinay and Ajay Jain Foundation (a related Parties in the group where common control exists)	59.00	85.74
Vinay and Ajay Jain Foundation is engaged in following activities:		
i) Providing meal to unprivileged and downtrodden children which help them to pursue their education.	-	5.48
ii) Making payment of school fees of unprivileged children.	9.56	8.83
iii) Providing study material to unprivileged children.	2.74	1.07
iv) Plantation for promoting environmental sustainability.	46.55	69.43
v) Administrative Expenses	0.15	0.92
Total	59.00	85.74
c) Shortfall at the end of the year	nil	nil
Total of previous years shortfall	nil	nil
Reason for shortfall	N/A	N/A
d) Unspent CSR Account		
i) Opening Balance	-	-
ii) Contribution for current year	-	-
iii) Amount spent on ongoing projects during the year	-	-
iv) Closing balance to be spent in future years	-	-
e) Amount transferred to any fund specified under Schedule VII as per Section 135(5)	nil	nil

During the year under review the company has spent ₹ 7.23 lakhs (31st March, 2021: ₹ nil) in excess of the amount required to be spent. The excess amount shall be carried forward against the requirement to spend up to immediate succeeding three financial years.

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

53. Details of transactions with Struck-off Companies	Nil	Nil
54. Details of Benami Property	Nil	Nil
55. Title deeds of Immovable Properties not held in name of the Company	Nil	Nil
56. 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 Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying value of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources on the expected future performance of the Company and based on current estimates, the Company expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.

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, 2022 is considered adequate.

57. 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.

58. Additional disclosure / Regulatory Information as required by Notification no. GSR 207(E) dated 24.03.2021 which are not covered in any of the notes above

- (i) No proceedings have been initiated or pending against the company for holding any benami property under benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) Reconciliation of quarterly statement of current assets filed with banks or financial statements
There are no material variations between the quarterly statement of current assets filed during the year with the banks and the books of accounts.
- (iii) Willful Defaulter
No bank has declared the company as "willful defaulter".
- (iv) Registration of charges or satisfaction with Registrar of Companies:
All applicable cases where registration of charges or satisfaction is required with Registrar of Companies have been done. No registration or satisfaction is pending at end of financial year 2021-2022.

Notes to Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

(v) Registration of charges or satisfaction with Registrar of Companies:

No scheme of arrangements has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.

(vi) Utilisation of Borrowed funds and share premium:

Particulars	Description
No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;	No such transaction has taken place during the year
No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries	No such transaction has taken place during the year

(vii) Undisclosed income

There is no such income which has not been disclosed in the books of accounts. No such income is surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961.

(viii) Details of Crypto Currency or Virtual Currency

The Company does not deal in Crypto Currency. Therefore further disclosures are not given

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: 13th May, 2022

For and on behalf of the Board
PPAP Automotive Limited

Ajay Kumar Jain
 Chairman & Managing Director
 DIN: 00148839

Sachin Jain
 Chief Financial Officer

Place: Noida
 Date: 13th May, 2022

Abhishek Jain
 CEO & Managing Director
 DIN: 00137651

Pankhuri Agarwal
 Company Secretary
 Membership No.: A59103

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 31st March, 2022, 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 31st March, 2022, the consolidated loss, total consolidated comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

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>Recoverable value assessment of property, plant and equipment</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. 57 to the consolidated financial statements)</p>	<p>Our audit procedures included, but were not restricted to:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation, and testing the operating effectiveness of the relevant controls over determination of recoverable value of property, plant and equipment. • Re-assessing the accuracy and completeness of the information shared with the independent expert engaged by the management. • 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. • Assessing the competence and independence of the valuation expert engaged by the Company for determining the replacement cost of property, plant and equipment. • Verification of accounting implications, if any, and appropriateness of disclosures in the financial statements. <p>Audit Conclusion: Our procedures did not identify any requirement for impairment in value of property, plant and equipment.</p>

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

Information other than the consolidated financial statements and auditors' report thereon

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

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

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

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

Management's Responsibility for the consolidated financial statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and of its subsidiaries, associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the 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.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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. In terms of clause (xxi) of para 3 of The Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms Section 143(11) of the Act, we report that no qualifications or adverse remarks have been made in the respective CARO reports of subsidiaries and Joint Venture Company whose financials have been consolidated in these financial statements.
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, 2022 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) Due to inadequate annual profit, excess remuneration of ₹ 76,48,021/- each was paid to Mr. Ajay Kumar Jain, Chairman and Managing Director and Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company in terms of section 197 read with Schedule V of Companies Act, 2013 and Company is proposing to take approval from shareholders on waiver of excess remuneration paid as per the provisions of Section 197 (10) of the Companies Act, 2013 within prescribed time period.. The remuneration paid to Mr. Ajay Kumar Jain, Chairman and Managing Director and Mr. Abhishek Jain, Chief Executive Officer and Managing Director of the Company were within the limits approved by the shareholders.
- (h) 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.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding Company or its subsidiary companies incorporated in India to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the holding Company or its subsidiary companies incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the holding Company or its subsidiary companies incorporated in India from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the holding Company or its subsidiary companies incorporated in India shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The dividend declared or paid during the year by the Holding Company is in compliance with the Section 123 of the Act.

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

Place: New Delhi
Date: 13th May , 2022

Sanjeev Agarwal
Partner
M No.408316
UDIN: 22408316AIWZRR5247

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 31st March, 2022 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 31st March, 2022, 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: 13th May, 2022**Sanjeev Agarwal**

Partner

M No.408316

UDIN: 22408316AIWZRR5247

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2022

(₹ in lacs)

Particulars	Notes	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	27,387.72	23,485.63
Capital work-in-progress	3	2,078.66	2,013.93
Right of use assets	4	159.24	-
Other intangible assets	5	883.19	901.77
Intangible assets under development	5	68.73	19.04
Financial assets			
a. Investments	6	4,293.71	4,642.43
b. Loan	7	-	178.95
c. Other financial assets	8	514.56	298.01
Other non-current assets	9	1,031.14	1,068.67
		36,416.95	32,608.43
Current assets			
Inventories	10	5,605.85	4,495.64
Financial assets			
a. Investments	6	269.74	-
b. Trade receivables	11	5,586.22	6,039.54
c. Cash and cash equivalents	12	44.01	134.83
d. Other balances with banks	13	13.22	16.74
e. Loans	14	0.52	53.78
f. Other financial assets	8	175.39	170.77
Current tax assets (net)	15	123.78	-
Other current assets	16	1,716.99	811.60
		13,535.72	11,722.90
Total Assets		49,952.67	44,331.33
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1,400.00	1,400.00
Other equity	18	28,988.35	29,218.19
		30,388.35	30,618.19
LIABILITIES			
Non-current liabilities			
Financial liabilities			
a. Borrowings	19	7,888.92	4,457.72
b. Lease liabilities	4	85.30	-
c. Other financial liabilities	20	7.77	-
Provisions	21	638.89	732.09
Deferred tax liabilities (net)	22	595.29	665.39
Current liabilities			
Financial liabilities			
a. Borrowings	19	2,919.49	759.35
b. Lease liabilities	4	75.86	-
c. Trade payables	23	-	-
- total outstanding dues of micro enterprises and small enterprises		917.30	406.30
- total outstanding dues of creditors other than micro enterprises and small enterprises		3,940.75	4,384.78
d. Other financial liabilities	20	641.28	794.20
Other current liabilities	24	1,768.06	1,357.83
Provisions	21	85.41	82.80
Current tax liabilities (net)	25	-	72.67
Total Liabilities		19,564.32	13,713.13
Total Equity and Liabilities		49,952.67	44,331.33

Significant accounting policies

2

The accompanying Notes 1 to 59 form an integral part of these financial statements.

In terms of our report of even date annexed

For O P Bagla & Co LLP

Chartered Accountants

FRN No. 000018N / N500091

Sanjeev Agarwal

Partner

Membership No: 408316

For and on behalf of the Board
PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Sachin Jain

Chief Financial Officer

Place: Noida

Date: 13th May, 2022**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Pankhuri Agarwal

Company Secretary

Membership No.: A59103

Place: New Delhi

Date: 13th May, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2022	Year ended 31.03.2021
INCOME			
Revenue from operations	26	42,191.73	32,219.75
Other income	27	99.78	209.51
Total Income (I)		42,291.51	32,429.26
Expenses			
Cost of materials consumed	28	25,354.79	17,967.81
Purchase of stock in trade		37.79	17.22
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	191.85	314.29
Employee benefits expense	30	7,223.81	6,218.98
Finance costs	31	650.53	378.30
Depreciation and amortization expense	32	2,946.85	2,646.67
Other expenses	33	5,523.66	4,410.65
Total Expenses (II)		41,929.28	31,953.92
Profit / (loss) before share of (profit) / loss of associates and a joint venture and tax from continuing operations (I-II)		362.23	475.34
Share of profit of Joint venture		(349.30)	(152.33)
Profit / (loss) before tax from continuing operations		12.93	323.02
Tax expenses	22		
Current tax		121.42	173.00
Adjustment of tax relating to earlier periods		36.55	(7.55)
Deferred tax		(66.20)	(52.19)
Profit / (loss) for the year		(78.84)	209.76
Other Comprehensive Income (OCI)	34		
Items that will not be reclassified to profit & loss in subsequent periods			
Re-measurement gains / (losses) on defined benefit plans		(15.47)	98.47
Share of other comprehensive income of associates and joint venture		0.57	4.41
Income tax effect on such items		3.89	(24.78)
Total other comprehensive income for the year, net of tax		(11.01)	78.10
Total comprehensive income for the year, net of tax		(89.85)	287.86
Earnings per equity share (computed on the basis of profit for the year)	35		
(1) Basic (in ₹)		(0.56)	1.50
(2) Diluted (in ₹)		(0.56)	1.50

Significant accounting policies

2

The accompanying Notes 1 to 59 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: 13th May, 2022

For and on behalf of the Board
PPAP Automotive Limited

Ajay Kumar Jain
 Chairman & Managing Director
 DIN: 00148839

Sachin Jain
 Chief Financial Officer

Place: Noida
 Date: 13th May, 2022

Abhishek Jain
 CEO & Managing Director
 DIN: 00137651

Pankhuri Agarwal
 Company Secretary
 Membership No.: A59103

CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lacs)

