# DIRECTORS' REPORT

To,

The Members,
**Popular Vehicles and Services Limited**

Your Directors are pleased to present the Company's 37th Annual Report together with the report of the statutory auditors and the audited financial statements of the Company for the financial year ended 31st March, 2021.

The financial year gone by is undoubtedly the most peculiar one in the annals of corporate history of our times. A year of the "new normal" affixing a mask on almost every human face on the globe, had cast its dark shadow on every industrial sector the world over; and automobile industry was no exception. In India, the year began with a massive and complete lockdown, putting a spanner in the works of the auto sector. It was already reeling under the pressure of a slowing economy and the complete standstill dented its prospects even further, affecting all aspects right from the shop floor to retail.

The automotive sector was already in the eye of a disruption storm well before the pandemic struck. The highly acclaimed future models of mobility such as electric vehicles, connected cars, new ownership models and shared mobility had started causing and would continue to cause massive market disruptions. Even then the industry has stood its ground amidst the pandemic.

While most of the industrial sectors in India struggled throughout the year under the onslaught of Covid-19, the auto sector, backed by a strong demand for personal mobility and the launch of new models, rose like a phoenix after the lockdown phases. Within the last two quarters of the fiscal year, the downward curve made an absolute V-turn. The fact that this was amidst another major challenge by way of the constant increase in fuel prices speaks volumes about the industry's resurgence capability.

Though the Indian automobile industry closed FY2021 with an overall year-on-year sales decline of 13.6%, of which PV sales accounted for 2.24% drop, Q4 formed the silver lining in the cloud, with Q4 FY2021 alone registering an uptick of 25.89%. The passenger vehicle sales in Q4 FY2021 too saw a year-on-year upswing of 42.40%. Utility vehicle sales too had a year-on-year growth of 12.13% in FY2021.

Currently we are battling the second wave of Covid-19 in our country. Amidst its rising concerns, though a guess on the long-term sector outlook this year would be far-fetched, yet there is a likelihood of FY2022 emerging as a much better year for the industry overall. The massive vaccination drive that is on in our country, coupled with long-term measures to maximize vehicle production and sales could augur well for us to face the new challenges head on. In the short term, issues in supply chain such as the semiconductor shortage, increasing raw material prices etc. need to be addressed on priority.

Then we have the BS6 Phase-2 coming into effect from the next FY. The next tranche of emission norms rolls out with the Corporate Average Fuel Economy-2 Rules starting from April 2022 and the Real Driving Emission norms in 2023. Not only does this make the standards stringer and the vehicles costlier, but it also eventually creates alternate powertrains distinct from the IC engines. The resultant alterations in engine electronics and exhaust technology are sure to make vehicle serviceability a big challenge. Cars of tomorrow will definitely need a more advanced and sophisticated network of service outlets.

Key highlights of financial performance of your Company on standalone and consolidated basis for the financial year 2020-21 are provided below:

**Standalone Performance**

On a standalone basis, our sales were at Rs. 16,916.85 million for the current year as against Rs. 18,392.37 million in the previous year, a dip of 8%. There is a profit before tax of Rs. 222.30 million in the current year as against a Profit before tax of Rs. 97.77 million in the previous year recording an increase of 127 %.

(In INR millions, except earnings per share data)

| **Particulars** | **For the financial year ended March 31, 2021** | **For the financial year ended March 31, 2020** |
|---|---|---|
| Revenue from Operations | 16,916.85 | 18,392.37 |
| Other Income | 125.68 | 54.74 |
| **Total Revenue** | **17,042.53** | **18,447.11** |
| Employee Benefits expense | 1,373.44 | 1591.28 |
| Finance costs | 336.59 | 405.62 |
| Depreciation and amortization expense | 392.20 | 357.80 |
| All other expenses | 14718.00 | 16255.92 |
| **Total Expenses** | **16,820.23** | **18610.62** |
| Profit / (Loss) Before Tax and exceptional item | 222.30 | (163.51) |
| Exceptional item | - | 261.28 |
| **Profit / (Loss) Before Tax** | **222.30** | **97.77** |
| Tax Expense<br>Current Tax<br>Deferred Tax charge / (credit) | <br>45.92<br>17.87 | <br>17.67<br>(54.41) |
| **Total Tax Expense/(income)** | **63.79** | **(36.74)** |
| **Profit for the year** | **158.51** | **134.51** |
| Earnings per equity share(in Rs)<br>Basic<br>Diluted | <br>12.64<br>12.64 | <br>10.73<br>10.73 |

## Consolidated Performance

On a consolidated basis, our sales decreased to Rs. 28,935.25 million for the current year as against 31,767.01 million in the previous year, recording a dip of around 9%. Our Profit Before Tax increased to Rs 472.52 million for the current year as against Rs. 79.95 million in the previous year, recording a hike of around 491%.

