

PPAP Automotive Limited

CIN : L74899DL1995PLC073281

B-206A, Phase-II, Noida - 201305, Uttar Pradesh, India

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

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

25th August, 2018

~~The Listing Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001~~

The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400051

Sub: Disclosure in terms of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

Please find attached herewith the Annual Report of the Company for the financial year 2017-18 under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you,

Yours faithfully,
For **PPAP Automotive Limited**


Sonia Bhandari
Company Secretary

Encl: As above



PPAP Automotive Limited



Annual Report 2017-18



Taking Challenges, Together



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CORPORATE INFORMATION

CIN: L74899DL1995PLC073281

REGISTERED OFFICE

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

CORPORATE OFFICE

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

CHIEF FINANCIAL OFFICER

Mr. Manish Dhariwal

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Sonia Bhandari

AUDITORS

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

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
44, Community Centre,
2nd Floor, Naraina Industrial Area,
Phase-I, New Delhi-110128

CHAIRMAN'S MESSAGE



My Dear Shareholders,

I commence my address by thanking each one of you for your continuous support.

I am happy to report that currently, we are in the midst of good times and there is good news all around. On our national front, it is a matter of joy for us that the Indian economy is now ranked as the 6th largest economy in the world and soon it will be the 5th largest. On the GDP front, according to various estimates, our economy is likely to grow by 7.3% this year and the growth is expected to accelerate to 7.5% next year. Currently, the Indian Automotive industry is ranked as the 4th largest in the world and before the year 2020 it is likely to be the 3rd largest.

Now, coming to your Company, the Financial Year 2017-18 has been an interesting year, wherein your Company has been able to deliver its best ever performance. Your Company was able to delight all its stakeholders - its customers, suppliers, employees, shareholders, as well as, the society at large.

Our economy witnessed some challenges due to the introduction of the Goods and Service Tax and various policy changes due to which growth was an issue. Our country has also been facing challenges on the inflation front due to the rise in crude oil prices and foreign exchange rates.

Despite all these disruptions, it gives me great pleasure in sharing with you that your Company was able to navigate through these turbulences and expanded by establishing its presence in all the major automotive hubs in the country.

I take pride in informing you that this year, we achieved an unprecedented EPS of ₹ 26.72 which is an increase of 49.27% as compared to the previous year.

Your Company's quest for adding new customers and new products has resulted in a revenue growth of 15% and an EBITDA margin up to 21%. The increase in our margins reflects our relentless focus on operational efficiency, profitable and sustainable growth.

The final dividend for the Financial Year 2017-18 proposed by your Board of Directors is ₹ 2.50 per share which is subject to your approval. The total dividend will be ₹ 4.50 per share, which comes to 45% of the face value of the equity share of your Company.

Your Company continues its focus on improving its operational efficiency so that we are able to build a fundamentally strong foundation on which your Company can survive and grow in perpetuity. This focus of ours, will ensure that your Company will continue to delight all its stakeholders over the long term, as well.

We have commenced the installation of solar power in our all manufacturing facilities as we are committed to reduce our carbon footprint and increase the use of renewable energy.

This year our Research and Development efforts have been recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, New Delhi.

Your Company has also improved upon its activities for the preservation of our Environment, as well as, on encouraging Education for the deprived through its CSR initiatives. On the greening front, your Company has supported the plantation of 50,000 trees of native species in the National Capital Region.

Your Company is changing constantly to meet the challenges that future will bring about. We are constantly engaging with our OEM's customers and their Tier 1 suppliers to transform ourselves to meet their needs and also scout for growth opportunities. We are also foraying into the two-wheelers segment, as well as, the commercial vehicle space. We are not leaving any stone unturned in our quest to find new business opportunities to achieve profitable growth.

Before I conclude, I once again take this opportunity to express my sincere gratitude to you for your relentless support. I also thank our respected customers for trusting us with their business on a long term basis. I also express my gratitude to our technology partners, our bankers and our suppliers for facilitating the conduct of smooth business operations. Last but not the least, I thank every single employee of the Company who has stood by the core values of the Company and worked shoulder to shoulder throughout the year to deliver our superior performance.

I on behalf of the entire PPAP family assure you that we will continue on our journey to achieve global level excellence and do our best to be the pride of the industry.

Yours truly,

Ajay Kumar Jain
Chairman & Managing Director

MISSION

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



BOARD OF DIRECTORS



MR. AJAY KUMAR JAIN

Chairman and Managing Director



MR. ABHISHEK JAIN

*Chief Executive Officer and
Managing Director*



**MR. BHUWAN KUMAR
CHATURVEDI**

*Independent Director, Chairman
of Audit Committee*



MR. PRAVIN KUMAR GUPTA

*Independent Director, Chairman
of Nomination & Remuneration
Committee and Stakeholders'
Relationship Committee*



MR. ASHOK KUMAR JAIN

*Independent Director, Chairman
of Corporate Social Responsibility
Committee*



MRS. VINAY KUMARI JAIN

Non-Executive Director

ACCOLADES - 2018



Overall Performance Award

By Maruti Suzuki India Limited



Supplier of the year 2017 - Gold

By Toyota Kirloskar Motor Private Limited



Achieving Quality Target Award

By Toyota Kirloskar Motor Private Limited



Zero PPM Award

By Toyota Kirloskar Motor Private Limited



Achieving Delivery Target Award

By Toyota Kirloskar Motor Private Limited



Appreciation Award

By Hyundai Motor India Limited



Excellence in Automotive Award 2018

By Economic Times Polymers



Best Supplier Business Support Award 2016-17

By Subros Limited



Super Quality Excellence Award 2016

By General Motors India Private Limited



Best Quality Consistency Award

By Toyota Boshoku Automotive India Private Limited



DIRECTORS' REPORT

Dear Members,

PPAP Automotive Limited

Your Directors have pleasure in presenting the Twenty Third Annual Report of your Company along with the audited standalone and consolidated financial statements and the Auditors' report thereon for the year ended 31st March, 2018.

Financial Highlights and State of Company's Affairs

(₹ in lacs)

Particulars	For the year ended			
	Standalone		Consolidated	
	31 st March, 2018	31 st March, 2017	31 st March, 2018	31 st March, 2017
Revenue from operations (net of excise)	39,762.33	34,501.20	39,762.33	34,501.20
Profit before interest, tax and depreciation	8,746.46	6,867.66	8,936.34	7,158.42
Less: interest	442.39	626.80	442.39	626.80
Depreciation & amortization	2,598.96	2,438.54	2,598.96	2,438.54
Profit / (loss) before tax (PBT)	5,705.11	3,802.54	5,894.99	4,093.08
Less: Tax expenses	1,963.94	1,297.16	1,963.94	1,297.16
Profit / (loss) for the period	3,741.17	2,505.38	3,931.05	2,795.92

The Company has adopted "Ind AS" with effect from 1st April, 2017. Financial statements for the year ended and as at 1st April, 2017 have been re-stated to conform to Ind AS Note 2 to the consolidated financial statement provides further explanation on the transition to Ind AS.

Company's Performance

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1st April, 2017, pursuant to the notification of Companies (Indian Accounting Standard) Rules, 2015 issued by the Ministry of Corporate Affairs. Previous years' figures have been restated and audited by the statutory auditors of the Company.

During the financial year 2017-18, revenue from operations on standalone basis increased to ₹ 39,762.33 lacs as against ₹ 34,501.20 lacs in the previous year registering a growth of 15.25%.

Employee cost as a percentage to revenue from operations increased to 15.90% (₹ 6,322.85 lacs) against 15.44% (₹ 5,236.31 lacs) in the previous year.

Other expenses as a percentage to revenue from operations decreased to 12.69% (₹ 5,047.78 lacs) as against 12.97% (₹ 4,474.93 lacs) in the previous year.

The profit after tax for the current year is ₹ 3,741.17 lacs as against ₹ 2,505.38 lacs in the previous year registering a growth of 49.32%.

Consolidated financial statements

As per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of the Companies Act, 2013 read

with the Rules issued thereunder, the consolidated financial statements of the Company for the financial year 2017-18 have been prepared in compliance with applicable Ind AS and on the basis of audited financial statements of the Company, Joint Venture and associate companies, as approved by the respective Board of Directors.

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

Dividend

During the financial year 2017-18, your Company declared and paid to the shareholders, an interim dividend of ₹ 2.00 (Rupees two only) per equity share of face value of ₹ 10 (Rupees ten) each in the month of November, 2017.

The Board of Directors of the Company are pleased to recommend a final dividend of ₹ 2.50 (Rupees two and fifty paise only) per equity share of face value of ₹ 10 (Rupees ten) each for approval of the shareholders at the ensuing Annual General Meeting (AGM). On approval, the total dividend (interim dividend and final dividend) for the financial year 2017-18 will be ₹ 4.50 (Rupees four and fifty paise only) per equity share of the face value of ₹ 10 (Rupees ten) each as against the total dividend of ₹ 3 (Rupees three only) per equity share of the face value of ₹ 10 (Rupees ten) paid for the previous financial year 2016-17.



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, 2018.

Technical collaboration

The Company has technical collaborations with Tokai Kogyo Co. Limited, Japan; Nissen Chemitec Corporation, Japan; and Tokai Kogyo Seiki Co. Limited, Japan. Your Company is receiving the requisite support as per the needs of the business.

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

Extract of annual return

The details forming part of the extract of the Annual Return as on 31st March, 2018 in form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, annexed as "Annexure-A" to this report.

Meetings of the Board of Directors

The Board of Directors met five times during the financial year 2017-18, the details of which are given in the corporate governance report that forms part of this annual report. The intervening gap between any two meetings was in compliance with the period prescribed by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Audit Committee

The Audit Committee's purpose is to oversee the quality and integrity of accounting, auditing and financial reporting process including reviewing of the Company's statutory and internal audit reports. The Audit Committee also gives recommendations for enhancement in scope and coverage of internal audit for specific areas wherever it is felt necessary. The Audit Committee is provided with all the necessary assistance and information to carry out its functions effectively. All the members of the Audit Committee have the requisite financial, legal and management expertise.

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

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

Directors and key managerial personnel

Mr. Abhishek Jain (DIN: 00137651), Whole Time Director has been elevated to the position of the Chief Executive Officer

and Managing Director (CEO & MD) of the Company with effect from 1st April, 2017.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Mrs. Vinay Kumari Jain (DIN: 00228718), Non-Executive Director of the Company, retires by rotation, she being eligible, has offered herself for re-appointment as a Director.

Mr. Ajay Kumar Jain (DIN: 00148839) is on the Board of the Company since 18th October, 1995 as Managing Director and was also appointed as Chairman on 10th February, 2014.

The current tenure of Mr. Ajay Kumar Jain, as Chairman & Managing Director will expire on 31st October, 2018. The Board at its meeting held on 21st May, 2018 on recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Ajay Kumar Jain, as Chairman & Managing Director (CMD) of the Company for a tenure of five years with effect from 1st November, 2018 up to 31st October, 2023, subject to the approval of shareholders at 23rd AGM.

Pursuant to the provisions of the Companies Act, 2013, Mr. Bhuwan Kumar Chaturvedi (DIN: 00144487) was appointed as a Non-Executive Independent Director for five consecutive years, for a term up to 25th December, 2018 by the shareholders of the Company at 19th AGM of the Company held on 27th September, 2014. Mr. Bhuwan Kumar Chaturvedi is eligible for re-appointment as a Non-Executive Independent Director for another term of five consecutive years. Pursuant to the provisions of the Companies Act, 2013, the Board at its meeting held on 21st May, 2018 on recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Bhuwan Kumar Chaturvedi as a Non-Executive Independent Director for another term of five consecutive years i.e. from 26th December, 2018 up to 25th December, 2023, subject to the approval of the shareholders through a special resolution at the 23rd AGM.

Pursuant to the provisions of the Companies Act, 2013, Mr. Pravin Kumar Gupta (DIN: 06491563) was appointed as a Non-Executive Independent Director for five consecutive years for a term up to 31st March, 2019 by the shareholders of the Company at 19th AGM of the Company held on 27th September, 2014. Mr. Pravin Kumar Gupta is eligible for re-appointment as a Non-Executive Independent Director for another term of five consecutive years. Pursuant to the provisions of the Companies Act, 2013, the Board at its meeting held on 21st May, 2018 on recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Pravin Kumar Gupta as a Non-Executive Independent Director for another term of five consecutive years from 1st April, 2019 up to 31st March,

2024, subject to the approval of the shareholders through a special resolution at the 23rd AGM.

Pursuant to the provisions of the Companies Act, 2013, Mr. Ashok Kumar Jain (DIN: 06881412) was appointed as a Non-Executive Independent Director for five consecutive years for a term up to 26th May, 2019 by the shareholders of the Company at 19th AGM of the Company held on 27th September, 2014. Mr. Ashok Kumar Jain is eligible for re-appointment as a Non-Executive Independent Director for another term of five consecutive years. Pursuant to the provisions of the Companies Act, 2013, the Board at its meeting held on 21st May, 2018 on recommendation of the Nomination and Remuneration Committee has approved the re-appointment of Mr. Ashok Kumar Jain as a Non-Executive Independent Director for another term of five consecutive years from 27th May, 2019 up to 26th May, 2024, subject to the approval of the shareholders through a special resolution at the 23rd AGM.

Brief profile of Directors seeking appointment and re-appointment along with other details as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, are given in the notice of 23rd AGM.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the committee(s).

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

Credit rating

During the year under review, the credit rating agency CRISIL has upgraded the credit rating of your Company on the long-term bank facilities to 'CRISIL A+ / Stable' from 'CRISIL A / Positive' and reaffirmed the short-term bank facilities at 'CRISIL A1' on 9th August, 2017.

Details of credit ratings:

Long term Bank Loan facilities	CRISIL A+ / Stable (Upgraded from 'CRISIL A / Positive')
Short term Bank Loan facilities	CRISIL A1 (Reaffirmed)

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, 2018, to the best of their knowledge and belief your Directors confirm the following:

- that in the preparation of annual financial statements for the financial year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a "true and fair view" of the state of affairs of the Company as at 31st March, 2018 and of the profit and loss of the Company for the financial year ended 31st March, 2018;
- 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;
- that the financial statements for the financial year ended 31st March, 2018 have been prepared on a "going concern basis";
- that the internal financial controls are adequate and are operating effectively; and
- that proper systems to ensure compliance with the provisions of all applicable laws are adequate and operating effectively.

Evaluation of the Board's performance / effectiveness

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out annual performance evaluation of its own performance, the Directors individually, as well as, the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the corporate governance report attached to this 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). The salient aspects covered in the Nomination and Remuneration Policy have been given hereunder:



In accordance with the Nomination and Remuneration Policy, the Nomination and Remuneration Committee has, inter alia, the following responsibilities:

1. Ensure appropriate induction and training program: The Committee shall ensure that there is an appropriate induction and training program in place for new Directors, Key Managerial Persons and members of senior management and review its effectiveness.
2. Formulating the criteria for appointment as a Director: The Committee shall formulate criteria and review them 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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other enactment, for the time being in force.
4. Nominate candidates for Directorships subject to the approval of 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 every Director, every Committee of the Board and of the Board as a whole including the Chairman, on an annual basis.
6. Remuneration of Managing Director / Directors: The Committee shall ensure that the tenure of Executive Directors and their compensation packages are in accordance with applicable laws and in line with the Company's objectives, shareholders' interests and benchmarked with the industry.
7. Review performance and compensation of Non-Executive Independent Directors: The Committee shall review the performance of Non-Executive Independent Directors of the Company. The Committee shall ensure that the Non-Executive Independent Directors may receive remuneration by way of sitting fees for attending the meetings of Board or Committee(s), thereof provided that the amount of such fees shall be subject to ceiling / limits as provided under the Companies Act, 2013 and Rules made thereunder or any other enactment, for the time being, in force.
8. Review performance and compensation of KMPs / SMPs etc.: 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.

Particulars of employees

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

Joint ventures and associates

During the year under review, none of the Company have become / ceased to be the joint ventures, subsidiaries and associates of your Company.

In accordance with Section 129(3) of the Companies Act, 2013, your Company has prepared consolidated financial statements of the Company, which forms part of this annual report. Further, a statement containing the salient features of the financial statements of our associates and joint venture in the prescribed form AOC-1, annexed as "Annexure-C" to this report which covers the financial position of associates and joint venture Company and hence not repeated here for the sake of brevity.

Corporate governance report

Your Company is committed to maintain high standards of corporate governance and adhere to the corporate governance requirements set out by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. At the Company, we constantly strive to evolve and follow up on the corporate governance guidelines and its best practices.

The compliance report on corporate governance and a certificate from M/s VLA & Associates, Company Secretaries, secretarial auditors of the Company, regarding compliance of the conditions of corporate governance, as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, annexed to this annual report.

Management discussion and analysis report

As required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed management discussion and analysis

report is presented in a separate section forming part of this annual report.

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

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of the 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 6 of the standalone financial statements of the Company.

Related party transactions

During financial year 2017-18, all contracts / transactions entered into 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 2017-18, 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 40 to the standalone financial statements of the Company.

Auditors and Auditors' report

Auditors

- **Statutory auditors**

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s O P Bagla & Co. (Registration No. 000018N), Chartered Accountants, New Delhi were appointed as the statutory auditors of the Company at the 19th AGM of the Company held on 27th September, 2014 for the period of four years i.e. up to the conclusion of the 23rd AGM to be held in the year 2018. The firm has converted itself into a Limited Liability Partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008 and is now known as M/s O P Bagla & Co. LLP with effect from 25th April, 2018.

The present term of M/s O P Bagla & Co. LLP, will expire at the conclusion of ensuing AGM of the Company.

The Board upon the recommendation of Audit Committee proposed to re-appoint M/s O P Bagla & Co. LLP, Chartered Accountants, as the statutory

auditors of the Company for the second term of five consecutive years to hold office from the conclusion of the 23rd AGM till the conclusion of the 28th AGM of the Company to be held in the year 2024.

The Company has also received a consent letter from the auditors for re-appointment as the statutory auditors for the second term of five consecutive years under Section 139 and 141 of Companies Act, 2013.

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, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s VLA & Associates, Company Secretaries, as secretarial auditors to conduct the secretarial audit of the Company for the financial year ended 31st March, 2019.

The secretarial audit report for the financial year 31st March, 2018 in form MR-3 is attached as "Annexure-D" to this report.

Secretarial auditors' report

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

- **Cost auditors**

The Board of Directors, on recommendation of the Audit Committee, appointed M/s Rakesh Singh & Co., Cost Accountants, (Registration No. 000247) as cost auditors to audit the cost accounts of the Company for the financial year 2018-19 in terms of the provisions of Section 148 of the Companies Act, 2013. The remuneration payable to the cost auditors is required to be ratified by the shareholders at the AGM. Accordingly, resolution ratifying the remuneration payable to M/s Rakesh Singh & Co., Cost Accountants, (Registration No. 000247) forms a part of the notice dated 21st May, 2018 convening the 23rd AGM.

The Company had filed the cost audit report for financial year 2016-17 on 7th September, 2017, in compliance under the Companies (Cost Records and Audit) Amendment Rules, 2014.

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 which covers the activities as prescribed under Schedule



VII of the Companies Act, 2013.

During the year under review, your Company has carried out activities primarily related to promoting education, ensuring environmental sustainability, preventive healthcare and vocational training.

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-E" to this report.

Risk management policy

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

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

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

Policy on sexual harassment of women at workplace

Your Company has in place a policy on prevention of sexual harassment at workplace. This policy is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. As per the said policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment.

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

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

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

No significant and material orders have been passed

during the year under review by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Details on internal financial controls related to financial statements

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

The internal auditors evaluates 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 presented 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 ensure 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.

Your Company has adopted Ind AS for the accounting period beginning on 1st April, 2017 pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

Whistle blower policy

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated whistle blower policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The whistle blower policy / vigil mechanism provides a 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 Company's website at www.ppapco.in.

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

During the year under review, your Company has been accorded the recognition from The Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology for its “In house research and development unit” for the plant of the Company situated at B-206A, Sector-81, Phase-II, Noida-201305, Uttar Pradesh.

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-F” to this report.

Acknowledgements

Your Directors wish to convey their appreciation to all the employees for their exemplary commitment, hard work and

collective contribution to the Company’s performance. Your Directors also express their sincere gratitude to technology partners for sharing know how, continued support and confidence reposed in the Company.

Your Directors also thank all the business associates, banks, financial institutions and our shareholders for their assistance, co-operation and encouragement to the Company during the year.

For and on behalf of the Board of Directors

Place: Noida
Date : 21st May, 2018

Ajay Kumar Jain
Chairman &
Managing Director
DIN: 00148839

Abhishek Jain
CEO &
Managing Director
DIN: 00137651



Annexure-A to the Directors' Report

Form No. MGT-9

Extract of Annual Return as on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L74899DL1995PLC073281
ii)	Registration Date	:	18.10.1995
iii)	Name of the Company	:	PPAP Automotive Limited
iv)	Category / Sub-Category of the Company	:	Company limited by Shares / Indian non-Government Company
v)	Address of the Registered Office and Contact details	:	54, Okhla Industrial Estate, Phase-III, New Delhi-110020 Tel: +91-11-26311671
vi)	Whether listed Company (Yes / No)	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited 44, Community Centre, 2 nd Floor , Naraina Industrial Estate, Phase-I, Delhi-110028 E-mail: delhi@linkintime.co.in Tel: +91-11-414140592 / 93 / 94

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GIN	Holding / Subsidiary of the Company	% of shares held	Applicable Section
1	PPAP Tokai India Rubber Private Limited	U25112DL2012PTC235036	Associate	50	2(6)
2	PPAP Automotive Chennai Private Limited	U34300DL2014PTC273103	Associate	40	2(6)
3	PPAP Automotive Technology Private Limited	U34100DL2015PTC274891	Associate	40	2(6)
4	PPAP Automotive Systems Private Limited	U34100DL2015PTC279614	Associate	40	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category wise shareholding

S. No	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Shareholding of Promoter and Promoter Group										
1	Indian									
(a)	Individuals / Hindu Undivided Family	5,575,217	-	5,575,217	39.823	5,523,365	-	5,523,365	39.453	(0.370)
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)									
	Bodies Corporate	3,321,907	-	3,321,907	23.728	3,405,822	-	3,405,822	24.327	0.599
Sub Total (A)(1)		8,897,124	-	8,897,124	63.551	8,929,187	-	8,929,187	63.780	0.229
2	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)		8,897,124	-	8,897,124	63.551	8,929,187	-	8,929,187	63.780	0.229
B Public Shareholding										
1	Institutions									
(a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	159,914	-	159,914	1.142	205,057	-	205,057	1.465	0.322
(f)	Financial Institutions / Banks	9,866	-	9,866	0.071	4,054	-	4,054	0.029	(0.042)
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)									



S. No	Category of Shareholders	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Sub Total (B)(1)	169,780	-	169,780	1.213	209,111	-	209,111	1.494	0.281
2	Central Government / State Government(s) / President of India									
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
3	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lac	2,017,480	146	2,017,626	14.412	2,006,731	145	2,006,876	14.335	(0.077)
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	1,111,686	-	1,111,686	7.941	1,143,158	-	1,143,158	8.165	0.225
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs)	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)									
	Trusts	-	-	-	-	45	-	45	0.000	0.000
	IEPF	-	-	-	-	2,776	-	2,776	0.020	0.020
	Hindu Undivided Family	170,983	-	170,983	1.221	123,327	-	123,327	0.881	(0.340)
	Foreign Companies	-	225,000	225,000	1.607	-	225,000	225,000	1.607	-
	Non Resident Indians (Non Repat)	10,389	-	10,389	0.074	22,212	-	22,212	0.159	0.084
	Non Resident Indians (Repat)	40,248	-	40,248	0.288	111,025	-	111,025	0.793	0.506
	Clearing Member	108,498	-	108,498	0.775	65,936	-	65,936	0.471	(0.304)
	Bodies Corporate	1,248,666	-	1,248,666	8.918	1,161,347	-	1,161,347	8.295	(0.624)
	Sub Total (B)(3)	4,707,950	225,146	4,933,096	35.236	4,633,781	225,145	4,858,926	34.726	(0.510)
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	4,877,730	225,146	5,102,876	36.449	4,845,668	225,145	5,070,813	36.220	(0.229)
	Total (A)+(B)	13,774,854	225,146	14,000,000	100.000	13,774,855	225,145	14,000,000	100.000	-
C	Non Promoter - Non Public									
[1]	Custodian / DR Holder	-	-	-	-	-	-	-	-	-
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	13,774,854	225,146	14,000,000	100.000	13,774,855	225,145	14,000,000	100.000	-

ii) Shareholding of Promoters (including promoter group)

S. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Ajay Kumar Jain	3,935,680	28.112	-	3,867,180	27.623	-	(0.489)
2	Vinay Kumari Jain	533,890	3.814	-	533,890	3.814	-	-
3	Abhishek Jain	1,002,404	7.160	-	1,002,404	7.160	-	-
4	Ajay Kumar Jain HUF	90,123	0.644	-	90,123	0.644	-	-
5	Rashi Jain	13,120	0.094	-	29,768	0.213	-	0.119
6	Kalindi Farms Private Limited	1,834,757	13.105	-	1,844,082	13.172	-	0.067
7	Sri Lehra Jewellers Private Limited	526,000	3.757	-	526,300	3.758	-	0.001
8	Prism Suppliers Private Limited	186,600	1.333	-	187,700	1.341	-	0.007
9	Ratnakar Dealtrade Private Limited	141,100	1.008	-	142,050	1.015	-	0.007
10	Smart Commotrade Private Limited	161,350	1.153	-	162,080	1.158	-	0.005
11	Advance Commotrade Private Limited	212,100	1.515	-	213,300	1.524	-	0.009
12	Littlestar Tradelink Private Limited	188,000	1.343	-	188,780	1.348	-	0.006
13	Nikunj Foods Private Limited	72,000	0.514	-	141,530	1.011	-	0.497
14	*Abhishek Jain HUF	-	-	-	-	-	-	-
15	*Ajay Kumar Jain Holdings Private Limited	-	-	-	-	-	-	-
16	*Arhaan Holdings Private Limited	-	-	-	-	-	-	-
17	*Ginius Vintrade Private Limited	-	-	-	-	-	-	-
18	*Icon Vanijya Private Limited	-	-	-	-	-	-	-
19	*Elpis Infrastructure Private Limited	-	-	-	-	-	-	-
20	*Arhaan Ventures Private Limited	-	-	-	-	-	-	-
21	*Jagmata Commosales Limited	-	-	-	-	-	-	-

Note:

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


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

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Ajay Kumar Jain					
	at the beginning of the year		3,935,680	28.112	3,935,680	28.112
	10.04.2017	Transfer	(68,500)	(0.489)	3,867,180	27.623
	at the end of the year				3,867,180	27.623
2	Rashi Jain					
	at the beginning of the year		13,120	0.094	13,120	0.094
	26.07.2017	Transfer	1,000	0.007	14,120	0.101
	06.03.2018	Transfer	1,500	0.011	15,620	0.112
	08.03.2018	Transfer	1,150	0.008	16,770	0.120
	19.03.2018	Transfer	1,000	0.007	17,770	0.127
	20.03.2018	Transfer	2,666	0.019	20,436	0.146
	21.03.2018	Transfer	119	0.001	20,555	0.147
	22.03.2018	Transfer	3,000	0.021	23,555	0.168
	23.03.2018	Transfer	4,213	0.030	27,768	0.198
	26.03.2018	Transfer	2,000	0.014	29,768	0.212
	at the end of the year				29,768	0.212
3	Kalindi Farms Private Limited					
	at the beginning of the year		1,834,757	13.105	1,834,757	13.105
	09.03.2018	Transfer	1,500	0.011	1,836,257	13.116
	12.03.2018	Transfer	2,000	0.014	1,838,257	13.130
	13.03.2018	Transfer	1,500	0.011	1,839,757	13.141
	14.03.2018	Transfer	500	0.004	1,840,257	13.145
	16.03.2018	Transfer	1,500	0.011	1,841,757	13.155
	19.03.2018	Transfer	2,325	0.017	1,844,082	13.172
	at the end of the year				1,844,082	13.172
4	Sri Lehra Jewellers Private Limited					
	at the beginning of the year		526,000	3.757	526,000	3.757
	23.08.2017	Transfer	100	0.001	526,100	3.758
	24.08.2017	Transfer	200	0.001	526,300	3.759
	at the end of the year				526,300	3.759
5	Prism Suppliers Private Limited					
	at the beginning of the year		186,600	1.333	186,600	1.333
	23.08.2017	Transfer	100	0.001	186,700	1.334
	24.08.2017	Transfer	200	0.001	186,900	1.335
	07.09.2017	Transfer	800	0.006	187,700	1.341
	at the end of the year				187,700	1.341

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	Ratnakar Dealtrade Private Limited					
	at the beginning of the year		141,100	1.008	141,100	1.008
	23.08.2017	Transfer	55	0.000	141,155	1.008
	24.08.2017	Transfer	345	0.002	141,500	1.011
	07.09.2017	Transfer	550	0.004	142,050	1.015
	at the end of the year				142,050	1.015
7	Smart Commotrade Private Limited					
	at the beginning of the year		161,350	1.153	161,350	1.153
	07.09.2017	Transfer	730	0.005	162,080	1.158
	at the end of the year				162,080	1.158
8	Advance Commotrade Private Limited					
	at the beginning of the year		212,100	1.515	212,100	1.515
	23.08.2017	Transfer	100	0.001	212,200	1.516
	24.08.2017	Transfer	200	0.001	212,400	1.517
	07.09.2017	Transfer	900	0.006	213,300	1.524
	at the end of the year				213,300	1.524
9	Littlestar Tradelinks Private Limited					
	at the beginning of the year		188,000	1.343	188,000	1.343
	07.09.2017	Transfer	780	0.005	188,780	1.348
	at the end of the year				188,780	1.348
10	Nikunj Foods Private Limited					
	at the beginning of the year		72,000	0.514	72,000	0.514
	10.04.2017	Transfer	68,500	0.489	140,500	1.004
	23.08.2017	Transfer	100	0.001	140,600	1.004
	24.08.2017	Transfer	350	0.003	140,950	1.007
	07.09.2017	Transfer	580	0.004	141,530	1.011
	at the end of the year				141,530	1.011

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

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Unatgagan Commodities Private Limited					
	at the beginning of the year		504,680	3.605	504,680	3.605
	at the end of the year		-	-	504,680	3.605
2	I.M. Infrastructure and Hospitality Private Limited					
	at the beginning of the year		234,501	1.675	234,501	1.675
	at the end of the year		-	-	234,501	1.675

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	Tokai Kogyo Co. Limited					
	at the beginning of the year		225,000	1.607	225,000	1.607
	at the end of the year		-	-	225,000	1.607
4	Rajan Rakheja					
	at the beginning of the year		220,000	1.571	220,000	1.571
	at the end of the year				220,000	1.571
5	Vanaja Sundar Iyer					
	at the beginning of the year		-	-	-	-
	19.05.2017	Transfer	96,442	0.689	96,442	0.689
	26.05.2017	Transfer	52,764	0.377	149,206	1.066
	23.06.2017	Transfer	56,000	0.400	205,206	1.466
	at the end of the year				205,206	1.466
6	Dolly Khanna					
	at the beginning of the year		153,362	1.095	153,362	1.095
	04.08.2017	Transfer	(825)	(0.006)	152,537	1.090
	18.08.2017	Transfer	(1,940)	(0.014)	150,597	1.076
	25.08.2017	Transfer	(2,000)	(0.014)	148,597	1.061
	15.09.2017	Transfer	(1,000)	(0.007)	147,597	1.054
	03.11.2017	Transfer	(1,000)	(0.007)	146,597	1.047
	05.01.2018	Transfer	(1,099)	(0.008)	145,498	1.039
	19.01.2018	Transfer	(3,000)	(0.021)	142,498	1.018
	16.02.2018	Transfer	(700)	(0.005)	141,798	1.013
	31.03.2018	Transfer	1,000	0.007	142,798	1.020
	at the end of the year				142,798	1.020
7	Nitin Tandon					
	at the beginning of the year		63,300	0.452	63,300	0.452
	at the end of the year				63,300	0.452
8	Radhe Govind Commercials Private Limited					
	at the beginning of the year		59,183	0.423	59,183	0.423
	at the end of the year				59,183	0.423
9	D Srimathi					
	at the beginning of the year		29,441	0.210	29,441	0.210
	15.12.2017	Transfer	1,913	0.014	31,354	0.224
	22.12.2017	Transfer	87	0.001	31,441	0.225
	09.02.2018	Transfer	6,892	0.049	38,333	0.274
	16.02.2018	Transfer	2,000	0.014	40,333	0.288
	23.02.2018	Transfer	7,000	0.050	47,333	0.338
	02.03.2018	Transfer	7,000	0.050	54,333	0.388
	16.03.2018	Transfer	1,115	0.008	55,448	0.396
	23.03.2018	Transfer	776	0.006	56,224	0.402
	31.03.2018	Transfer	500	0.004	56,724	0.406
	at the end of the year				56,724	0.406

S. No.	Shareholders' Name	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	Rattan Singhania					
	at the beginning of the year		77,463	0.553	77,463	0.553
	26.05.2017	Transfer	(35,000)	(0.250)	42,463	0.303
	05.01.2018	Transfer	(2,618)	(0.019)	39,845	0.284
	at the end of the year				39,845	0.284
11	Satish Bansal					
	at the beginning of the year		72,000	0.514	72,000	0.514
	at the end of the year				72,000	0.514
12	Grovsnor Investment Fund Limited					
	at the beginning of the year		111,030	0.793	111,030	0.793
	10.11.2017	Transfer	(6,814)	(0.049)	104,216	0.744
	17.11.2017	Transfer	(8,301)	(0.059)	95,915	0.685
	24.11.2017	Transfer	(84,885)	(0.606)	11,030	0.079
	at the end of the year				11,030	0.079
13	Sabitha Chandran					
	at the beginning of the year		72,000	0.514	72,000	0.514
	12.05.2017	Transfer	(35,347)	(0.252)	36,653	0.262
	19.05.2017	Transfer	(36,653)	(0.262)	-	-
	at the end of the year				-	-

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

v) Shareholding of Directors and Key Managerial Personnel

S. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Date	Increase / (Decrease)	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning	% of total shares of the Company				No. of shares at the beginning	% of total shares of the Company
	Directors							
1	Mr. Ajay Kumar Jain, Chairman & Managing Director	*4,025,803	28.756	10.04.2017	(68,500)	Transfer	*3,957,303	28.266
2	Mrs. Vinay Kumari Jain, Non-Executive Director	533,890	3.814	-	-	-	533,890	3.814
3	Mr. Abhihek Jain, CEO & Managing Director	1,002,404	7.160	-	-	-	1,002,404	7.160
	Other KMPs							
1	Mr. Manish Dhariwal, Chief Financial Officer	108	0.001	-	-	-	108	0.001
2	Mrs. Sonia Bhandari, Company Secretary	-	-	-	-	-	-	-

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



V. INDEBTEDNESS

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

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	5,195.79	-	-	5,195.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	13.66	-	-	13.66
Total (i+ii+iii)	5,209.45	-	-	5,209.45
Change in indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	2,235.72	-	-	2,235.72
Net change	2,235.72	-	-	2,235.72
Indebtedness at the end of the financial year				
i) Principal amount	2,960.07	-	-	2,960.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7.66	-	-	7.66
Total (i+ii+iii)	2,967.73	-	-	2,967.73

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total
		Mr. Ajay Kumar Jain (Chairman & Managing Director)	Mr. Abhishek Jain (CEO & Managing Director)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	107.69	138.17	245.86
	b) Value of perquisites under Section 17(2) of Income Tax Act, 1961	35.17	0.40	35.56
	c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of Profit	124.12	124.12	248.24
	- Others, specify			
5	Others, please specify Provident Fund & other Funds	-	5.76	5.76
	Performance Bonus	-	-	-
	Total	266.97	268.44	535.41
	Ceiling as per the Act (% of net profits of the Company)	5	5	10

B. Remuneration of other directors:

I. Independent Directors:

(₹ in lacs)

Particulars of Remuneration	Name of Directors			Total
	Mr. Bhuwan Kumar Chaturvedi	Mr. Pravin Kumar Gupta	Mr. Ashok Kumar Jain	
Fee for attending Board Committee meetings	3.20	4.20	3.20	10.60
Commission	-	-	-	-
Others	-	-	-	-
Total	3.20	4.20	3.20	10.60

II. Other Non-Executive Director:

Particulars of Remuneration	Mrs. Vinay Kumari Jain	Total
Fee for attending Board Committee meetings	3.20	3.20
Commission	-	-
Others	-	-
Total	3.20	3.20

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

(₹ in lacs)

S. No.	Particulars of Remuneration	Name of the KMP		Total
		Mr. Manish Dhariwal (Chief Financial Officer)	Mrs. Sonia Bhandari (Company Secretary)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	37.11	9.03	46.14
	b) Value of perquisites under Section 17(2) of Income Tax Act, 1961	0.22	0.22	0.44
	c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -As % of Profit - Others, specify	-	-	-
5	Others, please specify Provident Fund & other Funds	1.16	0.49	1.65
	Performance Bonus	-	-	-
	Total	38.48	9.74	48.22

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES (Under the Companies Act): Nil

For and on behalf of the Board of Directors

Place: Noida
Date : 21st May, 2018

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Abhishek Jain
CEO & Managing Director
DIN: 00137651



Annexure-B to the Directors' Report

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

- i. The ratio of remuneration of each Director# to the median remuneration of all the employees of your Company for the financial year 2017-18

Name of Directors	Designation	Ratio to median remuneration
Mr. Ajay Kumar Jain	Chairman & Managing Director	95.13
Mr. Abhishek Jain	Chief Executive Officer & Managing Director	95.66

- ii. The Percentage increase in remuneration each Director#, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18

Designation	Name of Employees	% increase in remuneration
Chairman & Managing Director	Mr. Ajay Kumar Jain	65.05
Chief Executive Officer & Managing Director	Mr. Abhishek Jain	59.03
Chief Financial Officer	Mr. Manish Dhariwal	10.11
Company Secretary	Mrs. Sonia Bhandari	15.20

#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 is not considered for the above purpose.