Particulars	Year ended	
	31.03.2022	31.03.2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	12.93	323.02
Adjusted for		
Depreciation and amortisation expense	2,946.85	2,646.67
Provision employee benefits / CSR	(106.05)	(136.59)
Interest expense	566.53	237.57
Balances written off	9.64	-
Provision for bad & doubtful debts	(1.30)	0.86
Profit on sale of investments	(4.24)	(0.86)
Share in net profit / loss in associate & Joint venture	349.30	152.33
Interest income	(82.81)	(35.73)
	3,677.92	2,864.25
Operating Profit before Working Capital Changes	3,690.85	3,187.26
Working capital adjustments		
Decrease / (Increase) in inventories	(1,110.21)	469.01
Decrease / (Increase) in trade and other receivables	579.64	(2,100.23)
Movement in trade and other payables	(1.77)	1,196.52
	(532.34)	(434.71)
Cash generated from operations	3,158.51	2,752.56
Direct taxes refunded / (paid)	(355.84)	(108.10)
Net cash from operating activities (A)	2,802.67	2,644.45
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment	(6,728.19)	(3,745.34)
Purchase of assets in CWIP	(64.73)	(1,227.88)
Purchase of assets in Intangible assets under construction	(3.50)	(16.65)
Purchase of intangible assets	(189.00)	(248.33)
Sale of tangible fixed assets	81.03	36.12
Sale / (purchase) of current investments	(269.74)	-
Sale / (purchase) of non current investments	(2.97)	-
Profit on sale of investments	4.24	0.86
Investment in fixed deposits (purchased) / matured	(0.38)	278.47
Sale of non-current investments	-	-
Interest income	82.81	35.73
Net cash used in investing activities (B)	(7,090.43)	(4,887.02)

CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lacs)

Particulars	Year ended	
	31.03.2022	31.03.2021
CASH FLOW FROM FINANCING ACTIVITIES		
Loan	(696.73)	30.54
Payment of lease liabilities	(38.50)	(237.57)
Interest paid	(453.52)	-
Proceeds from issue of equity share capital	-	3,255.05
Proceeds / (repayment) of long term borrowings	3,452.55	(990.92)
Proceeds / (repayment) of short term borrowings	2,073.13	-
Dividends paid (including dividend distribution tax)	(140.00)	-
Net cash flow from financing activities (C)	4,196.93	2,057.10
Net increase in cash and cash equivalents (A+B+C)	(90.82)	(185.46)
Cash and cash equivalents at the beginning of the year	134.83	320.30
Cash and cash equivalents at the end of the year	44.01	134.84
Components of cash and cash equivalents at the end of the year		
Cash on hand	22.54	11.65
Balance with banks		
On current accounts	21.47	123.19
Deposits with maturity of less than 3 months	-	-
	44.01	134.83

Significant accounting policies

2

The accompanying Notes 1 to 59 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

For and on behalf of the Board

PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Sachin Jain

Chief Financial Officer

Place: Noida

Date: 13th May, 2022**Abhishek Jain**

CEO & Managing Director

DIN: 00137651

Pankhuri Agarwal

Company Secretary

Membership No.: A59103

Place: New Delhi

Date: 13th May, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2022

A. Equity share capital (refer note 17)

(₹ in lacs)

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
At 1st April, 2020	1,40,00,000	1,400.00
Issue of share capital	-	-
At 31st March, 2021	1,40,00,000	1,400.00
Issue of share capital	-	-
As at 31st March, 2022	1,40,00,000	1,400.00

B. Other equity

Particulars	Reserves and Surplus			Items of Other comprehensive income	Total equity (refer note 18)
	General Reserve	Securities Premium	Retained earnings	Re-measurement gains / (losses) on defined benefit plans	
At 1st April, 2020	1,158.95	7,000.00	20,902.99	(139.17)	28,922.77
Net income / (loss) for the year	-	-	209.75	-	209.75
Add: Transfer from other equity	-	-	7.57	-	7.57
Other comprehensive income (note 34)	-	-	-	78.10	78.10
Total comprehensive income	-	-	217.32	78.10	295.42
At 1st April, 2021	1,158.95	7,000.00	21,120.31	(61.07)	29,218.19
Net income / (loss) for the year	-	-	(78.84)	-	(78.84)
Other comprehensive income (note 34)	-	-	-	(11.01)	(11.01)
Total comprehensive income	-	-	(78.84)	(11.01)	(89.84)
Final dividend	-	-	(140.00)	-	(140.00)
As at 31st March, 2022	1,158.95	7,000.00	20,901.47	(72.08)	28,988.35

The accompanying Notes 1 to 59 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: 13th May, 2022

For and on behalf of the Board
PPAP Automotive Limited

Ajay Kumar Jain
 Chairman & Managing Director
 DIN: 00148839

Sachin Jain
 Chief Financial Officer

Place: Noida
 Date: 13th May, 2022

Abhishek Jain
 CEO & Managing Director
 DIN: 00137651

Pankhuri Agarwal
 Company Secretary
 Membership No.: A59103

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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 31st March, 2021. PPAP Automotive Limited (“PPAP” or “the company” or the “Parent”) is a public limited company domiciled in India and was incorporated on 18th 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.

The consolidated financial statements for the year ended 31st March 2022 were authorized for issue in accordance with a resolution of the directors on 13th May, 2022.

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% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. PPAP has one joint venture. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit and loss, and the group’s share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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

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.

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:

Particulars	Useful lives
Dies and Moulds	6 years

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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. Investment properties

Investment properties held to earn rentals or for capital appreciation or both are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation is charged on a straight line basis over their estimated useful lives. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property and is recognized in the statement of profit and loss. Transfer to, or from, investment property is done at the carrying amount of the property.

d. 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 and accumulated impairment loss.

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.

Internally generated: Research & development Costs

i) Expenditure on research activities is recognised in profit or loss as incurred.

ii) Development expenditure is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

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 31st March, 2022

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 31st March, 2022

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 gratuity

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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.

Lease Liability

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3, Impairment of non-financial assets.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

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

As a lessor :

The Group enters into lease arrangements as a lessor with respect to some of its investment properties and buildings.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16- Property Plant and equipment:

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and there is no impact on its Standalone financial statements.

Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets:

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consists of both

- a) the incremental costs of fulfilling that contract (examples would be direct labor, materials) and
- b) an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and there is no impact on its Standalone financial statements.

Ind AS 109- Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability.

The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and there is no impact on its 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 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 31st March, 2022

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 31st March, 2022

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:

	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
Default rate	0.05%	1.00%	0.05%	50.00%	100.00%

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.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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 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.

2.4 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.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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:

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 31st March, 2022

(₹ in lacs)

3. Property, plant and equipment

Particulars	Land	Factory Building	Building Renovation	Plant & Machinery	Furniture & fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
Cost										
As at 1st April, 2020	2,159.27	9,420.98	-	15,184.59	711.69	1,062.69	382.14	1,974.88	356.65	31,252.88
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 31st March, 2021	2,159.27	9,479.15	-	17,810.91	730.71	1,038.33	392.23	2,997.83	389.47	34,997.91
Additions	65.89	1,689.45	91.03	3,041.25	120.90	74.26	36.37	1,462.28	84.97	6,666.40
Disposals	-	-	-	60.06	2.44	215.83	5.71	-	1.49	285.53
Reclassification to Investment Property	-	-	-	-	-	-	-	-	-	-0.00
As at 31st March, 2022	2,225.16	11,168.60	91.03	20,792.10	849.17	896.76	422.89	4,460.11	472.95	41,378.78
Depreciation										
As at 1st April, 2020	27.22	1,183.80	-	5,636.73	211.46	413.59	233.61	1,137.51	241.78	9,085.71
Depreciation charge for the year 2020-21	21.24	357.88	-	1,529.28	69.34	148.61	45.95	227.91	38.56	2,438.77
Disposals	-	-	-	3.04	-	9.17	-	-	-	12.21
As at 31st March, 2021	48.46	1,541.68	-	7,162.97	280.80	553.03	279.56	1,365.42	280.35	11,512.27
Depreciation charge for the year 2021-22	21.06	352.01	2.87	1,717.29	70.53	128.52	39.73	314.11	36.76	2,682.87
Disposals	-	-	-	45.26	0.66	153.72	3.65	-	0.81	204.10
Reclassification to Investment Property	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	69.52	1,893.69	2.87	8,835.00	350.67	527.83	315.64	1,679.53	316.29	13,991.05
Net book value										
As at 31st March, 2022	2,155.64	9,274.91	88.16	11,957.10	498.49	368.93	107.25	2,780.58	156.66	27,387.72
As at 31st March, 2021	2,110.81	7,937.47	-	10,647.94	449.90	485.30	112.67	1,632.41	109.13	23,485.63

Note : Property, plant & equipment refer significant accounting policies note no 2.3b

(i) Additional disclosure / Regulatory Information as required by Notification no. GSR 207(E) dated 24.03.2021

- I. The Group has not revalued its Property, Plant and Equipment during the year.
- II. The title deeds of all the immovable properties held by the Group (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

3. Capital work-in-progress

Particulars	Building Construction	Plant & Machinery	Furniture & Fixtures	Office Equipment	Dies & Moulds	Computer	Total
As at 1st April, 2020	495.68	272.52	17.55	-	8.04	5.63	799.43
Additions	867.39	2,542.59	61.81	20.66	27.95	17.47	3,537.87
Disposals / capitalizations	32.39	2,228.02	39.00	8.50	10.15	5.30	2,323.36
As at 31st March, 2021	1,330.68	587.10	40.36	12.16	25.84	17.80	2,013.93
Additions	644.14	3,471.24	52.94	5.79	285.57	1.23	4,460.91
Disposals / capitalizations	1,675.92	2,305.77	69.45	14.92	311.10	19.03	4,396.19
As at 31st March, 2022	298.90	1,752.57	23.85	3.03	0.31	-	2,078.66

a) Ageing of Capital work-in-progress as at 31.03.2022

Capital work-in-progress	Amount of Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,078.66	-	-	-	2,078.66
Projects temporarily suspended	-	-	-	-	-

b) Ageing of Capital work-in-progress as at 31.03.2021

Capital work-in-progress	Amount of Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,013.93	-	-	-	2,013.93
Projects temporarily suspended	-	-	-	-	-

4. Right of use assets

Particulars	Leasehold Building	Vehicle	Total	Lease liabilities
As at 1st April, 2021	-	-	-	-
Additions	131.09	68.57	199.66	194.59
Depreciation	30.24	10.18	40.42	-
Finance cost	-	-	-	6.77
Lease payments	-	-	-	(40.20)
As at 31st March, 2022	100.84	58.40	159.24	161.16
Non-current portion				85.30
Current portion				75.86
As at 31st March, 2022				161.16
Non-current portion				-
Current portion				-
As at 31st March, 2021				-

The maturity analysis of lease liabilities are disclosed in Note 44.

The effective interest rate for lease liabilities is 7.55%.