(In INR millions, except earnings per share data)

| Particulars | For the financial year ended March 31, 2021 | For the financial year ended March 31, 2020 |
|---|---|---|
| Revenue from Operations | 28,935.25 | 31,767.01 |
| Other Income | 257.27 | 88.34 |
| **Total Revenue** | **29,192.52** | **31,855.35** |
| Employee Benefits expense | 2,035.07 | 2385.71 |
| Finance costs | 551.10 | 696.07 |
| Depreciation and amortization expense | 724.91 | 610.93 |
| All other expenses | 25,408.92 | 28343.96 |
| **Total Expenses** | **28,720** | **32,036.67** |
| Exceptional item | | 261.28 |
| **Profit / (Loss) Before Tax** | **472.52** | **79.96** |
| Tax Expense:<br>Current Tax<br><br>Deferred Tax charge/(credit) | <br>99.86<br><br>48.11 | <br>33.11<br><br>(78.06) |
| **Total Tax Expense** | **147.97** | **(44.95)** |
| **Profit for the year** | **324.55** | **124.91** |
| Earnings per equity share(in Rs)<br>Basic<br>Diluted | <br>25.88<br>25.88 | <br>9.96<br>9.96 |

The standalone and consolidated financial statements for the financial year ended 31st March, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

### 3. Share Capital

During the year under report, there is no change in the Authorized and Paid up Equity Share Capital of the Company.

As on 31st March, 2021, the Authorised Share Capital of your Company stood at Rs.15,00,00,000/- comprising of 1,50,00,000 Equity Shares of face value of Rs.10/- each and the paid-up equity share capital of your Company stood at Rs. 12,54,42,890 /- consisting of 12,544,289 equity shares of Rs. 10/- each fully paid-up.

## 4. Dividend & Reserves

During the financial year ended 31st March, 2021, your Directors does not recommend any amount to be paid as dividend.

No amount is proposed to be transferred to general reserves for the financial year ended 31st March, 2021.

## 5. Material changes and commitments after the end of the financial year.

As on the date of this report, India is firmly in the grip of second wave of COVID. Lockdown and restrictions are not like previous restrictions, and are less restrictive for economic activity. However, from the beginning of May, 2021 the lockdowns have been imposed by various State Governments including State of Tamil Nadu and the State of Kerala where we operate. The second wave of pandemic has come at the most inopportune time since India as well as the automobile industry was showing signs of recovery following a slew of fiscal/monetary measures.

## 6. Change in the nature of business, if any.

There was no change in the nature of business of the Company during the financial year ending on 31st March2021.

## 7. Significant and Material Orders

During the year under review, there were no significant or material Orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## 8. Details of Subsidiary/Joint Ventures/Associate Companies

Your Company does not have any Joint Ventures or Associate Companies to be reported. The Subsidiaries of the Company as on 31st March, 2021 are listed below:

| Sl. No. | Name of Subsidiary |
|---|---|
| 1 | Popular Mega Motors India Private Limited |
| 2 | Popular Autoworks Private Limited |
| 3 | Vision Motors Private Limited |
| 4 | Popular Auto Dealers Private limited |
| 5 | Kuttukaran Cars Private Limited (Erstwhile Prabal Motors Private Limited) |
| 6. | Kuttukaran Green Private Limited ( Erstwhile Kuttukaran Pre Owned Cars Private Limited) |
| 7. | Avita Insurance Broking LLP |

There has been no material change in the nature of business of the subsidiaries during the financial year.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is appended as Annexure A to the report.

## 9. Board of Directors, Key Managerial Personnel, Board Committees and its Meetings

### a) Composition of the Board

During the year, the Board of Directors of your Company comprised of six Directors i.e. Mr. John K. Paul, Managing Director, Mr. Francis K Paul, Whole time Director, Mr. Naveen Philip, Director, Mr. Rahul G. Kurup, Nominee Director, Mr. Jacob Kurian, Independent Director and Ms. Preeti Reddy, Independent Director.

The Board of Directors, at its meeting held on 1st July, 2021, appointed Mr. George Joseph as Additional Director under the Independent Director category. The appointment as Independent Director is subject to approval of Shareholders. Post this appointment the total number directors on the board is enhanced to seven.

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

In accordance with the Articles of Association Mr. John K Paul, Managing Director retires by rotation at the ensuing Annual General Meeting. Mr. John K Paul being eligible seek re-appointment at the Annual General Meeting.

### b) Board Meetings

During the Financial Year 2020-21 the Company has held four (4) meetings of the Board of Directors on 12th August 2020, 22nd September, 2020, 20th January, 2021 and 22nd March, 2021. The intervening gap between the Meetings is within the period as prescribed under Section 173 (1) of the Companies Act, 2013.

### c) Board Committees

The Board of Directors have constituted Audit Committee, Nomination Committee and CSR committee as per the requirement of the Companies Act, 2013.