- iii. The percentage increase in the median remuneration of employees in the financial year 2017-18 - 10.77%
- iv. Number of permanent employees on the rolls of the Company as on 31st March, 2018 - 1,141 employees
- v. Average percentile increase already made in the salaries of employees other than managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration - The median percentage increase made in the salaries of employees other than the managerial personnel was 10.99%, while the average increase in the remuneration of managerial personnel was 62.04%. The increase during the year reflects the Company's performance vs. reward philosophy, as well as, the results of the benchmarking exercises.
- vi. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(2) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment 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 and has been uploaded on the website of the Company www.ppapco.in. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board of Directors

Place: Noida
Date : 21st May, 2018

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Abhishek Jain
CEO & Managing Director
DIN: 00137651

Annexure-C to the Directors' Report

Form AOC-1

(Pursuant to first proviso to sub-Section (3) of Section 129 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

The Company does not have any subsidiary as on 31st March, 2018.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in lacs)

S. No.	Name of Associates / Joint Ventures	*Associates			Joint Venture
		PPAP Automotive Chennai Private Limited	PPAP Automotive Technology Private Limited	PPAP Automotive Systems Private Limited	PPAP Tokai India Rubber Private Limited
1.	Latest audited balance sheet date	31.03.2018	31.03.2018	31.03.2018	31.03.2018
2.	Date on which the associate or joint Venture was associated or acquired	27.03.2015	27.03.2015	30.09.2015	26.06.2013
3.	Shares of associate / joint ventures held by the Company on the year end				
	No. of shares	4,000	4,000	4,000	48,500,000
	Amount of investment in associates / joint venture	0.40	0.40	0.40	4,850.00
	Extend of holding %	40.00	40.00	40.00	50.00
4.	Description of how there is significant influence	Due to shareholding	Due to shareholding	Due to shareholding	Due to shareholding
5.	Reason why the associate / joint venture is not consolidated	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6.	Net worth attributable to shareholding as per latest audited balance sheet	0.02	0.13	0.22	4,849.63
7.	Profit / loss for the year:				
	i) Considered in consolidation	(0.05)	(0.05)	(0.05)	194.90
	ii) Not Considered in consolidation	(0.09)	(0.09)	(0.09)	194.90

1. *Names of associates or joint ventures which are yet to commence operations.

2. There were no associates or joint ventures liquidated or sold during the financial year 2017-18.

For and on behalf of the Board of Directors

Place: Noida
Date : 21st May, 2018

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Abhishek Jain
CEO & Managing Director
DIN: 00137651



Annexure-D to the Directors' Report

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

Dear Sir,

I 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 me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the 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, 2009 - Not applicable during the year under review;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable during the year under review;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable during the year under review;
- 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;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable during the year under review. The Shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited since the date of its listing; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable during the year under review.
- vi. Other laws as applicable specifically to the Company:
 - a. The Air (Prevention and Control of Pollution) Act, 1981;
 - b. The Water (Prevention and Control of Pollution) Act, 1974;
 - c. The Environment (Protection) Act, 1986; and
 - d. Petroleum Act, 1934.

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

I 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. There was no change in the composition of the Board of Directors during the period under review.

Adequate notices are 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.

Major decision at Board Meetings and Committee Meetings were carried through and recorded in the minutes. However, there was no such instance of any dissenting vote by any Director during the period under review.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Further, I report that during the review period, no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. above have taken place.

For VLA & Associates
Company Secretaries

Vishal Lochan Aggarwal
(Proprietor)
FCS No.: 7241
C P No.: 7622

Place: Noida
Date : 21st May, 2018

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



Annexure-I

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

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

Management's Responsibility:

1. Maintenance of secretarial records and other records under the scope / ambit of Secretarial Audit (hereinafter called 'Record') is the responsibility of the management of the Company. My responsibility is to express an opinion on these records based on my audit.
2. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer:

6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For VLA Associates
(Company Secretaries)

Vishal Lochan Aggarwal
(Proprietor)
FCS No.: 7241
C P No.: 7622

Place: Noida
Date: 21st May, 2018

Annexure-E to the Directors' Report

Corporate Social Responsibility Activities ("CSR Activities")

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

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

PPAP Automotive Limited is committed with utmost sincerity in its endeavor towards its CSR. As a responsible corporate entity, PPAP believes in value creation for the society and not just participation in corporate philanthropy. At PPAP, we are committed to contribute for social and economic development and to improve the quality of life of local community and society at large. It includes ensuring environmental sustainability, promoting education etc.

In alignment with vision of the Company, the Company through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, so as to promote sustainable growth for the society and community, in fulfillment of its role as socially responsible corporate, with environmental concern.

The Company's CSR policy has been uploaded on the website of the Company at: <http://ppapco.in/pdf/Corporate-Social-Responsibility-Policy.pdf>

ii) Composition of the CSR Committee

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

**with effect from 1st November, 2017.*

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

Average net profit: ₹ 2,429.09 lacs

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

The Company is required to spend ₹ 48.58 lacs towards CSR activities.

v) Details of CSR spend for the financial year 2017-18

a. Total amount spent for the financial year : ₹ 36.68 lacs

b. Amount unspent, if any : ₹ 11.90 lacs

c. Manner in which the amount spent during the financial year is detailed below

(₹ in lacs)

S. No.	CSR project	Sector	Location	Amount budget project wise	Amount Spent on the project	Cumulative Expenditure up to reporting period	Amount spent: Direct or through implementing agency (IA)
1	Education support & computer literacy to under privileged children	Promoting Education	Uttar Pradesh: Salarpur, Bhangel - District Gautam Budh Nagar	13.00	12.54	42.25	Direct
2	Education support & computer literacy to under privileged children	Promoting education	Gujarat: Ahmedabad District	1.26	1.26	1.26	Direct



S. No.	CSR project	Sector	Location	Amount budget project wise	Amount Spent on the project	Cumulative Expenditure up to reporting period	Amount spent: Direct or through implementing agency (IA)
3	Contribution to Mid-day meal	Promoting education	Uttar Pradesh Rajasthan	5.00	5.00	5.00	Through IA-MCKS food for the hungry foundation
4	Contribution to Mid-day meal	Promoting education	Karnataka Mysore District	7.50	7.12	7.12	The Akshaya Patra foundation, Bengaluru
5	Primary health care needs awareness	Promoting health care activities	Tamil Nadu District Coimbatore	3.20	3.19	7.82	Through IA-Isha foundation
6	Support for orphanage Children	Livelihood enhancement	New Delhi	1.60	1.57	1.57	Manav Mandir Mission Trust
7	Research in social science	Promotion and development of traditional arts	Mumbai	6.00	6.00	6.00	Through IA-Vedanta cultural foundation
Total				37.56	36.68	71.02	

vi) Responsibility Statement by the CSR Committee

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

vii) Reason for not spending the whole amount during the year

Your Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society at large.

The Company has identified suitable projects and is stepping up efforts to increase its expenditure on CSR activities. The Company is now working on multiple and long term projects for CSR activities for environment, safety, education and various other community service projects. These projects are evolving in a step by step manner. The Company will be able to spend the complete amount on CSR activities in compliance of the statutory requirements.

Place: Noida
Date : 21st May, 2018

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Ashok Kumar Jain
Chairman of CSR Committee
DIN: 06881412

Annexure-F 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

i. Steps taken or impact on conservation of energy and the steps taken by the Company for utilizing alternate sources of energy

Conservation of energy forms an integral part of the Company's continuous focus on achieving operational excellence. The Company continuously evaluates various opportunities for improvement which are then implemented after diligent reviews. A few initiatives taken by the Company have been listed below:

1. Increase in availability of power supply.
2. Reduction in usage of diesel generators.
3. Use of renewable source of energy (solar).
4. Use of natural day light in maximum areas of operations.
5. Use of energy efficient LED lamps.
6. Real time monitoring of energy consumption-equipment wise.
7. Energy efficiency-key criteria for purchase of new machinery.
8. Optimize use and capacity of pumps.
9. Use of variable drive instead of fixed drive in panels.
10. Reduction and resizing of heaters.

Apart from energy conservation, the Company also ensures that there is no impact on the environment by the operations of the Company. Some initiatives taken by the Company are:

1. Water conservation measures to minimize water consumption.
2. Limited use of reverse osmosis process to reduce waste water.
3. Treated water usage for gardening and cleaning.
4. Use of drip irrigation for gardening.
5. Use of solar energy.
6. No untreated emission in the environment.
7. Increase in green cover in the premises of the Company as well as the surrounding area.

ii. Steps taken by the Company for utilising alternate sources of energy

The Company plans to install roof type solar power plants at all its manufacturing facilities in a phased manner

1. The pilot project of installing 25 KW Solar power is already commissioned at the Pathredi plant.
2. The project of installing 140 KW Solar power is in process to be commissioned at the Noida and Surajpur plants.

iii. Capital investment on energy conservation equipment

The Company has spent ₹ 61.83 lacs as capital investment on energy conservation equipment during the financial year 2017-18.

B. Technology absorption and research & development

Over the years, the Company has evolved its product development capabilities and now it offers end to end solutions to its customers. The Company can design the products that are made by it as well as design the toolings and machines required to manufacture those products. The Company has a well-established validation facility which supports material evaluation as well as product evaluation. The research & development efforts of the Company have also been recognised by The Department of Scientific and Industrial Research (DSIR) in the year 2017-18 for the plant of the Company situated at B-206A, Sector-81, Phase-II, Noida-201305, Uttar Pradesh.

Apart from this, the Company is focused on improving its digital footprint by extensive use of softwares as well as new Industry concepts.

i. Efforts made towards technology absorption

- Localisation of imported materials.
- Localisation of product design and technology.
- Design and development of new products and processes.
- Implementation of new process technology.
- Use of software's in place of manual work.

ii. The benefits derived are

- Efficient support to customer.



- Development of new Business opportunities.
- Improvement of operational efficiency.
- Reduction of use of natural resources.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

The Company is using product designs and process know how received from its technology partners Tokai Kogyo Co. Limited and Nissen Chemitec Corporation. The Company is also using mold design know how received from Tokai Kogyo Seiki Co. Limited.

- The year of import: Tokai Kogyo Co. Limited, Japan, since 1989, Nissen Chemitec Corporation, Japan, since 2007 and Tokai Kogyo Seiki Co. Limited, Japan, since 2015.
- Whether the technology has been fully absorbed: Yes.
- If not fully absorbed areas where absorption has not taken place, and the reasons thereof: The technology has been fully absorbed.

iv. Expenditure incurred on Research and Development

(₹ in lacs)

Particulars	For the year ended	
	31 st March 2018	31 st March, 2017
Capital Expenditure	11.52	111.00
Revenue Expenditure	446.19	673.00
Total	457.71	784.00
Total R&D expenditure as a % turnover	1.15	2.27

C. Foreign Exchange Earnings and Outgo

(₹ in lacs)

Particulars	For the year ended	
	31 st March 2018	31 st March, 2017
Foreign Exchange Earning	0.00	5.46
Foreign exchange outgo	7,243.84	6,632.40

For and on behalf of the Board of Directors

Place: Noida
Date : 21st May, 2018

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 (hereinafter to as 'PPAP' or the 'Company') is committed to building an ethical, transparent and inspiring work culture which encourages people to outperform. This performance is however, based on unconditional compliance of the Company's values and policies. At PPAP, the responsibility and accountability of each individual is well defined in order to achieve the highest levels of excellence and operational efficiency. The backbone of the superior performance lies on unconditional compliances of the laws of the land along with Company policies.

The Company believes in long term value addition to all stakeholders and believes that good corporate governance practices are the fundamental pillars of driving superior performance and building of competitive strength. The Company is committed to benchmark itself with the global best standards of corporate governance and implementing them, not only in letter but also in spirit.

Governance Structure

The Company is driven by the direction of its Board of Directors who align the Company's focus with the expectations of all the stakeholders. The Board along with its various sub committees review the performance of the Company periodically and guide the management of the Company to outperform the competition. The Board acts as a mentor to the management of the Company and gives valuable insights on achieving challenging and breakthrough results.

The leadership team of the Company rolls out the direction set by the Board of Directors in their daily work management with complete accountability and responsibility. This structure ensures that the entire organization is aligned with the common goal of challenging the status quo and achieving breakthrough results.

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

Board of Directors-The primary role of the Board is to protect the interest and enhance value for all the stakeholders. The Board advises on effective strategic plans & matters, business objectives, risk management & mitigation and governance standards. The Board also reviews the Company's operational & financial performance and its functioning and statutory & regulatory compliances.

Committee of Directors-There are 4 committees to ensure the direction of the Board (Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee).

These committees are focused on reviewing the financial controls and results, compliances to various laws in letter and spirit, ensuring the highest standards of corporate governance are followed, appointment and remuneration of Directors and the leadership team, monitoring of CSR activities as well as review of various risk associated with the operations of the Company amongst other.

Leadership Team-The leadership team is responsible to formulate strategy as well as execution and delivery of results. The team is empowered to take decisions in their respective domains to deliver out of the box solutions and to achieve breakthrough results.

Organization Structure, Roles and Responsibilities

The Company is governed from its corporate office located in Noida. The Corporate office is divided into 14 verticals (Business Development, Engineering, Tool Manufacturing, Research & Development, Peoples Excellence Department, Information & Technology, Business Excellence, Supply Chain and Purchase, Project Planning & Purchase, Finance & Accounts, Corporate Affairs, Extrusion Business and Injection Business). Each of these verticals are headed by respective leaders under the overall supervision of Top Management.

1. Board of Directors

i) Composition of Board

The Company has a very balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are eminent experts from the industry and the renowned persons from the fields of manufacturing, finance & taxation etc. They take active part at the Board and committee meetings and are committed to the Company's underlying principles and values that constitute the best standards of corporate governance, which drives the Company at the next level of excellence.

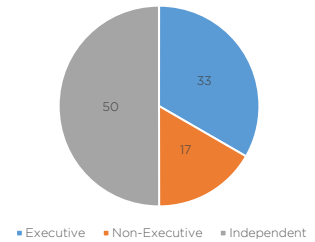
The composition of the Board of Directors of the Company is governed by the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board comprises of an optimum mix of Executive and Non-Executive Directors. The Board has one woman Director. Half of the Board comprises of Independent Directors.

Composition of the Board as on 31st March, 2018 is given herein below:

Composition of Board

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

Category of Directors (%)



The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanship(s) / membership(s) held by them in other companies as on 31st March, 2018 are given herein below.

Name of Directors	Directorship	As on 31 st March, 2018		
		Directorship in other Companies ⁽¹⁾	Membership and Chairmanship of the Committees of the Board of other companies ⁽²⁾	
			Chairman	Member
Mr. Ajay Kumar Jain (DIN: 00148839)	Chairman & Managing Director	-	-	-
¹⁾ Mr. Abhishek Jain (DIN: 00137651)	Chief Executive Officer & Managing Director	-	-	-
Mr. Bhuwan Kumar Chaturvedi (DIN: 00144487)	Independent Director	1	1	-
Mr. Pravin Kumar Gupta (DIN: 06491563)	Independent Director	-	-	-
Mr. Ashok Kumar Jain (DIN: 06881412)	Independent Director	-	-	-
Mrs. Vinay Kumari Jain (DIN: 00228718)	Non-Executive Director	-	-	-

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

⁽²⁾ For the purpose of committees of Board of Directors, only audit and stakeholders' relationship committees in other public limited companies are considered.

None of the Directors of your Company is a member of more than 10 committees or is the chairman of more than five committees across all the companies in which he / she is a director.

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

ii) Brief profile of the Directors

Mr. Ajay Kumar Jain (Chairman & Managing Director)

Mr. Ajay Kumar Jain is a commerce graduate from Shriram College of Commerce, Delhi. He has been associated with the industry for more than four decades. His business career has been continuously evolving with constant forays into new ventures, utilizing latest technology and superior manufacturing techniques. He ventured into the automotive components business 30 years ago. Throughout his career, he has maintained a leadership position in his field of businesses and has constantly led the Company to achieve many accolades from all the customers.

He has served as the President of Honda Cars India Suppliers Club in the year 2011-12. He has served as the Vice President of Toyota Kirloskar Suppliers' Association from 2006-2015. Currently, he is the President of Toyota Kirloskar Suppliers' Association.

Mr. Abhishek Jain (Chief Executive Officer & Managing Director)

Mr. Abhishek Jain is a Bachelor of Science in Industrial Engineering from Purdue University, West Lafayette, USA.

He has an experience of over a decade in the automotive industry. He commenced his career in USA by working for an automotive company. Subsequently, he joined the Company in 2003. Since then, he has been managing all the operations of the Company. He served as the Regional Coordinator of Toyota Kirloskar Suppliers' Association from 2008 to 2015. Currently, he is a member of the Executive Committee of the Honda Suppliers Club.

He is looking after the overall operations of the Company including production, planning & control, marketing and quality control functions. He is also entrusted with the responsibility of strategy, research & development, growth, diversification and improving stakeholder's wealth.

Mr. Bhuwan Kumar Chaturvedi (Independent Director)

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

Mr. Pravin Kumar Gupta (Independent Director)

Mr. Pravin Kumar Gupta is a fellow member of the Institute of Chartered Accountants of India. He is a Managing Partner and a key person of M/s K.S. Gupta & Co., Chartered Accountants (Est.: 1955). He has more than 25 years of experience in both large and SME segments in manufacturing and service industries. He has wide and in depth knowledge and experience in the field of corporate finance and taxation, accounts, audit and indirect tax laws.

Mr. Ashok Kumar Jain (Independent Director)

Mr. Ashok Kumar Jain is a fellow member of the Institute of Chartered Accountants of India. Mr. Jain has over 33 years' experience in petroleum, oil company and automobile sectors. He has been on the Board of Sona Koyo Steering Systems Limited from 2001-2003 as a Non-Executive Nominee Director. He has been Chairman of Maruti Employees Provident Fund Trust from 2001-2006. He has been associated with social welfare activities such as development of Children Park at India Gate. Currently, he is a proprietor of M/s Ashok Kumar Jain & Associates, Chartered Accountants.

Mrs. Vinay Kumari Jain (Non-Executive Director)

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

She has deep understanding of the automotive business and has been associated with the Company since its Technical Collaboration with Tokai Kogyo Co. Limited, Japan. She has a total work experience of more three decades.

iii) Board Procedures

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

The above documents are circulated 7 (seven) days before the date of the meeting(s) in a defined format in compliance with secretarial standards.

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

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

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



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

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

iv) Independent Directors

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

At the first meeting of the Board of every financial year in which Independent Directors participate as Directors, gives a declaration under Section 149(7) of the Companies Act, 2013 that they meets the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and as per Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Separate meeting of the Independent Directors

The Independent Directors meet without the presence of Non-Independent Directors. This meeting is informal and enable the Independent Directors to interact and discuss matters including review of the performance of the Non-Independent Directors and the Board as a whole, review of the performance of the Chairman of the Company, taking into account views of Executive / Non-Executive Directors and assessing the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors met on 5th March, 2018, at Hotel Tijara Fort-Palace, Alwar, Rajasthan, during the financial year 2017-18.

Performance evaluation criteria of Independent Directors

The Board is undertakes a formal annual evaluation of its own performance, its committees and individual Directors as per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with a view to ensure that individual Directors and the Board as a whole work efficiently and effectively in achieving Company's objectives.

During the year, the evaluation of the Board as a whole, committees and all the Directors conducted as per the internally designed evaluation process approved by the Board. The evaluation of Independent Director was carried out taking into account 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.

Board meetings held during the year

Attendance at Board meetings held during the financial year 2017-18 and at the Annual General Meeting (AGM) of the Company are as below:

Name of Directors	Dates of Meetings					
	Meetings of Board of Directors of the Company					Last AGM
	23 rd May, 2017	11 th August, 2017	1 st November, 2017	12 th February, 2018	5 th March, 2018	23 rd August, 2017
Mr. Ajay Kumar Jain	✓	✓	✓	✓	✓	✓
Mr. Abhishek Jain	✓	✓	✓	✓	✓	✓
Mr. Bhuwan Kumar Chaturvedi	✓	✓	✓	✓	✓	✓
Mr. Pravin Kumar Gupta	✓	✓	✓	✓	✓	✓
Mr. Ashok Kumar Jain	✓	✓	✓	✓	✓	✓
Mrs. Vinay Kumari Jain	✓	✓	✓	✓	✓	✓

v) Committees of the Board

The Board has constituted a set of Committees with specific terms of references and ensure expedient resolution of diverse matters and achieve objectivity. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions. An organization chart depicting the relationship between the Board of Directors and the Committees as on 31st March, 2018 is given below:



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

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

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

A. Audit Committee

Your Company has a duly constituted Audit Committee and its composition as well as charter are in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31st March, 2018, Audit Committee comprised three Non-Executive and Independent Directors and one Executive Director. Mr. Bhuwan Kumar Chaturvedi, is the Chairman of the Committee.

All members of the Committee are financially literate and have accounting or related financial management expertise as mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Senior management personnel including Chief Financial Officer, Chief Operating Officer,

Statutory Auditors and Internal Auditors are invitees to the meetings.

The Committee is governed by a charter which is in line with the regulatory requirements mandated by Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Financials

1. Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public;
2. Reviewing with the management the quarterly unaudited financial statements and the auditors' limited review report thereon / audited annual financial statements and auditors' report thereon before submission to the Board for approval. This would, *inter alia*, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on the exercise of judgment by the management, significant adjustments made in the financial statements, compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legal requirements relating to financial statements and / or recommendation, if any, made by the statutory auditors in this regard;
3. Review the management discussion and analysis of financial and operational performance; and
4. Review the investments made by the Company.

Internal controls and risk management

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

Audit

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

Compliance

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

Meetings, attendance & composition of the Audit Committee

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

Audit Committee meetings and attendance of the members of the Committee during the financial year ended 31st March, 2018 are as below:

Name of Committee Member	Category	Dates of Audit Committee Meetings			
		23 rd May, 2017	11 th August, 2017	1 st November, 2017	12 th February, 2018
Mr. Bhuwan Kumar Chaturvedi	Non-Executive & Independent Director	✓	✓	✓	✓
Mr. Ajay Kumar Jain	Executive Director	✓	✓	✓	✓
Mr. Pravin Kumar Gupta	Non-Executive & Independent Director	✓	✓	✓	✓
Mr. Ashok Kumar Jain	Non-Executive & Independent Director	✓	✓	✓	✓

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Chief Operating Officer, Internal Auditors and Statutory Auditors of the Company, wherever necessary and those executives of the Company who were considered necessary for providing inputs to the Committee.

The Chairman of the Audit Committee, Mr. Bhuwan Kumar Chaturvedi, was present at last Annual General Meeting of the Company held on 23rd August, 2017.

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

B. Nomination and Remuneration Committee

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

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

The NRC also has the responsibility of setting criteria for appointment of Directors / senior management including Key Managerial Personnel (KMP) and employees of the Company, recommending appointment & remuneration policy to the Board, performance evaluation of Directors and the Board, Board diversity etc.

The Committee is governed by a charter which is in line with the regulatory requirements mandated by Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are broadly as under:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance;
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, KMP and other employees;
3. To formulate the criteria for evaluation of Independent Directors and the Board;
4. To devise a policy on Board diversity;
5. To extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors; and
6. To recommend / review remuneration of Managing Director / Whole Time Director.

Meetings, attendance & composition of the NRC

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

NRC meetings and attendance of the members of the Committee during the financial year ended 31st March, 2018 are as below:

Name of Committee Member	Category	Dates of NRC Meetings	
		23 rd May, 2017	1 st November, 2017
Mr. Pravin Kumar Gupta	Non-Executive & Independent Director	✓	✓
Mr. Bhuwan Kumar Chaturvedi	Non-Executive & Independent Director	✓	✓
Mrs. Vinay Kumari Jain	Non-Executive Director	✓	✓

Remuneration to the Directors

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

The Non-Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

The Board at its meeting held on 1st November, 2017 has increased the sitting fees payable to the Non-Executive Directors of the Company from ₹ 20,000 to ₹ 40,000 for every meeting of the Board or Committees of Directors attended by them.

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

The annual increment in salary of KMP (other than Chairman & Managing Director and CEO & Managing Director), senior management personnel and other employees shall be made as per HR policy of the Company.

Details of remuneration paid to Executive Directors during the financial year ended 31st March, 2018:

(₹ in lacs)

Name of Directors	Salary and perquisite	Bonus	Commission	Others	Total	No. of Equity shares held
Mr. Ajay Kumar Jain (Chairman & Managing Director)	142.69	0.16	124.12	-	266.97	3,867,180 90,123 ⁽³⁾
Mr. Abhishek Jain (CEO & Managing Director)	138.40	0.16	124.12	5.76	268.44	1,002,404

³⁾ holding in the name of Ajay Kumar Jain HUF as Karta.

Details of sitting fees paid to Non-Executive Directors during the financial year ended 31st March, 2018:

(₹ in lacs)

Name of Directors	Sitting Fees	Total	No. of Equity shares held
Mr. Bhuwan Kumar Chaturvedi	3.20	3.20	-
Mr. Pravin Kumar Gupta	4.20	4.20	-
Mr. Ashok Kumar Jain	3.20	3.20	-
Mrs. Vinay Kumari Jain	3.20	3.20	533,890

Inter-se relationship between Directors

The Directors' inter-se relationship are as follows:

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

There are no pecuniary relationships or transactions held between the Independent Directors and the Company, other than the sitting fees drawn by the Non-Executive and Independent Directors.

C. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee (SRC) looks after the share transfer work besides redressal of shareholders complaints. The Board of Directors of the Company has with a view to expediting the process of share transfers delegated the power to Company Secretary who attend to share transfer formalities as and when required.

The status of member correspondences, queries, grievances etc. are endeavoured to be addressed instantaneously by the secretarial department.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are broadly as under:

1. Review statutory compliances relating to all security holders.
2. Consider and resolve the grievances of security holders of the Company, including complaints related to transfer of securities, non-receipt of annual report / declared dividends / notices / balance sheet.

3. Oversee and review all matters related to the transfer of securities of the Company.
4. Recommend measures for overall improvement of the quality of investor services.

Meetings, attendance & composition of the SRC

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

SRC meetings and attendance of the members of the Committee during the financial year ended 31st March, 2018 are as below:

Name of Committee Member	Category	Dates of SRC Meetings			
		23 rd May, 2017	11 th August, 2017	1 st November, 2017	12 th February, 2018
Mr. Pravin Kumar Gupta	Non-Executive & Independent Director	✓	✓	✓	✓
Mr. Abhishek Jain	Executive Director	✓	✓	✓	✓
Mrs. Vinay Kumari Jain	Non-Executive Director	✓	✓	✓	✓

Mr. Pravin Kumar Gupta, Chairman of the Stakeholders' Relationship Committee, was present at the annual general meeting of the Company held on 23rd August, 2017, to answer shareholders' queries.

Investors' complaints handled by the Company and its Registrar & Share Transfer Agent during the financial year 2017-18 are as below:

Number of complaints remaining unresolved as on 1 st April, 2017	Nil
Number of complaints received during the year	6
Number of complaints resolved during the year	6
Number of complaints remaining unresolved as on 31 st March, 2018	Nil

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

The Company obtains half-yearly certificate from a Company Secretary in practice confirming the issue of certificates for transfer, sub-division, consolidation etc. and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the compliance certificate under Regulation 7(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent is also submitted to the Stock Exchanges on a half yearly basis.

D. Corporate Social Responsibility Committee

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

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

PPAP has started addressing the needs of communities residing in the vicinity of its facilities, taking sustainable initiatives in the areas of health, education and environment conservation.

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

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

1. To frame the CSR policy and its review from time-to-time;

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

Meetings, attendance & composition of the CSR Committee

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

CSR Committee meetings and attendance of the members of the Committee during the financial year ended 31st March, 2018 are as below:

Name of Committee Member	Category	Dates of CSR Committee Meetings	
		23 rd May, 2017	1 st November, 2017
Mr. Ashok Kumar Jain	Non-Executive & Independent Director	✓	✓
Mr. Abhishek Jain	Executive Director	✓	✓
Mrs. Vinay Kumari Jain	Non-Executive Director	✓	✓
⁽⁴⁾ Mr. Bhuwan Kumar Chaturvedi	Non-Executive Director	NA	Invitee

⁽⁴⁾Mr. Bhuwan Kumar Chaturvedi has been appointed as member w.e.f. 1st November, 2017 and attended meeting as invitee.