Amounts recognised in the statement of profit & loss related to leases are as under:

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Depreciation expense of right-of-use assets	40.42	-
Interest expense on lease liabilities	6.77	-
Expense relating to short term and low value leases (included in other expenses)- Ref. Note 37	46.89	67.88
Total	94.08	67.88

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

5. Other Intangible assets

Cost	Software	Technical Know How	Website Development	Total
As at 1 st April, 2020	451.55	1,194.73	-	1,646.28
Additions	67.00	185.25	3.13	255.37
Disposals	-	-	-	-
As at 31st March, 2021	518.55	1,379.98	3.13	1,901.65
Additions	36.93	152.07	-	189.00
Disposals	-	-	-	-
As at 31st March, 2022	555.48	1,532.05	3.13	2,090.65
Amortisation				
As at 1 st April, 2020	144.56	647.22	-	791.78
Amortization charge for the year 2020-21	65.87	142.12	0.11	208.10
Disposals	-	-	-	-
As at 31st March, 2021	210.42	789.35	0.11	999.88
Amortization charge for the year 2021-2022	69.48	137.61	0.50	207.59
Disposals	-	-	-	-
As at 31st March, 2022	279.90	926.96	0.61	1,207.47
Net book value				
As at 31 st March, 2022	275.57	605.09	2.52	883.19
As at 31 st March, 2021	308.13	590.63	3.01	901.77

5. Intangible assets under development	Software	Development asset	Total
As at 1 st April, 2020	-	-	-
Additions	96.36	2.39	98.75
Disposals / capitalizations	79.71	-	79.71
As at 31st March, 2021	16.65	2.39	19.04
Additions	3.50	66.34	69.84
Disposals / capitalizations	20.15	-	20.15
As at 31st March, 2022	-	68.73	68.73

a) Ageing of intangible assets under development as at 31.03.2021

Particulars	Amount of intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	68.73	-	-	-	68.73
Projects temporarily suspended	-	-	-	-	-

b) Ageing of intangible assets under development as at 31.03.2021

Particulars	Amount of intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	19.04	-	-	-	19.04
Projects temporarily suspended	-	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

6. Investments	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
(a) Investments in equity shares of Subsidiaries at cost				
Unquoted				
PPAP Tokai India Rubber Private Limited 4,85,00,000 (31 st March, 2021 : 4,85,00,000) equity shares of ₹ 10 each fully paid up	4,293.71	4,642.43		
	4,293.71	4,642.43		
(b) Investment in mutual funds				
Quoted				
ICICI MUTUAL FUND: 7,25,972 (March 31, 2021: nil) units			60.5	-
PGIM FLEXI CAP: 9,157.73 (March 31, 2021: nil) units			2.35	-
ABSL MULTICAP: 17,204.56 (March 31, 2021: nil) units			2.1	-
ADITYA BIRLA SUNLIFE MUTUAL FUND: 2,65,773.41 (March 31, 2021: nil) units			195.45	-
CANARA ROBECO EMERGING EQUITIES: 1,520.03 (March 31, 2021: nil) units			2.41	-
AXIS MIDCAP: 3,616.94 (March 31, 2021: nil) units			2.44	-
SBI CONTRA: 1,232.25 (March 31, 2021: nil) units			2.46	-
MIRAE ASSET FOCUSED EQUITY: 10,647.51 (March 31, 2021: nil) units			2.03	-
Total	4,293.71	4,642.43	269.74	-
Aggregate value of unquoted investments	4,293.71	4,642.43		
Aggregate amount of impairment in value of investments	-	-		
7. Loans				
(Unsecured, considered good)				
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Security Deposits	-	178.95	-	-
Total	-	178.95	-	-

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

8. Other financial assets (Unsecured, considered good)	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Security Deposits	182.54	-	-	-
Bank deposits (having maturity more than 12 months)	332.02	298.01	-	2.80
Bank deposits with original maturity of more than three months but less than 12 months	-	-	125.97	-
Government grant receivable	-	-	-	-
Interest accrued on deposits	-	-	3.28	0.28
Insurance claim receivable	-	-	42.70	164.62
Derivative instruments at fair value through profit or loss				
Foreign exchange forward contracts receivables	-	-	3.44	3.07
Total	514.56	298.01	175.39	170.77

Derivative instruments at fair value through profit or loss

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Bank deposits (having maturity more than 12 months)

Bank deposits are held as security against letter of credit and bank guarantees.

9. Other non-current assets (Unsecured, considered good)	As at 31.03.2022	As at 31.03.2021
Capital advances	885.87	953.12
Other non current assets	145.27	115.55
Total	1,031.14	1,068.67

10. Inventories	As at 31.03.2022	As at 31.03.2021
Raw materials	3,333.35	2,037.01
Stock in trade	151.63	145.89
Work-in-progress	640.11	428.97
Finished goods	1,100.01	1,452.62
Stores and spares	372.22	423.76
Goods in transit	8.53	7.39
Total	5,605.85	4,495.64

Note:

For mode of valuation refer accounting policy number 2.3 (g)

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

11. Trade receivables	As at 31.03.2022	As at 31.03.2021
Unsecured, considered good	5,588.28	6,042.58
Unsecured, credit impaired	0.01	0.04
Less: Provision for doubtful receivables	2.08	3.08
Total	5,586.22	6,039.54

Trade receivables	As at 31.03.2022							Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Other	
Outstanding for following periods from due date of payment								
(i) Undisputed Trade receivables – considered good	4,395.31	1,034.79	158.19	-	-	-	-	5,588.28
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	0.01	-	-	-	0.01
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	4,395.31	1,034.79	158.19	0.01	-	-	-	5,588.29

Trade receivables	As at 31.03.2021							Total
	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Other	
Outstanding for following periods from due date of payment								
(i) Undisputed Trade receivables – considered good	5,355.64	686.93	-	-	-	-	-	6,042.58
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	0.04	-	-	-	-	0.04
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	5,355.64	686.93	0.04	-	-	-	-	6,042.62

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	259.07	285.29

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

	As at 31.03.2022	As at 31.03.2021
12. Cash and cash equivalents		
Balances with banks		
On current accounts	21.47	123.18
Deposits with maturity of less than 3 months	-	-
Cash on hand	22.54	11.65
Total	44.01	134.83
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
Balance with banks		
On current accounts	21.47	123.18
Cash on hand	22.54	11.65
Total	44.01	134.83
13. Other balances with banks		
	As at 31.03.2022	As at 31.03.2021
Bank Balance: unpaid dividend account (earmarked balances with banks)	13.22	16.74
Total	13.22	16.74
14. Loans		
	As at 31.03.2022	As at 31.03.2021
Loans to related parties		
(Considered good, unsecured)	-	-
Other loans		
(Unsecured, considered good)		
Loan to staff	0.52	14.20
Labor welfare receivable	-	39.58
Total	0.52	53.78
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.		
No any loan is granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), which are either repayable on demand or without specifying any terms or period of repayment		
15. Current tax assets (net)		
	As at 31.03.2022	As at 31.03.2021
Income tax provision (net of provision for income tax ₹ 121.42 lacs)	123.78	-
Total	123.78	-
16. Other current assets (Unsecured, considered good)		
	As at 31.03.2022	As at 31.03.2021
Advance to suppliers & contractors	503.10	322.02
Prepaid expenses	204.45	150.62
Balances with government authorities	1,003.14	338.74
Other current assets	6.29	0.22
Total	1,716.99	811.60

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

17. Equity share capital	As at 31.03.2022	As at 31.03.2021
Authorized		
2,00,00,000 equity shares of ₹ 10 each (2,00,00,000 equity shares of ₹ 10 each)	2,000.00	2,000.00
Subscribed and fully paid up		
1,40,00,000 equity shares of ₹ 10 each (1,40,00,000 equity shares of ₹ 10 each)	1,400.00	1,400.00
Total	1,400.00	1,400.00

A. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31.03.2022		As at 31.03.2021	
	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	-	-	-	-
Outstanding at the end of the year	1,40,00,000	1,400.00	1,40,00,000	1,400.00

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 31.03.2022		As at 31.03.2021	
	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	19,08,482	13.63%	18,95,482	13.54%

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 31.03.2022	As at 31.03.2021
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

E. Details of Promoter's Shareholding

S. No.	Promoter's Name	No. of Shares	%age of shares held	%age change during the year
1	Ajay Kumar Jain	38,67,180	27.62%	-
2	Abhishek Jain	10,02,404	7.16%	-
3	Vinay Kumari Jain	5,33,890	3.81%	-
4	Ajay Kumar Jain (HUF)	90,123	0.64%	-
5	Rashi Jain	45,540	0.33%	-
6	Kalindi Farms Private Limited	19,08,482	13.63%	0.69%
7	Sri Lehra Jewellers Private Limited	5,57,463	3.98%	-
8	Advance Commotrade Private Limited	2,22,500	1.59%	-
9	Littlestar Tradelinks Private Limited	1,98,010	1.41%	-
10	Prism Suppliers Private Limited	1,93,700	1.38%	-
11	Smart Commotrade Private Limited	1,68,030	1.20%	-
12	Ratnakar Dealtrade Private Limited	1,48,130	1.06%	-
13	Nikunj Foods Private Limited	1,46,445	1.05%	-

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

	(₹ in lacs)
	Amount
18. Other equity	
a) Securities premium	
As at 1st April, 2020	7,000.00
Issue of equity shares	-
As at 31st March, 2021	7,000.00
Issue of equity shares	-
As at 31st March, 2022	7,000.00
b) Actuarial gains / losses on defined benefit employee obligations	
As At 1st April, 2020	(139.16)
Other comprehensive income for the period	78.10
As at 31st March, 2021	(61.06)
Other comprehensive income for the period	(11.01)
As at 31st March, 2022	(72.07)
c) General reserve	
As at 1st April, 2020	1,158.95
Add: Transferred from retained earnings	-
As at 31st March, 2021	1,158.95
Add: Transferred from retained earnings	-
As at 31st March, 2022	1,158.95
d) Retained earnings	
As At 1st April, 2020	20,902.98
Profit for the period	209.75
Add: Transfer from other equity	7.57
As at 31st March, 2021	21,120.30
Profit for the period	(78.84)
Less: Final dividend paid	(140.00)
As at 31st March, 2022	20,901.47
Total other equity	
As at 31st March, 2022	28,988.35
As at 31st March, 2021	29,218.19

Nature and purpose of reserves

- a) Securities premium
The amount received in excess of face value of the equity shares is recognised in securities premium.
- b) Actuarial gains / losses on defined benefit employee obligations
The amount of actuarial gains / losses recognised on post employment defined benefit employee obligations till date. Actuarial gains / losses are differences between any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans which are recognised in 'other comprehensive income' and subsequently not reclassified to the statement of profit and loss.
- c) General reserve
The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- d) Retained earnings
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

19. Borrowings	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Secured				
Term loans				
Term loan from banks	7,763.41	3,868.33	982.27	-
Term loan from financial institution	760.18	1,308.17	809.38	-
Vehicle loans				
From banks	106.77	38.69	-	-
Less: Current maturities	(741.44)	(757.47)	741.44	757.48
Working capital loans from banks (refer note III below)	-	-	386.40	1.87
Total	7,888.92	4,457.72	2,919.49	759.35