2. General body meetings

a. Annual General Meetings:

The last three Annual General Meetings were held as under:

For the year	Venue	Day, Date & Time	Number of Special Resolutions
2016-17	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi-110003	Wednesday, 23 rd August, 2017 at 10:30 A.M.	1
2015-16		Wednesday, 7 th September, 2016 at 10:30 A.M.	2
2014-15	The Executive Club, Dolly Farms & Resorts Pvt. Ltd. 439,Village Shahoorpur, P.O. Fatehpur Beri, New Delhi -110074	Saturday, 26 th September, 2015 at 11:00 A.M.	2

b. Postal Ballot

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) thereof made thereunder), the Company passed the following resolution through postal ballot as per the details below:

Voting pattern are as under:

Description of the Resolution	Type of the Resolution	Number of Votes polled	Votes cast in favour		Votes cast against	
			Number of Votes	%	Number of Votes	%
Alteration of the heading of the Objects Clause III (A) of the Memorandum of Association of the Company	Special	8,912,187	8,911,947	99.9973	145	0.0016
Amendments to the Objects Clause III (B) of the Memorandum of Association of the Company	Special	8,912,087	8,911,847	99.9973	145	0.0016
Deletion of the Objects Clause III (C) of the Memorandum of Association of the Company	Special	8,912,087	8,911,847	99.9973	145	0.0016
Amendment of the Liability Clause (IV) of the Memorandum of Association of the Company	Special	8,912,087	8,911,847	99.9973	145	0.0016

Ms. Neeta Aggarwal, Practicing Company Secretary (CP No. 13218) & Partner of M/s APAC & Associates LLP, Company Secretaries, was appointed by the Board of Directors as the scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, your Company provides electronic voting (e-voting) facility to all its members. The Company engage the services of CDSL for providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

Your Company dispatches the postal ballot notices and forms along with Business Reply Inland letter to its members whose names appear on the Register of Members / list of beneficiaries as on cut-off date. The postal ballot notice is also sent to members in electronic form to the email addresses registered with the depository participants / Company's Registrar and Share Transfer Agents. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the Rules framed thereunder.

Voting rights are reckoned on the paid up value of shares of the Company in the names of the shareholders as on the cut-off date. Members desiring to vote through physical ballot are requested to return the forms, duly completed and signed to as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officials of the Company. The results are displayed on the website of the Company (www.ppapco.in), besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents.

The date of declaration of results of postal ballot shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.

3. Disclosures

(a) Related Party Transactions

During the year, no transaction of material nature has been entered into by the Company that may in Compliance with Section 188 of the Companies Act, 2013, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and rules as applicable, the Company has framed a policy on related party transactions including policy on materiality of related party transactions. The policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company.

During the year, no transaction of material nature has been entered into by the Company with its Promoters, the Directors or the Management, their subsidiary or relatives etc. that may have a potential conflict with the interests of the Company. Related parties transactions with them as required under Indian Accounting Standard (Ind AS-24) are furnished under notes attached with the financial statements for the year ended 31st March, 2018.

The policy on related parties transactions has been uploaded on the website of the Company and can be accessed at: <http://ppapco.in/pdf/Related-Party-Transactions-Policy.pdf>

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

The Company has complied with the requirements of the SEBI 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 SEBI or any statutory authority on any matter related to capital markets during the last three years.

(c) Management discussion and analysis report

The management discussion and analysis report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance of Company, awards, strategies, information technology and state of affairs of your Company's business, Human Resources, Risk Management Systems and other material developments during the financial year under review.

(d) Disclosure of accounting treatment

The Company adopted Indian Accounting Standards ("Ind AS") from 1st April, 2017 and accordingly the financial results have been prepared in accordance

with the recognition and measurement principles laid down in Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 and other relevant provisions of the Companies Act, 2013 and the other accounting principles generally accepted in India.

(e) Whistle blower policy (Vigil mechanism)

The Company has a whistle blower policy for establishing vigil mechanism for Directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud 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 Chairman of the Audit Committee in exceptional cases.

This policy is also available on the Company's website and is accessible at <http://ppapco.in/pdf/Whistle-Blower-Policy.pdf>

(f) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

(g) Training of Board members

As regards 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.

(h) 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 of 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) 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.

(j) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

4. Discretionary requirements under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The status of compliance with discretionary recommendations of the Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges are provided below:

- a. The Board:** The Company has an Executive Chairman.
- b. Shareholder Rights:** The quarterly and year to date financial statements are published in newspapers and uploaded on Company's website.
- c. Modified Opinion in Auditors' Report:** The Auditors have expressed an unmodified opinion

on the financial statements of the Company for the financial year ended 31st March, 2018.

- d. **Separate posts of Chairperson and CEO:** The positions are held by separate persons.
- e. **Reporting of Internal Auditor:** Internal auditors periodically apprise the Audit Committee on findings / observation of Internal Audit and actions taken thereon.

5. Evaluation of the Board's performance

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted policy to evaluate performance of each Director, the Board as a whole, its Committees and the Chairperson. Evaluation is carried out by the Board, NRC Committee and by the Independent Directors. A structured questionnaire was prepared for the Directors considering various factors for evaluation including contribution to the Board work, domain expertise, strategic vision, industry knowledge, participation, effectiveness and quality of discussions etc.

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.

Performance of the Chairman was evaluated by the Independent Directors on the parameters such as demonstration of effective leadership, contribution to the Board work, communication with the Board, use of time and overall efficiency of Board meetings, quality of discussions at the Board meetings etc.

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

The Directors expressed their satisfaction with the entire evaluation process.

6. CEO / CFO certification

Mr. Abhishek Jain, CEO & Managing Director and Mr. Manish Dhariwal, Chief Financial Officer (CFO) of the Company furnishes a certificate on quarterly and annual basis on financial statements of the Company in terms of Regulation 33(2)(a) and Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate duly signed by the CEO & Managing Director and the CFO of the Company was placed before the Board, certifying the accuracy of financial statements (standalone & consolidated) and the adequacy of internal controls pertaining to financial reporting for the year ended 31st March, 2018 and is annexed to this report.

7. Familiarization program for Independent Directors

Familiarization programme for Independent Directors form a part of the Board process. The Independent Directors are updated on an on-going basis at the Board / Committee meetings, *inter-alia*, on the following:

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

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

The familiarization program for Independent Directors is also available on the Company's website and is accessible at <http://ppapco.in/pdf/Familiarization-program-for-Independent-Directors.pdf>

8. Code of conduct

The Company has adopted a 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 2017-18.



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

The code of conduct for Board Members and senior management can be accessed at the following link: <http://ppapco.in/Code-of-Conduct.pdf>

9. Policy for determining material subsidiaries

The Board of Directors of the Company has in place a 'Policy for Determining Material Subsidiaries' in pursuance of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. At present, your Company does not have a material subsidiary.

This policy has been uploaded on the website of the Company and can be accessed at: <http://ppapco.in/pdf/Policy-on-Material-Subsidiaries.pdf>

10. Code of conduct for prevention of insider trading

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading' in Securities of the Company in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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

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. 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, 2017.	32	1,867
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year.	3	135
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, 2018.	29	1,732

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 member does not claim the dividend amount for a consecutive period of seven years or more, then the shares held by him / her shall be transferred to the Demat Account of Investors Education and Protection Fund Authority ('IEPFA') constituted in accordance with the Rules.

The Company has transferred 4,196 equity shares with IEPFA. 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. The procedure is also available on website of Investors Education and Protection Fund i.e. <http://iepf.gov.in/IEPFA/refund.htm>

13. 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, press releases, the Annual Reports and uploading relevant information on its website.

- a. Quarterly and annual financial results:** Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 i.e. www.ppapco.in.

Quarterly and annual financial results are published in the all editions of 'Business Standard' newspaper (English & Hindi). The Company has also started publishing its financial results in Economic Times (Gujarati) to improve its reach to the stakeholders.

- 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.

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

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

Conference calls held during the financial year ended 31st March, 2018 are as under:

S. No.	Date of announcement of financial results	Date of conference calls	Media Coverage (results)
1	23 rd May, 2017	24 th May, 2017	24 th May, 2017 (CNBC-TV18 & Zee Business)
2	11 th August, 2017	11 th August, 2017	16 th August, 2017 (ET Now)
3	1 st November, 2017	1 st November, 2017	2 nd November, 2017 (CNBC-TV18 & Zee Business)
4	12 th February, 2018	15 th February, 2018	12 th February, 2018 (Bloomberg Quint)

- d. Website:** Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, financial results, annual reports and various policies of the Company.
- e. NSE electronic application processing system (NEAPS):** NEAPS is a web-based application designed by NSE for corporates. Your Company has been regularly uploading information related to its financial results, periodical filings like shareholding pattern, corporate governance report and other communications on the online portal NEAPS.
- f. BSE corporate compliance & listing centre:** BSE listing centre is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, corporate governance report, corporate announcements, amongst others are in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 filed electronically.
- g. Annual Reports:** The Company has been sending annual reports, notices and other communications to the registered email id of the members. However, in case where email id of a member is not registered, such communications are sent physically through prescribed modes of postage.
- h. 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 current status.
- i. Designated exclusive e-mail id:** The Company has designated the following e-mail id for investor servicing: investorservice@ppapco.com.



Investors can also mail their queries to Registrar and Share Transfer Agent at delhi@linkintime.co.in

- j. **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.

14. Shareholders' Information

i) Annual General Meeting		
Day	:	Thursday
Date	:	23 rd August, 2018
Time	:	11:30 a.m.
Venue	:	M.P.C.U. Shah Auditorium Mahatma Gandhi Sanskritik Kendra, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi-110054
ii) Financial year	:	1 st April to 31 st March
iii) Quarterly Unaudited Results		
Quarter ending 30 th June, 2018	:	On or before 14 th August, 2018
Quarter ending 30 th September, 2018	:	On or before 14 th November, 2018
Quarter ending 31 st December, 2018	:	On or before 14 th February, 2019
iv) Annual Audited Results		
Year ending 31 st March, 2019	:	On or before 30 th May, 2019
v) Date of Book closure	:	Friday, 17 th August, 2018 to Wednesday, 22 nd August 2018
vi) Dividend Payment Date		
For interim dividend 2017-18 of ₹ 2 per equity share declared on 1 st November, 2017	:	18 th November, 2017
For final dividend 2017-18 of ₹ 2.50 per equity share recommended by the Board of Directors at its meeting held on 21 st May, 2018	:	Commencing on and after Monday, 3 rd September, 2018 (subject to approval of shareholders)
vii) Listing on Stock Exchanges		
NSE Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai-400051 Tel: +91-22-26598100 / 14 Fax: +91-22-26598237 / 38 Email: cm1ist@nse.co.in		BSE Phiroje Jeejeebhoy Towers 1 st Floor, Dalal Street, Mumbai-400001 Tel: +91-22-22721233 / 34 Fax: +91-22-22721919 / 3027 Email: corp.relations@bseindia.com
viii) Stock Code		
BSE	:	532934
NSE	:	PPAP
ISIN No.	:	INE095I01015
ix) Listing Fees		
The Company has paid listing fees up to the financial year ended 31 st March, 2019 to BSE and NSE where Company's shares are listed.		

x) Market Price Data

Market price of shares on NSE and BSE during the financial year 2017-18 is as below:

Month	NSE				BSE			
	Nifty close	PPAP Share Price			Sensex close	PPAP Share Price		
		(₹ Per share)				(₹ Per share)		
		High	Low	Close		High	Low	Close
Apr-17	9,340.95	290.50	227.05	281.80	29,918.40	290.10	230.00	281.70
May-17	9,636.55	361.70	274.10	332.35	31,145.80	361.00	270.25	332.20
Jun-17	9,478.50	401.80	330.35	358.70	30,921.61	402.70	329.95	358.95
Jul-17	10,034.70	390.00	338.00	369.15	32,514.94	390.00	338.25	368.35
Aug-17	9,905.70	380.10	280.90	340.80	31,730.49	379.75	310.00	342.60
Sep-17	9,814.30	395.80	326.40	356.75	31,283.72	395.75	330.05	366.45
Oct-17	10,364.90	425.00	362.00	413.80	33,213.13	424.40	363.00	411.35
Nov-17	10,332.70	548.00	400.00	511.40	33,149.35	546.90	401.90	512.60
Dec-17	10,492.35	712.80	490.10	698.40	34,056.83	709.80	492.00	698.70
Jan-18	11,018.80	723.10	567.00	575.30	35,965.02	721.00	555.55	577.30
Feb-18	10,488.95	637.45	501.05	557.30	34,184.04	633.00	505.60	551.20
Mar-18	10,143.60	575.05	510.00	524.25	32,968.68	575.00	508.40	525.05



(Source: NSE)



(Source: BSE)

xi) Compliance Officer

Name	:	Mrs. Sonia Bhandari
Designation	:	Company Secretary & Compliance Officer
Tel	:	+91-120-2462552 / 53
Fax No.	:	+91-120-2461371
Email	:	investorservice@ppapco.com

xii) Address of Registrar and Transfer Agent

: Link Intime India Private Limited
44, Community Centre,
2nd Floor, Naraina Industrial Area
Phase-I, New Delhi-110028
E-mail: delhi@linkintime.co.in
Website: www.linkintime.co.in
Tel: +91-11-41410592 / 93 / 94

**xiii) Share Transfer System**

The Company's shares are traded in the Stock Exchanges compulsorily in dematerialized mode, are transferable through the depository system. To expedite the share transfer in physical segment, Stakeholders' Relationship Committee has authorised Company Secretary to approve transfer of securities. The Company Secretary informed the status of transfer of securities to the Stakeholders' Relationship Committee meets at periodical intervals.

As per the requirement of Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the half yearly certificates from the Company Secretary in practice for due compliance of share transfer formalities.

xiv) Distribution of Shareholding

Category wise shareholding as on 31st March, 2018 are as below:

Categories	No. of shareholders	Percentage	No. of Shares held	Percentage
1-500	17,701	95.84	1,210,504	8.65
501-1000	365	1.98	290,346	2.07
1001-2000	185	1.00	280,743	2.01
2001-3000	66	0.36	168,550	1.20
3001-4000	26	0.14	93,847	0.67
4001-5000	25	0.14	115,975	0.83
5001-10000	42	0.23	309,901	2.21
10001-above	59	0.32	11,530,134	82.36
TOTAL	18,469	100.00	14,000,000	100.00

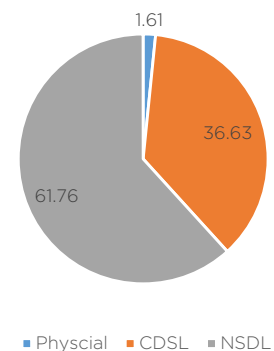
xv) Dematerialization of Shares

Equity Shares of the Company are under compulsory demat trading segment. Considering the advantages of scrip less trading, members are advised to consider dematerialization of their shareholding so as to avoid inconvenience involved in the physical shares such as mutilation, possibility of loss / misplacement, delay in transit etc. and also to ensure safe and speedy transaction in securities.

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 and Central Depository Services (India) Limited.

S. No.	Mode of Holding	No. of shares	% of total share capital
1.	Physical	225,145	1.61
2.	CDSL	5,128,240	36.63
3.	NSDL	8,646,615	61.76
	Total	14,000,000	100.00

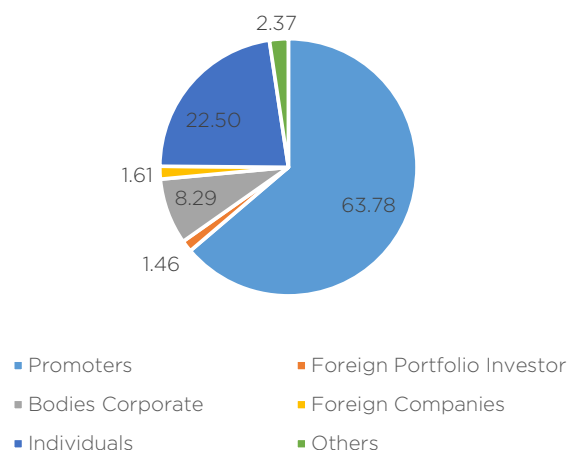
Mode of holding (%)



xvi) Details of Shareholding Pattern as on 31st March, 2018 are as below:

S. No.	Category	Total number of shares	% of total number of shares
A.	Promoters & Promoters' Group		
i	Individual / Hindu Undivided Family	5,523,365	39.45
ii	Bodies Corporate	3,405,822	24.33
Total Shareholding of Promoters & Promoters' Group (A)		8,929,187	63.78
B.	Public Shareholding		
i	Foreign Portfolio Investor	205,057	1.46
ii	Bodies Corporate	1,161,347	8.30
iii	Financial Institutions/ Banks	4,054	0.03
iv	Foreign Companies	225,000	1.61
v	Individuals	3,150,034	22.50
vi	Others		
	Non Resident Indians	133,237	0.95
	IEPF Authority MCA	2,776	0.02
	Trusts	45	0.00
	HUF	123,327	0.88
	Clearing Member	65,936	0.47
Total Public Shareholding (B)		5,070,813	36.22
Total (A+B)		14,000,000	100.00

Category wise shareholding (%)



xvii) ECS Mandate

All shareholders are requested to update their bank account details with their respective depositories urgently. This would facilitate transfer of dividend directly to the bank account of the shareholders.

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

No outstanding GDR / ADR / Warrants or any convertible instrument as on 31st March, 2018.

xix) Plant Locations:

New Delhi	Noida - Plant I	Noida - Plant II
54 & 56, Okhla Industrial Estate, Phase-III, New Delhi-110020	B-45, Phase-II, Noida-201305, U.P.	B-206A, Sector-81, Phase-II, Noida-201305, U.P.
Surajpur - Plant III	Pathredi - Plant IV	Vallam Vadagal - Plant V
B-4, Site V, UPSIDC, Kasna, Surajpur Industrial Area, Greater Noida-201306, U.P.	SP3-802, R.I.A, Pathredi Industrial Area, Bhiwadi, District Alwar-301019, Rajasthan	G-24, SIPCOT Industrial Park, Vallam Vadagal, Talluk Sriperumbudur, Kancheepuram, District-631604, Tamil Nadu



	Viramgam - Plant VI	Viramgam - Plant VII (<i>upcoming</i>)	
	Survey No. 866 (old survey no. 220), Village Ukhlod, Taluk Viramgam, Ahmedabad-382150, Gujarat	Block No. 797 (old block no. 286), Village Ukhhold, Near Meladi Mata Temple, Bahucharji Road, post, Ukhlod, Taluka Viramgam, District Ahmedabad, Gujarat-382151	
	Joint Venture Plant Locations:		
	Surajpur - Plant I	Viramgam - Plant II (<i>upcoming</i>)	
	B-5, Site V, UPSIDC, Kasna Surajpur Industrial Area, Greater Noida-201306, U.P.	Block No. 797 (old block no. 286), Village Ukhhold, Near Meladi Mata Temple, Bahucharji Road, post, Ukhlod, Taluka Viramgam, District Ahmedabad, Gujarat - 382151	
xx)	Registered Office	:	54, Okhla Industrial Estate, Phase-III, New Delhi-110020 Tel: +91-11-26311671 / 26910777
	Address for Correspondence / Corporate Office	:	B-206A, Sector-81, Phase-II, Noida-201305, U.P. Tel: +91-120-2462552 / 53 Fax No.: +91-120-2461371 E-mail: investorservice@ppapco.com

CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY**The Board of Directors,
PPAP Automotive Limited**

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

1. We have reviewed the financial statements and the cash flow statement of the Company for the year ended 31st March, 2018 and to the best to our knowledge and belief, we state that:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
4. We have indicated, wherever applicable, to the Auditors and to the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 21st May, 2018

Abhishek Jain
CEO & Managing Director

Manish Dhariwal
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 Management Personnel of the Company have affirmed due observance of the Code of Conduct of the Company during the financial year 2017-18.

Date: 21st May, 2018

Abhishek Jain
CEO & Managing Director



**CERTIFICATE ON CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND
DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Members,

PPAP Automotive Limited

We have examined the compliance of regulations of Corporate Governance by PPAP Automotive Limited (the “Company”) for the year ended 31st March, 2018, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of regulations of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that in respect of investor grievances received during the year ended 31st March, 2018, no grievances are pending against the Company as per records maintained by the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For VLA & Associates
Company Secretaries

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

Place : Noida
Date : 21st May, 2018

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Economy Overview

Indian economy continues to be amongst the fastest growing economies of the world. The growth is supported by the positive changes in both, macroeconomic as well as microeconomic factors. India continues to enjoy being one of the largest country from the consumer base point of view. This unique position is attracting a lot of investments, both international and domestic as well as an increase in consumption. The government is pushing many radical reforms to ensure that India remains competitive on a global level. The focus on easing out the way to do Business in India will lead to long term enhancement of investments in the country and will support the country to sustain higher growth levels.

India's GDP increased at the rate of 6.7% in FY17-18 and is expected to grow by 7.3% in FY18-19. The manufacturing sector is estimated to grow by 4.6% in FY17-18 compared to a growth of 7.9% in FY16-17. *(Source: CSO)*

In FY17-18, there have been many reforms and initiatives by the government. The most significant reform was introduction of the Goods and Service Tax (GST) w.e.f 1st July, 2017. This single measure has integrated the country's economy. Overall, the incidence of indirect tax has come down on most of the products by this measure of merging several indirect taxes and cess charged on the products in different states prior to July 2017. Implementation of GST has been full of challenges which are expected to be settled in the current financial year. GST will also improve the speed of delivery of the products as the e-way bill system will ensure that there is no time wasted at the borders of all the states.

Insolvency and Bankruptcy Code, 2016 is another big economic reform initiated by the Government of India. Being a one-stop solution which addresses all insolvencies in a time-bound and economically viable setup.

Another key reform was the introduction of Real Estate (Regulation and Development) Act, 2016 (RERA). It aims to create a more equitable and fair transaction between the seller and the buyer of properties, especially in the primary market.

The Government of India has eased the approval mechanism for foreign direct investment. The Government of India endeavor to focus on strengthening single window clearance system for fast-tracking approval processes, in order to increase Japanese investments in India. For infrastructure development in India's north-eastern states, India and Japan have joined hands and are also setting up an India-Japan coordination forum for development of north east.

Besides these reforms, the country has seen major disruption in the Banking sector. This has led to decrease in the credit availability with banks which are in turn stressed by mounting non-performing assets and a series of frauds leading to tighter credit controls.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups and 1,400 new start-ups being founded in 2016. *(Source: NASSCOM)*

India is expected to be the third largest consumer economy as its consumption may triple by 2025, due to shift in consumer behavior and expenditure pattern. India is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040. *(Source: Boston Consulting Group)*

Corporate capital expenditure is likely to become a more prominent growth driver. The World Bank has stated that private investments in India is expected to grow by 8.8% in FY18-19 to overtake private consumption growth of 7.4% and thereby drive the growth in India's gross domestic product (GDP) in FY18-19.

A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favorable destination for investment.

Industry Review

Indian Auto and Auto Component Sector

India overtook Germany to become the fifth largest vehicle producing countries in the world. India now lags behind China, USA, Japan and UK. In the next 10 years, India is expected to become the third largest vehicle producing countries in the world. The rapid urbanization, coupled with an overwhelming growth in the middle class population and their incomes, has enabled India to become extremely conducive for the automobile industry to flourish.

The auto industry contributes 2% to the GDP of India and contributes over 50% to the total manufacturing of India. The Indian automotive industry produced a total of 29.07 million vehicles including passenger vehicle, commercial vehicles, two and three-wheelers in FY17-18 as against 25.32 million in the same period of FY16-17, registering a growth of 14.78%. The sale of passenger vehicle grew by 7.89% in FY17-18 over the same period last year. Two-wheeler sales registered

a growth of 14.80% while the commercial vehicle segment grew by 19.94% year on year. Automobile exports from India increased by 16.12% over the previous year. (Source: SIAM)

The Indian automobile industry is world's fourth largest, with currently being the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles. The passenger vehicle (PV) segment has 13% market share. The two wheelers segment with 81% market share is the leader of the Indian automobile market owing to a growing middle class and a young population.

The production of total passenger vehicles stood at 4,010,373 in FY18 registering a growth of 5.48% over the same period last year. Overall, domestic automobiles sales increased at 7.01% CAGR between FY13-18 with 24.97 million vehicles getting sold in FY18. The domestic passenger vehicle sales in India crossed 3.2 million units in FY18. (Source: SIAM)

The Indian Automotive industry is expected to remain amongst the prime manufacturing sectors for the country and the government is working on specific interventions to sustain and improve manufacturing competitiveness and address environment and safety related challenges. Several government initiatives are expected to boost the efforts of major Indian automotive manufacturers, taking India to a global leadership position in two-wheeler and four-wheeler markets by 2020. The government's focus on electric vehicles (EVs) is likely to make it a sizeable market opportunity over the next ten years. The industry has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12% to India's GDP.

The auto industry is set to witness major changes in the form of EVs, shared mobility, Bharat Stage-VI emission and safety norms. Electric cars in India are expected to get new green number plates and are poised to rise on the back of cheaper energy storage costs and the Government of India's vision to see six million electric and hybrid vehicles in India by 2020.

Auto industry is said to be the engine of growth in most developed countries. Indian automobile industry which was at its nascent stage at the beginning of the 21st century has now become a huge industry that contributes majorly to growth and development of Indian economy.

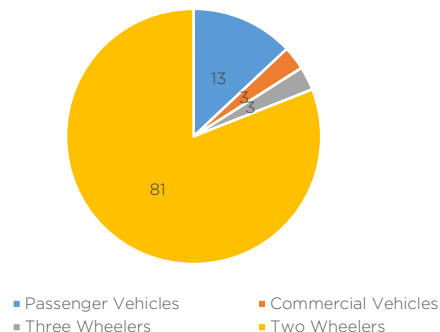
The rapidly globalizing world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation.

Indian auto-component makers are well positioned to benefit from the globalization and is expected to register a turnover of US\$ 100 billion by 2020 backed by strong exports ranging between US\$ 80-100 billion by 2026. (Source: ACMA)

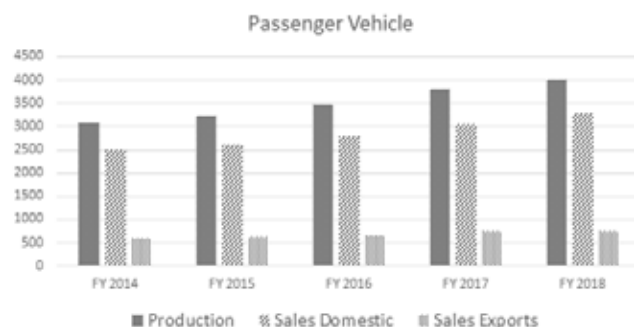
The Indian automotive aftermarket is estimated to grow at around 10-15% to reach US\$ 16.5 billion by 2021. Recognizing the growth potential of India, almost all the major global OEMs have set up base in India and are hoping for a larger market in the coming years.

India is emerging as global hub for auto component sourcing. A cost-effective manufacturing base keeps costs lower by 10-25% relative to operations in Europe and Latin America. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe. Global auto component players are increasingly adopting a dual-shore manufacturing model, using overseas facilities to manufacture few types of components and Indian facilities to manufacture the others. The industry over the years has developed its capability of manufacturing all components required to manufacture vehicles. The industry is set to become the third largest in the world by 2020.

Domestic Market Share for 2017-18 (%)



(Source: SIAM)



(Source: SIAM)

Company Overview

PPAP Automotive Limited (“PPAP” or “Company”) is a leading manufacturer of automotive sealing systems, interior and exterior automotive parts in India. The Company’s state of the art manufacturing facilities are located across the Automotive hubs in Northern, Western and Southern India viz. Noida (U.P.), Surajpur (U.P.), Vallam Vadagal (Tamil Nadu), Pathredi (Rajasthan) and Viramgam (Gujarat). The registered office of the Company is located at New Delhi. The Company is also establishing a new facility in Gujarat.

The Company was established in 1978 for the manufacture of custom made extrusion products. The Company commenced the automotive parts business in 1985 with the start of production of Maruti Suzuki cars in the Indian market.

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

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

PPAP also has a technology transfer agreement with Tokai Kogyo Seiki Co. Limited, Japan for manufacturing of tools & dies.

In 2012, the Company has ventured into EPDM Rubber based automotive sealing systems by establishing a Joint Venture (JV) viz. PPAP Tokai India Rubber Private Limited (PTI) with its Technology Partner Tokai Kogyo Co. Limited, Japan. The JV Company has established a new facility at Surajpur (U.P.) adjacent to its existing facility.

Product Details:

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

1. Automotive Sealing products

a. Plastic Extrusion

PVC / TPO / PP (with / without metal insert) - Weather Strip Outer, Weather Strip Inner Molding Roof, Molding Windshield, Air Spoiler, Trim Door Opening , Rail Component Side Door etc.

b. EPDM Rubber and TPV Extrusion

(Products made by Joint Venture)

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

2. Automotive Plastic Injection Molding products

a. Interior Parts

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

b. Exterior parts

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

The Company has inhouse design and development center for products, mold, machines & fixtures. The Company also has inhouse mold manufacturing and testing facility to provide end-to-end solution to the customers.

The Company is a key supplier to all the major automotive manufacturers in India. PPAP’s customers profile include all the major car manufacturers like Maruti Suzuki India Limited; Honda Cars India Limited; Toyota Kirloskar Motor Private Limited; Renault Nissan Automotive India Private Limited; Tata Motors Limited; Ford India Private Limited; Mahindra and Mahindra Limited; SML Isuzu Limited; Isuzu Motors Limited, Hyundai Motor India Limited Suzuki Motor Gujarat Private Limited and a two-wheeler manufactures viz. Suzuki Motorcycles India Private Limited are the customers of the Company. The Company also caters to CKD parts export requirements of its customers. The Company also caters the requirements of their respective Tier 1 suppliers. During the year under review, the Company has expanded its customer portfolio with the addition of MG Motor India Private Limited.

The Company’s key objective is to become a Global level Company operating in India. This mission is enabling the Company to focus on achieving excellence in all the facets of the organization.



With the establishment of robust and sustaining margins, the Company's biggest challenge is to increase the outreach of its products. In order to achieve this objective, the Company is continuously scouting for new opportunities by the way of addition of customers and expansion of its product range to its existing customers.

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

Awards & Recognition

PPAP continues its track record of superior performance with its customers.

The Company has received the following Awards:

1. Overall Performance Award by Maruti Suzuki India Limited;
2. Supplier of the year 2017 – Gold by Toyota Kirloskar Motor Private Limited;
3. Achieving Quality Target Award by Toyota Kirloskar Motor Private Limited;
4. Zero PPM Award by Toyota Kirloskar Motor Private Limited;
5. Achieving Delivery Target Award by Toyota Kirloskar Motor Private Limited;
6. Appreciation Award by Hyundai Motor India Limited;
7. Excellence in Automotive Award 2018 by Economic Times Polymers;
8. Best Supplier Business Support Award 2016-17 by Subros Limited;
9. Super Quality Excellence Award 2016 by General Motors India Private Limited; and
10. Best Quality Consistency Award by Toyota Boshoku Automotive India Private Limited.

Quality

The Company has continuous focus on strengthening the quality standards. The Company firmly believes that offering high quality products, which are benchmarked with the best in the world, is integral part of the total customers' satisfaction.

Outflow prevention and occurrence prevention are the two pillars to achieve "Built in Quality". PPAP emphasis to establish non defective conditions in process by process controls, abnormality management, trainings and standardization. The Company believe to develop a work culture of process ownership where quality is certified by each and every team member. Another important tool is management and checking of standardized non defective conditions so that defects are not generated.

Quality circle is one such initiative, wherein employee voluntarily form a small group and work on solving problem in their work area at their own.

Supply Chain

In the year 2016, Supply Chain Management (SCM) was identified as a function to develop core competencies and bring competitive edge to the business. The Company is working on supplier development plan to study & improve the quality of suppliers. Suppliers are being evaluated on 12 pillars concept such as quality evaluation system, processes, financial strength, delivery system, 4M change management system etc.

The Company is closely working with its customers and suppliers to reduce the environmental impacts during procurement. There has been a continuous focus on reducing usage of wood, paper & corrugated packing which contributes towards sustainable environment. One of the key initiatives in the last few years to reduce packing material use and avoid waste generation using returnable bins and trolleys. The Company is working towards the horizontal integration based on the vehicle just-in-time logistics common distribution system, which is based on further integration of the automobile industry logistics mode.

Opportunities and Strengths

- **Favourable economic environment**

The majority of the macroeconomic indicators have been positive, indicating a steady revival in the economy. The automotive industry is on a growth trajectory which will result in increased demands and supply of auto components.

- **Global components sourcing hub**

The Indian auto component industry is one of India's sunrise industries with tremendous growth prospects. It has emerged, from being a low-key supplier of components to the domestic market, to a significant player in the global

automotive supply chain. Several global suppliers are increasing procurement from their Indian subsidiaries or partners due to the cost competitiveness coupled with robust engineering capabilities.