Terms of borrowings

Type of loan	Loan outstanding		MCLR/ Repo. Rate (% per annum)	Spread (% per annum)	Repayment terms
	As at 31.03.2022	As at 31.03.2021			
AXIS bank term loan	870.37	1,000.00	4.00	2.90	Repayable in 54 monthly installment ₹ 18.52 lacs each.
	2,190.00	-	6.90	0.45	Repayable in 54 monthly installment ₹ 40.56 lacs each.
HDFC bank term loan	1,350.00	1,710.00	7.50	0.45	Repayable in 20 quarterly installment ₹ 90.00 lacs each.
	236.84	300.00	7.50	0.45	Repayable in 19 quarterly installment ₹ 15.79 lacs each.
HSBC bank term loan	464.33	600.23	7.25	0.25	Repayable in 60 monthly installment ₹ 11.33 lacs each.
	1,610.00	-	7.10	0.25	Repayable in 60 monthly installment ₹ 26.83 lacs each.
	390.00	-	7.10	0.25	Repayable in 60 monthly installment ₹ 6.50 lacs each.
	641.26	258.11	7.25	0.25	Repayable in 20 quarterly installments
Term loan from financial institution (PICUP)	1,569.56	1,308.17	-	-	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, 02.11.2018 for ₹ 432.99 lacs and 30.03.2022 for ₹ 109.49 lacs.
Vehicle loans from banks	106.77	38.69	7.35 % to 10.50% per annum	-	Repayable in equal monthly instalments of 60 months
Working capital loans from banks	386.40	1.87	see Note vii		On demand

Note i:

Term loans are secured by 1st 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.

The term loan from banks in Group's subsidiary PPAP Technology Limited (PTech) of ₹ 641.26 lacs (carrying value) (31.03.2021 carrying value: ₹ 258.11 lacs) is secured by Corporate guarantee (CGT) from holding company, PPAP Automotive Limited.

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.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

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.

Note iv:

The Company has satisfied all the loan covenants.

Note v:

The Company has used the loans for the purpose for which these were taken.

Note vi:

Secured by hypothecation of inventories, book debts, other current assets, factory land and building situated at B-206A, Sector-81, Phase-II, Noida.

Note vii:

Bank	MCLR / Repo. Rate (% per annum)	Spread (% per annum)
HSBC Bank	3.70	3.55
HDFC Bank	7.00	-
ICICI Bank	7.25	0.10
Axis Bank	7.40	-

Details submitted in half yearly statement with the bankers vs books of accounts

Particulars	Period	Amount as per Financials	Amount filed with Bankers	Difference
Eligible Trade Receivables	31.03.2022	5,215.53	5,215.53	-
Eligible Inventories	31.03.2022	4,291.41	4,291.41	-
Other Current Assets reported to banks	31.03.2022	1,320.76	1,320.76	-
Any Other Financial Information reported to banks in half yearly statement		-	-	-

Particulars	Period	Amount as per Financials	Amount filed with Bankers	Difference
Eligible Trade Receivables	30.09.2021	4,672.09	4,672.09	-
Eligible Inventories	30.09.2021	5,438.94	5,438.94	-
Other Current Assets reported to banks	30.09.2021	1,202.25	1,202.25	-
Any Other Financial Information reported to banks in half yearly statement		-	-	-

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

20. Other financial liabilities	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Security deposits	-	-	44.21	50.79
Interest accrued on borrowings	-	-	18.07	13.50
Creditors for expenses	-	-	566.33	717.63
Unclaimed dividends	-	-	12.67	12.28
Fair Value of Financial Guarantee given	7.77	-	-	-
Total	7.77	-	641.28	794.20

21. Provisions	Non-current		Current	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Provision for employee benefits				
Provision for gratuity	491.56	603.12	66.64	68.64
Provision for compensated absences (Refer note 35 for Ind AS 19 disclosures)	147.33	128.97	18.77	14.16
Total	638.89	732.09	85.41	82.80

22. Income Taxes

The major components of income tax expense for the year ended 31st March, 2022 and 31st March, 2021 are:

A. Statement of profit and loss

(i) Profit & loss section

Particulars	As at 31.03.2022	As at 31.03.2021
Current income tax charge	121.42	173.00
Adjustments in respect of current income tax of previous year	36.55	(7.55)
Deferred tax		
Relating to origination and reversal of temporary differences	(66.20)	(52.19)
Income tax expense reported in the statement of profit & loss	91.77	113.26

(ii) OCI section

Particulars (Deferred tax related to items recognised in OCI during the year:)	As at 31.03.2022	As at 31.03.2021
Net (loss) / gain on remeasurements of defined benefit plans	3.89	(24.78)
Income tax charged to OCI	3.89	(24.78)

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for financial year ended 31st March, 2022 and 31st March, 2021.

Particulars	As at	As at
	31.03.2022	31.03.2021
Accounting profit before tax from continuing operations	362.22	475.34
Profit / (loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	362.22	475.34
At India's statutory income tax rate of 25.168% (31 st March, 2021: 25.168%)	166.13	119.63
Adjustments in respect of current income tax of previous years	36.55	(7.55)
Net disallowances on which deferred tax is not recognised	(14.67)	11.70
Exempted income / deductions	(14.94)	(10.52)
Unabsorbed losses and depreciation carry forward and set off	(81.29)	-
	91.77	113.26
Income tax expense reported in the statement of profit and loss	91.77	113.26
Income tax attributable to a discontinued operation	-	-
	91.77	113.26

C. Deferred tax

Deferred tax relates to the following:

Particulars	Balance sheet		Statement of profit and loss / OCI	
	As at	As at	Year ended	Year ended
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Accelerated depreciation for tax purposes	794.38	790.28	(4.10)	7.52
Unabsorbed losses and depreciation	(69.73)	(44.22)	25.51	41.97
Provision for gratuity & leave encashment	(229.92)	(218.86)	11.06	(59.10)
Present valuation of borrowings	100.56	138.19	37.63	37.01
Deferred tax (expense) / income			70.09	27.41
Net deferred tax (assets) / liabilities	595.29	665.39		

Reflected in the balance sheet as follows:

Particulars	As at	As at
	31.03.2022	31.03.2021
Deferred tax assets	(299.65)	(263.08)
Deferred tax liabilities	894.94	928.47
Deferred tax liabilities, net	595.29	665.39

Reconciliation of deferred tax liabilities (net)

Particulars	As at	As at
	31.03.2022	31.03.2021
Opening balance	665.39	695.04
Tax (income) / expense during the period recognized in profit & loss	(66.21)	(52.19)
Tax (income) / expense during the period recognized in OCI	(3.89)	22.54
Closing balance	595.29	665.39

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

23. Trade payables	As at 31.03.2022	As at 31.03.2021
Trade payables		
- total outstanding dues of micro and small enterprises	917.30	406.30
- total outstanding dues of creditors other than micro and small enterprises	3,940.75	4,384.78
Total	4,858.05	4,791.08

Trade payables Outstanding for following periods from due date of payment	As at 31.03.2022					Total
	6 months -1 year	1-2 years	2-3 years	More than 3 years	Other	
(i) MSME	917.30	-	-	-	-	917.30
(ii) Others	3,910.30	30.45	-	-	-	3,940.75
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	4,827.60	30.45	-	-	-	4,858.05

Trade payables Outstanding for following periods from due date of payment	As at 31.03.2021					Total
	6 months -1 year	1-2 years	2-3 years	More than 3 years	Other	
(i) MSME	406.30	-	-	-	-	406.30
(ii) Others	4,336.60	42.44	5.73	-	-	4,384.77
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	4,742.90	42.44	5.73	-	-	4,791.08

24. Other current liabilities	As at 31.03.2022	As at 31.03.2021
Advance from customers	1,174.16	805.47
Advance for sale of assets	11.64	-
Statutory dues payable	582.26	552.36
Total	1,768.06	1,357.83

25. Current tax liabilities (net)	As at 31.03.2022	As at 31.03.2021
Income tax provision (31 st March, 2021: net of advance tax of ₹ 100.33 lacs)	-	72.67
Total	-	72.67

26. Revenue from operations	Year ended 31.03.2022	Year ended 31.03.2021
Sale of products		
Automotive parts	39,088.45	30,067.87
Moulds	2,605.21	1,980.00
	41,693.66	32,047.87
Other operating revenue		
GST subsidy	463.49	139.83
Investment subsidy on employment	34.58	32.05
Total	42,191.73	32,219.75

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 31st March, 2022 (31st March, 2021: Nil).

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

	Year ended 31.03.2022	Year ended 31.03.2021
27. Other income		
Other non operating income		
Interest income	29.65	35.73
Profit on sale of investment	0.07	0.86
Gain on fair valuation of current investments	4.17	-
Foreign exchange gain	45.02	15.06
Rent received	3.75	1.89
Unclaimed balances written off	9.64	-
Redemption of keyman insurance policy	-	155.97
Provision for bad and doubtful debt	1.30	-
Miscellaneous Income	6.18	-
Total	99.78	209.51
28. Cost of materials consumed		
Year Ended	31.03.2022	Year ended
		31.03.2021
Raw material	23,051.64	16,377.36
Dyes & chemicals	195.71	153.17
Packing material	638.23	434.52
Steel	653.96	250.33
Dies & molds	815.26	752.43
Total	25,354.79	17,967.81
29. Changes in inventories of finished goods, stock in trade and work-in-progress		
Year ended	31.03.2022	Year ended
		31.03.2021
Inventories at the beginning of the year		
Work-in-progress	346.04	649.63
Work-in-progress of inhouse manufactured molds	755.44	1,176.69
Finished goods	990.72	563.99
Total inventories at the beginning of the year (A)	2,092.20	2,390.31
Inventories at the end of the year		
Work-in-progress	513.55	346.04
Work-in-progress of inhouse manufactured molds	-	755.44
Finished goods	1,386.80	974.54
Total inventories at the end of the year (B)	1,900.35	2,076.02
Total (A-B)	191.85	314.29
30. Employee benefits expense		
Year ended	31.03.2022	Year ended
		31.03.2021
Salaries and wages	6,499.45	5,627.68
Contribution to provident and other funds	330.89	308.12
Staff welfare expenses	393.47	283.18
Total	7,223.81	6,218.98