- **Product development capabilities**

Due to the change in expectations from the end consumer, automotive industry continuously needs to improve the technology as well as design of components used in their vehicles. There is a substantial enhancement in research and development investment over the past few years and many laboratories are being setup to conduct analysis, simulation and engineering animations. The increased sourcing and investment from global OEMs from India is turning the country into a preferred designing and manufacturing base for them. Auto component supplier, who have inhouse capabilities to offer a complete print to build solution for their customers, will be given preference henceforth.

- **Risks and concerns**

As global auto OEMs continuously expand their operations in the India, auto-component manufacturers face huge pressure from them to maintain quality and supply components in a just-in-time mode on the production line. The manufacturers who are not able to meet the quality, cost and delivery expectations by these OEMs face the threat of closure. Therefore, there is a greater need for collaboration between the component manufacturers, OEMs, machine tool supplies and the raw material industry.

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

- **Raw material and supply risk**

Procurement of raw material for the products of the Company is a very significant part of the cost of the final product. Substantial increase in current raw material prices may pose a threat to the margins of the Company in this competitive auto component sector. To mitigate the risk, the Company strives to improve its operational performance and develop new cost competitive materials, which are technologically superior and meet the customers' specifications.

- **Technology risk**

One of the major challenges for the industry is to build R&D competence and an ecosystem. OEMs have been working on various technologies. The company needs to continuously stay in touch with such progress to evaluate ways to address these issues and develop technologies which are affordable and accessible. To mitigate this risk, the Company is focusing on enhancing its design & development capabilities by way of training at technology partner's facilities, apart from investing in R&D software and equipment.

- **Regulatory change**

Regulations are changing to accommodate the awareness about the environmental responsibilities. Stringent emission and safety norms are playing an increasingly important role globally. The Company is committed to comply with the regulatory laws in letter and in spirit.

- **Infrastructure challenges**

The Indian auto components industry faces problems for basic infrastructure needs like power and transportation cost. Availability of uninterrupted power is also a big challenge. The Company is focusing on reduction of its carbon footprint and also considering investing in renewable sources of energy for its captive usage.

- **Availability of unskilled and skilled labour**

There is a constant pressure for the industry to retain its unskilled and skilled labour at optimum cost. Alternative income generation schemes being promoted by the Government is leading to lesser availability of unskilled labour. At present, due to the increased domestic competition, it is becoming difficult to retain the talented and motivated people at reasonable cost. The Company is focusing on extensive training and development of its human capital and making them ready to achieve excellence in business processes.

Financial Performance

The Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2017 for the first time with a transition date of 1st April, 2016. Accordingly the financial statements have been prepared in accordance with Ind AS.



Customers demand coupled with cost control measures, operational efficiencies and ongoing initiatives on increasing market breadth helped the Company to register a decent growth in the profits during the year under review.

The Company's key performance indicators are as under:

Standalone

Profit and Loss statement analysis

- Revenue from operations increased by 15.25% YoY to ₹ 39,762.33 lacs in FY17-18, on account of increase in customer's demand.
- PBITD increased by ₹ 1,878.80 lacs YoY to ₹ 8,746.46 lacs from ₹ 6,867.66 lacs in FY17-18.
- Finance costs decreased to ₹ 442.39 lacs from ₹ 626.80 lacs in FY17-18. Finance costs to Net Sales ratio decreased to 1.11% as against 1.82% in FY17-18.
- PAT stood at ₹ 3,741.17 lacs as against ₹ 2,505.38 lacs in FY17-18.
- Earnings per share increased to ₹ 26.72 from ₹ 17.90 in FY17-18.

Balance Sheet analysis

- Net worth increased to ₹ 26,970.67 lacs from ₹ 23,854.84 lacs in FY17-18. Equity share capital remained same to ₹ 1400 lacs whereas, Reserves and Surplus increased to ₹ 25,570.67 lacs from ₹ 22,454.84 lacs recorded in FY17-18.
- Book value per share increased to ₹ 192.65 from ₹ 170.39 in FY17-18.
- Borrowings decreased to ₹ 2,967.73 lacs from ₹ 5,209.45 lacs in FY17-18. Debt-Equity ratio stood at 0.11 times.
- Return on net worth was 13.87% in FY17-18 as compared 10.50% in FY16-17.
- Return on capital employed increased to 20.54% in FY17-18 as compared 15.25% in FY16-17.

Consolidated

Profit and Loss statement analysis

- PAT stood at ₹ 3,741.17 lacs as against ₹ 2,505.38 lacs in FY17-18.
- Earnings per share increased to ₹ 28.08 from ₹ 19.97 in FY17-18.

Internal Control System and their adequacy

The Company believes that internal controls is one of the key pillars of governance. It judiciously provides freedom to the management within a framework of appropriate checks and balances. The Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transaction are authorized, recorded and reported correctly. The internal control system is designed to ensure that financials and other records are reliable for preparing financial information and other data, and for maintaining accountability of assets. The internal control system is supplemented by an extensive programme of internal audits, reviews by management and documented policies, guidelines and procedures.

The internal control framework is supplemented with an internal audit program that provides an independent view of the efficacy and effectiveness of the process and control environment and supports a continuous improvement program. The internal audit program is managed by an internal audit function with direct reporting to the Audit Committee of the Board.

The internal audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively.

The Company believes that every employee has a role to play in fostering an environment in which emphasis on compliance with regulations and ethical behavior is accorded due importance. Further, to have better and sustainable control, a new ERP system is also under implementation.

Internal Controls over Financial Reporting

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

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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

Human Resource

PPAP believes in building a capable and agile workforce to achieve its business objectives. PPAP believes that employees are the biggest assets and strength of the organization.

Human resources effectively and efficiently plays a critical role in ensuring that a satisfied, motivated work force delivers quality services. It also plays an important role in increasing staff performance and productivity, enhancing an organization's competitive advantage, and contributing directly to organizational goals.

Performance Management System (PMS) is an ongoing process for developing individuals and enhancing their performance. In the current year, PPAP has introduced various tools viz. MP / CP (Managing Point and Checking Point) and X-Matrix, to encourage the employees to take challenging tasks or projects in their own area of specialization or work area to unlock his / her infinite potential.

Several health and safety initiatives are introduced as part of a structured program to enhance the safety and health of its employees. To build emotional bonding with the employees, the Company has also taken initiative like 'Pariwar Milan'. Regular health check-up, visit of Ayurvedic doctor and health awareness session are also conducted for better health of the employees.

Training and Development

PPAP's basic policy for training & development is cultivation of "Teach and be Taught" culture and pass on knowledge to next generation. Immediate supervisor-plays a leading role in developing this culture.

Training and development is of paramount importance at PPAP because it allows employees to expand their knowledge base, acquire new skills, sharpen existing ones, perform better, increase productivity and become better leaders. Trainings are based on 70-20-10 principle i.e. 10% of the time of trainee goes in Class Room, 20% learning is supported by coach and 70% action projects, which helps employees to complete learning cycle and understand the processes in depth.

During the year under review, the following training programme were conducted:

- The senior management personnel of the Company have undergone Toyota Business Practices training (TBP training). TBP training helps the leaders to identify and effectively resolve issues. TBP training also helps to boost-up the employees morale through self-drive and dedication.
- Regular sessions of vedanta, yoga, ayurveda and inner engineering.
- The health and wellness programme by Sadhguru for the employees.
- Regular session of Japanese language for the employees.

The Company imparts training to all fresh recruits, to ensure that they join hands with the Company and work in sync to achieve Company's goal and be a part of our journey to take the organization to new heights.

Regular trainings were given to the team members related to the shop floor, SOP adherence, quality and technical aspects, on system needs and safety. Team members were also provided training for their skill upgradation and multitasking. The Company has also sent the employees to Thailand for training on future technology. Besides these, employees also get trained in partnership with Maruti Suzuki Centre for Excellence (MACE).

In FY17-18 ten employees were trained by Toyota on Toyota Production System (TPS). The Company has also set-up a state of art 'DOJO Centre' to ensure zero defects for its customers. Your Company also continues to put special emphasis on employee communication through town hall meetings, leadership interactions and competitions.

Information Technology

In today's world, Information Technology (IT) plays a key role in the efficient functioning of an organization. Your Company strongly believes that a strong Information Technology system is the backbone of achieving transparency and accurate data in order to achieve breakthrough results.

Your Company continues to invest in regular updation of its IT network as well as software's which enable the decision makers in the organization to take informed and correct decisions. The Company is also focusing on protecting its IPR through strengthening of data storage, access control, back up as well as disaster recovery systems.



The Company has strengthened its IT network as well as introduced cloud technology in the organization.

During the year under review, the following application were introduced:

- People Management (HRMS & PMS) - This system manages the payroll as well as general administration of all employees. The performance of all employees are also managed by the IT system.
- Customer Complaints Management (CRM) - This system manages the Customer Touch points. All customer complaints are managed in this system.
- Project Management (PLM) - All customer projects are managed and monitored by this system.
- Capital Expenditure Management (CAPEX) - All capital expenditure items are indented, approved and managed by this system.

The Company has also refurbished the on premise data center and server room in compliance with the latest working standards including Fire and Safety standards.

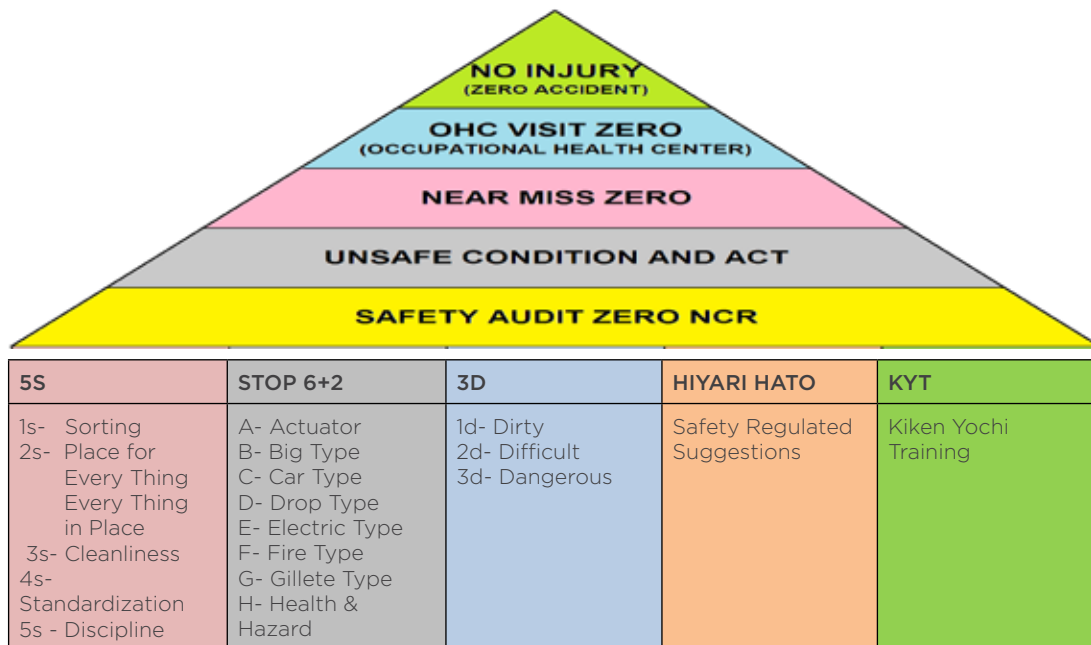
The Company is in process of implementation of ISO-27001 standards in information security in order to protect itself from any data breach and loss of IPR.

The Company is also in process of upgrading its ERP system as well as introduction of Intelligence softwares with the objective of empowering its people with correct and real time analysis of data so that they can take prudent actions, timely.

Safety, Health and Environment

Environment, Health and Safety (EHS) is one of the primary focus areas for PPAP. Safety is treated as the first step in every activity for the Company. The Company has well defined safety organization, which is responsible to carry out all safety audits, safety meetings and take necessary safety measures on the identified unsafe conditions and acts (Hiyari Hato Points) so that it cannot leads to any near miss or accident. Safety team of PPAP conducts mock drills and educates employees from time to time.

Safety Pyramid



The details of certifications are as follows:

Locations	ISO TS 16949 : 2009	ISO 14001 : 2004	OHSAS 18001 : 2007	ISO 50001 : 2011
PPAP				
Plant I (Noida)	Y	Y	Y	Y
Plant II (Noida)	Y	Y	Y	Y
Plant III (Surajpur)	Y	Y	Y	Y
Plant IV (Pathredi)	Y	#	#	Y
Plant V (Vallam Vadagal)	Y	#	#	#
Plant VI (Viramgam)	#	#	#	#
JV Company				
Plant I (Surajpur)	Y	#	#	#

under process

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

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

Cautionary Statement

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



Independent Auditors' Report

TO THE MEMBERS OF PPAP AUTOMOTIVE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **PPAP AUTOMOTIVE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and 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 a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone 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 standalone Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the standards on auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006

audited by us, whose audit report for the year ended 31st March, 2017 & 31st March, 2016 dated 23rd May, 2017 & 19th May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of above matter.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government 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 I a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including the 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 standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 from being appointed as a Director in terms of Section 164(2) of the Act.
 - (f) We are enclosing herewith a report in Annexure II for our opinion on adequacy of internal financial controls system in place in the Company and the operating effectiveness of such controls.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer Note 39 to the financial statements.
 - ii. According to the information and explanations provided to us, 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. The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 have not been made since the requirement does not pertain to financial year ended 31st March, 2018.

For O P BAGLA & CO. LLP

Chartered Accountants

Firm Registration No. 000018N / N500091

Place : Noida

Dated : 21st May, 2018

Atul Bagla

Partner

Membership no. 091885

**ANNEXURE- I TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our Report of even date)

- i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
 - Title deeds in respect of all immovable properties are held in the name of the Company.
- ii) As explained to us physical verification has been conducted by the management at reasonable intervals in respect of inventories of finished goods, stores, spare parts and raw materials. We were explained that no material discrepancies have been noticed on physical verification.
- iii) As informed to us the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments and guarantees given by the Company. We are informed that the Company has not provided any security during the year.
- v) According to the information and explanations given to us the Company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed thereunder.
- vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of certain manufacturing activities of the Company. We have broadly reviewed such records and are of the opinion that prescribed accounts and records have been maintained.
- vii) a) As per information and explanations given to us, the Company is 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, cess and any other statutory dues with the appropriate authorities. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b) We have been informed that following disputed demands in respect of VAT, Excise Duty and Income Tax have not been deposited on account of pending appeals:

Particulars	Financial years of which the matters pertains	Forum where dispute is pending	Amount (₹)
Sales Tax / VAT	2004-2005	Joint Commissioner of Sales Tax (Appeals)	45,441
Sales Tax / VAT	2011-2012	Commercial Tax Tribunal (Noida, UP)	524,112
Sales Tax / VAT	2012-2013	Commercial Tax Tribunal (Noida, UP)	3,559,469
Sales Tax / VAT	2013-2014	Additional Commissioner (A)	269,428
Excise Duty	May 2004 to July 2004	Appellate Tribunal (CESTAT), Delhi	211,792
Excise Duty	October 2003 to August 2004	Appellate Tribunal (CESTAT), Allahabad	4,210,670
Income Tax	A.Y. 2010-2011	Appellate Tribunal (ITAT), (Delhi)	1,876,894
Income Tax	A.Y. 2012-2013	Appellate Tribunal (ITAT), (Delhi)	300,190

- viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of loans or borrowings to the financial institutions and banks as at the year end. There are no loans from Government and the Company has not issued any debentures.
- ix) As explained to us term loans obtained during the year were applied for the purpose for which the loans were obtained by the Company. The Company has not raised any money during the year by way initial or further public offer.

- x) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31st March, 2018.
- xi) According to information and explanations given to us, the managerial remuneration paid and provided by the Company during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- xii) The provisions of clause (xii) of the Order are not applicable as the Company is not a Nidhi Company as specified in the clause.
- 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 has been made in the financial statements as required by the applicable accounting standards.
- xiv) According to information and explanations given to us the Company has not made any preferential allotment or private placement of shares or debentures during the year.
- xv) According to information and explanations given to us the Company has not entered into any non-cash transaction with the Director or any person connected with him during the year.
- 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.

For O P BAGLA & CO. LLP

Chartered Accountants

Firm Registration No. 000018N / N500091

Place : Noida

Dated : 21st May, 2018

Atul Bagla

Partner

Membership no. 091885



ANNEXURE- II 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") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. 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 auditors' 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 I/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, 2018, 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 ICAI.

For O P BAGLA & CO. LLP

Chartered Accountants

Firm Registration No. 000018N / N500091

Atul Bagla

Partner

Membership no. 091885

Place : Noida

Dated : 21st May, 2018



BALANCE SHEET

AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	20,484.91	19,072.68	18,740.45
Capital work-in-progress	4	1,182.99	317.55	45.10
Other Intangible assets	5	615.57	639.14	768.29
Financial assets				
a Investments	6	4,854.20	4,854.20	3,754.20
b Other financial assets	7	438.77	382.31	331.38
Other non-current assets	8	711.89	295.38	425.07
		28,288.33	25,561.26	24,064.49
Current assets				
Inventories	9	3,195.63	2,304.92	3,670.16
Financial assets				
a Investments	10	-	251.12	0.20
b Trade receivables	11	5,523.17	4,879.66	3,816.35
c Cash and cash equivalents	12	136.50	215.04	25.06
d Bank balances other than (c) above	13	7.66	7.35	8.59
e Loans	14	22.98	32.59	6.92
f Other financial assets	7	407.59	234.92	256.42
Current tax assets (net)	15	-	-	123.54
Other current assets	16	1,046.93	1,983.59	1,454.67
		10,340.46	9,909.19	9,361.91
Total Assets		38,628.79	35,470.45	33,426.40
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	1,400.00	1,400.00	1,400.00
Other equity	18	25,570.67	22,454.84	20,317.18
		26,970.67	23,854.84	21,717.18
LIABILITIES				
Non-current liabilities				
Financial liabilities				
a Borrowings	19	1,643.98	2,767.65	3,979.09
Provisions	20	671.17	578.03	515.01
Deferred tax liabilities (net)	21	970.55	964.48	836.15
Current liabilities				
Financial liabilities				
a Borrowings	19	121.09	826.76	1,448.12
b Trade payables	22	3,155.21	2,440.82	2,055.66
c Other financial liabilities	23	3,507.80	2,324.38	1,901.34
Other current liabilities	24	1,307.21	1,252.88	915.73
Provisions	20	84.30	64.88	58.12
Current tax liabilities (net)	25	196.81	395.73	-
Total liabilities		11,658.12	11,615.61	11,709.22
Total Equity and Liabilities		38,628.79	35,470.45	33,426.40

Significant accounting policies

2

The accompanying Notes 1 to 55 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

F.R.N.: 000018N / N500091

Atul Bagla

Partner

(Membership No. 091885)

Place : Noida

Date : 21st May, 2018

For and on behalf of the Board of Directors of

PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Manish Dhariwal

Chief Financial Officer

Abhishek Jain

CEO & Managing Director

DIN: 00137651

Sonia Bhandari

Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2018	Year ended 31.03.2017
INCOME			
Revenue from operations	26	40,884.57	39,317.93
Other income	27	258.56	206.69
Total Income (I)		41,143.13	39,524.62
Expenses			
Cost of materials consumed	28	20,465.80	17,930.20
Changes in stock of finished goods, work-in-process and stock-in-trade	29	(562.00)	108.57
Excise duty on sale of goods		1,122.24	4,816.73
Employee benefits expense	30	6,322.85	5,326.31
Finance costs	31	442.39	626.80
Depreciation and amortization expense	32	2,598.96	2,438.54
Other expenses	33	5,047.78	4,474.93
Total Expenses (II)		35,438.02	35,722.08
Profit / (loss) before tax from continuing operations (I-II)		5,705.11	3,802.54
Tax expenses	21		
Current tax		1,956.00	1,084.14
Adjustment of tax relating to earlier periods		5.33	(51.13)
MAT credit entitlement utilized / (claimed)		-	141.85
Deferred tax		2.61	122.30
Profit / (loss) for the year		3,741.17	2,505.38
Other Comprehensive Income (OCI)	34		
Items that will not be reclassified to profit & loss in subsequent periods			
Remeasurement gains / (losses) on defined benefit plans		10.01	17.42
Income tax effect on such items		(3.46)	(6.03)
Total other comprehensive income for the year, net of tax		6.55	11.39
Total comprehensive income for the year, net of tax		3,747.72	2,516.77
Earnings per equity share (computed on the basis of profit for the year)			
(1) Basic	35	26.72	17.90
(2) Diluted	35	26.72	17.90

Significant accounting policies

2

The accompanying Notes 1 to 55 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
F.R.N.: 000018N / N500091

Atul Bagla
Partner
(Membership No. 091885)

Place : Noida
Date : 21st May, 2018

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

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Manish Dhariwal
Chief Financial Officer

Abhishek Jain
CEO & Managing Director
DIN: 00137651

Sonia Bhandari
Company Secretary



STATEMENT OF CASH FLOWS

AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars		For the year ended 31.03.2018	For the year ended 31.03.2017
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		5,705.11	3,802.54
Adjusted for			
Depreciation and amortization expense	2,598.96		2,438.54
Profit on sale of fixed assets	(55.73)		-
Provision employee benefits	122.57		87.20
Interest paid	442.39		626.80
Changes in fair value of financial assets at fair value through profit or loss	-		(0.45)
Gain from de-recognition of other financial assets	(0.55)		(0.67)
Profit on sale of investments	(19.18)		(15.70)
Government grant	(168.28)		(234.50)
Interest income	(28.60)	2,891.58	(26.53)
Operating profit before working capital changes		8,596.69	6,677.23
Working capital adjustments			
Decrease / (increase) in inventories	(890.71)		1,365.24
Decrease / (increase) in trade and other receivables	(185.30)		(1,492.96)
Movement in trade and other payables	2,358.53		1,111.51
		1,282.52	983.79
Cash generated from operations		9,879.21	7,661.02
Direct taxes refunded / (paid)		(2,160.25)	(655.59)
Net cash from operating activities (A)		7,718.96	7,005.43
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment	(4,011.65)		(2,697.43)
Purchase of assets in CWIP	(865.44)		(272.45)
Purchase of intangible assets	(197.73)		(82.08)
Sale of tangible fixed assets	277.49		137.91
Sale / (purchase) of current investments	251.12		(250.47)
Profit on sale of investments	19.18		15.70
Investment in fixed deposits (purchased) / matured	10.94		(45.72)
Purchase of non-current investments	-		(1,100.00)

STATEMENT OF CASH FLOWS

AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Interest income	28.60		26.53	
Net cash used in investing activities (B)		(4,487.49)		(4,268.01)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest expenses	(357.12)		(577.56)	
Proceeds / (repayment) of long term borrowings	(1,615.33)		(969.41)	
Proceeds / (repayment) of short term borrowings	(705.67)		(621.36)	
Dividends paid (including dividend distribution tax)	(631.89)		(379.11)	
Net cash flow from financing activities (C)		(3,310.01)		(2,547.44)
Net increase in cash and cash equivalents (A+B+C)		(78.54)		189.98
Cash and cash equivalents as on 01.04.2016				25.06
Cash and cash equivalents as on 31.03.2017		215.04		
Cash and cash equivalents as on 31.03.2018		136.50		215.04
Components of cash and cash equivalents				
Cash on hand		12.01		6.23
Balance with banks				
On current accounts		124.49		208.81
Deposits with maturity of less than 3 months		-		-
		136.50		215.04

Significant accounting policies

Note 2

The accompanying Notes 1 to 55 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
F.R.N.: 000018N / N500091

Atul Bagla
Partner
(Membership No. 091885)

Place : Noida
Date : 21st May, 2018

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

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Manish Dhariwal
Chief Financial Officer

Abhishek Jain
CEO & Managing Director
DIN: 00137651

Sonia Bhandari
Company Secretary



STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2018

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, 2016	14,000,000	1,400.00
Issue of share capital	-	-
At 31st March, 2017	14,000,000	1,400.00
Issue of share capital	-	-
At 31st March, 2018	14,000,000	1,400.00

B. Other Equity

	Reserves and Surplus			Items of Other comprehensive income	Total equity (refer note 18)
	General Reserve	Securities Premium Reserve	Retained earnings	Remeasurement gains / (losses) on defined benefit plans	
As at 1st April, 2016	1,158.95	7,000.00	12,169.78	(11.55)	20,317.18
Net income / (loss) for the year	-	-	2,505.38	-	2,505.38
Other comprehensive income (note 34)	-	-	-	11.39	11.39
Total comprehensive income	-	-	2,505.38	11.39	2,516.77
Final dividend	-	-	(140.00)	-	(140.00)
Dividend distribution tax on final dividend	-	-	(28.50)	-	(28.50)
Interim dividend	-	-	(175.00)	-	(175.00)
Dividend distribution tax on interim dividend	-	-	(35.61)	-	(35.61)
As at 31st March, 2017	1,158.95	7,000.00	14,296.05	(0.16)	22,454.84
Net income / (loss) for the year	-	-	3,741.17	-	3,741.17
Other comprehensive income (note 34)	-	-	-	6.55	6.55
Total comprehensive income	-	-	3,741.17	6.55	3,747.72
Final dividend	-	-	(245.00)	-	(245.00)
Dividend distribution tax on final dividend	-	-	(49.89)	-	(49.89)
Interim dividend	-	-	(280.00)	-	(280.00)
Dividend distribution tax on interim dividend	-	-	(57.00)	-	(57.00)
As at 31st March, 2018	1,158.95	7,000.00	17,405.33	6.39	25,570.67

Significant accounting policies

Note 2

The accompanying Notes 1 to 55 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

F.R.N.: 000018N / N500091

Atul Bagla

Partner

(Membership No. 091885)

Place : Noida

Date : 21st May, 2018

For and on behalf of the Board of Directors of

PPAP Automotive Limited

Ajay Kumar Jain

Chairman & Managing Director

DIN: 00148839

Manish Dhariwal

Chief Financial Officer

Abhishek Jain

CEO & Managing Director

DIN: 00137651

Sonia Bhandari

Company Secretary

Notes to Financial Statements

for the year ended 31st March, 2018

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 (U.P.), Greater Noida (U.P.), Vallam Vadagal (Tamil Nadu), Pathredi (Rajasthan) and Viramgam (Gujarat). The Company was listed on the Indian Stock Exchange (BSE / NSE) in 2008. The financial statements of the Company for the year ended 31st March, 2018 were authorized for issue in accordance with a resolution of the Directors on 21st May, 2018.

In 2012, the Company has ventured into EPDM Rubber based automotive sealing systems by establishing a Joint Venture with its Technology Partner Tokai Kogyo Co. Limited-Japan.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended 31st March, 2017, the Company has prepared its financial statements in accordance with Indian GAAP including accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the first being prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except as when otherwise indicated.

2.2 Significant accounting policies

a. Current versus Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset / liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised / settled within twelve months after the reporting period, or;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; and
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Property, Plant and Equipment

i) Tangible Assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any, as at 31st March, 2016. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1st April, 2016.

Notes to Financial Statements

for the year ended 31st March, 2018

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition / installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection / overhaul / repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses / gains arising in case retirement / disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipment are provided to the extent of depreciable amount on the Straight Line 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

Leasehold improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The residual values, useful lives and methods of depreciation / amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) Capital Work-in-Progress

Capital work-in-progress includes construction stores including material in transit / equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software and technical know-how are capitalised and amortised on straight line method over their estimated useful economic life of six years.

d. Research & Development Costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

e. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

Notes to Financial Statements

for the year ended 31st March, 2018

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. Finished goods are valued at cost or net realisable value whichever is lower. Cost of raw material, stores and spares, packing materials, trading and other products are determined on FIFO basis. Work-in-process is carried at cost or net realisable value whichever is lower.

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

i. Foreign Currency Transactions

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

j. Taxes on Income

Current tax

Current tax is measured at the amount expected to be paid / recovered to / from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity / other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



Notes to Financial Statements

for the year ended 31st March, 2018

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 utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity / other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee Benefits

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The Company's contribution to the provident fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to statement of profit and loss.

Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit & loss in subsequent periods.

Past service costs are recognised in statement of profit & loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

Notes to Financial Statements

for the year ended 31st March, 2018

l. Royalty

The Company pays / accrues for royalty in accordance with the relevant licence agreement with the technical know-how provider. The lump sum royalty incurred towards obtaining technical assistance / technical know-how and engineering support to manufacture new parts, ownership of which rests with the technical know-how provider, is recognised as an intangible asset. Royalty payable on sales of products i.e. running royalty is charged to the statement of profit and loss as and when incurred.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- 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.

Notes to Financial Statements

for the year ended 31st March, 2018

p. Recent Accounting Pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28th March, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1st April, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

Ind AS 115, Revenue from Contract with Customers: On 28th March, 2018, the MCA has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 (“amended rules”). As per the amended rules, Ind AS 115 “Revenue from contracts with customers” supersedes Ind AS 11, “Construction contracts” and Ind AS 18, “Revenue” and is applicable for all accounting periods commencing on or after 1st April, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The new revenue standard is applicable to the Company from 1st April, 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after 1st April, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

q. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Fair Value Measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Notes to Financial Statements

for the year ended 31st March, 2018

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

s. Financial Instruments

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

(a) Financial assets

Classification

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

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Investment in subsidiaries, joint ventures and associates

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

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

Notes to Financial Statements

for the year ended 31st March, 2018

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables and all lease receivables resulting from transactions within the scope of Ind AS 17.

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

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

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

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the Company estimates the following provision matrix at the reporting date:

	0-180 days past due	More than 180 days past due
Default rate	0.05%	2.00%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

(b) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

• Financial liabilities at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are

Notes to Financial Statements

for the year ended 31st March, 2018

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 of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(d) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

t. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Notes to Financial Statements

for the year ended 31st March, 2018

u. Unless specifically stated to be otherwise, these policies are consistently followed.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

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

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined Benefit Plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its

Notes to Financial Statements

for the year ended 31st March, 2018

long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

3. Property, Plant and Equipment

	Land	Factory Building	Plant & Machinery	Furniture & Fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
Cost									
As at 1 st April, 2016 (refer note I below)	1,575.97	5,665.00	8,717.81	325.57	925.11	168.64	1,245.32	117.03	18,740.45
Additions	43.25	82.10	1,920.38	31.59	249.05	50.33	245.48	75.27	2,697.45
Disposals	-	-	70.41	-	44.77	-	63.40	-	178.58
As at 31st March, 2017	1,619.22	5,747.10	10,567.78	357.16	1,129.39	218.97	1,427.40	192.30	21,259.32
Additions	144.57	1,554.91	1,696.38	72.03	203.86	73.38	186.70	79.82	4,011.65
Disposals	-	-	229.35	0.49	57.22	-	1.70	1.16	289.92
As at 31st March, 2018	1,763.79	7,302.01	12,034.81	428.70	1,276.03	292.35	1,612.40	270.96	24,981.05
Depreciation									
Depreciation charge for the year 2016-17	-	238.41	1,323.77	42.46	145.97	54.97	352.25	69.48	2,227.31
Disposals	-	-	11.69	-	25.14	-	3.84	-	40.67
As at 31st March, 2017	-	238.41	1,312.08	42.46	120.83	54.97	348.41	69.48	2,186.64
Depreciation charge for the year 2017-18	-	252.64	1,493.13	43.00	166.57	61.06	302.58	58.68	2,377.66
Disposals	-	-	32.28	0.04	34.52	-	0.27	1.05	68.16
As at 31st March, 2018	-	491.05	2,772.93	85.42	252.88	116.03	650.72	127.11	4,496.14
Net book value:									
As at 31 st March, 2018	1,763.79	6,810.96	9,261.88	343.28	1,023.15	176.32	961.68	143.85	20,484.91
As at 31 st March, 2017	1,619.22	5,508.69	9,255.70	314.70	1,008.56	164.00	1,078.99	122.82	19,072.68
As at 1 st April, 2016	1,575.97	5,665.00	8,717.81	325.57	925.11	168.64	1,245.32	117.03	18,740.45

4. Capital Work-in-Progress

	Plant & Machinery	Building Construction	Total
As at 1st April, 2016	38.68	6.42	45.10
Additions	681.50	22.65	704.15
Disposals / capitalizations	431.70	-	431.70
As at 31st March, 2017	288.48	29.07	317.55
Additions	1,051.94	1,906.76	2,958.70
Disposals / capitalizations	1,071.83	1,021.43	2,093.26
As at 31st March, 2018	268.59	914.40	1,182.99

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

5. Intangible Assets	Software	Technical Know How	Total
Cost			
As at 1 st April, 2016 (refer note II below)	105.29	663.00	768.29
Additions	23.28	58.80	82.08
Disposals	-	-	-
As at 31st March, 2017	128.57	721.80	850.37
Additions	109.31	88.42	197.73
Disposals	-	-	-
As at 31st March, 2018	237.88	810.22	1,048.10
Amortization			
Amortization charge for the year 2016-17	28.56	182.67	211.23
Disposals	-	-	-
As at 31st March, 2017	28.56	182.67	211.23
Amortization charge for the year 2017-18	35.80	185.50	221.30
Disposals	-	-	-
As at 31st March, 2018	64.36	368.17	432.53
Net book value			
As at 31 st March, 2018	173.52	442.05	615.57
As at 31 st March, 2017	100.01	539.13	639.14
As at 1 st April, 2016	105.29	663.00	768.29

Note I: Deemed cost of Property, Plant and Equipment

Particulars	Land	Factory Building	Plant & Machinery	Furniture & Fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
Gross carrying amount as per previous GAAP									
As at 1 st April, 2016	1,575.97	6,795.53	14,887.52	465.62	1,308.91	393.55	3,756.51	352.01	29,535.62
Accumulated depreciation as per previous GAAP									
As at 1 st April, 2016	110.67	1,130.53	6,169.71	140.05	383.80	224.91	2,511.19	234.98	10,905.84
Ind AS transitional adjustment (refer note 54)	(110.67)	-	-	-	-	-	-	-	(110.67)
Net carrying amount (deemed cost) as at 1st April, 2016	1,575.97	5,665.00	8,717.81	325.57	925.11	168.64	1,245.32	117.03	18,740.45



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Note II: Deemed cost of Intangible Assets

Particulars	Software	Technical Know How	Total
Gross carrying amount as per previous GAAP			
As at 1 st April, 2016	269.39	1,568.61	1,838.00
Accumulated depreciation as per previous GAAP			
As at 1 st April, 2016	164.10	905.61	1,069.71
Net carrying amount (deemed cost) as at 1st April, 2016	105.29	663.00	768.29

6. Investments

	Non-current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(a) Investment in equity shares of joint venture company at cost			
Unquoted			
PPAP Tokai India Rubber Private Limited 48,500,000 (31 st March, 2017: 48,500,000, 1 st April, 2016: 37,500,000) Equity Shares of ₹ 10 each fully paid up	4,853.00	4,853.00	3,753.00
Total	4,853.00	4,853.00	3,753.00
(b) Investments in equity shares of associates at cost			
Unquoted			
PPAP Automotive Chennai Private Limited 4,000 (31 st March, 2017: 4,000; 1 st April, 2016: 4,000) Equity Shares of ₹ 10 each fully paid up	0.40	0.40	0.40
PPAP Automotive Technology Private Limited 4,000 (31 st March, 2017: 4,000; 1 st April, 2016: 4,000) Equity Shares of ₹ 10 each fully paid up	0.40	0.40	0.40
PPAP Automotive Systems Private Limited 4,000 (31 st March, 2017: 4,000; 1 st April, 2016: 4,000) Equity Shares of ₹ 10 each fully paid up	0.40	0.40	0.40
	1.20	1.20	1.20
Total	4,854.20	4,854.20	3,754.20
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate value of unquoted investments	4,854.20	4,854.20	3,754.20
Aggregate amount of impairment in value of investments	-	-	-

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

7. Other Financial Assets (Unsecured, considered good)	Non-current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Security deposits	235.65	167.94	163.97	-	-	-
Bank deposits (having maturity more than 12 months)	203.12	214.37	167.41	-	-	-
Government grant receivable	-	-	-	402.78	234.49	256.42
Interest accrued on deposits	-	-	-	0.38	0.43	-
Derivative instruments at fair value through profit or loss						
Foreign exchange forward contracts receivables	-	-	-	4.43	-	-
Total	438.77	382.31	331.38	407.59	234.92	256.42

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.