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

	Year ended 31.03.2022	Year ended 31.03.2021
31. Finance costs		
Interest expense	639.21	378.02
Other borrowing costs	6.25	0.28
Interest on lease liabilities	5.07	-
Total	650.53	378.30
32. Depreciation and amortization expense		
Depreciation of property, plant and equipment (refer note 3)	2,698.86	2,438.58
Depreciation of right of use assets (refer note 4)	40.42	-
Amortization of intangible assets (refer note 5)	207.58	208.09
Total	2,946.85	2,646.67
33. Other expenses		
Other manufacturing expenses		
Stores and spares consumed	222.81	193.28
Power and fuel	922.94	838.23
Factory expenses	224.19	134.58
Repair & maintenance		
Building	55.51	23.58
Machinery	413.29	262.94
Others	71.35	19.94
Administrative and other expenses		
Rent	11.78	32.77
Rates & taxes	10.02	9.86
Listing expenses	2.50	5.40
Postage & telephone expenses	42.58	63.91
Printing & stationery	95.78	55.91
Traveling & conveyance expenses	511.86	473.72
Office electricity & water	6.87	6.23
Insurance charges	187.75	182.84
Factory security	139.14	122.69
Foreign exchange hedging loss	2.26	2.56
Legal & professional charges	487.99	220.70
Meeting expenses	-	2.12
Motor car expenses	25.46	15.16
Bank charges	44.56	36.77
Fees & subscription	38.92	26.31
Web Design Expenses	3.90	1.36
Provision for bad and doubtful debt	0.29	0.86
Corporate social responsibility expenses (refer note 52)	59.00	85.74
Directors sitting fees	19.20	18.00
Payment to collaborators / royalty	278.28	271.50
Charity & donation	-	0.15
Discount and short recovery	7.31	2.87
Miscellaneous expenses	201.41	165.53
Auditors' remuneration		
As audit fees	9.30	8.85
For tax audit, certification & tax representations	7.21	2.49
For other matters	0.04	4.40
Selling & distribution expenses		
Freight & forwarding expenses	1,373.37	1,113.23
Advertisement, publicity & sales promotion	46.80	6.17
Total	5,523.66	4,410.65

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

34. 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 st March, 2022	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	(15.47)	(15.47)
Share of other comprehensive income of associates and joint venture	0.57	0.57
Income tax effect	3.89	3.89
Total	(11.01)	(11.01)
During the year ended 31 st 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)
Total	73.69	73.69

35. 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 31.03.2022	Year ended 31.03.2021
Profit for the year as per statement of profit & loss	(78.84)	209.76
Profit attributable to equity holders of the Company for basic earnings	(78.84)	209.76
	No. of Shares	
Weighted average number of equity shares in calculating basic EPS	1,40,00,000	1,40,00,000
Effect of dilution	-	-
Weighted average number of equity shares in calculating diluted EPS	1,40,00,000	1,40,00,000
Earnings per equity share		
Basic (in ₹)	(0.56)	1.50
Diluted (in ₹)	(0.56)	1.50
Face value of each equity share (in ₹)	10	10

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

36. 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 ₹ 257.13 lacs (31st March, 2021: ₹ 238.93 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:

Changes in the present value of the defined benefit obligation are as follows:	31.03.2022	31.03.2021
Defined benefit obligation at the beginning of the year	832.04	859.41
Current service cost	76.04	71.63
Past service cost	1.53	-
Interest cost	56.58	59.47
Benefits paid	(104.16)	(60.29)
Actuarial (gain) / loss on obligations-OCI	25.37	(98.18)
Defined benefit obligation at the end of the year	887.40	832.04
Changes in the fair value of plan assets are as follows:	31.03.2022	31.03.2021
Fair value of plan assets at the beginning of the year	160.29	-
Contribution by employer	159.00	160.00
Benefits paid	-	-
Expected interest income on plan assets	-	-
Actual gain / (loss) on plan asset	9.90	0.29
Fair value of plan assets at the end of the year	329.19	160.29
Reconciliation of fair value of plan assets and defined benefit obligation	31.03.2022	31.03.2021
Fair value of plan assets	329.19	160.29
Defined benefit obligation	887.40	832.04
Amount recognised in the balance sheet	558.21	671.75
Amount recognised in statement of profit and loss	31.03.2022	31.03.2021
Current service cost	76.04	71.63
Net interest expense	47.20	59.47
Past service cost	1.53	-
Amount recognised in statement of profit and loss	124.77	131.10

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Amount recognised in other comprehensive income	31.03.2022	31.03.2021
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(11.09)	(32.59)
Remeasurement return on plan assets excluding amount included in interest income	-	-
Actuarial (gain) / loss arising from experience adjustments	36.46	(65.60)
Amount recognised in other comprehensive income	25.37	(98.19)

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

	31.03.2022	31.03.2021
Discount rate	7.18%	6.80%
Expected rate of return on plan assets	NA	NA
Future salary increases	5.25%	5.00%
Attrition rate (up to 30 years)	3.00%	3.00%
Attrition rate (from 31 to 44 years)	2.00%	2.00%
Attrition rate (above 44 years)	1.00%	1.00%
Retirement age	58 years	58 years

A quantitative sensitivity analysis for significant assumption as at 31st March, 2022 and 31st March, 2021 is as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Assumptions				
Discount rate	+0.50%	+0.50%	(41.72)	(40.12)
	-0.50%	-0.50%	44.96	43.34
Future salary increases	+0.50%	+0.50%	45.12	43.40
	-0.50%	-0.50%	(42.20)	(40.51)

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 ₹ 128.00 lacs (31st March, 2021: ₹ 127.22 lacs).

The expected maturity analysis of undiscounted gratuity is as follows:	31.03.2022	31.03.2021
Within the next 12 months (next annual reporting period)	66.70	68.64
Between 1 to 2 years	42.50	38.24
Between 2 to 3 years	24.90	37.34
Between 3 to 4 years	35.35	21.85
Between 4 to 5 years	44.43	30.28
Between 5 to 6 years	36.44	39.91
Over 6 years	637.11	595.78
Total expected payments	887.42	832.04

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.44 years (31st March, 2021: 16.55 years)

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

37. 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 ₹ 11.78 lacs (31st March, 2021: ₹ 32.77 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2022	As at 31.03.2021
Not later than one year	6.93	3.84
Later than one year and not later than five years	-	-
Later than five years	-	-
	6.93	3.84

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 ₹ 52.06 lacs (31st March, 2021: ₹ 57.31 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2022	As at 31.03.2021
Not later than one year	48.31	57.31
Later than one year and not later than five years	-	-
Later than five years	-	-
	48.31	57.31

38. Commitments

(i) Retention charges and capital commitments (net of advances) are ₹ 474.60 lacs (31st March, 2021: ₹ 1103.60 lacs)

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

39. Contingent liabilities	As at 31.03.2022	As at 31.03.2021
Contingent liabilities not provided for in respect of		
Letters of guarantees	2,832.00	2,374.92
Letters of credit	171.30	84.46
Income tax appeal		
For assessment year 2017-18	41.37	41.37
For assessment year 2018-19	-	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
Total	3,672.39	3,427.18

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 was pending before the CIT(A) in the above matter which has been decided in favor of the company allowing the credit of Corporate Dividend Tax.
- (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 was pending before the CIT(A) in the above matter which has been decided in favor of the company allowing the credit of Corporate Dividend Tax.
- (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 favor of Company and set aside the demand. The Company approached the Delhi High Court against the order of CESTAT and the High Court has remanded the case back to CESTAT for hearing it again. The matter is pending in CESTAT, Delhi.
- (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. However, the jurisdiction of the case has been transferred from Gurugram, Haryana to Additional Director General (Adjudication) DGGSTI, New Delhi on 26.07.2019. 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 31st March, 2022

(₹ in lacs)

40. Related party disclosures**A. List of related parties**

(a) Joint Venture	1. PPAP Tokai India Rubber Private Limited
(b) Key Management Personnel (KMP)	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. Anurag Saxena, Chief Financial Officer (upto 19.03.2021)
	9. Mr. Sachin Jain, Chief Financial Officer (w.e.f 10.05.2021)
	10. Mrs. Sonia Bhandari, Company Secretary (upto 18.09.2021)
	11. Mrs. Shivani Sehgal, Company Secretary (w.e.f 12.11.21 to 25.04.2022)
	12. Ms. Pankhuri Agarwal, Company Secretary (w.e.f 13.05.2022)
(c) Related Parties in the group where common control exists	1. Vinay and Ajay Jain Foundation
(d) Other Related Party-Post employment benefit plan of the Company	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
CSR expenses paid						
Vinay and Ajay Jain Foundation	31.03.2022	59.00	-	-	-	59.00
	31.03.2021	85.74	-	-	-	85.74
Material / licence purchases						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	621.23		-	621.23
	31.03.2021	-	147.18		-	147.18
Receipts for other services*						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	116.94	-	-	116.94
	31.03.2021	-	116.43	-	-	116.43
Elpis Components Distributors Private Limited	31.03.2022	-	-	35.11	-	35.11
	31.03.2021	-	-	35.11	-	35.11
PPAP Technology Limited	31.03.2022	-	-	13.20	-	13.20
	31.03.2021	-	-	13.20	-	13.20
Sales						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	113.40		-	113.40
	31.03.2021	-	70.53	-	-	70.53
Contribution to fund: Employer's contribution towards gratuity fund						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2022	-	-	-	159.00	159.00
	31.03.2021	-	-	-	160.00	160.00

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

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ 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
Trade receivable						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	-		-	-
	31.03.2021	-	30.78		-	30.78
Trade payable						
PPAP Tokai India Rubber Private Limited	31.03.2022	-	72.19	-	-	72.19
	31.03.2021	-	56.03	-	-	56.03
Contribution to fund: Employer's contribution towards gratuity fund						
PPAP Automotive Limited Employees Group Gratuity Fund Trust	31.03.2022	-	-	-	319.00	319.00
	31.03.2021	-	-	-	160.00	160.00

Details relating to remuneration of KMP & their relatives

Name of KMP	31.03.2022		31.03.2021	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	120.57	-	120.90	-
Mr. Abhishek Jain	127.77	-	128.83	-
Mrs. Vinay Kumari Jain	-	4.80	-	4.00

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

Name of KMP	31.03.2022		31.03.2021	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Bhuwan Kumar Chaturvedi	-	6.00	-	5.20
Mr. Pravin Kumar Gupta	-	6.00	-	5.20
Mr. Ashok Kumar Jain	-	-	-	1.20
Mrs. Celine George	-	2.40	-	2.40

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

41. 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.

42. 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		31.03.2022	31.03.2021
(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	917.30	406.30
	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 31st March, 2022

(₹ in lacs)

43. Fair values measurements

(i) Financial instruments by category

Particulars	31.03.2022		31.03.2021	
	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets				
Investments (non current)*	-	4,293.71	-	4,642.43
Other financial assets (non current)	-	514.56	-	476.96
Investments (current)	269.74	-	-	-
Trade receivables	-	5,586.22	-	6,039.54
Cash and cash equivalents	-	44.01	-	134.83
Other balances with banks	-	13.22	-	16.74
Loans	-	0.52	-	53.78
Other financial assets (current)	3.44	175.39	3.07	170.77
Total financial assets	273.18	10,627.63	3.07	11,535.05
Financial liabilities				
Borrowings (non current)	-	7,888.92	-	4,457.72
Borrowings (current)	-	2,919.49	-	759.35
Lease Liabilities	-	161.16	-	-
Trade payables	-	4,858.05	-	4,791.08
Other financial liabilities (non current)	-	7.77	-	-
Other financial liabilities (current)	-	641.28	-	794.20
Total financial liabilities	-	16,476.67	-	10,802.35

*Investment value includes investment in joint venture of ₹ 4,293.71 lacs (31st March, 2021: ₹ 4,642.43 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.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities, other than those whose fair values are close approximations of their carrying values.