8. Other Non-Current Assets (Unsecured, considered good)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Capital advances	697.32	279.91	254.39
Prepaid expenses	14.57	8.86	13.31
Deferred lease expense	-	6.61	15.52
MAT credit entitlement	-	-	141.85
Total	711.89	295.38	425.07

9. Inventories	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Raw materials	1,570.80	1,393.27	2,180.12
Work-in-process	1,365.07	720.08	1,256.98
Finished goods	251.70	177.25	218.40
Stores and spares	8.06	14.32	14.66
Stock-in-transit	-	-	-
Total	3,195.63	2,304.92	3,670.16

Note:

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



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

10. Investments	Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Investments in mutual funds at fair value through profit & loss			
Birla Sun Life fund			
Birla Sun Life Cash Plus (G) Nil (31 st March, 2017: 68 units; 1 st April, 2016: 84 units)	-	0.18	0.20
Aditya Birla Sun Life Enhanced Arbitrage Fund (D) Nil (31 st March, 2017: 3,443 units; 1 st April, 2016: Nil)	-	0.37	-
Kotak Low Duration Fund	-	-	-
Kotak Low Duration-Standard (G) 755,027 units(31 st March, 2017: 755,027 units; 1 st April, 2016: Nil)	-	250.57	-
Total	-	251.12	0.20
11. Trade Receivables	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, considered good	5,523.17	4,879.66	3,816.35
Unsecured, considered doubtful	2.77	2.55	1.95
Less: Provision for doubtful receivables	2.77	2.55	1.95
Total	5,523.17	4,879.66	3,816.35
No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any Director is a partner, a director or a member.			
12. Cash and Cash Equivalents	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balances with banks			
On current accounts	124.49	208.81	3.54
Deposits with maturity of less than 3 months	-	-	-
Cash on hand	12.01	6.23	21.52
	136.50	215.04	25.06
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:			
Balance with banks			
On current accounts	124.49	208.81	3.54
Deposits with maturity of less than 3 months	-	-	-
Cash on hand	12.01	6.23	21.52
Total	136.50	215.04	25.06

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

13. Bank Balances other than (c) above	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Bank deposits with maturity for 3 to 12 months (earmarked balances with banks)	7.66	7.35	8.59
Total	7.66	7.35	8.59

14. Loans	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans to Related Parties			
Unsecured, considered good	-	-	-
Other loans			
(Unsecured, considered good)			
Loan to staff	22.98	32.59	6.92
Total	22.98	32.59	6.92

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.

15. Current Tax Assets (net)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income tax paid (net of provision of 31 st March, 2018: Nil; 31 st March, 2017: Nil; 1 st April, 2016: ₹ 463.48 lacs)	-	-	123.54
Total	-	-	123.54

16. Other Current Assets (Unsecured, considered good)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Advance to suppliers & contractors	530.99	1,219.49	899.81
Prepaid expenses	129.16	192.68	97.16
Balances with government authorities	386.78	571.42	457.70
Total	1,046.93	1,983.59	1,454.67



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

17. Equity Share Capital	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Authorized			
20,000,000 equity shares of ₹ 10 each (31 st March, 2017: 20,000,000, 1 st April, 2016: 20,000,000 equity shares of ₹ 10 each)	2,000.00	2,000.00	2,000.00
	2,000.00	2,000.00	2,000.00
Subscribed and fully paid up			
14,000,000 equity shares of ₹ 10 each (31 st March, 2017: 14,000,000, 1 st April, 2016: 14,000,000) equity shares of ₹ 10 each)	1,400.00	1,400.00	1,400.00
Total	1,400.00	1,400.00	1,400.00

A. Reconciliation of the shares outstanding at the beginning and at the end of the year (₹ in lacs)

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	14,000,000	1,400.00	14,000,000	1,400.00	14,000,000	1,400.00
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	14,000,000	1,400.00	14,000,000	1,400.00	14,000,000	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 dividend proposed by the Board of Directors is subject to the approval of shareholders in ensuing annual general meeting. The holder of share is entitled to voting rights proportionate to their shareholding.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Following shareholders hold equity shares more than 5% of the total equity shares of the Company:

Name of Shareholder	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Number of shares	% of holding in class	Number of shares	% of holding in class	Number of shares	% of holding in class
Ajay Kumar Jain	3,867,180	27.62	3,935,680	28.11	4,007,680	28.63
Abhishek Jain	1,002,404	7.16	1,002,404	7.16	1,002,404	7.16
Kalindi Farms Private Limited	1,844,082	13.17	1,834,757	13.11	1,807,591	12.91
Vinay Kumari Jain	533,890	3.81	533,890	3.81	931,890	6.66

D. Aggregate number and class of shares for a period of 5 years immediately preceding pursuant to contract(s) without payment being received in cash

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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	Nil

Notes to Financial Statements

for the year ended 31st March, 2018

	(₹ in lacs)
18. Other Equity	Amount
a) Securities Premium Reserve	
As at 1st April, 2016	7,000.00
Issue of equity shares	-
As at 31st March, 2017	7,000.00
Issue of equity shares	-
As at 31st March, 2018	7,000.00
b) Actuarial gains / losses on defined benefit employee obligations	
As at 1st April, 2016	(11.55)
Other comprehensive income for the year 2016-17	11.39
As at 31st March, 2017	(0.16)
Other comprehensive income for the year 2017-18	6.55
As at 31st March, 2018	6.39
c) General Reserve	
As at 1st April, 2016	1,158.95
Add: Transferred from retained earnings	-
As at 31st March, 2017	1,158.95
Add: Transferred from retained earnings	-
As at 31st March, 2018	1,158.95
d) Retained Earnings	
As at 1st April, 2016	12,169.78
Profit for the year 2016-17	2,505.38
Less: Final dividend paid	(140.00)
Less: Distribution tax paid on final dividend	(28.50)
Less: Interim dividend Paid	(175.00)
Less: Distribution tax paid on Interim dividend	(35.61)
As at 31st March, 2017	14,296.05
Profit for the year 2017-18	3,741.17
Less: Final dividend paid	(245.00)
Less: Distribution tax paid on final dividend	(49.89)
Less: Interim dividend Paid	(280.00)
Less: Distribution tax paid on Interim dividend	(57.00)
As at 31st March, 2018	17,405.33
Total other equity	
As at 31st March, 2018	25,570.67
As at 31st March, 2017	22,454.84
As at 1st April, 2016	20,317.18



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

19. Borrowings	Non-current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Secured						
Term loans						
Term loan from banks	1,746.60	3,140.31	4,530.08	-	-	-
Term loan from financial institution	748.79	669.80	388.52	-	-	-
Long-term maturities of finance lease obligations						
Obligations under finance leases from banks	343.59	558.92	628.04	-	-	-
Less: Current maturities	(1,195.00)	(1,601.38)	(1,567.55)	-	-	-
Working capital loans from banks (refer note III below)	-	-	-	121.09	826.76	1,336.80
Short Term Loans from banks						
Letter of credit (refer note III below)	-	-	-	-	-	111.32
Total	1,643.98	2,767.65	3,979.09	121.09	826.76	1,448.12

Terms of Borrowings

Type of loan	Loan outstanding			Rate of interest	Security Guarantee	Repayment terms
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016			
Term loan from banks	1,746.60	3,140.31	4,530.08	8.50% to 9.10% per annum	Refer note I	Repayable in 20 quarterly installments
Term loan from financial institution	748.79	669.80	388.52	Nil	Refer note II	Repayable in one installment after seven years from the date of disbursement i.e. 29.10.2015 for ₹ 809.38 lacs and 27.12.2016 for ₹ 499.71 lacs.
Obligations under finance leases from banks	343.59	558.92	628.04	10.25% to 13% per annum	Secured by way of hypothecation of vehicles.	Repayable in equal monthly installments of 18 to 60 months

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.

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

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

20. Provisions	Non-current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for employee benefits						
Provision for gratuity	559.57	490.06	435.79	62.39	47.43	44.51
Provision for compensated absences	111.60	87.97	79.22	21.91	17.45	13.61
(Refer note 36 for Ind AS 19 disclosures)						
Total	671.17	578.03	515.01	84.30	64.88	58.12

21. Income Taxes	As at 31.03.2018	As at 31.03.2017
The major components of income tax expense for the year ended 31 st March, 2018 and 31 st March, 2017 are:		
A. Statement of profit and loss		
(i) Profit & loss section		
Current income tax charge	1,956.00	1,084.14
Adjustments in respect of current income tax of previous year	5.33	(51.13)
MAT credit entitlement utilized / (claimed)	-	141.85
Deferred tax:		
Relating to origination and reversal of temporary differences	2.61	122.30
Income tax expense reported in the statement of profit & loss	1,963.94	1,297.16
(ii) Other Comprehensive Income Section		
Deferred tax related to items recognized in OCI during the year		
	As at 31.03.2018	As at 31.03.2017
Net loss / (gain) on remeasurements of defined benefit plans	(3.46)	(6.03)
Income tax charged to OCI	(3.46)	(6.03)



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for financial year ended 31st March, 2018 and 31st March, 2017.

	As at 31.03.2018	As at 31.03.2017
Accounting profit before tax from continuing operations	5,705.11	3,802.54
Profit / (loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	5,705.11	3,802.54
At India's statutory income tax rate of 34.61% (31 st March, 2017: 34.61%)	1,974.42	1,315.98
Adjustments in respect of current income tax of previous years	5.33	(51.13)
Net disallowances on which deferred tax is not recognized	9.65	40.86
Exempted income	(25.46)	(8.56)
Unabsorbed losses and depreciation carry forward and set off	-	-
At the effective income tax rate of 34.42% (31st March, 2016: 34.11%)	1,963.94	1,297.16
Income tax expense reported in the statement of profit and loss	1,963.94	1,297.16
Income tax attributable to a discontinued operation	-	-
	1,963.94	1,297.16

C. Deferred tax

Deferred tax relates to the following:	Balance sheet			Statement of profit and loss / OCI	
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017
Accelerated depreciation for tax purposes	810.88	794.70	684.46	(16.18)	(110.24)
Provision for gratuity & leave encashment	(168.74)	(129.79)	(88.63)	38.95	41.16
Provision for expected credit loss	(0.96)	(0.88)	(0.67)	0.08	0.21
Present valuation of security deposits	-	(0.19)	(0.30)	(0.19)	(0.11)
Present valuation of borrowings	329.37	300.64	241.29	(28.73)	(59.35)
Deferred tax (expense) / income				(6.07)	(128.33)
Net deferred tax (assets) / liabilities	970.55	964.48	836.15		

Reflected in the balance sheet as follows:

	As at 31.03.2018	As at 31.03.2017
Deferred tax assets	(169.70)	(130.86)
Deferred tax liabilities	1,140.25	1,095.34
Deferred tax liabilities, net	970.55	964.48

Reconciliation of deferred tax liabilities (net):

	As at 31.03.2018	As at 31.03.2017
Opening balance	964.48	836.15
Tax (income) / expense during the period recognized in profit & loss	2.61	122.30
Tax (income) / expense during the period recognized in OCI	3.46	6.03
Closing balance	970.55	964.48

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

22. Trade payables	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade payables			
- total outstanding dues of micro and small enterprises	82.94	90.15	175.02
- total outstanding dues of creditors other than micro and small enterprises	3,072.27	2,350.67	1,880.64
Total	3,155.21	2,440.82	2,055.66

23. Other Financial Liabilities	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Security deposits	1.50	3.14	1.50
Current maturities of long-term debt			
Term loans	1,000.00	1,400.00	1,400.00
Vehicle loans	195.00	201.38	167.55
Interest accrued on borrowings	7.66	13.66	21.58
Capital creditors	1,560.90	377.26	162.29
Creditors for expenses	736.36	316.80	139.17
Unclaimed dividends	6.38	6.49	7.83
Derivative instruments at fair value through profit or loss			
Foreign currency forward contracts	-	5.65	1.42
Total	3,507.80	2,324.38	1,901.34

Derivative instruments at fair value through profit or loss (FVTPL)

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.

24. Other Current Liabilities	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Advance from customers	230.12	1,130.35	771.46
Statutory dues payable	1,077.09	122.53	144.27
Total	1,307.21	1,252.88	915.73

25. Current Tax Liabilities (net)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income tax provision (net of advance tax 31 st March, 2018: ₹ 1,758.53 lacs; 31 st March, 2017: ₹ 651.22 lacs)	196.81	395.73	-
Total	196.81	395.73	-



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

26. Revenue From Operations	Year ended 31.03.2018	Year ended 31.03.2017
Sale of products		
Automotive parts	36,633.55	35,858.02
Moulds	3,986.47	3,043.98
Sale of services		
Job work charges received	68.48	27.53
	40,688.50	38,929.53
Other operating revenue		
VAT subsidy	27.79	153.90
Government grant	168.28	234.50
Total	40,884.57	39,317.93
27. Other Income	Year ended 31.03.2018	Year ended 31.03.2017
Other non operating income		
Interest income	28.60	27.83
Profit on sale of investment	19.18	15.70
Foreign exchange gain	47.20	76.02
Dividend received	12.81	-
Profit on sale of fixed assets	55.73	-
Gain on fair valuation of current investments	-	0.45
Rent received	88.17	82.41
Gain from de-recognition of other financial assets	0.55	0.67
Other miscellaneous income	6.32	3.61
Total	258.56	206.69
28. Cost of Materials Consumed	Year ended 31.03.2018	Year ended 31.03.2017
Raw material	16,730.16	14,974.23
Dyes & chemicals	212.41	179.55
Packing material	808.29	672.50
Accessories	2,632.27	2,025.48
Fabric	82.67	78.44
Total	20,465.80	17,930.20

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

29. Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Process	Year ended 31.03.2018	Year ended 31.03.2017
Inventories at the beginning of the year		
Work-in-process	221.71	273.34
Work-in-process of inhouse manufactured molds	392.10	389.67
Finished goods	177.25	218.40
Total inventories at the beginning of the year (A)	791.06	881.41
Inventories at the end of the year		
Work-in-process	350.33	221.71
Work-in-process of inhouse manufactured molds	751.03	392.10
Finished goods	251.70	177.25
Total inventories at the end of the year (B)	1,353.06	791.06
Work-in-process used from / (in fixed assets) (C)	-	18.22
Total (A - B + C)	(562.00)	108.57
30. Employee Benefits Expense	Year ended 31.03.2018	Year ended 31.03.2017
Salaries and wages	5,754.35	4,805.80
Contribution to provident and other funds	268.78	226.15
Staff welfare expenses	299.72	294.36
Total	6,322.85	5,326.31
31. Finance Costs	Year ended 31.03.2018	Year ended 31.03.2017
Interest expense	389.83	552.70
Other borrowing costs	52.56	74.10
Total	442.39	626.80
32. Depreciation and Amortization Expense	Year ended 31.03.2018	Year ended 31.03.2017
Depreciation of property, plant and equipment (refer note 3)	2,377.66	2,227.31
Amortization of intangible assets (refer note 5)	221.30	211.23
Total	2,598.96	2,438.54



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

33. Other Expenses	Year ended 31.03.2018	Year ended 31.03.2017
Other manufacturing expenses		
Stores and spares consumed	173.14	259.61
Power and fuel	945.39	774.78
Excise duty variance on opening and closing Stocks	(22.96)	20.85
Factory expenses	155.95	152.27
Repair & maintenance		
Machinery	250.31	292.93
Building	166.62	76.14
Others	162.78	177.71
Administrative and other expenses		
Rent	196.97	184.28
Rates & taxes	40.67	11.47
Listing expenses	5.88	3.55
Postage & telephone expenses	64.74	71.38
Printing & stationery	126.83	102.96
Traveling & conveyance expenses	622.61	536.80
Office electricity & water	3.19	1.90
Insurance charges	90.66	81.19
Factory security	91.81	73.08
Legal & professional charges	370.77	284.68
Motor car expenses	29.49	25.77
Bank charges	14.84	7.11
Fees & subscription	34.38	23.32
Provision for bad & doubtful debts	0.21	0.61
Corporate social responsibility expenses (refer note 52)	36.69	16.72
Directors sitting fees	14.19	11.34
Payment to collaborators / royalty	433.29	354.69
Charity & donation	0.23	0.64
Miscellaneous expenses	42.35	54.99
Auditors' remuneration		
- As audit fees	7.77	7.00
- For tax audit, certification & tax representations	9.18	8.33
- For other matters	9.25	1.36
- For reimbursement of expenses	0.15	0.27
Selling & Distribution Expenses		
Freight & forwarding expenses	920.20	812.83
Advertisement, publicity & sales promotion	50.20	44.37
Total	5,047.78	4,474.93

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

34. Components of Other Comprehensive Income (OCI)	Actuarial gains / losses on defined benefit employee obligations	Total
The disaggregation of changes to OCI by each type of reserve in equity is shown below:		
During the year ended 31 st March, 2018		
Remeasurement gains / (losses) on defined benefit plans	10.01	10.01
Income tax effect	(3.46)	(3.46)
Total	6.55	6.55
During the year ended 31 st March, 2017		
Remeasurement gains / (losses) on defined benefit plans	17.42	17.42
Income tax effect	(6.03)	(6.03)
Total	11.39	11.39

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 31.03.2018	Year ended 31.03.2017
Profit for the year as per statement of profit & loss	3,741.17	2,505.38
Profit attributable to equity holders of the Company for basic earnings	3,741.17	2,505.38
No. of Shares		
Weighted average number of equity shares in calculating basic EPS	14,000,000	14,000,000
effect of dilution:	-	-
Weighted average number of equity shares in calculating diluted EPS	14,000,000	14,000,000
Earnings per equity share in ₹		
Basic	26.72	17.90
Diluted	26.72	17.90
Face value of each equity share (in ₹)	10.00	10.00

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 ₹ 195.22 lacs (31st March, 2017: ₹ 170.90 lacs)



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(₹ in 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:

	31.03.2018	31.03.2017	01.04.2016
Defined benefit obligation at the beginning of the year	537.49	480.30	-
Current service cost	62.11	52.21	-
Past service cost	17.67	-	-
Interest cost	40.53	38.42	-
Benefits paid	(25.83)	(16.02)	-
Actuarial (gain) / loss on obligations-OCI	(10.01)	(17.42)	-
Defined benefit obligation at the end of the year	621.96	537.49	480.30

Changes in the fair value of plan assets are as follows:

	31.03.2018	31.03.2017	01.04.2016
Fair value of plan assets at the beginning of the year	-	-	-
Contribution by employer	-	-	-
Benefits paid	-	-	-
Expected Interest Income on plan assets	-	-	-
Actuarial gain / (loss) on plan asset	-	-	-
Fair value of plan assets at the end of the year	-	-	-

Reconciliation of fair value of plan assets and defined benefit obligation:

	31.03.2018	31.03.2017	01.04.2016
Fair value of plan assets	-	-	-
Defined benefit obligation	621.96	537.49	480.30
Amount recognised in the Balance Sheet	621.96	537.49	480.30

Amount recognised in statement of profit and loss

	31.03.2018	31.03.2017
Current service cost	62.11	52.21
Net interest expense	40.53	38.42
Amount recognised in statement of profit and loss	102.64	90.63

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(₹ in lacs)

Amount recognised in Other Comprehensive Income:

	31.03.2018	31.03.2017
Actuarial changes arising from changes in demographic assumptions		
Actuarial changes arising from changes in financial assumptions	29.83	(11.88)
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial gain / (loss) arising from experience adjustments	(39.84)	(5.54)
Amount recognised in Other Comprehensive Income	(10.01)	(17.42)

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

	31.03.2018	31.03.2017	01.04.2016
Discount rate	7.71%	7.54%	8.00%
Expected rate of return on plan assets	NA	NA	NA
Future salary increases	6.25%	5.60%	6.25%
Attrition rate (up to 30 years)	3.00%	3.00%	3.00%
Attrition rate (from 30 to 45 years)	2.00%	2.00%	2.00%
Attrition rate (above 45 years)	1.00%	1.00%	1.00%
Retirement age	58 years	58 years	58 years

A quantitative sensitivity analysis for significant assumption as at 31st March, 2018 and 31st March, 2017 are as shown below:

Gratuity plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Assumptions				
Discount rate	+0.50%	+0.50%	(31.19)	(28.13)
	-0.50%	-0.50%	33.82	30.52
Future salary increases	+0.50%	+0.50%	33.73	30.95
	-0.50%	-0.50%	(31.38)	(28.76)

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 ₹ 140.33 lacs.



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(₹ in lacs)

The expected maturity analysis of undiscounted gratuity is as follows:

	31.03.2018	31.03.2017
Within the next 12 months (next annual reporting period)	62.39	47.43
Between 1 to 2 years	9.89	9.20
Between 2 to 3 years	14.92	11.95
Between 3 to 4 years	22.26	17.64
Between 4 to 5 years	24.98	18.29
Between 5 to 6 years	13.05	8.22
Over 6 years	474.47	424.76
Total expected payments	621.96	537.49

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 17.23 years (31st March, 2017: ₹ 16.83 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 ₹ 196.97 lacs (31st March, 2017: ₹ 184.28 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2018	As at 31.03.2017
Not later than one year	162.65	196.97
Later than one year and not later than five years	-	-
Later than five years	-	-
	162.65	196.97

Operating leases given

The Company has given certain properties on operating lease arrangements. The lease income recognized in the statement of profit and loss is ₹ 88.17 lacs (31st March, 2017: ₹ 82.41 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2018	As at 31.03.2017
Not later than one year	81.36	88.17
Later than one year and not later than five years	-	-
Later than five years	-	-
	81.36	88.17

38. Commitments

- (i) Retention charges and capital commitments (net of advances) are ₹ 302.67 lacs (31st March, 2017: ₹ 791.59 lacs; 1st April, 2016: ₹ 541.02 lacs)

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(₹ in lacs)

39. Contingent Liabilities	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Contingent liabilities not provided for in respect of			
Letters of guarantees	1,376.11	1,435.79	809.38
Letters of credit	326.69	266.62	98.22
Assignment of receivables	234.76	436.93	-
Income tax appeal			
For assessment year 2003-04	-	-	0.56
For assessment year 2010-11	18.77	18.77	18.77
For assessment year 2011-12	-	2.43	2.43
For assessment year 2012-13	3.00	3.00	3.00
GST (includes excise and sales tax demands) / Entry tax	201.03	2.57	73.29
Civil suit	-	84.55	84.55
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	103.57

Notes :-

- (i) A demand of ₹ 29.40 lacs has been raised for the assessment year 2010-11. The Hon'ble CIT(A) has partly allowed the appeal in our favour. However department has filed the appeal with ITAT(Delhi) against the order of the allowability of the royalty amount. Balance liability of ₹ 10.63 lacs has been accepted and paid by the Company. ITAT has referred back the case to assessing officer for recomputation of income.
- (ii) A demand of ₹ 2.43 lacs has been raised for the assessment year 2011-12. The Hon'ble CIT(A) has decided the case in our favour. However department has filed the appeal with ITAT(Delhi) against the order of the allowability of the royalty amount. The case has been decided in our favour and ITAT has deleted the demand.
- (iii) A demand of ₹ 3.00 lacs has been raised for the assessment year 2012-13. The Hon'ble CIT(A) has decided the case in our favour. The department has filed an appeal with ITAT (Delhi).
- (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) Joint Commissioner has demanded ₹ 2.69 lacs towards reversal of input tax credit on consumable goods for the assessment year 2013-14. We have filed an appeal before the Additional Commissioner (Appeals) against the said demand. Additional Commissioner (Appeals) has granted stay of 50% of total demand.
- (viii) A demand of ₹ 84.55 lacs had been raised by BSES Rajdhani Limited for making payments of arrears for the misuse of electricity. The Company had filed a suit against BSES with District Court and won the case in its favour. However, BSES had filed an appeal with Hon'ble High Court. The case has been decided in our favour and the Hon'ble High Court set aside the said demand.



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(₹ in lacs)

- (ix) 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.
- (x) Demand of excise duty of ₹ 42.11 lacs along with penalty of ₹ 42.11 lacs was imposed on the Company by Additional Commissioner, Central Commissionerate, Noida, for cenvat credit taken on payment of duty through DEPB license, under the Central Excise Act, 1944. The Company filed before the Commissioner (Appeals), Central Excise, Noida. The Commissioner (Appeals) rejected the appeal. The Company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) which has been decided in favor of the Company. The department approached the Allahabad High Court against the order of CESTAT. The High Court remanded the case back to Allahabad CESTAT for hearing it again.
- (xi) 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.
- (xii) 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.

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
(c) Relatives of KMP	1. Mrs. Vinay Kumari Jain, Director
(d) Associates	1. PPAP Automotive Chennai Private Limited
	2. PPAP Automotive Technology Private Limited
	3. PPAP Automotive Systems Private Limited
(e) Related Parties in the group where common control exists	1. Kalindi Farms Private Limited

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	Associates	Total
Rent & lease charges paid					
Kalindi Farms Private Limited	31.03.2018	77.70	-	-	77.70
	31.03.2017	81.90	-	-	81.90
Material / license purchases					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	0.66	-	0.66
	31.03.2017	-	1.78	-	1.78
Receipts for other services*					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	430.55	-	430.55
	31.03.2017	-	376.71	-	376.71
Sales					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	276.17	-	276.17
	31.03.2017	-	34.41	-	34.41

*Other services include management support fee, reimbursement of expenses, job work charges and rental income.

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(₹ in lacs)

Net Outstanding Balance

Related Party	Period	Related Parties where common control exists	Joint Ventures	Associates	Total
Trade receivable					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	35.42	-	35.42
	31.03.2017	-	35.50	-	35.50
	01.04.2016	-	13.60	-	13.60

Details relating to remuneration of KMP & their relatives

Name of KMP	31.03.2018		31.03.2017	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	233.09	-	140.31	-
Mr. Abhishek Jain	263.57	-	164.31	-
Mrs. Vinay Kumari Jain	-	3.20	-	2.60

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 as 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	31.03.2018	31.03.2017	01.04.2016
(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	82.94	90.15	175.02
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.	-	-	-



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for the year ended 31st March, 2018

(₹ in lacs)

43. Fair Values Measurements

(i) Financial instruments by category

Particulars	31.03.2018		31.03.2017		01.04.2016	
	FVTPL	Amortized cost	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets						
Investments (non current)	-	4,854.20	-	4,854.20	-	3,754.20
Other financial assets (non current)	-	438.77	-	382.31	-	331.38
Investments (current)	-	-	251.12	-	0.20	-
Trade receivables	-	5,523.17	-	4,879.66	-	3,816.35
Cash and cash equivalents	-	136.50	-	215.04	-	25.06
Bank balances other than (c) above	-	7.66	-	7.35	-	8.59
Loans	-	22.98	-	32.59	-	6.92
Other financial assets (current)	4.43	403.16	-	234.92	-	256.42
Total financial assets	4.43	11,386.44	251.12	10,606.07	0.20	8,198.92
Financial liabilities						
Borrowings (non current)	-	1,643.98	-	2,767.65	-	3,979.09
Borrowings (current)	-	121.09	-	826.76	-	1,448.12
Trade payables	-	3,155.21	-	2,440.82	-	2,055.66
Other financial liabilities (current)	-	3,507.80	5.65	2,318.73	1.42	1,899.92
Total financial liabilities	-	8,428.08	5.65	8,353.96	1.42	9,382.79

(ii) Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized 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, 2018:

	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	31.03.2018	-	-	-	-
Foreign currency forward contracts	31.03.2018	4.43	4.43	-	-

There have been no transfers between Level 1 and Level 2 during the period.

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(₹ in lacs)

Financial assets and liabilities measured at fair value - recurring fair value measurements for which fair values are disclosed at 31st March, 2017:

	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	31.03.2017	251.12	251.12	-	-
Financial liabilities					
Foreign currency forward contracts	31.03.2017	5.65	5.65	-	-

There have been no transfers between Level 1 and Level 2 during the period.

Financial assets and liabilities measured at fair value-recurring fair value measurements for which fair values are disclosed at 1st April, 2016:

	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	01.04.2016	0.20	0.20	-	-
Financial liabilities					
Foreign currency forward contracts	01.04.2016	1.42	1.42	-	-

There have been no transfers between Level 1 and Level 2 during the period.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March, 2018:

	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					
Security deposits paid	31.03.2018	235.65	-	-	235.65

There have been no transfers between Level 1 and Level 2 during the period.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March, 2017:

	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					
Security deposits paid	31.03.2017	167.94	-	-	167.94

There have been no transfers between Level 1 and Level 2 during the period.



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(₹ in lacs)

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 1st April, 2016:

	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					
Security deposits paid	01.04.2016	163.97	-	-	163.97

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 values of the Company's investments in mutual funds has been determined by multiplying the number of units held at the year end to the closing NAV.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of security deposits is determined using discounted cash flow analysis.

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 also holds FVTPL investments in quoted mutual funds.

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 summarized 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 analyses of the above mentioned risk in the following sections relate to the position as at 31st March, 2018 and 31st March, 2017.

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, 2018 and 31st March, 2017.

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.

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(₹ in lacs)

	Increase / decrease in basis points	Effect on profit before tax
31.03.2018		
INR	+50	(11.07)
INR	-50	11.07
31.03.2017		
INR	+50	(22.68)
INR	-50	22.68

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
31.03.2018	+5%	(6.58)
	-5%	6.58
31.03.2017	+5%	3.06
	-5%	(3.06)
	Change in JPY rate	Effect on profit before tax
31.03.2018	+5%	(39.69)
	-5%	39.69
31.03.2017	+5%	1.49
	-5%	(1.49)
	Change in EURO rate	Effect on profit before tax
31.03.2018	+5%	0.69
	-5%	(0.69)
31.03.2017	+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 minimize the concentration of risks and therefore mitigate financial loss through counterparty failure.



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(₹ in lacs)

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.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

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 summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31.03.2018					
Borrowings (non current)	298.75	896.25	1,707.97	499.71	3,402.68
Borrowings (current)	121.09	-	-	-	121.09
Trade payables	3,155.21	-	-	-	3,155.21
Other financial liabilities (current)	2,312.80	-	-	-	2,312.80
Total	5,887.85	896.25	1,707.97	499.71	8,991.78
Year ended 31.03.2017					
Borrowings (non current)	400.35	1,201.04	2,107.54	1,309.09	5,018.01
Borrowings (current)	826.76	-	-	-	826.76
Trade payables	2,440.82	-	-	-	2,440.82
Other financial liabilities (current)	723.00	-	-	-	723.00
Total	4,390.93	1,201.04	2,107.54	1,309.09	9,008.59
As at 01.04.2016					
Borrowings (non current)	391.89	1,175.66	3,610.49	809.38	5,987.42
Borrowings (current)	1,448.12	-	-	-	1,448.12
Trade payables	2,055.66	-	-	-	2,055.66
Other financial liabilities (current)	333.79	-	-	-	333.79
Total	4,229.46	1,175.66	3,610.49	809.38	9,824.99

IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is in automotive components manufacturing business and the management have assessed risk concentration as low.