Financial assets and liabilities measured at fair value-recurring fair value measurements for which fair values are disclosed at 31st March, 2022

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial assets					
Investments in mutual funds	31.03.2022	269.74	269.74	-	-
Foreign currency forward contracts	31.03.2022	3.44	3.44	-	-

There have been no transfers between Level 1 and Level 2 during the financial year 2020-21 and 2021-22.

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for the year ended 31st March, 2022

(₹ in lacs)

Financial assets and liabilities measured at fair value- recurring fair value measurements for which fair values are disclosed at 31st March, 2021

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments in mutual funds	31.03.2021	-	-	-	-
Foreign currency forward contracts	31.03.2021	3.07	3.07	-	-

There have been no transfers between Level 1 and Level 2 during the period.

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.

44. 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 31st March, 2022 and 31st March, 2021.

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 31st March, 2022 and 31st March, 2021.

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
31.03.2022		
INR	+50	(59.15)
INR	-50	59.15
31.03.2021		
INR	+50	(25.68)
INR	-50	25.68

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

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(₹ 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
31.03.2022	+5%	(1.59)
	-5%	1.59
31.03.2021	+5%	(15.80)
	-5%	15.80
	Change in JPY rate	Effect on profit before tax
31.03.2022	+5%	(1.06)
	(5%)	1.06
31.03.2021	+5%	(7.15)
	(5%)	7.15
	Change in EURO rate	Effect on profit before tax
31.03.2022	+5%	(0.01)
	(5%)	0.01
31.03.2021	+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.

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.

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for the year ended 31st March, 2022

(₹ in lacs)

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
Year ended 31.03.2022					
Borrowings (non current)	185.36	556.08	7,104.98	109.49	7,955.91
Borrowings (current)	13.01	1,598.33	-	-	1,611.34
Lease liabilities	169.36	35.92	66.66	-	271.94
Trade payables	4,445.28	234.17	29.32	-	4,708.76
Other financial liabilities (current)	732.96	91.72	459.25	-	1,283.94
Total	5,545.96	2,516.22	7,660.21	109.49	15,831.88
Year ended 31.03.2021					
Borrowings (non current)	198.66	531.23	4,882.19	-	5,612.08
Borrowings (current)	-	40.89	-	-	40.89
Lease liabilities	-	-	-	-	-
Trade payables	4,789.05	-	-	-	4,789.05
Other financial liabilities (current)	783.37	-	-	-	783.37
Total	5,771.09	572.12	4,882.19	-	11,225.39

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.

45. 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 31st March, 2022.

	31.03.2022	31.03.2021
Borrowings (non current)	7,888.92	4,457.72
Borrowings (current)	2,919.49	759.35
Lease liabilities	161.16	-
Trade payables	4,858.05	4,791.08
Other financial liabilities (current)	641.28	794.20
Total debts	16,468.90	10,802.35
Less: Cash and cash equivalents	44.01	134.83
Net debts	16,424.89	10,667.52
Total equity	30,388.35	30,618.19
Total debt and equity	46,813.24	41,285.72
Gearing ratio (%)	35.18%	26.16%

Notes to Consolidated Financial Statements

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(₹ in lacs)

46. 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:

	31.03.2022	31.03.2022	31.03.2021	31.03.2021
	Foreign currency	Amount	Foreign currency	Amount
Foreign trade payables				
USD in lacs	0.42	31.85	4.41	325.19
JPY in lacs	32.30	21.26	204.18	143.69
EURO in lacs	0.00	0.28	-	-
Foreign trade receivables				
USD in lacs	-	-	-	-
JPY in lacs	-	-	-	-
EURO in lacs	-	-	-	-

47. 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.

48. 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.

49. Disclosure of movement in provisions during the year as per Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets':

Particulars	Balance as on 1 st April, 2021	Provided during the year	Paid / Adjusted during the year	Balance as on 31 st March, 2022
Provisions				
Gratuity	832.04	159.52	(104.16)	887.40
Accumulated leaves	143.12	50.08	(27.09)	166.11
Income Tax	72.67	121.42	(72.67)	121.42
Total	1,047.83	331.02	(203.92)	1,174.93

50. Dividends paid and proposed

Particulars	Year Ended 31.03.2022	Year ended 31.03.2021
A Paid during the year		
Interim dividend for FY 2021-22 Nil (FY 2020-21: ₹ nil per equity share) of ₹ 10/- each	-	-
(Including dividend distribution tax for FY 2021-22 of ₹ Nil, FY 2020-21 ₹ Nil)	-	-
Final dividend for FY 2020-21: ₹ 1.00 per share (FY 2019- 20 ₹ nil)	140.00	-
	140.00	-
B Proposed for approval at the annual general meeting (not recognised as a liability)		
Final dividend for FY 2021-22 ₹ 1.50 per share (FY 2020-21: ₹ 1.00 per share)	210.00	140.00
	210.00	140.00

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.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

51. Disclosure under Ind AS 7 'Statement of Cash Flows'

With effect from 1st 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.

	31.03.2021	Cash flows	Non-cash changes Fair value changes	31.03.2022
Long-term borrowings	5,215.19	3,263.27	151.90	8,630.36
Short term borrowings	1.87	384.53	-	386.40
Total liabilities from financing activities	5,217.06	3,647.80	151.90	9,016.76

52. Details of Corporate Social Responsibility (CSR) expenditure

	31.03.2022	31.03.2021
a) Gross amount required to be spent during the year	51.77	85.74
b) Amount spent during the year ending on 31 March 2022:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	59.00	85.74
Amount spent through related parties out of (i) or (ii) above:		
- Vinay and Ajay Jain Foundation (a related Parties in the group where common control exists)	59.00	85.74
Vinay and Ajay Jain Foundation is engaged in following activities:		
i) Providing meal to unprivileged and downtrodden children which help them to pursue their education.	-	5.48
ii) Making payment of school fees of unprivileged children.	9.56	8.83
iii) Providing study material to unprivileged children.	2.74	1.07
iv) Plantation for promoting environmental sustainability.	46.55	69.43
v) Administrative Expenses	0.15	0.92
Total	59.00	85.74
c) Shortfall at the end of the year	nil	nil
Total of previous years shortfall	nil	nil
Reason for shortfall	N/A	N/A
d) Unspent CSR Account		
i) Opening Balance	-	-
ii) Contribution for current year	-	-
iii) Amount spent on ongoing projects during the year	-	-
iv) Closing balance to be spent in future years	-	-
e) Amount transferred to any fund specified under Schedule VII as per Section 135(5)	nil	nil

During the year under review the company has spent ₹ 7.23 lakhs (31st March, 2021: ₹ nil) in excess of the amount required to be spent. The excess amount shall be carried forward against the requirement to spend up to immediate succeeding three financial years.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

53. Details of transactions with Struck-off Companies	nil	nil
54. Details of Benami Property	nil	nil
55. Title deeds of Immovable Properties not held in name of the Company	nil	nil

56. 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 Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying value of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources on the expected future performance of the Company and based on current estimates, the Company expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of these financial results.

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, 2022 is considered adequate.

57. 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.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

58. 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 31.03.2022	As on 31.03.2021
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)	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 31.03.2022	As on 31.03.2021
1	PPAP Tokai India Rubber Private Limited	India	50.00%	50.00%

3) Disclosure of investment in the following joint ventures :

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 31st March, 2022 and 31st March, 2021:

Particulars	Elpis Components Distributors Private Limited		PPAP Technology Limited	
	As on 31.03.2022	As on 31.03.2021	As on 31.03.2022	As on 31.03.2021
Revenue	1,011.11	632.32	1,012.10	72.54
Cost of Materials consumed	-	-	978.90	95.33
Purchase of stock in trade	765.56	620.48	-	-
Changes in stock of finished goods, work-in-progress and stock-in-trade	(14.17)	(62.69)	(125.98)	(20.73)
Depreciation & amortization	66.84	0.33	195.76	52.72
Finance costs	1.70	-	113.02	18.85
Employee benefit	14.84	43.99	37.51	14.19
Other expense	97.49	58.42	141.48	27.55
Profit before tax	78.85	(28.21)	(328.59)	(115.37)
Income tax expense	11.84	(7.10)	(72.45)	(29.89)
Profit for the year from continuing operations	67.01	(21.11)	(256.14)	(85.48)
Other comprehensive income	-	-	-	-
Total comprehensive income	67.01	(21.11)	(256.14)	(85.48)
Group's share of profit for the year	67.01	(21.11)	(256.14)	(85.48)
Dividends received	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Summarised balance sheet as at 31st March, 2022 and 31st March, 2021:

Particulars	Elpis Components Distributors Private Limited		PPAP Technology Limited	
	As on 31.03.2022	As on 31.03.2021	As on 31.03.2022	As on 31.03.2021
Current assets				
Cash and cash equivalents	15.66	44.40	-	18.46
Other assets	294.53	183.90	2,182.21	323.53
Total current assets	310.19	228.30	2,182.21	341.99
Total non-current assets	12.36	2.17	1,303.52	474.97
Current liabilities				
Financial liabilities (excluding trade payables)	35.24	14.86	1,832.96	41.89
Other liabilities	307.41	289.13	158.12	16.59
Total current liabilities	342.65	303.99	1,991.08	58.48
Non-current liabilities				
Financial liabilities (excluding trade payables)	22.94	-	588.93	232.10
Other liabilities	-	-	-	-
Total non-current liabilities	22.94	-	588.93	232.10
Total equity	85.56	18.55	1,045.41	530.27
Proportion of the group's ownership (%)	100%	100%	100%	100%
Carrying amount of the investment (including transaction costs)	50.00	50.00	1,379.92	630.00

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Summarized statement of profit and loss for the year ended 31st March, 2022 and 31st March, 2021:

Particulars	PPAP Tokai India Rubber Private Limited	
	As on 31.03.2022	As on 31.03.2021
Revenue	6,586.28	6,070.26
Cost of raw material and components consumed	4,944.34	3,991.19
Changes in stock of finished goods, work-in-progress and stock-in-trade	7.78	(64.38)
Depreciation & amortization	926.96	535.01
Finance costs	10.39	0.48
Employee benefit	537.92	860.44
Other expense	1,107.80	968.51
Profit before tax	(948.91)	(220.99)
Income tax expense	(250.34)	83.66
Profit for the year from continuing operations	(698.57)	(304.65)
Other comprehensive income	1.14	8.82
Total comprehensive income	(697.43)	(295.83)
Group's share for the year	(348.72)	(147.92)
Dividends received	-	-