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

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, 2018.

	31.03.2018	31.03.2017	01.04.2016
Borrowings (non current)	1,643.98	2,767.65	3,979.09
Borrowings (current)	121.09	826.76	1,448.12
Trade payables	3,155.21	2,440.82	2,055.66
Other financial liabilities (current)	3,507.80	2,324.38	1,901.34
Total Debts	8,428.08	8,359.61	9,384.21
Less: Cash and cash equivalents	136.50	215.04	25.06
Net debts	8,291.58	8,144.57	9,359.15
Total equity	26,970.67	23,854.84	21,717.18
Total debt and equity	35,262.25	31,999.41	31,076.33
Gearing ratio (%)	23.90	26.12	30.20

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:

	31.03.2018	31.03.2018	31.03.2017	31.03.2017	01.04.2016	01.04.2016
	Foreign currency	Amount	Foreign currency	Amount	Foreign currency	Amount
Foreign trade payables						
USD in lacs	7.40	481.79	0.82	53.30	0.36	24.93
JPY in lacs	1,893.71	1,160.73	491.48	284.86	688.30	3,931.12
Foreign trade receivables / advances						
USD in lacs	5.38	350.23	1.77	114.48	1.29	86.84
JPY in lacs	598.80	367.03	542.81	314.61	90.52	52.96
EURO in lacs	0.17	13.88	-	-	0.10	7.44

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.



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

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, 2017	Provided during the year	Paid / Adjusted During the year	Balance as on 31 st March, 2018
Non-current provisions				
Gratuity	537.49	110.30	(25.83)	621.96
Accumulated leaves	105.42	68.71	(40.62)	133.50
Income Tax	395.73	1,961.33	(2,160.25)	196.81
Total	1,038.64	2,140.34	(2,226.70)	952.27

50. Dividends Paid and Proposed

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A Paid during the year:		
Interim dividend of ₹ 2.00 per equity share (FY 2016-17: ₹ 1.25 per equity share) of ₹ 10/- each (Including dividend distribution tax of ₹ 57.00 lacs, FY 2016-17: ₹ 35.61 lacs)	337.00	210.61
Final dividend for FY 2016-17: ₹ 1.75 per share (FY 2015-16: ₹ 1 per share) (Including dividend distribution tax of ₹ 49.89 lacs, FY 2015-16: ₹ 28.50 lacs)	294.89	168.50
	631.89	379.11
B Proposed for approval at the annual general meeting (not recognized as a liability):		
Final dividend for FY 2017-18: ₹ 2.50 per share (FY 2016-17: ₹ 2.00 per share) (Including dividend distribution tax of ₹ 71.25 lacs, FY 2016-17: ₹ 57 lacs)	421.25	294.89
	421.25	294.89

51. Disclosure under Ind AS 7 'Statement of Cash Flows'

Effective 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.

	31.03.2017	Cash flows	Non-cash changes Fair value changes	31.03.2018
Longterm borrowings	4,369.03	(1,615.33)	85.28	2,838.98
Short term borrowings	826.76	(705.67)	-	121.09
Total liabilities from financing activities	5,195.79	(2,321.00)	85.28	2,960.07

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

52. Details of Corporate Social Responsibility (CSR) expenditure	31.03.2018	31.03.2017
Amount required to be spent as per Section 135 of the Companies Act, 2013	48.58	28.46
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	36.69	16.72

53. Research and development expenditure

Particulars	31.03.2018	31.03.2017
Capital expenditure	11.52	111.00
Revenue expenditure	446.19	673.00

54 First time adoption of Ind AS

The financial statements, for the year ended 31st March, 2018, are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company has prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

Exemptions applied:

1. Mandatory exceptions;

a) Estimates

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of previous GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2016, the date of transition to Ind AS and as of 31st March, 2017.

b) De-recognition of financial assets

The Company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets

Financial Instruments

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortized cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortized cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

d) Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that estimation of significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognized a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized (unless that financial instrument is low credit risk at a reporting date).

2. Optional exemptions

a. Deemed cost Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, capital work-in-progress and intangible assets at their previous GAAP carrying value.

b. Lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts / arrangements.

c. Investment in subsidiaries, jointly controlled entities and associates in standalone financial statements

At transition date, entity may choose to account for its investment at:

- Cost as per Ind AS 27 determined at transition date.
- Fair value as per Ind AS 113 (only on transition date).
- Previous GAAP carrying amount.
- Fair value as per Ind AS 109 (recurring fair valuation without recycling).

The Company has elected to apply previous GAAP carrying amount exemption.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile total equity and total comprehensive income for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

Particulars	Notes to first time adoption	31.03.2017	01.04.2016
Total equity (shareholder's funds) as per previous GAAP		23,222.63	21,042.67
Adjustments			
De-recognition of proposed dividend	Note-1	-	168.50
Reversal of amortization on lease hold land	Note-2	110.67	110.67
Fair valuation of mutual funds	Note-3	0.46	0.01
Measurement of certain financial assets at amortized cost	Note-4	(0.55)	(0.88)
Measurement of certain financial liabilities at amortized cost	Note-5	823.74	638.48
Provision for expected credit loss on trade receivables	Note-6	(2.56)	(1.95)
Deferred tax impact on above adjustments		(299.57)	(240.32)
Total adjustments		632.19	674.51
Total equity as per Ind AS		23,854.82	21,717.18

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

2 Reconciliation of total comprehensive income for the year ended 31st March, 2017

Particulars	Notes to first time adoption	31.03.2017
Profit after tax as per previous GAAP		2,390.59
Adjustments		
Fair valuation of mutual funds	Note-3	0.45
Measurement of certain financial assets at amortized cost	Note-4	0.33
Measurement of certain financial liabilities at amortized cost	Note-5	185.26
Provision for expected credit loss on trade receivables	Note-6	(0.61)
Deferred tax impact on above adjustments		(53.22)
Remeasurement of defined benefit obligations reclassified to (OCI)	Note-7	(17.42)
Total adjustments		114.79
Profit for the year ended 31st March, 2017		2,505.38
Other comprehensive income (OCI)		
Remeasurement of defined benefit obligations reclassified to (OCI)	Note-7	17.42
Deferred tax impact on above adjustments		(6.03)
Total comprehensive income for the year ended 31st March, 2017		2,516.77

3 Reconciliation of statement of cash flows for the year ended 31st March, 2017 (refer note 8 below)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	7,005.45	0.02	7,005.43
Net cash flow from investing activities	(4,268.03)	(0.02)	(4,268.01)
Net cash used in financing activities	(2,547.46)	(0.02)	(2,547.44)
Net increase / decrease in cash and cash equivalents	189.96	(0.02)	189.98
Cash and cash equivalents at the 1 st April, 2016	25.06	-	25.06
Cash and cash equivalents at the 31st March, 2017	215.02	(0.02)	215.04

Note-1

De-recognition of proposed dividend

Under the Indian GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting.

Note-2

Reversal of amortization of leasehold land classified as finance lease

Under Indian GAAP, the leasehold land was recognized as property, plant and equipment and the same was amortized during the tenure of the lease. Under Ind AS, the leasehold land has been classified as finance lease and hence the amortization is reversed as land is considered to have infinite useful life.

Note-3

Fair valuation of current investments

Under Indian GAAP, the mutual funds classified as current investments were valued at lower of cost and fair value. Under Ind AS the same are classified as financial assets and are valued at FVTPL.



Notes to Financial Statements

for the year ended 31st March, 2018

Note-4

Measurement of certain financial assets at amortized cost

Under previous GAAP, the security deposits paid for lease rent are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting period. Accordingly, the difference between the transaction and discounted value of the security deposits paid towards lease rent is recognized as deferred lease expense and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

Note-5

Measurement of certain financial liabilities at amortized cost

Interest free loan-Government grant

Under the previous GAAP, interest free loan from the government has been presented in the Balance Sheet by showing it as a part of borrowings. Under Ind AS the benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined by discounted cash flow analysis and the proceeds received.

Other long term borrowings:

Under the previous GAAP, the transaction costs relating to long term borrowings were charged to profit or loss as and when incurred. However, under Ind transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Note-6

Provision for expected credit loss on trade receivables

Under Indian GAAP, the Company created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL).

Note-7

Remeasurement of defined benefit obligations reclassified to other comprehensive income (OCI)

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses] are recognized immediately in the balance sheet with a corresponding debit or credit to other equity through OCI.

Note-8

Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

Note-9

Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

55. Reconciliation of equity as at 1st April, 2016

Particulars	Indian GAAP As at 01.04.2016	Ind AS adjustments	Ind AS As at 01.04.2016
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	18,629.78	110.67	18,740.45
(b) Capital work-in-progress	45.10	-	45.10
(d) Other intangible assets	768.29	-	768.29
(e) Financial Assets			
(i) Investments	3,754.20	-	3,754.20
(ii) Loans	758.55	(758.55)	-
(iii) Others financial assets	-	331.38	331.38
(e) Other non-current assets	167.41	257.66	425.07
(2) Current assets			
(a) Inventories	3,670.16	-	3,670.16
(b) Financial assets			
(i) Investments	0.20	-	0.20
(ii) Trade receivables	3,818.31	(1.96)	3,816.35
(iii) Cash and cash equivalents	33.65	(8.59)	25.06
(iv) Bank balances other than (iii) above	-	8.59	8.59
(v) Loans	1,475.21	(1,468.29)	6.92
(vi) Other financial assets	-	256.42	256.42
(c) Current tax assets (net)	-	123.54	123.54
(d) Other current assets	-	1,454.67	1,454.67
Total	33,120.86	305.54	33,426.40
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	1,400.00	-	1,400.00
(b) Other equity	19,642.67	674.51	20,317.18
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	4,419.86	(440.77)	3,979.09
(b) Provisions	515.01	-	515.01
(c) Deferred tax liabilities (net)	595.85	240.30	836.15
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,448.12	-	1,448.12
(ii) Trade payables	2,057.08	(1.42)	2,055.66
(iii) Other financial liabilities	-	1,901.34	1,901.34
(b) Other current liabilities	2,791.39	(1,875.66)	915.73
(c) Provisions	250.88	(192.76)	58.12
(d) Current tax liabilities (net)	-	-	-
Total	33,120.86	305.54	33,426.40



Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Reconciliation of equity as at 31st March, 2017

Particulars	Indian GAAP As at 31.03.2017	Ind AS adjustments	Ind AS As at 31.03.2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	18,962.00	110.68	19,072.68
(b) Capital work-in-progress	317.55	-	317.55
(c) Intangible assets	639.14	-	639.14
(d) Financial assets			
(i) Investments	4,854.20	-	4,854.20
(ii) Loans	507.94	(507.94)	-
(ii) Others financial assets	-	382.31	382.31
(e) Other non-current assets	214.38	81.00	295.38
(2) Current assets			
(a) Inventories	2,304.92	-	2,304.92
(b) Financial assets			-
(i) Investments	250.66	0.46	251.12
(ii) Trade receivables	4,882.22	(2.56)	4,879.66
(iii) Cash and cash equivalents	222.39	(7.35)	215.04
(iv) Bank balances other than (iii) above	-	7.35	7.35
(v) Loans	2,032.26	(1,999.67)	32.59
(vi) Others financial assets	-	234.92	234.92
(c) Current tax assets (net)	-	-	-
(d) Other current assets	-	1,983.59	1,983.59
Total	35,187.66	282.79	35,470.45
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	1,400.00	-	1,400.00
(b) Other Equity	21,822.63	632.21	22,454.84
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	3,416.63	(648.98)	2,767.65
(b) Provisions	578.03	-	578.03
(c) Deferred tax liabilities (net)	664.91	299.57	964.48
(3) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	826.76	-	826.76
(ii) Trade payables	2,446.47	(5.65)	2,440.82
(iii) Other financial liabilities	-	2,324.38	2,324.38
(b) Other current liabilities	3,549.14	(2,296.26)	1,252.88
(c) Provisions	483.09	(418.21)	64.88
(d) Current tax Liabilities (net)	-	395.73	395.73
Total	35,187.66	282.79	35,470.45

Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Reconciliation of profit & loss for the year ended 31st March, 2017

Particulars	Indian GAAP Year ended 31.03.2017	Ind AS 31.03.2017	Ind AS Year ended 31.03.2017
Continuing Operations			
Revenue from operations	34,269.93	5,048.00	39,317.93
Other income	204.27	2.42	206.69
Total revenue	34,474.20	5,050.42	39,524.62
Expenses			
(a) Cost of materials consumed	17,930.20	-	17,930.20
(b) Purchases of finished, semi-finished and other products	-	-	-
(c) Changes in stock of finished goods, work-in-process and stock-in-trade	108.57	-	108.57
(d) Excise duty on sale of goods	-	4,816.73	4,816.73
(e) Employee benefit expense	5,308.89	17.42	5,326.31
(f) Finance costs	577.56	49.24	626.80
(g) Depreciation and amortization expense	2,438.54	-	2,438.54
(h) Other expenses	4,475.91	(0.98)	4,474.93
Total expenses	30,839.67	4,882.41	35,722.08
Profit/(loss) before exceptional items and tax	3,634.53	168.01	3,802.54
Exceptional Items	-	-	-
Profit/(loss) before and tax from continuing operations	3,634.53	168.01	3,802.54
Tax expense			
Current tax	1,084.14	-	1,084.14
Adjustment of tax relating to earlier periods	(51.13)	-	(51.13)
MAT credit entitlement utilized / (claimed)	141.85	-	141.85
Deferred tax	69.08	53.22	122.30
Total tax expense	1,243.94	53.22	1,297.16
Profit / (loss) after tax from continuing operations	2,390.59	114.79	2,505.38
Profit / (loss) for the period	2,390.59	114.79	2,505.38
Other comprehensive income	-	11.39	11.39
Items that will not be reclassified to profit & loss in subsequent periods:			
Remeasurements of the defined benefit liabilities / (asset)	-	17.42	17.42
Income tax relating to items that will not be reclassified to profit & loss	-	(6.03)	(6.03)
Total comprehensive income for the period	2,390.59	126.18	2,516.77

Re-classification

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

In terms of our report of even date annexed
For O.P. Bagla & Co. LLP
Chartered Accountants
F.R.N.: 000018N / N500091

Atul Bagla
Partner
(Membership No. 091885)

Place : Noida
Date : 21st May, 2018

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

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Manish Dhariwal
Chief Financial Officer

Abhishek Jain
CEO & Managing Director
DIN: 00137651

Sonia Bhandari
Company Secretary



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PPAP AUTOMOTIVE LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of **PPAP AUTOMOTIVE LIMITED** (hereafter referred as the holding company) and its Joint venture and Associates Companies (collectively referred to as "the Group"), which comprise the Balance Sheet as at 31st March, 2018, and 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 a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding 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 consolidated 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 group 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 consolidated Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the consolidated Ind AS financial statements in accordance with the standards on auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, its consolidated profit (including other comprehensive income), its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us, whose audit report for the year ended 31st March, 2017 & 31st March, 2016 dated 23rd May, 2017 & 19th May, 2016

respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below is not modified in respect of other matters as referred above.

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act is not applicable on consolidated financial statements as referred in proviso to para 2 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept 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 other comprehensive income), the consolidated cash flow statement and the 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 consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the directors of holding company and joint venture company as on 31st March, 2018 taken on record by the Board of Directors of holding company and joint venture Company and the reports of auditors of associates companies, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) We are enclosing herewith a report in Annexure I for our opinion on adequacy of internal financial controls system in place and the operating effectiveness of such controls.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements. Refer Note 39 to the financial statements.
 - ii. According to the information and explanations provided to us, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The amounts required to be transferred to the Investor Education and Protection Fund by the Holding company and joint venture and Associates companies during the year have generally been duly transferred within prescribed time.
 - iv. The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 have not been made since the requirement does not pertain to financial year ended 31st March, 2018.

For O P BAGLA & CO. LLP

Chartered Accountants

Firm Registration No. 000018N / N500091

Place : Noida

Dated : 21st May, 2018

Atul Bagla

Partner

Membership no. 091885



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)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of **PPAP AUTOMOTIVE LIMITED** (hereinafter referred to as "the Holding Company") and its joint venture and associates companies (collectively referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its joint venture and associates 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 (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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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;
- (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 Holding Company and its joint venture and associates companies which are companies incorporated in India, have, 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, 2018, 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 ICAI.

For O P BAGLA & CO. LLP

Chartered Accountants

Firm Registration No. 000018N / N500091

Place : Noida

Dated : 21st May, 2018**Atul Bagla**

Partner

Membership no. 091885



CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	20,484.91	19,072.68	18,740.45
Capital work-in-progress	4	1,182.99	317.55	45.10
Other Intangible assets	5	615.57	639.14	768.29
Financial assets				
a Investments	6	4,852.98	4,658.27	3,282.28
b Other financial assets	7	438.77	382.31	331.38
Other non-current assets	8	711.89	295.38	425.07
		28,287.11	25,365.33	23,592.57
Current assets				
Inventories	9	3,195.63	2,304.92	3,670.16
Financial assets				
a Investments	10	-	251.12	0.20
b Trade receivables	11	5,523.17	4,879.66	3,816.35
c Cash and cash equivalents	12	136.50	215.04	25.06
d Bank balances other than (c) above	13	7.66	7.35	8.59
e Loans	14	22.98	32.59	6.92
f Other financial assets	7	407.59	234.92	256.42
Current tax assets (net)	15	-	-	123.54
Other current assets	16	1,046.93	1,983.59	1,454.67
		10,340.46	9,909.19	9,361.91
Total Assets		38,627.57	35,274.52	32,954.48
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	1,400.00	1,400.00	1,400.00
Other equity	18	25,569.46	22,258.91	19,845.26
		26,969.46	23,658.91	21,245.26
LIABILITIES				
Non-current liabilities				
Financial liabilities				
a Borrowings	19	1,643.98	2,767.65	3,979.09
Provisions	20	671.17	578.03	515.01
Deferred tax liabilities (net)	21	970.55	964.48	836.15
Current liabilities				
Financial liabilities				
a Borrowings	19	121.09	826.76	1,448.12
b Trade payables	22	3,155.21	2,440.82	2,055.66
c Other financial liabilities	23	3,507.80	2,324.38	1,901.34
Other current liabilities	24	1,307.21	1,252.88	915.73
Provisions	20	84.30	64.88	58.12
Current tax liabilities (net)	25	196.80	395.73	-
Total liabilities		11,658.11	11,615.61	11,709.22
Total Equity and Liabilities		38,627.57	35,274.52	32,954.48

Significant accounting policies

2

The accompanying Notes 1 to 55 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

F.R.N.: 000018N / N500091

Atul Bagla

Partner

(Membership No. 091885)

Place : Noida

Date : 21st May, 2018

For and on behalf of the Board of Directors of

PPAP Automotive Limited

Ajay Kumar Jain

Chairman & Managing Director

DIN: 00148839

Manish Dhariwal

Chief Financial Officer

Abhishek Jain

CEO & Managing Director

DIN: 00137651

Sonia Bhandari

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Particulars	Notes	Year ended 31.03.2018	Year ended 31.03.2017
INCOME			
Revenue from operations	26	40,884.57	39,317.93
Other income	27	258.56	206.69
Total Income (I)		41,143.13	39,524.62
EXPENSES			
Cost of materials consumed	28	20,465.80	17,930.20
Changes in stock of finished goods, work-in-process and stock-in-trade	29	(562.00)	108.57
Excise duty on sale of goods		1,122.24	4,816.73
Employee benefits expense	30	6,322.85	5,326.31
Finance costs	31	442.39	626.80
Depreciation and amortization expense	32	2,598.96	2,438.54
Other expenses	33	5,047.78	4,474.93
Total Expenses (II)		35,438.02	35,722.08
Profit / (loss) before share of (profit) / loss of associates and a joint venture and tax from continuing operations (I-II)		5,705.11	3,802.54
Share of (profit) / loss of associates and a joint venture		189.88	290.54
Profit / (loss) before tax from continuing operations (I-II)		5,894.99	4,093.08
Tax expenses	21		
Current tax		1,956.00	1,084.14
Adjustment of tax relating to earlier periods		5.33	(51.13)
MAT credit entitlement utilized / (claimed)		-	141.85
Deferred tax		2.61	122.30
Profit / (loss) for the year		3,931.05	2,795.92
Other Comprehensive Income (OCI)	34		
Items that will not be reclassified to profit & loss in subsequent periods			
Remeasurement gains / (losses) on defined benefit plans		10.01	17.42
Share of other comprehensive income of associates and joint venture		1.10	(13.05)
Income tax effect on such items		0.28	(6.03)
Total other comprehensive income for the year, net of tax		11.39	(1.66)
Total comprehensive income for the year, net of tax		3,942.44	2,794.26
Earnings per equity share (computed on the basis of profit for the year)			
(1) Basic	35	28.08	19.97
(2) Diluted	35	28.08	19.97

Significant accounting policies

2

The accompanying Notes 1 to 55 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

F.R.N.: 000018N / N500091

Atul Bagla

Partner

(Membership No. 091885)

Place : Noida

Date : 21st May, 2018

For and on behalf of the Board of Directors of

PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Manish Dhariwal

Chief Financial Officer

Abhishek Jain

CEO & Managing Director

DIN: 00137651

Sonia Bhandari

Company Secretary



CONSOLIDATED CASH FLOWS

AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars		For the year ended 31.03.2018	For the year ended 31.03.2017
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		5,705.11	3,802.54
Adjusted for			
Depreciation and amortization expense	2,598.96		2,438.54
Profit on sale of fixed assets	(55.73)		-
Provision employee benefits	122.57		87.20
Interest paid	442.39		626.80
Changes in fair value of financial assets at fair value through profit or loss	-		(0.45)
Gain from de-recognition of other financial assets	(0.55)		(0.67)
Profit on sale of investments	(19.18)		(15.70)
Government grant	(168.28)		(234.50)
Interest income	(28.60)	2,891.58	(26.53)
Operating profit before working capital changes		8,596.69	6,677.23
Working capital adjustments			
Decrease / (increase) in inventories	(890.71)		1,365.24
Decrease / (increase) in trade and other receivables	(185.30)		(1,492.96)
Movement in trade and other payables	2,358.54		1,111.53
		1,282.53	983.81
Cash generated from operations		9,879.22	7,661.04
Direct taxes refunded / (paid)		(2,160.26)	(655.59)
Net cash from operating activities (A)		7,718.96	7,005.45
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant, equipment	(4,011.65)		(2,697.45)
Purchase of assets in CWIP	(865.44)		(272.45)
Purchase of intangible assets	(197.73)		(82.08)
Sale of tangible fixed assets	277.49		137.91
Sale / (purchase) of current investments	251.12		(250.47)
Profit on sale of investments	19.18		15.70
Investment in fixed deposits (purchased) / matured	10.94		(45.72)
Purchase of non-current investments	-		(1,100.00)

CONSOLIDATED CASH FLOWS

AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Interest income	28.60		26.53	
Net cash used in investing activities (B)		(4,487.49)		(4,268.03)
CASH FLOW FROM FINANCING ACTIVITIES				
Interest expenses	(357.12)		(577.56)	
Proceeds / (repayment) of long term borrowings	(1,615.33)		(969.41)	
Proceeds / (repayment) of short term borrowings	(705.67)		(621.36)	
Dividends paid (including dividend distribution tax)	(631.89)		(379.11)	
Net cash flow from financing activities (C)		(3,310.01)		(2,547.44)
Net increase in cash and cash equivalents (A+B+C)		(78.54)		189.98
Cash and cash equivalents as on 01.04.2016				25.06
Cash and cash equivalents as on 31.03.2017		215.04		
Cash and cash equivalents as on 31.03.2018		136.50		215.04
Components of cash and cash equivalents				
Cash on hand		12.01		6.23
Balance with banks				
On current accounts		124.49		208.81
Deposits with maturity of less than 3 months		-		-
		136.50		215.04

Significant accounting policies

Note 2

The accompanying Notes 1 to 55 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

F.R.N.: 000018N / N500091

Atul Bagla

Partner

(Membership No. 091885)

Place : Noida

Date : 21st May, 2018

For and on behalf of the Board of Directors of

PPAP Automotive Limited

Ajay Kumar Jain

Chairman & Managing Director

DIN: 00148839

Manish Dhariwal

Chief Financial Officer

Abhishek Jain

CEO & Managing Director

DIN: 00137651

Sonia Bhandari

Company Secretary



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2018

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, 2016	14,000,000	1,400.00
Issue of share capital	-	-
At 31st March, 2017	14,000,000	1,400.00
Issue of share capital	-	-
At 31st March, 2018	14,000,000	1,400.00

B. Other Equity

	Reserves and Surplus			Items of Other comprehensive income	Total equity (refer note 18)
	General Reserve	Securities Premium Reserve	Retained earnings	Remeasurement gains / (losses) on defined benefit plans	
As at 1st April, 2016	1,158.95	7,000.00	11,698.01	(11.70)	19,845.26
Net income / (loss) for the year	-	-	2,795.92	-	2,795.92
Other comprehensive income (note 34)	-	-	-	(1.66)	(1.66)
Total comprehensive income	-	-	2,795.92	(1.66)	2,794.26
Transaction cost of issue of equity by joint venture	-	-	(1.50)	-	(1.50)
Final dividend	-	-	(140.00)	-	(140.00)
Dividend distribution tax on final dividend	-	-	(28.50)	-	(28.50)
Interim dividend	-	-	(175.00)	-	(175.00)
Dividend distribution tax on interim dividend	-	-	(35.61)	-	(35.61)
As at 31st March, 2017	1,158.95	7,000.00	14,113.32	(13.36)	22,258.91
Net income / (loss) for the year	-	-	3,931.05	-	3,931.05
Other comprehensive income (note 34)	-	-	-	11.39	11.39
Total comprehensive income	-	-	3,931.05	11.39	3,942.44
Final dividend	-	-	(245.00)	-	(245.00)
Dividend distribution tax on final dividend	-	-	(49.89)	-	(49.89)
Interim dividend	-	-	(280.00)	-	(280.00)
Dividend distribution tax on interim dividend	-	-	(57.00)	-	(57.00)
As at 31st March, 2018	1,158.95	7,000.00	17,412.48	(1.97)	25,569.46

Significant accounting policies

Note 2

The accompanying Notes 1 to 55 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

F.R.N.: 000018N / N500091

Atul Bagla

Partner

(Membership No. 091885)

Place : Noida

Date : 21st May, 2018

For and on behalf of the Board of Directors of

PPAP Automotive Limited**Ajay Kumar Jain**

Chairman & Managing Director

DIN: 00148839

Manish Dhariwal

Chief Financial Officer

Abhishek Jain

CEO & Managing Director

DIN: 00137651

Sonia Bhandari

Company Secretary

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

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 (U.P.), Greater Noida (U.P.), Vallam Vadagal (Tamil Nadu), Pathredi (Rajasthan) and Viramgam (Gujarat). The Company was listed on the Indian Stock Exchange (BSE / NSE) in 2018. The financial statements of the Company for the year ended 31st March, 2018 were authorized for issue in accordance with a resolution of the Directors on 21st May, 2018.

In 2012, the Company has ventured into EPDM Rubber based automotive sealing systems by establishing a Joint Venture with its Technology Partner Tokai Kogyo Co. Limited-Japan.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended 31st March, 2017, the Company has prepared its financial statements in accordance with Indian GAAP including accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the first being prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except as when otherwise indicated.

2.2 Basis of Consolidation

(i) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

(ii) 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 (iii) below), after initially being recognized at cost in the consolidated balance sheet.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group’s share of the post-acquisition profits or losses of the investee in profit and loss, and the group’s share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including 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



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2.3(f) below.

2.3 Significant accounting policies

a. Current versus Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset / liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised / settled within twelve months after the reporting period, or;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period; and
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b. Property, plant and equipment

i) Tangible Assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at 31st March, 2016. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1st April, 2016.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition / installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection / overhaul / repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses / gains arising in case retirement / disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipment are provided to the extent of depreciable amount on the Straight Line 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:

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

Particulars	Useful lives
Dies and Moulds	6 years

Leasehold improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

The residual values, useful lives and methods of depreciation / amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii) Capital Work-in-Progress

Capital work-in-progress includes construction stores including material in transit / equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

c. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software and technical know-how are capitalised and amortised on straight line method over their estimated useful economic life of six years.

d. Research & Development Costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

e. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

f. Impairment of Non-Financial Assets

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

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

g. Inventories

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



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for the year ended 31st March, 2018

h. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

i. Foreign Currency Transactions

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

j. Taxes on Income

Current tax

Current tax is measured at the amount expected to be paid / recovered to / from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity / other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT), paid in accordance with the Income Tax Act, 1961 gives rise to expected future economic benefits in the form of adjustment of future tax liability arising within a specified period, is recognised as an asset only to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or

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for the year ended 31st March, 2018

substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity / other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. Employee benefits

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The Company's contribution to the provident fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to statement of profit and loss.

Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit & loss in subsequent periods.

Past service costs are recognised in statement of profit & loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

l. Royalty

The Company pays / accrues for royalty in accordance with the relevant licence agreement with the technical know-how provider. The lump sum royalty incurred towards obtaining technical assistance / technical know-how and engineering support to manufacture new parts, ownership of which rests with the technical know-how provider, is recognised as an intangible asset. Royalty payable on sales of products i.e. running royalty is charged to the statement of profit and loss as and when incurred.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.



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for the year ended 31st March, 2018

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- 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

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28th March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1st April, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

Ind AS 115, Revenue from Contract with Customers: On 28th March, 2018, the MCA has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1st April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services

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for the year ended 31st March, 2018

to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1st April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors; and
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial period beginning on or after 1st April, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

q. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r. Fair Value Measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

s. Financial Instruments

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

(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.



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Investment in subsidiaries, joint ventures and associates

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

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables and all lease receivables resulting from transactions within the scope of Ind AS 17.

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

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

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.

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for the year ended 31st March, 2018

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the Company estimates the following provision matrix at the reporting date:

	0-180 days past due	More than 180 days past due
Default rate	0.05%	2.00%

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

(b) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.



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for the year ended 31st March, 2018

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(d) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

t. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

u. Unless specifically stated to be otherwise, these policies are consistently followed.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

Judgements

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

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

(b) Defined Benefit Plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



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for the year ended 31st March, 2018

(₹ in lacs)

3. Property, Plant and Equipment

	Land	Factory Building	Plant & Machinery	Furniture & Fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
Cost									
As at 1 st April, 2016 (refer note I below)	1,575.97	5,665.00	8,717.81	325.57	925.11	168.64	1,245.32	117.03	18,740.45
Additions	43.25	82.10	1,920.38	31.59	249.05	50.33	245.48	75.27	2,697.45
Disposals	-	-	70.41	-	44.77	-	63.40	-	178.58
As at 31st March, 2017	1,619.22	5,747.10	10,567.78	357.16	1,129.39	218.97	1,427.40	192.30	21,259.32
Additions	144.57	1,554.91	1,696.38	72.03	203.86	73.38	186.70	79.82	4,011.65
Disposals	-	-	229.35	0.49	57.22	-	1.70	1.16	289.92
As at 31st March, 2018	1,763.79	7,302.01	12,034.81	428.70	1,276.03	292.35	1,612.40	270.96	24,981.05
Depreciation									
Depreciation charge for the year 2016-17	-	238.41	1,323.77	42.46	145.97	54.97	352.25	69.48	2,227.31
Disposals	-	-	11.69	-	25.14	-	3.84	-	40.67
As at 31st March, 2017	-	238.41	1,312.08	42.46	120.83	54.97	348.41	69.48	2,186.64
Depreciation charge for the year 2017-18	-	252.64	1,493.13	43.00	166.57	61.06	302.58	58.68	2,377.66
Disposals	-	-	32.28	0.04	34.52	-	0.27	1.05	68.16
As at 31st March, 2018	-	491.05	2,772.93	85.42	252.88	116.03	650.72	127.11	4,496.14
Net book value:									
As at 31 st March, 2018	1,763.79	6,810.96	9,261.88	343.28	1,023.15	176.32	961.68	143.85	20,484.91
As at 31 st March, 2017	1,619.22	5,508.69	9,255.70	314.70	1,008.56	164.00	1,078.99	122.82	19,072.68
As at 1 st April, 2016	1,575.97	5,665.00	8,717.81	325.57	925.11	168.64	1,245.32	117.03	18,740.45

4. Capital Work-in-Progress

	Plant & Machinery	Building Construction	Total
As at 1st April, 2016	38.68	6.42	45.10
Additions	681.50	22.65	704.15
Disposals / capitalizations	431.70	-	431.70
As at 31st March, 2017	288.48	29.07	317.55
Additions	1,051.94	1,906.76	2,958.70
Disposals / capitalizations	1,071.83	1,021.43	2,093.26
As at 31st March, 2018	268.59	914.40	1,182.99

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

5. Intangible Assets	Software	Technical Know How	Total
Cost			
As at 1 st April, 2016 (refer note II below)	105.29	663.00	768.29
Additions	23.28	58.80	82.08
Disposals	-	-	-
As at 31st March, 2017	128.57	721.80	850.37
Additions	109.31	88.42	197.73
Disposals	-	-	-
As at 31st March, 2018	237.88	810.22	1,048.10
Amortization			
Amortization charge for the year 2016-17	28.56	182.67	211.23
Disposals	-	-	-
As at 31st March, 2017	28.56	182.67	211.23
Amortization charge for the year 2017-18	35.80	185.50	221.30
Disposals	-	-	-
As at 31st March, 2018	64.36	368.17	432.53
Net book value			
As at 31 st March, 2018	173.52	442.05	615.57
As at 31 st March, 2017	100.01	539.13	639.14
As at 1 st April, 2016	105.29	663.00	768.29

Note I: Deemed cost of Property, Plant and Equipment

Particulars	Land	Factory Building	Plant & Machinery	Furniture & Fixtures	Vehicle	Office Equipment	Dies & Moulds	Computer	Total
Gross carrying amount as per previous GAAP									
As at 1 st April, 2016	1,575.97	6,795.53	14,887.52	465.62	1,308.91	393.55	3,756.51	352.01	29,535.62
Accumulated depreciation as per previous GAAP									
As at 1 st April, 2016	110.67	1,130.53	6,169.71	140.05	383.80	224.91	2,511.19	234.98	10,905.84
Ind AS transitional adjustment (refer note 54)	(110.67)	-	-	-	-	-	-	-	(110.67)
Net carrying amount (deemed cost) as at 1st April, 2016	1,575.97	5,665.00	8,717.81	325.57	925.11	168.64	1,245.32	117.03	18,740.45



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Note II: Deemed cost of Intangible Assets

Particulars	Software	Technical Know How	Total
Gross carrying amount as per previous GAAP			
As at 1 st April, 2016	269.39	1,568.61	1,838.00
Accumulated depreciation as per previous GAAP			
As at 1 st April, 2016	164.10	905.61	1,069.71
Net carrying amount (deemed cost) as at 1st April, 2016	105.29	663.00	768.29

6. Investments

	Non-current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(a) Investment in equity shares of joint venture company at cost			
Unquoted			
PPAP Tokai India Rubber Private Limited 48,500,000 (31 st March, 2017: 48,500,000, 1 st April, 2016: 37,500,000) Equity Shares of ₹ 10 each fully paid up	4,852.62	4,657.73	3,281.57
Total	4,852.62	4,657.73	3,281.57
(b) Investments in equity shares of associates at cost			
Unquoted			
PPAP Automotive Chennai Private Limited 4,000 (31 st March, 2017: 4,000; 1 st April, 2016: 4,000) Equity Shares of ₹ 10 each fully paid up	0.01	0.07	0.12
PPAP Automotive Technology Private Limited 4,000 (31 st March, 2017: 4,000; 1 st April, 2016: 4,000) Equity Shares of ₹ 10 each fully paid up	0.13	0.19	0.25
PPAP Automotive Systems Private Limited 4,000 (31 st March, 2017: 4,000; 1 st April, 2016: 4,000) Equity Shares of ₹ 10 each fully paid up	0.22	0.28	0.34
	0.36	0.54	0.71
Total	4,852.98	4,658.27	3,282.28
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate value of unquoted investments	4,852.98	4,658.27	3,282.28
Aggregate amount of impairment in value of investments	-	-	-

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

7. Other Financial Assets (Unsecured, considered good)	Non-current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Security deposits	235.65	167.94	163.97	-	-	-
Bank deposits (having maturity more than 12 months)	203.12	214.37	167.41	-	-	-
Government grant receivable	-	-	-	402.78	234.49	256.42
Interest accrued on deposits	-	-	-	0.38	0.43	-
Derivative instruments at fair value through profit or loss						
Foreign exchange forward contracts receivables	-	-	-	4.43	-	-
Total	438.77	382.31	331.38	407.59	234.92	256.42

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.

8. Other Non-Current Assets (Unsecured, considered good)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Capital advances	697.32	279.91	254.39
Prepaid expenses	14.57	8.86	13.31
Deferred lease expense	-	6.61	15.52
MAT credit entitlement	-	-	141.85
Total	711.89	295.38	425.07

9. Inventories	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Raw materials	1,570.80	1,393.27	2,180.12
Work-in-process	1,365.07	720.08	1,256.98
Finished goods	251.70	177.25	218.40
Stores and spares	8.06	14.32	14.66
Stock-in-transit	-	-	-
Total	3,195.63	2,304.92	3,670.16

Note:

For mode of valuation refer accounting policy number 2.3 (g)



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

10. Investments	Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Investments in mutual funds at fair value through profit & loss			
Birla Sun Life fund			
Birla Sun Life Cash Plus (G) Nil (31 st March, 2017: 68 units; 1 st April, 2016: 84 units)	-	0.18	0.20
Aditya Birla Sun Life Enhanced Arbitrage Fund (D) Nil (31 st March, 2017: 3,443 units; 1 st April, 2016: Nil)	-	0.37	-
Kotak Low Duration Fund	-	-	-
Kotak Low Duration-Standard (G) 755,027 units(31 st March, 2017: 755,027 units; 1 st April, 2016: Nil)	-	250.57	-
Total	-	251.12	0.20
11. Trade Receivables	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unsecured, considered good	5,523.17	4,879.66	3,816.35
Unsecured, considered doubtful	2.77	2.55	1.95
Less: Provision for doubtful receivables	(2.77)	(2.55)	(1.95)
Total	5,523.17	4,879.66	3,816.35
No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any Director is a partner, a director or a member.			
12. Cash and Cash Equivalents	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Balances with banks			
On current accounts	124.49	208.81	3.54
Deposits with maturity of less than 3 months	-	-	-
Cash on hand	12.01	6.23	21.52
	136.50	215.04	25.06
For the purpose of statement of cash flows, cash and cash equivalents comprises the following:			
Balance with banks			
On current accounts	124.49	208.81	3.54
Deposits with maturity of less than 3 months	-	-	-
Cash on hand	12.01	6.23	21.52
Total	136.50	215.04	25.06

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

13. Bank Balances other than (c) above	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Bank deposits with maturity for 3 to 12 months (earmarked balances with banks)	7.66	7.35	8.59
	7.66	7.35	8.59
14. Loans	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Loans to Related Parties			
Unsecured, considered good	-	-	-
Other loans			
(Unsecured, considered good)			
Loan to staff	22.98	32.59	6.92
Total	22.98	32.59	6.92
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.			
15. Current Tax Assets (Net)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income tax paid (net of provision of 31 st March, 2018: Nil; 31 st March, 2017: Nil; 1 st April, 2016: ₹ 463.48 lacs)	-	-	123.54
Total	-	-	123.54
16. Other Current Assets	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(Unsecured, considered good)			
Advance to suppliers & contractors	530.99	1,219.49	899.81
Prepaid expenses	129.16	192.68	97.16
Balances with government authorities	386.78	571.42	457.70
Total	1,046.93	1,983.59	1,454.67



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

17. Equity Share Capital	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Authorized			
20,000,000 equity shares of ₹ 10 each (31 st March, 2017: 20,000,000, 1 st April, 2016: 20,000,000 equity shares of ₹ 10 each)	2,000.00	2,000.00	2,000.00
Subscribed and fully paid up			
14,000,000 equity shares of ₹ 10 each (31 st March, 2017: 14,000,000, 1 st April, 2016: 14,000,000) equity shares of ₹ 10 each)	1,400.00	1,400.00	1,400.00
Total	1,400.00	1,400.00	1,400.00

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

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	14,000,000	1,400.00	14,000,000	1,400.00	14,000,000	1,400.00
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	14,000,000	1,400.00	14,000,000	1,400.00	14,000,000	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 dividend proposed by the Board of Directors is subject to the approval of shareholders in ensuing annual general meeting. 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 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Number of shares	% of holding in class	Number of shares	% of holding in class	Number of shares	% of holding in class
Ajay Kumar Jain	3,867,180	27.62	3,935,680	28.11	4,007,680	28.63
Abhishek Jain	1,002,404	7.16	1,002,404	7.16	1,002,404	7.16
Kalindi Farms Private Limited	1,844,082	13.17	1,834,757	13.11	1,807,591	12.91
Vinay Kumari Jain	533,890	3.81	533,890	3.81	931,890	6.66

D. Aggregate number and class of shares for a period of 5 years immediately preceding pursuant to contract(s) without payment being received in cash

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
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	Nil

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

	(₹ in lacs)
18. Other Equity	Amount
a) Securities Premium Reserve	
As at 1 st April, 2016	7,000.00
Issue of equity shares	-
As at 31 st March, 2017	7,000.00
Issue of equity shares	-
As at 31 st March, 2018	7,000.00
b) Actuarial gains / losses on defined benefit employee obligations	
As at 1 st April, 2016	(11.70)
Other comprehensive income for the year 2016-17	(1.66)
As at 31 st March, 2017	(13.36)
Other comprehensive income for the year 2017-18	11.39
As at 31 st March, 2018	(1.97)
c) General Reserve	
As at 1 st April, 2016	1,158.95
Add: Transferred from retained earnings	-
As at 31 st March, 2017	1,158.95
Add: Transferred from retained earnings	-
As at 31 st March, 2018	1,158.95
d) Retained Earnings	
As at 1 st April, 2016	11,698.01
Profit for the year 2016-17	2,795.92
Less: Transaction costs for issue of equity share capital in joint venture	(1.50)
Less: Final dividend paid	(140.00)
Less: Distribution tax paid on final dividend	(28.50)
Less: Interim dividend Paid	(175.00)
Less: Distribution tax paid on Interim dividend	(35.61)
As at 31 st March, 2017	14,113.32
Profit for the year 2017-18	3,931.05
Less: Final dividend paid	(245.00)
Less: Distribution tax paid on final dividend	(49.89)
Less: Interim dividend paid	(280.00)
Less: Distribution tax paid on interim dividend	(57.00)
As at 31 st March, 2018	17,412.48
Total other equity	
As at 31 st March, 2018	25,569.46
As at 31 st March, 2017	22,258.91
As at 1 st April, 2016	19,845.26



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

19. Borrowings	Non-current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Secured						
Term loans						
Term loan from banks	1,746.60	3,140.31	4,530.08	-	-	-
Term loan from financial institution	748.79	669.80	388.52	-	-	-
Long-term maturities of finance lease obligations						
Obligations under finance leases from banks	343.59	558.92	628.04	-	-	-
Less: Current maturities	(1,195.00)	(1,601.38)	(1,567.55)	-	-	-
Working capital loans from banks (refer note III below)	-	-	-	121.09	826.76	1,336.80
Short term loans from banks						
Letter of credit (refer note III below)	-	-	-	-	-	111.32
Total	1,643.98	2,767.65	3,979.09	121.09	826.76	1,448.12

Terms of Borrowings

Type of loan	Loan outstanding			Rate of interest	Security Guarantee	Repayment terms
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016			
Term loan from banks	1,746.60	3,140.31	4,530.08	8.50% to 9.10% per annum	Refer note I	Repayable in 20 quarterly installments
Term loan from financial institution	748.79	669.80	388.52	Nil	Refer note II	Repayable in one installment after seven years from the date of disbursement i.e. 29.10.2015 for ₹ 809.38 lacs and 27.12.2016 for ₹ 499.71 lacs.
Obligations under finance leases from banks	343.59	558.92	628.04	10.25% to 13% per annum	Secured by way of hypothecation of vehicles.	Repayable in equal monthly installments of 18 to 60 months

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 banker.

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Note II:

Loan from State Owned Corporation, viz. The Pradeshiya Industrial & Investment Corporation of U.P. Limited is secured by bank guarantee equivalent to 100% of loan amount.

Note III:

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

20. Provisions	Non-current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Provision for employee benefits (Refer note 36 for Ind AS 19 disclosures)						
Provision for gratuity	559.57	490.06	435.79	62.39	47.43	44.51
Provision for compensated absences	111.60	87.97	79.22	21.91	17.45	13.61
Total	671.17	578.03	515.01	84.30	64.88	58.12

21. Income Taxes

The major components of income tax expense for the year ended 31st March, 2018 and 31st March, 2017 are:

A. Statement of profit and loss**(i) Profit & loss section**

	As at 31.03.2018	As at 31.03.2017
Current income tax charge	1,956.00	1,084.14
Adjustments in respect of current income tax of previous year	5.33	(51.13)
MAT credit entitlement utilized / (claimed)	-	141.85
Deferred tax:		
Relating to origination and reversal of temporary differences	2.61	122.30
Income tax expense reported in the statement of profit & loss	1,963.94	1,297.16

(ii) Other Comprehensive Income Section**Deferred tax related to items recognized in OCI during the year**

	As at 31.03.2018	As at 31.03.2017
Net loss / (gain) on remeasurements of defined benefit plans	0.28	(6.03)
Income tax charged to OCI	0.28	(6.03)



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for financial year ended 31st March, 2018 and 31st March, 2017.

	As at 31.03.2018	As at 31.03.2017
Accounting profit before tax from continuing operations	5,705.11	3,802.54
Profit / (loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	5,705.11	3,802.54
At India's statutory income tax rate of 34.61% (31 st March, 2017: 34.61%)	1,974.42	1,315.98
Adjustments in respect of current income tax of previous years	5.33	(51.13)
Net disallowances on which deferred tax is not recognized	9.65	40.86
Exempted income	(25.46)	(8.56)
Unabsorbed losses and depreciation carry forward and set off	-	-
At the effective income tax rate of 34.42% (31st March, 2016: 34.11%)	1,963.94	1,297.16
Income tax expense reported in the statement of profit and loss	1,963.94	1,297.16
Income tax attributable to a discontinued operation	-	-
	1,963.94	1,297.16

C. Deferred tax

Deferred tax relates to the following:	Balance sheet			Statement of profit and loss / OCI	
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017
Accelerated depreciation for tax purposes	810.88	794.70	684.46	(16.18)	(110.24)
Provision for gratuity & leave encashment	(168.74)	(129.79)	(88.63)	38.95	41.16
Provision for expected credit loss	(0.96)	(0.88)	(0.67)	0.08	0.21
Present valuation of security deposits	-	(0.19)	(0.30)	(0.19)	(0.11)
Present valuation of borrowings	329.37	300.64	241.29	(28.73)	(59.35)
Deferred tax (expense) / income				(6.07)	(128.33)
Net deferred tax (assets) / liabilities	970.55	964.48	836.15		

Reflected in the balance sheet as follows:	As at 31.03.2018	As at 31.03.2017
Deferred tax assets	(169.70)	(130.86)
Deferred tax liabilities	1,140.25	1,095.34
Deferred tax liabilities, net	970.55	964.48

Reconciliation of deferred tax liabilities (net):	As at 31.03.2018	As at 31.03.2017
Opening balance	(169.70)	(130.86)
Tax (income) / expense during the period recognized in profit & loss	1,140.25	1,095.34
Tax (income) / expense during the period recognized in OCI	970.55	964.48
Closing balance	970.55	964.48

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

22. Trade payables	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Trade payables			
- total outstanding dues of micro and small enterprises;	82.94	90.15	175.02
- total outstanding dues of creditors other than micro and small enterprises	3,072.27	2,350.67	1,880.64
Total	3,155.21	2,440.82	2,055.66
23. Other Financial Liabilities	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Security deposits	1.50	3.14	1.50
Current maturities of long-term debt:			
Term loans	1,000.00	1,400.00	1,400.00
Vehicle loans	195.00	201.38	167.55
Interest accrued on borrowings	7.66	13.66	21.58
Capital creditors	1,560.90	377.26	162.29
Creditors for expenses	736.36	316.80	139.17
Unclaimed dividends	6.38	6.49	7.83
Derivative instruments at fair value through profit or loss			
Foreign currency forward contracts	-	5.65	1.42
Total	3,507.80	2,324.38	1,901.34

Derivative instruments at fair value through profit or loss (FVTPL)

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.

24. Other Current Liabilities	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Advance from customers	230.12	1,130.35	771.46
Statutory dues payable	1,077.09	122.53	144.27
Total	1,307.21	1,252.88	915.73
25. Current Tax Liabilities (net)	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Income tax provision (net of advance tax 31 st March, 2018: ₹ 1,758.53 lacs; 31 st March, 2017: ₹ 651.22 lacs)	196.80	395.73	-
Total	196.80	395.73	-



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for the year ended 31st March, 2018

(₹ in lacs)

26. Revenue From Operations	Year ended 31.03.2018	Year ended 31.03.2017
Sale of Products		
Automotive parts	36,633.55	35,858.02
Moulds	3,986.47	3,043.98
Sale of services		
Job work charges received	68.48	27.53
	40,688.50	38,929.53
Other operating revenue		
VAT subsidy	27.79	153.90
Government grant	168.28	234.50
Total	40,884.57	39,317.93
27. Other Income	Year ended 31.03.2018	Year ended 31.03.2017
Other non operating income		
Interest income	28.60	27.83
Profit on sale of investment	19.18	15.70
Foreign exchange gain	47.20	76.02
Dividend received	12.81	-
Profit on sale of fixed assets	55.73	-
Gain on fair valuation of current investments	-	0.45
Rent received	88.17	82.41
Gain from de-recognition of other financial assets	0.55	0.67
Other miscellaneous income	6.32	3.61
Total	258.56	206.69
28. Cost of Materials Consumed	Year ended 31.03.2018	Year ended 31.03.2017
Raw material	16,730.16	14,974.23
Dyes & chemicals	212.41	179.55
Packing material	808.29	672.50
Accessories	2,632.27	2,025.48
Fabric	82.67	78.44
Total	20,465.80	17,930.20

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

29. Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Process	Year ended 31.03.2018	Year ended 31.03.2017
Inventories at the beginning of the year		
Work-in-process	221.71	273.34
Work-in-process of inhouse manufactured molds	392.10	389.67
Finished goods	177.25	218.40
Total Inventories at the beginning of the year	791.06	881.41
Inventories at the end of the year		
Work-in-process	350.33	221.71
Work-in-process of inhouse manufactured molds	751.03	392.10
Finished goods	251.70	177.25
Total Inventories at the end of the year	1,353.06	791.06
Work-in-process used from / (in fixed assets)	-	18.22
Total	(562.00)	108.57
30. Employee Benefits Expense	Year ended 31.03.2018	Year ended 31.03.2017
Salaries and wages	5,754.35	4,805.80
Contribution to provident and other funds	268.78	226.15
Staff welfare expenses	299.72	294.36
Total	6,322.85	5,326.31
31. Finance Costs	Year ended 31.03.2018	Year ended 31.03.2017
Interest expense	389.83	552.70
Other borrowing costs	52.56	74.10
Total	442.39	626.80
32. Depreciation and Amortization Expense	Year ended 31.03.2018	Year ended 31.03.2017
Depreciation of property, plant and equipment (refer note 3)	2,377.66	2,227.31
Amortization of intangible assets (refer note 5)	221.30	211.23
Total	2,598.96	2,438.54



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

33. Other Expenses	Year ended 31.03.2018	Year ended 31.03.2017
Other manufacturing expenses		
Stores and spares consumed	173.14	259.61
Power and fuel	945.39	774.78
Excise duty variance on opening and closing Stocks	(22.96)	20.85
Factory expenses	155.95	152.27
Repair & maintenance		
Machinery	250.31	292.93
Building	166.62	76.14
Others	162.78	177.71
Administrative and other expenses		
Rent	196.97	184.28
Rates & taxes	40.67	11.47
Listing expenses	5.88	3.55
Postage & telephone expenses	64.74	71.38
Printing & stationery	126.83	102.96
Traveling & conveyance expenses	622.61	536.80
Office electricity & water	3.19	1.90
Insurance charges	90.66	81.19
Factory security	91.81	73.08
Legal & professional charges	370.77	284.68
Motor car expenses	29.49	25.77
Bank charges	14.84	7.11
Fees & subscription	34.38	23.32
Provision for bad & doubtful debts	0.21	0.61
Corporate social responsibility expenses (refer note 52)	36.69	16.72
Directors sitting fees	14.19	11.34
Payment to collaborators / royalty	433.29	354.69
Charity & donation	0.23	0.64
Miscellaneous expenses	42.35	54.99
Auditors' Remuneration		
- As audit fees	7.77	7.00
- For tax audit, certification & tax representations	9.18	8.33
- For other matters	9.25	1.36
- For reimbursement of expenses	0.15	0.27
Selling & Distribution Expenses		
Freight & forwarding expenses	920.20	812.83
Advertisement, publicity & sales promotion	50.20	44.37
Total	5,047.78	4,474.93

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(₹ 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 31st March, 2018

	Actuarial gains / losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	10.01	10.01
Share of other comprehensive income of associates and joint venture	1.10	1.10
Income tax effect	0.28	0.28
Total	11.39	11.39

During the year ended 31 st March, 2017	Actuarial gains/ losses on defined benefit employee obligations	Total
Remeasurement gains / (losses) on defined benefit plans	17.42	17.42
Share of other comprehensive income of associates and joint venture	(13.05)	(13.05)
Income tax effect	(6.03)	(6.03)
Total	(1.66)	(1.66)

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 31.03.2018	Year ended 31.03.2017
Profit for the year as per statement of Profit & Loss	3,931.05	2,795.92
Profit attributable to equity holders of the Company for basic earnings	3,931.05	2,795.92
	No. of Shares	
Weighted average number of equity shares in calculating basic EPS	14,000,000	14,000,000
effect of dilution:	-	-
Weighted average number of equity shares in calculating diluted EPS	14,000,000	14,000,000
Earnings per equity share in ₹		
Basic	28.08	19.97
Diluted	28.08	19.97
Face value of each equity share (in ₹)	10.00	10.00



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(₹ 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 ₹ 195.22 lacs (31st March, 2017: ₹ 170.90 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 summaries the components of net benefit expense recognized in the statement of profit & loss and the funded status and amounts recognized in the balance sheet for the gratuity plan:

Changes in the present value of the defined benefit obligation are as follows:

	31.03.2018	31.03.2017	01.04.2016
Defined benefit obligation at the beginning of the year	537.49	480.30	-
Current service cost	62.11	52.21	-
Past service cost	17.67	-	-
Interest cost	40.53	38.42	-
Benefits paid	(25.83)	(16.02)	-
Actuarial (gain) / loss on obligations - OCI	(10.01)	(17.42)	-
Defined benefit obligation at the end of the year	621.96	537.49	480.30

Changes in the fair value of plan assets are as follows:

	31.03.2018	31.03.2017	01.04.2016
Fair value of plan assets at the beginning of the year	-	-	-
Contribution by employer	-	-	-
Benefits paid	-	-	-
Expected Interest Income on plan assets	-	-	-
Actuarial gain/ (loss) on plan asset	-	-	-
Fair value of plan assets at the end of the year	-	-	-

Reconciliation of fair value of plan assets and defined benefit obligation:

	31.03.2018	31.03.2017	01.04.2016
Fair value of plan assets	-	-	-
Defined benefit obligation	621.96	537.49	480.30
Amount recognised in the Balance Sheet	621.96	537.49	480.30

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(₹ in lacs)

Amount recognised in Statement of Profit and Loss

	31.03.2018	31.03.2017
Current service cost	62.11	52.21
Net interest expense	40.53	38.42
Amount recognised in statement of profit and loss	102.64	90.63

Amount recognised in Other Comprehensive Income:

	31.03.2018	31.03.2017
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	29.83	(11.88)
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial gain / (loss) arising from experience adjustments	(39.84)	(5.54)
Amount recognised in Other Comprehensive Income	(10.01)	(17.42)

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

	31.03.2018	31.03.2017	01.04.2016
Discount rate	7.71%	7.54%	8.00%
Expected rate of return on plan assets	NA	NA	NA
Future salary increases	6.25%	5.60%	6.25%
Attrition Rate (up to 30 years)	3.00%	3.00%	3.00%
Attrition Rate (from 30 to 45 years)	2.00%	2.00%	2.00%
Attrition Rate (above 45 years)	1.00%	1.00%	1.00%
Retirement age	58 years	58 years	58 years

A quantitative sensitivity analysis for significant assumption as at 31st March, 2018 and 31st March, 2017 are as shown below:

Gratuity Plan	Sensitivity level		Impact on defined benefit obligation	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Assumptions				
Discount rate	+0.50%	+0.50%	(31.19)	(28.13)
	-0.50%	-0.50%	33.82	30.52
Future salary increases	+0.50%	+0.50%	33.73	30.95
	-0.50%	-0.50%	(31.38)	(28.76)

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 ₹ 140.33 lacs.



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The expected maturity analysis of undiscounted gratuity is as follows:

	31.03.2018	31.03.2017
Within the next 12 months (next annual reporting period)	62.39	47.43
Between 1 to 2 years	9.89	9.20
Between 2 to 3 years	14.92	11.95
Between 3 to 4 years	22.26	17.64
Between 4 to 5 years	24.98	18.29
Between 5 to 6 years	13.05	8.22
Over 6 years	474.47	424.76
Total expected payments	621.96	537.49

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 17.23 years (31st March, 2017: ₹ 16.83 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 ₹ 196.97 lacs (31st March, 2017: ₹ 184.28 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2018	As at 31.03.2017
Not later than one year	162.65	196.97
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	162.65	196.97

Operating leases given

The Company has given certain properties on operating lease arrangements. The lease income recognized in the statement of profit and loss is ₹ 88.17 lacs (31st March, 2017: ₹ 82.41 lacs). The future minimum lease payments under non-cancellable operating leases are as follows:

	As at 31.03.2018	As at 31.03.2017
Not later than one year	81.36	88.17
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	81.36	88.17

38. Commitments

- (i) Retention charges and capital commitments (net of advances) are ₹ 302.67 lacs (31st March, 2017: ₹ 791.59 lacs; 1st April, 2016: ₹ 541.02 lacs).

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39. Contingent Liabilities	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Contingent Liabilities not provided for in respect of :			
Letters of guarantees	1,376.11	1,435.79	809.38
Letters of credit	326.69	266.62	98.22
Assignment of receivables	234.76	436.93	-
Income tax appeal			
For assessment year 2003-04	-	-	0.56
For assessment year 2010-11	18.77	18.77	18.77
For assessment year 2011-12	-	2.43	2.43
For assessment year 2012-13	3.00	3.00	3.00
GST (includes excise and sales tax demands) / Entry tax	201.03	2.57	73.29
Civil suit	-	84.55	84.55
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	103.57

Notes :-

- (i) A demand of ₹ 29.40 lacs has been raised for the assessment year 2010-11. The Hon'ble CIT(A) has partly allowed the appeal in our favour. However department has filed the Appeal with ITAT (Delhi) against the order of the allowability of the royalty amount. Balance liability of ₹ 10.63 lacs has been accepted and paid by the Company. ITAT has referred back the case to assessing officer for recomputation of income.
- (ii) A demand of ₹ 2.43 lacs has been raised for the assessment year 2011-12. The Hon'ble CIT(A) has decided the case in our favour. However department has filed the Appeal with ITAT (Delhi) against the order of the allowability of the royalty amount. The case has been decided in our favor and ITAT has deleted the demand.
- (iii) A demand of ₹ 3.00 lacs has been raised for the assessment year 2012-13. The Hon'ble CIT(A) has decided the case in our favour. The department has filed an appeal with ITAT (Delhi).
- (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) Joint Commissioner has demanded ₹ 2.69 lacs towards reversal of input tax credit on consumable goods for the assessment year 2013-14. We have filed an appeal before the Additional Commissioner (Appeals) against the said demand. Additional Commissioner (Appeals) has granted stay of 50% of total demand.
- (viii) A demand of ₹ 84.55 lacs had been raised by BSES Rajdhani Limited for making payments of arrears for the misuse of electricity. The Company had filed a suit against BSES with District Court and won the case in its favor. However, BSES had filed an appeal with Hon'ble High Court. The case has been decided in our favor and the Hon'ble High Court set aside the said demand.



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- (ix) 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.
- (x) Demand of excise duty of ₹ 42.11 lacs along with penalty of ₹ 42.11 lacs was imposed on the Company by Additional Commissioner, Central Commissionerate, Noida, for cenvat credit taken on payment of duty through DEPB license, under the Central Excise Act, 1944. The Company filed before the Commissioner (Appeals), Central Excise, Noida. The Commissioner (Appeals) rejected the appeal. The Company has filed the appeal with the Central Excise & Service Tax Appellate Tribunal (CESTAT) which has been decided in favor of the Company. The department approached the Allahabad High Court against the order of CESTAT. The High Court remanded the case back to Allahabad CESTAT for hearing it again.
- (xi) 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 department 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.
- (xii) 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.

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
(c) Relatives of KMP	1. Mrs. Vinay Kumari Jain, Director
(d) Associates	1. PPAP Automotive Chennai Private Limited 2. PPAP Automotive Technology Private Limited 3. PPAP Automotive Systems Private Limited
(e) Related Parties in the group where common control exists	1. Kalindi Farms Private Limited

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	Associates	Total
Rent & lease charges paid					
Kalindi Farms Private Limited	31.03.2018	77.70	-	-	77.70
	31.03.2017	81.90	-	-	81.90
Material / License Purchases					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	0.66	-	0.66
	31.03.2017	-	1.78	-	1.78
Receipts for other services*					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	430.55	-	430.55
	31.03.2017	-	376.71	-	376.71
Sales					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	276.17	-	276.17
	31.03.2017	-	34.41	-	34.41

*Other Services include management support fee, reimbursement of expenses, job work charges and rental income.

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Net Outstanding Balance

Related Party	Period	Related Parties where common control exists	Joint Ventures	Associates	Total
Trade receivable					
PPAP Tokai India Rubber Private Limited	31.03.2018	-	35.42	-	35.42
	31.03.2017	-	35.50	-	35.50
	01.04.2016	-	13.60	-	13.60

Details relating to remuneration of KMP & their relatives

Name of KMP	31.03.2018		31.03.2017	
	Short-term employee benefits	Sitting fees	Short-term employee benefits	Sitting fees
Mr. Ajay Kumar Jain	233.09	-	140.31	-
Mr. Abhishek Jain	263.57	-	164.31	-
Mrs. Vinay Kumari Jain	-	3.20	-	2.60

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 as 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	31.03.2018	31.03.2017	01.04.2016
(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	82.94	90.15	175.02
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.	-	-	-



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43. Fair Values Measurements

(i) Financial instruments by category

Particulars	31.03.2018		31.03.2017		01.04.2016	
	FVTPL	Amortized cost	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets						
Investments (non current)		4,852.98		4,658.27		3,282.28
Other financial assets (non current)	-	438.77	-	382.31	-	331.38
Investments (current)	-	-	251.12	-	0.20	-
Trade receivables	-	5,523.17	-	4,879.66	-	3,816.35
Cash and cash equivalents	-	136.50	-	215.04	-	25.06
Bank balances other than (c) above	-	7.66	-	7.35	-	8.59
Loans	-	22.98	-	32.59	-	6.92
Other financial assets (current)	4.43	403.16	-	234.92	-	256.42
Total financial assets	4.43	11,385.22	251.12	10,410.14	0.20	7,727.00
Financial liabilities						
Borrowings (non current)	-	1,643.98	-	2,767.65	-	3,979.09
Borrowings (current)	-	121.09	-	826.76	-	1,448.12
Trade payables	-	3,155.21	-	2,440.82	-	2,055.66
Other financial liabilities (current)	-	3,507.80	5.65	2,318.73	1.42	1,899.92
Total financial liabilities	-	8,428.08	5.65	8,353.96	1.42	9,382.79

(ii) Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized 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, 2018:

	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	31.03.2018	-	-	-	-
Foreign currency forward contracts	31.03.2018	4.43	4.43	-	-

There have been no transfers between Level 1 and Level 2 during the period.

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Financial assets and liabilities measured at fair value - recurring fair value measurements for which fair values are disclosed at 31st March, 2017:

	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	31.03.2017	251.12	251.12	-	-
Financial liabilities					
Foreign currency forward contracts	31.03.2017	5.65	5.65	-	-

There have been no transfers between Level 1 and Level 2 during the period.

Financial assets and liabilities measured at fair value - recurring fair value measurements for which fair values are disclosed at 1st April, 2016:

	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	01.04.2016	0.20	0.20	-	-
Financial liabilities					
Foreign currency forward contracts	01.04.2016	1.42	1.42	-	-

There have been no transfers between Level 1 and Level 2 during the period.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March, 2018:

	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					
Security deposits paid	31.03.2018	235.65	-	-	235.65

There have been no transfers between Level 1 and Level 2 during the period.

Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 31st March, 2017:

	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					
Security deposits paid	31.03.2017	167.94	-	-	167.94

There have been no transfers between Level 1 and Level 2 during the period.

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Assets and liabilities which are measured at amortized cost for which fair values are disclosed at 1st April 2016:

	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					
Security deposits paid	01.04.2016	163.97	-	-	163.97

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 values of the Company's investments in mutual funds has been determined by multiplying the number of units held at the year end to the closing NAV.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of security deposits is determined using discounted cash flow analysis.

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 also holds FVTPL investments in quoted mutual funds.

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 analyses of the above mentioned risk in the following sections relate to the position as at 31st March, 2018 and 31st March, 2017.