Summarised balance sheet as at 31st March, 2022 and 31st March, 2021:

Particulars	PPAP Tokai India Rubber Private Limited	
	As on 31.03.2022	As on 31.03.2021
Current assets		
Cash and cash equivalents	303.07	129.77
Other assets	2,496.49	3,362.75
Total current assets	2,799.56	3,492.52
Total non-current assets	7,261.11	7,272.08
Current liabilities		
Financial liabilities (excluding trade payables)	137.93	149.74
Other liabilities	1,247.82	1,247.59
Total current liabilities	1,385.75	1,397.33
Non-current liabilities		
Financial liabilities (excluding trade payables)	93.48	88.40
Other liabilities	-	-
Total non-current liabilities	93.48	88.40
Total equity	8,581.44	9,278.87
Proportion of the group's ownership	50.00%	50.00%
Carrying amount of the investment (including transaction costs)	4,290.72	4,639.44

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

(₹ in lacs)

Commitments and contingent liabilities in respect of wholly owned subsidiaries company and joint venture

Particulars	As on 31.03.2022	As on 31.03.2021
Commitments-wholly owned subsidiaries company		
Share of subsidiaries company' commitments in respect of orders remaining to be executed/ supplied	57.26	5.33
Contingent liabilities-wholly owned subsidiaries company	15.50	-
Commitments-joint venture		
Share of joint venture's commitments in respect of orders remaining to be executed/ supplied	86.96	13.14
Contingent liabilities-joint venture		
Share of joint venture's contingent liabilities in respect of letters of guarantee & letters of credit	109.43	-
Share of joint venture's contingent liabilities in respect of several appeals filed before different appellate authorities of GST/ Sales Tax Department	40.01	40.01

59. Additional disclosure / Regulatory Information as required by Notification no. GSR 207(E) dated 24.03.2021 which are not covered in any of the notes above

- (i) No proceedings have been initiated or pending against the company for holding any benami property under benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) Reconciliation of quarterly statement of current assets filed with banks or financial statements
There are no material variations between the quarterly statement of current assets filed during the year with the banks and the books of accounts.
- (iii) Willful Defaulter
No bank has declared the company as "willful defaulter".
- (iv) Registration of charges or satisfaction with Registrar of Companies:
All applicable cases where registration of charges or satisfaction is required with Registrar of Companies have been done. No registration or satisfaction is pending at end of financial year 2021-2022.
- (v) Registration of charges or satisfaction with Registrar of Companies:
No scheme of arrangements has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.

(₹ in lacs)

(vi) Utilisation of Borrowed funds and share premium:

Particulars	Description
No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries	No such transaction has taken place during the year
No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries	No such transaction has taken place during the year

(vii) Undisclosed income

There is no such income which has not been disclosed in the books of accounts. No such income is surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961.

(viii) Details of Crypto Currency or Virtual Currency

The Company does not deal in Crypto Currency. Therefore further disclosures are not given

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: 13th May, 2022

For and on behalf of the Board
PPAP Automotive Limited

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Sachin Jain
Chief Financial Officer

Place: Noida
Date: 13th May, 2022

Abhishek Jain
CEO & Managing Director
DIN: 00137651

Pankhuri Agarwal
Company Secretary
Membership No.: A59103

Form AOC-1

(Pursuant to first proviso of Section 129(3) read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of
Subsidiaries / associate companies / joint ventures****Part “A”: Subsidiaries**

(₹ in lacs)

S. No.	1	2
Name of the subsidiary	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	01.04.2021	01.04.2021
End date of accounting period of subsidiary	31.03.2022	31.03.2022
Reporting currency	INR	INR
Share capital	50.00	1,379.92
Reserves & surplus	35.54	(334.50)
Total assets	451.14	3625.43
Total liabilities	451.14	3625.43
Investments	-	-
Turnover	1011.11	1001.18
Profit before taxation	78.83	(328.59)
Provision for taxation	(0.45)	72.45
Profit after taxation	67.00	(256.14)
Proposed dividend	-	-
% of shareholding	100.00	100.00

1 Names of subsidiaries which are yet to commence operations : Nil

2 Names of subsidiaries which have been liquidated or sold during the year : Not applicable

(₹ in lacs)

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	31.03.2022
2	Date on which the associate or joint venture was associated or acquired	26.06.2013
3	Shares of associate / joint ventures held by the Company on the year end No.	4,85,00,000
	Amount of Investment in associates / joint venture	4,850.00
	Extend of holding %	50%
4	Description of how there is significant influence	Due to shareholding
5	Reason why the associate / joint venture is not consolidated	Not applicable
6	Net worth attributable to shareholding as per latest audited balance sheet	4290.73
7	Profit / loss for the year	
	i) Considered in consolidation	(349.30)
	ii) Not Considered in consolidation	(349.30)

1. Associates or joint ventures which are yet to commence operations: NA

For and on behalf of the Board of DirectorsPlace: New Delhi
Date: 13th May, 2022**Ajay Kumar Jain**
Chairman & Managing Director
DIN: 00148839**Abhishek Jain**
CEO & Managing Director
DIN: 00137651

» Accolades



Comprehensive Excellence
By Maruti Suzuki



Achieving Quality Targets
By Toyota Kirloskar



Fire Safety Management
By Toyota Kirloskar



Achieving Zero PPM
By Toyota Kirloskar



Appreciation for Partnership
By Hyundai Motor



Excellence in Best Quality
AIS Supplier Award
By AIS Auto Glass



On Time Development
By ISUZU Motors



Excellence in Automotive
By The Economic Times



Excellence in Maintenance
& Super Shopfloor By
The Machinist Super Shopfloor
(SME)



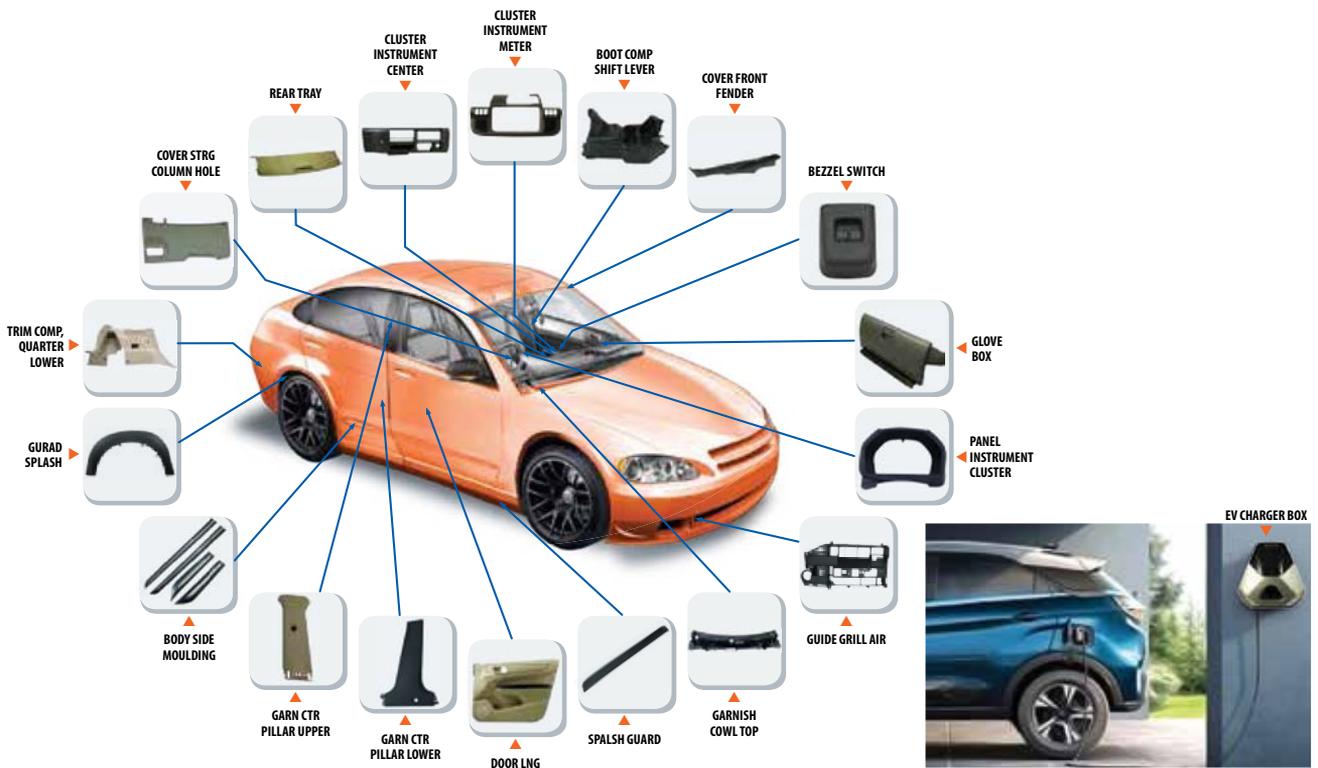
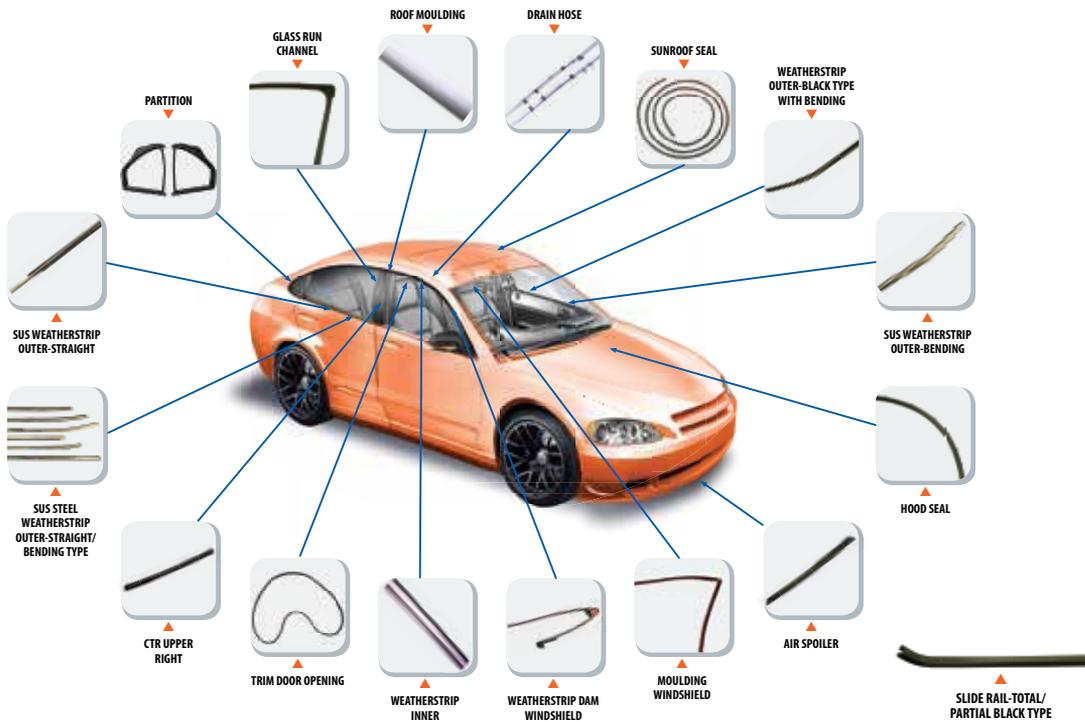
Excellence in Automotive-Interior
By The Economic Times
Polymers Award



Excellence in Productivity category
By The Machinist Super Shopfloor
(SME)

Product Portfolio

Passenger Vehicle Products



These products are Engine agnostic and can be used in Electric Vehicles.