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, 2018 and 31st March, 2017.

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.

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	Increase / decrease in basis points	Effect on profit before tax
31.03.2018		
INR	+50	(11.07)
INR	-50	11.07
31.03.2017		
INR	+50	(22.68)
INR	-50	22.68

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
31.03.2018	+5%	(6.58)
	-5%	6.58
31.03.2017	+5%	3.06
	-5%	(3.06)
	Change in JPY rate	Effect on profit before tax
31.03.2018	+5%	(39.69)
	-5%	39.69
31.03.2017	+5%	1.49
	-5%	(1.49)
	Change in EURO rate	Effect on profit before tax
31.03.2018	+5%	0.69
	-5%	(0.69)
31.03.2017	+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 minimize the concentration of risks and therefore mitigate financial loss through counterparty failure.



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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.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

III. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31.03.2018					
Borrowings (Non current)	298.75	896.25	1,707.97	499.71	3,402.68
Borrowings (current)	121.09	-	-	-	121.09
Trade payables	3,155.21	-	-	-	3,155.21
Other financial liabilities (current)	2,312.80	-	-	-	2,312.80
Total	5,887.85	896.25	1,707.97	499.71	8,991.78
Year ended 31.03.2017					
Borrowings (non current)	400.35	1,201.04	2,107.54	1,309.09	5,018.01
Borrowings (current)	826.76	-	-	-	826.76
Trade payables	2,440.82	-	-	-	2,440.82
Other financial liabilities (current)	723.00	-	-	-	723.00
Total	4,390.93	1,201.04	2,107.54	1,309.09	9,008.59
As at 01.04.2016					
Borrowings (Non current)	391.89	1,175.66	3,610.49	809.38	5,987.42
Borrowings (current)	1,448.12	-	-	-	1,448.12
Trade payables	2,055.66	-	-	-	2,055.66
Other financial liabilities (current)	333.79	-	-	-	333.79
Total	4,229.46	1,175.66	3,610.49	809.38	9,824.99

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.

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

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, 2018.

	31.03.2018	31.03.2017	01.04.2016
Borrowings (non current)	1,643.98	2,767.65	3,979.09
Borrowings (current)	121.09	826.76	1,448.12
Trade payables	3,155.21	2,440.82	2,055.66
Other financial liabilities (current)	3,507.80	2,324.38	1,901.34
Total Debts	8,428.08	8,359.61	9,384.21
Less: Cash and cash equivalents	136.50	215.04	25.06
Net debts	8,291.58	8,144.57	9,359.15
Total equity	26,969.46	23,658.91	21,245.26
Total debt and equity	35,261.04	31,803.48	30,604.41
Gearing ratio (%)	23.90	26.29	30.66

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:

	31.03.2018	31.03.2018	31.03.2017	31.03.2017	01.04.2016	01.04.2016
	Foreign Currency	Amount	Foreign Currency	Amount	Foreign Currency	Amount
Foreign trade payables						
USD in lacs	7.40	481.79	0.82	53.30	0.36	24.93
JPY in lacs	1,893.71	1,160.73	491.48	284.86	688.30	3,931.12
Foreign trade receivables / advances						
USD in lacs	5.38	350.23	1.77	114.48	1.29	86.84
JPY in lacs	598.80	367.03	542.81	314.61	90.52	52.96
EURO in lacs	0.17	13.88	-	-	0.10	7.44

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.



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(₹ in lacs)

49. Disclosure of movement in provisions during the year as per Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets':

Particulars	Balance as on 01.04.2017	Provided during the year	Paid / Adjusted During the year	Balance as on 31.03.2018
Non-current provisions				
Gratuity	537.49	110.30	(25.83)	621.96
Accumulated leaves	105.42	68.71	(40.62)	133.50
Income Tax	395.73	1961.33	(2,160.26)	196.80
Total	1,038.64	2,140.34	(2,226.71)	952.26

50. Dividends Paid and Proposed

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A Paid during the year:		
Interim dividend of ₹ 2.00 per equity share (FY 2016-17: ₹ 1.25 per equity share) of ₹ 10/- each (Including dividend distribution tax of ₹ 57.00 lacs, FY 2016-17 ₹ 35.61 lacs)	337.00	210.61
Final dividend for FY 2016-17: ₹ 1.75 per share (FY 2015-16: ₹ 1.00 per share) (Including dividend distribution tax of ₹ 49.89 lacs, FY 2015-16 ₹ 28.50 lacs)	294.89	168.50
Total	631.89	379.11
B Proposed for approval at the annual general meeting (not recognized as a liability):		
Final dividend for FY 2017-18: ₹ 2.5 per share (FY 2016-17: ₹ 2.00 per share) (Including dividend distribution tax of ₹ 71.25 lacs, FY 2016-17 ₹ 57.00 lacs)	421.25	337.00
Total	421.25	337.00

51. Disclosure under Ind AS 7 'Statement of Cash Flows'

Effective 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.

	31.03.2017	Cash flows	Non-cash changes Fair value changes	31.03.2018
Long-term borrowings	4,369.03	(1,615.33)	85.28	2,838.98
Short term borrowings	826.76	(705.67)	-	121.09
Total liabilities from financing activities	5,195.79	(2,321.00)	85.28	2,960.07

52. Details of Corporate Social Responsibility (CSR) expenditure:	31.03.2018	31.03.2017
Amount required to be spent as per Section 135 of the Companies Act, 2013	48.58	28.46
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	36.69	16.72

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for the year ended 31st March, 2018

(₹ in lacs)

53. Research and development expenditure

Particulars	31.03.2018	31.03.2017
Capital expenditure	11.52	111.00
Revenue expenditure	446.19	673.00

54. Disclosure of significant investments in joint ventures and associates:**1) Disclosure of investment in the following joint ventures :**

S. No.	Name	Country of Incorporation	Ownership Interest of PPAP Automotive Limited (%) as on		
			31.03.2018	31.03.2017	01.04.2016
1	PPAP Tokai India Rubber Private Limited	India	50.00	50.00	50.00

2) Disclosure of investment in the following associates :

S. No.	Name	Country of Incorporation	Ownership Interest of PPAP Automotive Limited (%) as on		
			31.03.2018	31.03.2017	01.04.2016
1	PPAP Automotive Chennai Private Limited	India	40.00	40.00	40.00
2	PPAP Automotive Technology Private Limited	India	40.00	40.00	40.00
3	PPAP Automotive Systems Private Limited	India	40.00	40.00	40.00

Summarized statement of profit and loss for the year ended 31st March, 2018:

	PPAP Tokai India Rubber Private Limited	PPAP Automotive Chennai Private Limited	PPAP Automotive Technology Private Limited	PPAP Automotive Systems Private Limited
Revenue	6,653.71	-	-	-
Cost of raw material and components consumed	3,585.33	-	-	-
Changes in stock of finished goods, work-in-process and stock-in-trade	0.89	-	-	-
Depreciation & amortization	477.98	-	-	-
Finance costs	0.23	-	-	-
Employee benefit	801.92	-	-	-
Other expense	1,479.55	0.15	0.15	0.15
Profit before tax	307.81	(0.15)	(0.15)	(0.15)
Income tax expense	(72.32)	-	-	-
Profit for the year from continuing operations	380.13	(0.15)	(0.15)	(0.15)
Other comprehensive income	9.67	-	-	-
Total comprehensive income	389.80	(0.15)	(0.15)	(0.15)
Group's share of profit for the year	194.90	(0.06)	(0.06)	(0.06)
Dividends received	-	-	-	-



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for the year ended 31st March, 2018

(₹ in lacs)

Summarized statement of profit and loss for the year ended 31st March, 2017:

	PPAP Tokai India Rubber Private Limited	PPAP Automotive Chennai Private Limited	PPAP Automotive Technology Private Limited	PPAP Automotive Systems Private Limited
Revenue	5,491.12	-	-	-
Cost of raw material and components consumed	2,463.69	-	-	-
Changes in stock of finished goods, work-in-process and stock-in-trade	(42.27)	-	-	-
Depreciation & amortization	404.37	-	-	-
Finance costs	0.21	-	-	-
Employee benefit	545.21	-	-	-
Other expense	1,508.53	0.14	0.15	0.15
Profit before tax	611.38	(0.14)	(0.15)	(0.15)
Income tax expense	30.00	-	-	-
Profit for the year from continuing operations	581.38	(0.14)	(0.15)	(0.15)
Other comprehensive income	(26.09)	-	-	-
Total comprehensive income	555.29	(0.14)	(0.15)	(0.15)
Group's share of profit for the year	277.67	(0.05)	(0.06)	(0.06)
Dividends received	-	-	-	-

Summarized balance sheet as at 31st March, 2018:

	PPAP Tokai India Rubber Private Limited	PPAP Automotive Chennai Private Limited	PPAP Automotive Technology Private Limited	PPAP Automotive Systems Private Limited
Current assets				
Cash and cash equivalents	346.48	0.17	0.42	1.12
Other assets	3,313.97	-	-	-
Total current assets	3,660.45	0.17	0.42	1.12
Total non-current assets	7,096.35	-	-	-
Current liabilities				
Financial liabilities (excluding trade payables)	57.53	0.09	0.09	0.09
Other liabilities	944.87	-	-	0.49
Total current liabilities	1,002.40	0.09	0.09	0.58
Non-current liabilities				
Financial liabilities (excluding trade payables)	-	-	-	-
Other liabilities	55.16	-	-	-
Total non-current liabilities	55.16	-	-	-
Total equity	9,699.24	0.08	0.33	0.54
Proportion of the Group's ownership	50.00%	40.00%	40.00%	40.00%
Carrying amount of the investment (including transaction costs)	4,852.63	0.01	0.13	0.22

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for the year ended 31st March, 2018

(₹ in lacs)

Summarized balance sheet as at 31st March, 2017:

	PPAP Tokai India Rubber Private Limited	PPAP Automotive Chennai Private Limited	PPAP Automotive Technology Private Limited	PPAP Automotive Systems Private Limited
Current assets				
Cash and cash equivalents	262.67	0.31	0.56	1.26
Other assets	4,280.52	-	-	-
Total current assets	4,543.19	0.31	0.56	1.26
Total non-current assets	5,496.61	-	-	-
Current liabilities				
Financial liabilities (excluding trade payables)	7.25	0.09	0.09	0.09
Other liabilities	672.55	-	-	0.49
Total current liabilities	679.80	0.09	0.09	0.58
Non-current liabilities				
Financial liabilities (excluding trade payables)	-	-	-	-
Other liabilities	50.56	-	-	-
Total non-current liabilities	50.56	-	-	-
Total equity	9,309.44	0.22	0.47	0.68
Proportion of the Group's ownership	50.00%	40.00%	40.00%	40.00%
Carrying amount of the investment (including transaction costs)	4,657.73	0.07	0.19	0.28

Summarized balance sheet as at 1st April, 2016:

	PPAP Tokai India Rubber Private Limited	PPAP Automotive Chennai Private Limited	PPAP Automotive Technology Private Limited	PPAP Automotive Systems Private Limited
Current assets				
Cash and cash equivalents	130.74	0.45	0.71	1.41
Other assets	2,017.76	-	-	-
Total current assets	2,148.50	0.45	0.71	1.41
Total non-current assets	4,825.82	-	-	-
Current liabilities				
Financial liabilities (excluding trade payables)	12.48	0.09	0.09	0.09
Other liabilities	385.61	-	-	0.49
Total current liabilities	398.09	0.09	0.09	0.58
Non-current liabilities				
Financial liabilities (excluding trade payables)	-	-	-	-
Other liabilities	19.08	-	-	-
Total non-current liabilities	19.08	-	-	-
Total equity	6,557.15	0.36	0.62	0.83
Proportion of the Group's ownership	50.00%	40.00%	40.00%	40.00%
Carrying amount of the investment (including transaction costs)	3,281.58	0.12	0.25	0.34



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Commitments and contingent liabilities in respect of associates and joint ventures

	31.03.2018	31.03.2017	01.04.2016
Commitments – joint venture			
Share of joint venture's commitments in respect of orders remaining to be executed / supplied	72.35	219.05	2.83
Contingent liabilities – joint venture			
Share of joint venture's contingent liabilities in respect of several appeals filed before different appellate authorities of GST / Sales Tax Department	38.39	38.39	38.39

55 First time adoption of Ind AS

These financial statements, for the year ended 31st March, 2018, are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its previous GAAP financial statements, including the balance sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017.

Exemptions applied:

1. Mandatory exceptions:

a) Estimates

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Previous GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2016, the date of transition to Ind AS and as of 31st March, 2017.

b) De-recognition of financial assets:

The Company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets:

Financial Instruments:

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortized cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortized cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

d) Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that estimation of significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognized a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized (unless that financial instrument is low credit risk at a reporting date).

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2. Optional exemptions:

a. Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Investment Property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, capital work in progress and intangible assets at their previous GAAP carrying value.

b. Lease

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts / arrangements.

c. Business Combinations:

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The Company has applied same exemption for investment in associates and joint ventures.

d. Joint ventures:

Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity should recognize its investment in the joint venture at transition date to Ind AS. That initial investment should be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition. The Company has elected to apply this exemption for its joint venture.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile total equity and total comprehensive income for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

Particulars	Notes to first time adoption	31.03.2017	01.04.2016
Total equity (shareholder's funds) as per previous GAAP		22,963.76	20,553.28
Adjustments:			
De-recognition of proposed dividend	Note - 1	-	168.50
Reversal of amortization on lease hold land	Note - 2	119.80	119.80
Fair valuation of mutual funds	Note - 3	54.29	8.36
Measurement of certain financial assets at amortized cost	Note - 4	(0.55)	(0.88)
Measurement of certain financial liabilities at amortized cost	Note - 5	823.74	638.47
Provision for expected credit loss on trade receivables	Note - 6	(2.56)	(1.95)
Deferred tax impact on above adjustments		(299.57)	(240.32)
Total adjustments		695.15	691.98
Total equity as per Ind AS		23,658.91	21,245.26



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(₹ in lacs)

2 Reconciliation of total comprehensive income for the year ended 31st March, 2017

Particulars	Notes to first time adoption	31.03.2017
Profit after tax as per previous GAAP		2,621.10
Adjustments:		
Fair valuation of mutual funds	Note - 3	45.93
Measurement of certain financial assets at amortized cost	Note - 4	0.33
Measurement of certain financial liabilities at amortized cost	Note - 5	185.26
Provision for expected credit loss on trade receivables	Note - 6	(0.61)
Deferred tax impact on above adjustments		(53.22)
Remeasurement of defined benefit obligations reclassified to OCI	Note - 7	(4.37)
Transaction cost of issue of equity share capital	Note - 8	1.50
Total adjustments		174.82
Profit for the year ended 31st March, 2017		2,795.92
Other comprehensive income (OCI)		
Remeasurement of defined benefit obligations reclassified to (OCI)	Note-7	4.37
Deferred tax impact on above adjustments		(6.03)
Total comprehensive income for the year ended 31st March, 2017		2,794.26

3 Reconciliation of statement of cash flows for the year ended 31st March, 2017 (refer note 8 below)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	7,005.47	0.02	7,005.45
Net cash flow from investing activities	(4,268.03)	-	(4,268.03)
Net cash used in financing activities	(2,547.46)	(0.02)	(2,547.44)
Net increase/decrease in cash and cash equivalents	189.98	(0.00)	189.98
Cash and cash equivalents at the 1 st April, 2016	25.06	-	25.06
Cash and cash equivalents at the 31st March, 2017	215.04	(0.00)	215.04

Note - 1

De-recognition of proposed dividend

Under the Indian GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting.

Note - 2

Reversal of amortization of leasehold land classified as finance lease

Under Indian GAAP, the leasehold land was recognized as property, plant and equipment and the same was amortized during the tenure of the lease. Under Ind AS, the leasehold land has been classified as finance lease and hence the amortization is reversed as land is considered to have infinite useful life.

Note - 3

Fair valuation of current investments

Under Indian GAAP, the mutual funds classified as current investments were valued at lower of cost and fair value. Under Ind AS the same are classified as financial assets and are valued at fair value through profit and loss (FVTPL).

Note - 4

Measurement of certain financial assets at amortized cost

Under previous GAAP, the security deposits paid for lease rent are shown at the transaction value whereas under Ind AS, the same are initially discounted and subsequently recorded at amortized cost at the end of every financial reporting

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period. Accordingly, the difference between the transaction and discounted value of the security deposits paid towards lease rent is recognized as deferred lease expense and is amortized over the period of the lease term. Further, interest is accreted on the present value of the security deposits paid for lease rent.

Note – 5

Measurement of certain financial liabilities at amortized cost

Interest free loan - Government grant

Under the previous GAAP, interest free loan from the government has been presented in the Balance Sheet by showing it as a part of borrowings. Under Ind AS the benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined by discounted cash flow analysis and the proceeds received.

Other long term borrowings:

Under the previous GAAP, the transaction costs relating to long term borrowings were charged to profit or loss as and when incurred. However, under Ind AS transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognized in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Note – 6

Provision for expected credit loss on trade receivables

Under Indian GAAP, the Company created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL).

Note – 7

Remeasurement of defined benefit obligations reclassified to OCI

Both under Indian GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses) are recognized immediately in the balance sheet with a corresponding debit or credit to other equity through OCI.

Note – 8

Transaction cost of issue of equity share capital

Under Indian GAAP the Company debited the transaction costs related to issue of equity shares in the statement of profit and loss. Under Ind AS such expenses are directly netted off from Other Equity.

Note – 9

Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

Note – 10

Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

Note – 11

Joint venture

Under Indian GAAP, PPAP Tokai India Rubber Private Limited was classified as jointly controlled entity and accounted for using the proportionate consolidation method. Under Ind AS, PPAP Tokai India Rubber Private Limited has been classified as a joint venture and accounted for using the equity method since the Company is a limited liability company whose legal form offers separation of the company from the investors. The parties to the joint arrangements do not have direct rights to the assets and liabilities of PPAP Tokai India Rubber Private Limited.



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56. Reconciliation of equity as at 1st April, 2016

Particulars	Indian GAAP As at 01.04.2016	Ind AS adjustments	Ind AS As at 01.04.2016
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	20,880.11	(2,139.66)	18,740.45
(b) Capital work-in-progress	120.80	(75.70)	45.10
(d) Other intangible assets	844.39	(76.10)	768.29
(e) Financial Assets			
(i) Investments	0.72	3,281.56	3,282.28
(ii) Loans	760.25	(760.25)	-
(iii) Others financial assets	-	331.38	331.38
(e) Other non-current assets	167.41	257.66	425.07
(2) Current assets			
(a) Inventories	3,895.08	(224.92)	3,670.16
(b) Financial assets			
(i) Investments	177.63	(177.43)	0.20
(ii) Trade receivables	4,011.64	(195.29)	3,816.35
(iii) Cash and cash equivalents	99.19	(74.13)	25.06
(iv) Bank balances other than (iii) above	-	8.59	8.59
(v) Loans	1,876.03	(1,869.11)	6.92
(vi) Other financial assets	-	256.42	256.42
(c) Current tax assets (net)	-	123.54	123.54
(d) Other current assets	-	1,454.67	1,454.67
Total	32,833.25	121.23	32,954.48
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	1,400.00	-	1,400.00
(b) Other Equity	19,153.28	691.98	19,845.26
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	4,419.87	(440.78)	3,979.09
(b) Provisions	524.55	(9.54)	515.01
(c) Deferred tax liabilities (net)	595.83	240.32	836.15
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,448.12	-	1,448.12
(ii) Trade payables	2,232.91	(177.25)	2,055.66
(iii) Other financial liabilities	-	1,901.34	1,901.34
(b) Other current liabilities	2,805.60	(1,889.87)	915.73
(c) Provisions	253.09	(194.97)	58.12
(d) Current tax liabilities (net)	-	-	-
Total	32,833.25	121.23	32,954.48

Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Reconciliation of equity as at 31st March, 2017

Particulars	Indian GAAP As at 31.03.2017	Ind AS adjustments	Ind AS As at 31.03.2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	21,214.03	(2,141.35)	19,072.68
(b) Capital work-in-progress	640.00	(322.45)	317.55
(c) Intangible assets	718.56	(79.42)	639.14
(d) Financial assets			
(i) Investments	0.55	4,657.72	4,658.27
(ii) Loans	593.24	(593.24)	-
(ii) Others financial assets	-	382.31	382.31
(e) Other non-current assets	214.36	81.02	295.38
(2) Current assets			
(a) Inventories	2,579.05	(274.13)	2,304.92
(b) Financial assets			
(i) Investments	1,379.81	(1,128.69)	251.12
(ii) Trade receivables	5,186.21	(306.55)	4,879.66
(iii) Cash and cash equivalents	353.91	(138.87)	215.04
(iv) Bank balances other than (iii) above	-	7.35	7.35
(v) Loans	2,396.50	(2,363.91)	32.59
(vi) Others financial assets	-	234.92	234.92
(c) Current tax assets (net)	-	-	-
(d) Other current assets	-	1,983.59	1,983.59
Total	35,276.22	(1.70)	35,274.52
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	1,400.00	-	1,400.00
(b) Other Equity	21,563.76	695.15	22,258.91
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	3,416.63	(648.98)	2,767.65
(b) Provisions	603.31	(25.28)	578.03
(c) Deferred tax liabilities (net)	664.91	299.57	964.48
(3) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	826.76	-	826.76
(ii) Trade payables	2,735.67	(294.85)	2,440.82
(iii) Other financial liabilities	-	2,324.38	2,324.38
(b) Other current liabilities	3,562.47	(2,309.59)	1,252.88
(c) Provisions	502.71	(437.83)	64.88
(d) Current Tax Liabilities (net)	-	395.73	395.73
Total	35,276.22	(1.70)	35,274.52



Consolidated Notes to Financial Statements

for the year ended 31st March, 2018

(₹ in lacs)

Reconciliation of profit & loss for the year ended 31st March, 2017

Particulars	Indian GAAP Year ended 31.03.2017	Ind AS adjustments	Ind AS Year ended 31.03.2017
Continuing Operations			
Revenue from operations	36,610.78	2,707.15	39,317.93
Other Income	208.84	(2.15)	206.69
Total Revenue	36,819.62	2,705.00	39,524.62
EXPENSES			
(a) Cost of materials consumed	18,660.82	(730.62)	17,930.20
(b) Purchases of finished, semi-finished and other products	-	-	-
(c) Changes in stock of finished goods, work-in-process and stock-in-trade	70.22	38.35	108.57
(d) Excise duty on sale of goods	-	4,816.73	4,816.73
(e) Employee benefit expense	5,656.27	(329.96)	5,326.31
(f) Finance costs	577.66	49.14	626.80
(g) Depreciation and amortization expense	2,640.72	(202.18)	2,438.54
(h) Other expenses	5,333.89	(858.96)	4,474.93
Total Expenses	32,939.58	2,782.50	35,722.08
Share of (profit) / loss of associates and a joint venture	-	290.54	290.54
Profit / (loss) before exceptional items and tax	3,880.04	213.04	4,093.08
Exceptional Items	-	-	-
Profit / (loss) before and tax from continuing operations	3,880.04	213.04	4,093.08
Tax Expense			
Current tax	1,189.86	(105.72)	1,084.14
Adjustment of tax relating to earlier periods	-	(51.13)	(51.13)
MAT credit entitlement utilized / (claimed)	-	141.85	141.85
Deferred tax	69.08	53.22	122.30
Total tax expense	1,258.94	38.22	1,297.16
Profit / (loss) after tax from continuing operations	2,621.10	174.82	2,795.92
Profit / (loss) for the period	2,621.10	174.82	2,795.92
Other comprehensive income	-	(1.66)	(1.66)
Items that will not be reclassified to profit & loss in subsequent periods:			
Remeasurements of the defined benefit liabilities / (asset)	-	17.42	17.42
Share of other comprehensive income of associates and joint venture	-	(13.05)	(13.05)
Income tax relating to items that will not be reclassified to profit & loss	-	(6.03)	(6.03)
Total comprehensive income for the period	2,621.10	173.16	2,794.26

Re-classification

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

In terms of our report of even date annexed

For O.P. Bagla & Co. LLP
Chartered Accountants
F.R.N.: 000018N / N500091

Atul Bagla
Partner
(Membership No. 091885)

Place : Noida
Date : 21st May, 2018

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

Ajay Kumar Jain
Chairman & Managing Director
DIN: 00148839

Manish Dhariwal
Chief Financial Officer

Abhishek Jain
CEO & Managing Director
DIN: 00137651

Sonia Bhandari
Company Secretary

NOTES

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CSR INITIATIVES



Environment Preservation



Children Education



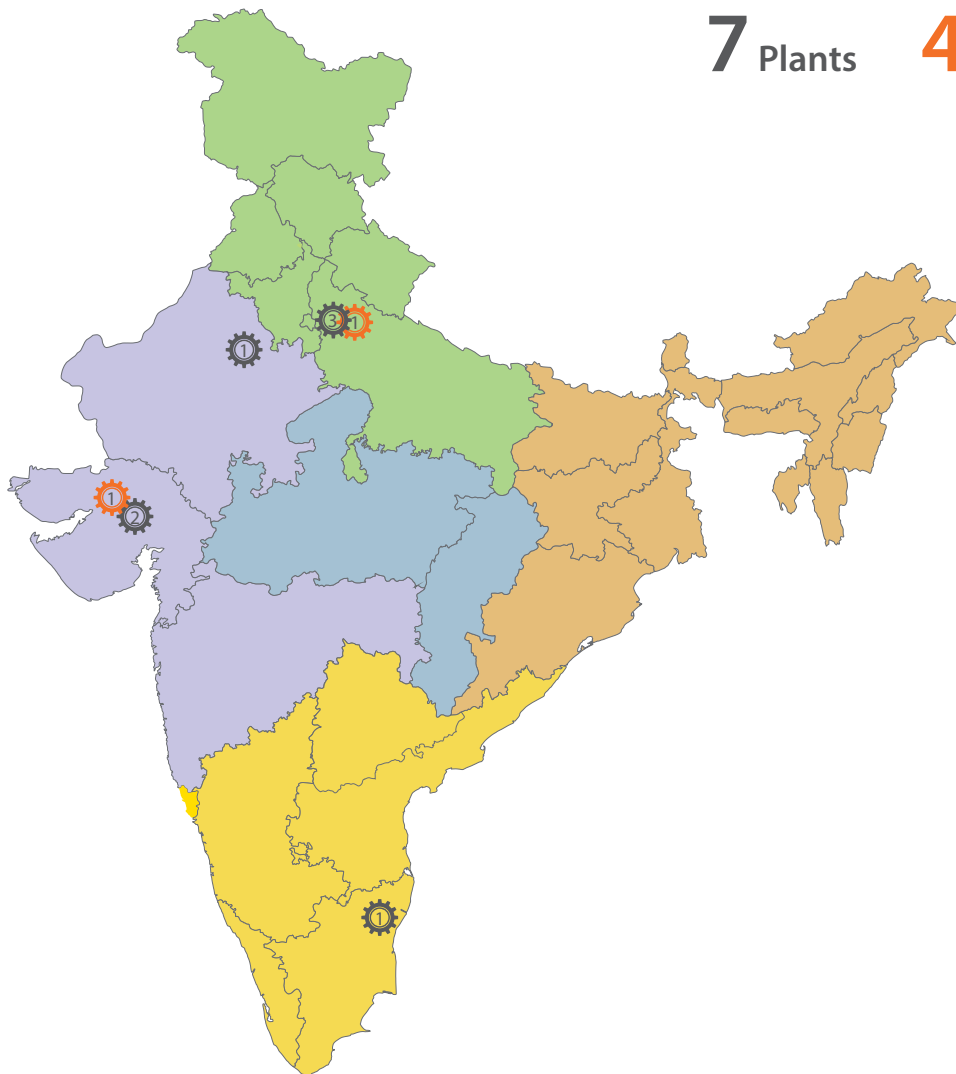
Swachh Abhiyan

MANUFACTURING FACILITIES

7 Plants

4 Locations

2 JV Plants



EXTRUSION FACILITIES

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

INJECTION FACILITIES

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

RUBBER EXTRUSION FACILITIES (Joint Venture Company)

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

Not to scale - for illustration purpose only



CUSTOMERS



CKD EXPORTS



JAPAN



USA



BRAZIL



MEXICO



VENEZUELA



THAILAND



UNITED KINGDOM



SOUTH AFRICA



ARGENTINA



PERFORMANCE SUMMARY

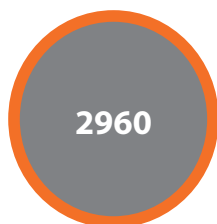
Operating Income
(₹ in lacs)



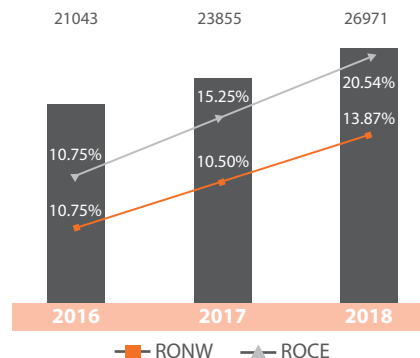
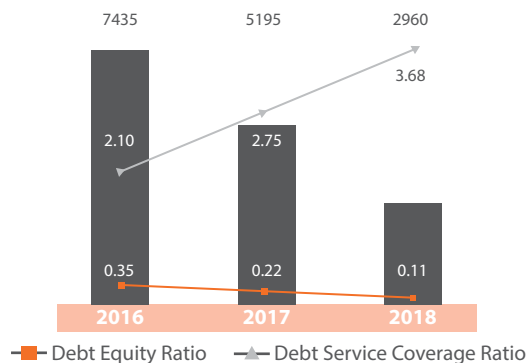
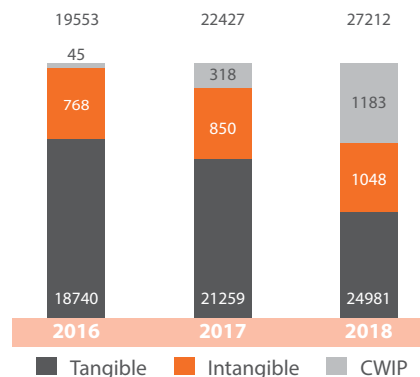
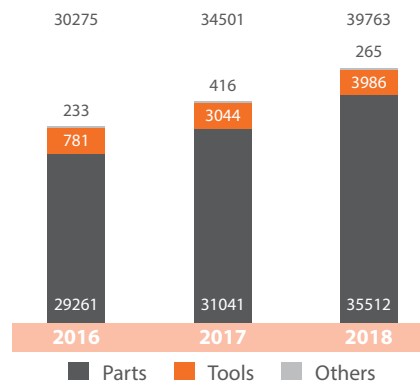
Gross Fixed Assets
(₹ in lacs)



Debt
(₹ in lacs)



Net Worth
(₹ in lacs)



EBITDA
(₹ in lacs)



Profit After Tax
(₹ in lacs)



*Earning Per Share
(in ₹)

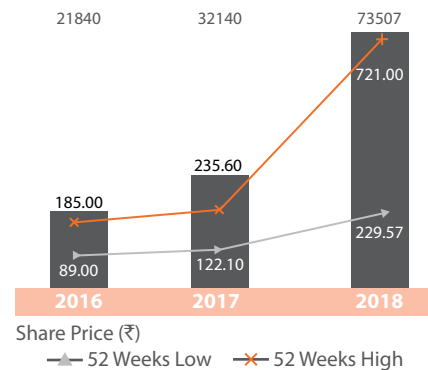
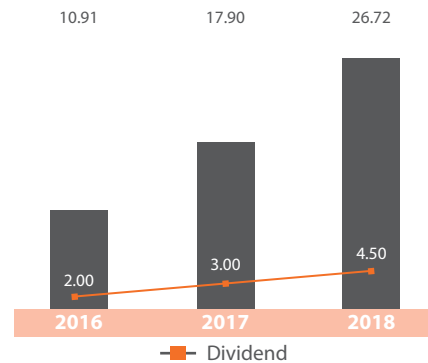
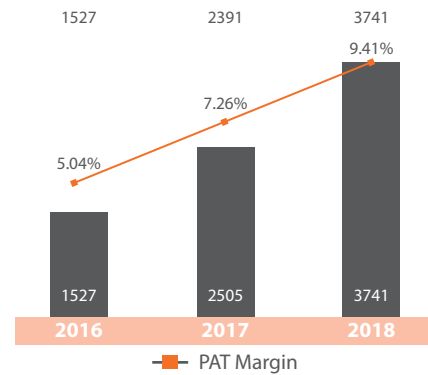
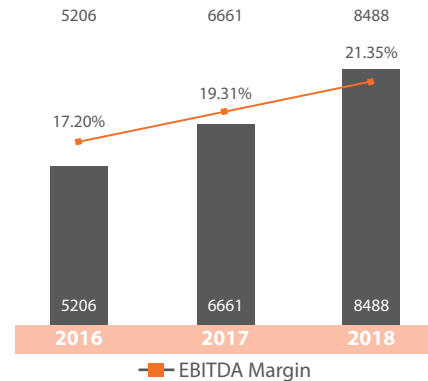


* Face Value of ₹10 Per Share

**Market Capitalization
(₹ in lacs)



**Source: BSE as on 31st March





If undelivered please return to:

PPAP Automotive Limited

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