Product Portfolio

Two Wheeler Products



Battery Pack for EV



Pail Containers



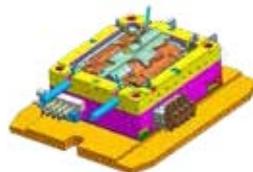
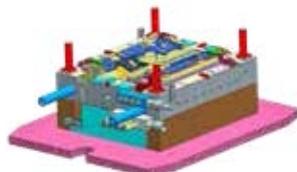
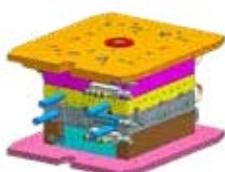
Battery Pack for Energy Storage



Car Accessories

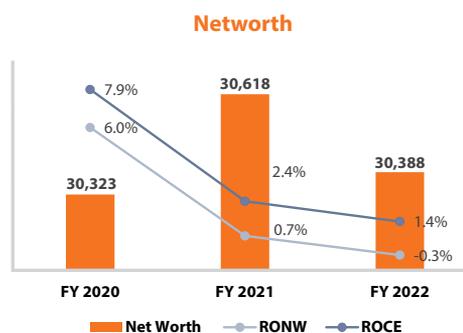
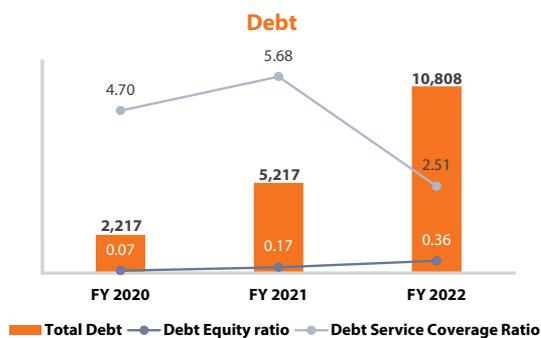
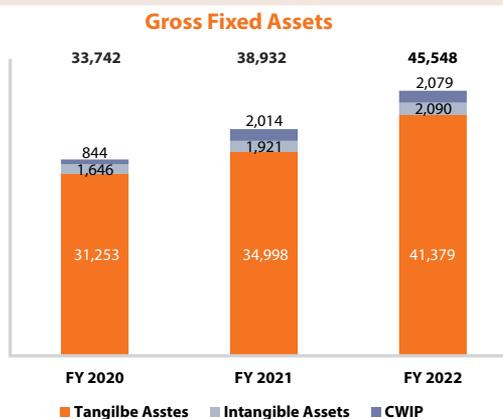
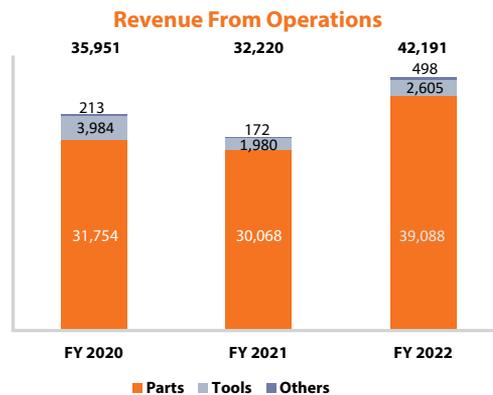
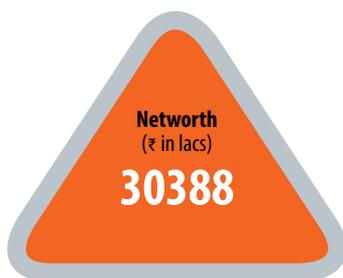


Commercial Tooling



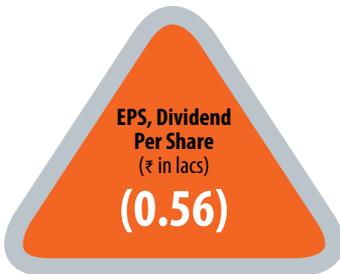
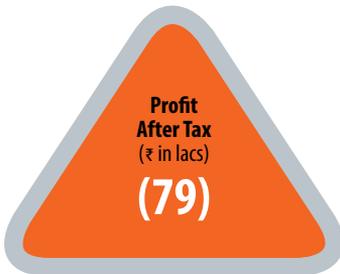
>> Performance Summary

(on consolidated basis)



>> Performance Summary

(on consolidated basis)

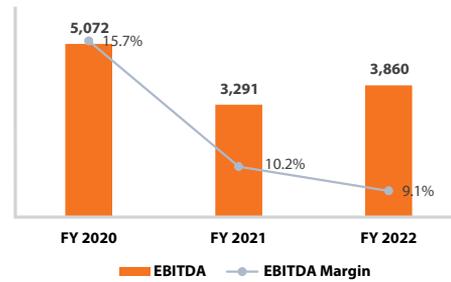


* Face Value of ₹10 Per Share

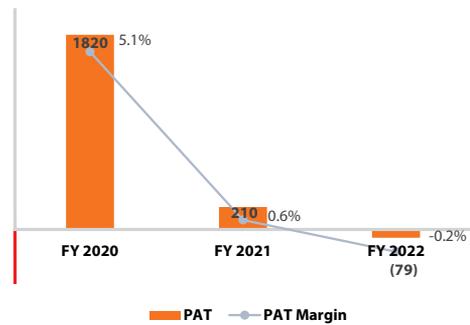


** Source: BSE as on 31st March 2022

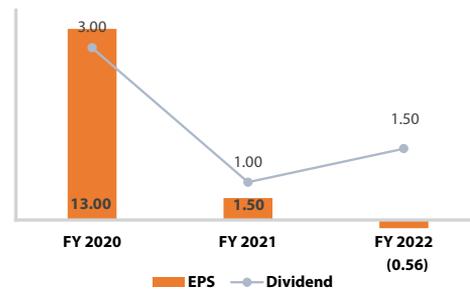
EBITDA



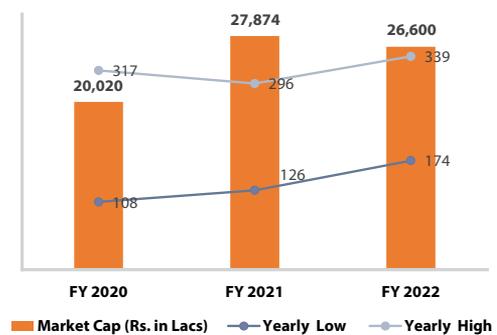
Profit After Tax



EPS, Dividend Per Share



Share Price (₹)



>> CSR Initiatives



VINAY & AJAY JAIN
FOUNDATION



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.



Tree Plantation



Tree Plantation



Tree Plantation



Education



Education

» 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



Annual Day



Environment Day



Yoga Day



Blood Donation



Booster Dose



HR Conclave



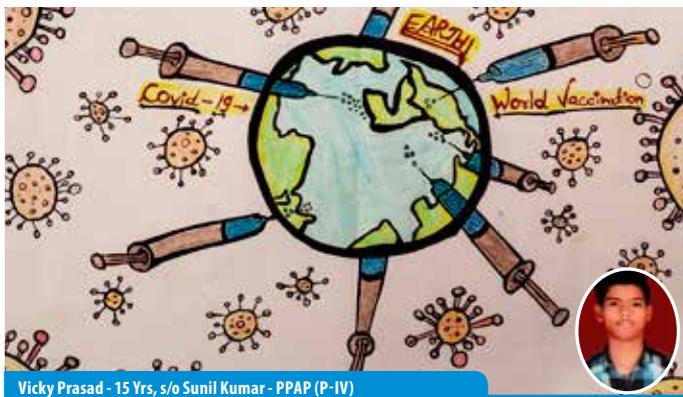
Women's Day

» Employees Engagement

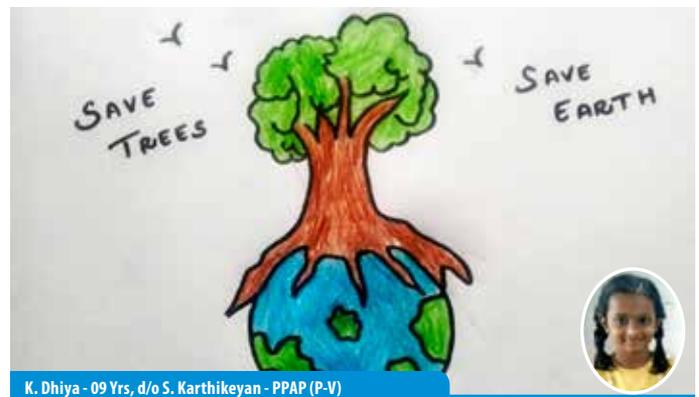
► Our employees and their families are important to us. We consistently engage our employee and their families in various cultural, social and creative activities to hone their talent. Drawing competitions among employee's children are held at all our plants to select best drawing to appear in the calendar to motivate them.



Shreyansh - 10 Yrs, s/o Mori Manisha Ben - PPAP (P-VI)



Vicky Prasad - 15 Yrs, s/o Sunil Kumar - PPAP (P-IV)



K. Dhiya - 09 Yrs, d/o S. Karthikeyan - PPAP (P-V)



Prince Sharma - 14 Yrs, s/o Bintu Sharma - PPAP (P-III)



Kajal - 12 Yrs, d/o Sanjay Singh - PTI (P-I)



Ruchika Rajput - 08 Yrs, d/o Akhilesh Kumar - PTI (P-I)



Rinu Mawaliya - 13 Yrs, d/o Mahaveer Prasad - PPAP (P-VI)



Registered Office

54, Okhla Industrial Estate,
Phase-III, New Delhi-110020
CIN: L74899DLI995PLC073281