The Company has also constituted Stakeholders Relationship Committee and Risk Management Committee as per SEBI (LODR) Regulations, 2015 in the Board meeting held on 10th June, 2021.

Audit Committee has been re-constituted with Mr. George Joseph, Mr. Jacob Kurian, Ms. Preeti Reddy and Mr. Naveen Philip as members.

Nomination and Remuneration Committee has been re-constituted with Ms. Preeti Reddy, Mr. Jacob Kurian, Mr. Naveen Philip, Mr. George Joseph and Mr. Rahul G. Kurup as members.

Corporate Social Responsibility Committee is constituted with Mr. Francis K. Paul, Mr. John K. Paul, Mr. Rahul G Kurup and Mr. Jacob Kurian as members.

Stakeholders Relationship Committee has been constituted with Ms. Preeti Reddy, Mr. Naveen Philip and Mr. Rahul G. Kurup as members.

Risk Management Committee has been re-constituted with Mr. Jacob Kurian, Mr. Francis K Paul, Mr. Naveen Philip, Mr. George Joseph and Ms. Preeti Reddy as members.

### d) Managing Director and Whole Time Director.

Mr. John K. Paul has been appointed as the Managing Director of the Company till 31st March, 2022.

Mr. Francis K. Paul has been appointed as the Whole Time Director of the Company till 31st March, 2022.

**e) Key Managerial Personnel (KMPs)**

Pursuant to the provisions of Section 203 of the Companies Act, 2013, your Company has appointed the following Key Managerial Personnel:

(i)Mr. Philip Chacko M as Chief Executive Officer
(ii) Mr. John Verghese as Chief Financial Officer
(iii) Mr. Varun T V as Company Secretary

**10. Directors' Responsibility Statement**

In terms of clause (*c*) of sub-section (*3*) of Section 134 read with sub section (5) of Section 134 of the Companies Act, 2013, the Directors hereby state and confirm that—

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had 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 at the end of the financial year and of the profit of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**11. Public Deposits**

Your Company has not accepted any public deposits and, as such no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet. Thus no particulars are reported as required under Rule 8(5) (v) of Companies (Accounts) Rules, 2014.

**12. Statutory Auditors**

M/s B.S.R Associates LLP, 3rd Floor, Syama Business Centre, N.H Bye pass Road, Vytilla, Kochi - 682019, Firm Registration No 116231W/W-100024 had been appointed as Statutory Auditors of the company by the members for a term of five consecutive years, from the conclusion of 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting of the company to be held in the year 2021.

The Board of directors recommend the re-appointment of M/s B.S.R Associates LLP as Statutory Auditors of the Company for a further term of five consecutive years, from the conclusion of 37th Annual General Meeting until the conclusion of the 42nd Annual General Meeting of the company to be held in the year 2026.

## 13. Statutory Auditor's Report

The Statutory Auditors' Report for the financial year ending 31st March, 2021 does not contain any qualification, reservation or adverse remarks.

## 14. Particulars of loans, guarantees or investments

During the year under review, the Company has not provided any inter corporate loan.

During the year under review, the Company has given Corporate Guarantees amounting to Rs. 3.75 crores for Popular Mega Motors (India) Private Limited, Rs. 15 crores for Popular Auto Dealers Private Limited and Rs. 7.05 crores to Vision Motors Private Limited for availing credit facility from Bank/NBFCs/securing leases by the Subsidiary Companies.

The Company has also renewed various guarantees provided for its subsidiaries during the year.

During the year under review, the Company has purchased 12,500 shares of Popular Auto Dealers Private Limited (PADL), held by Popular Mega Motors India Private Limited.

The details of the investments made and loans given by the company in the Subsidiary Companies are given in the notes to the financial statements and are in compliance with the relevant provisions of section 186 of the Companies Act 2013 read with the rules thereon.

## 15. Particulars of contracts or arrangements with related parties

The transactions with related parties are in compliance with the provisions contained in Section 188(1) of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure B in Form AOC-2 and the same forms part of this report.

## 16. Managerial remuneration

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are as follows:

| Name | Designation | Educational Qualification | Age | Experience (in years) | Date of Joining | Remuneration for the FY(in millions) | Nature of Employment | Previous Employment and Designation | % of Share Holding in the Company | whether any such employee is a relative of any director or manager of the company |
|---|---|---|---|---|---|---|---|---|---|---|
| Mr. Philip Chacko M | CEO | PGDBM IIM B.Tech IIT | 50 | 22 | 01.08.2016 | 10.6 | In the rolls of the Company | Talwandi Sabo Power Ltd, COO | Nil | No |

## 17. Disclosure under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013.

The Company has constituted an Internal Committee as required under the said Act to take necessary preventive actions as may be possible and also to carry out redressal of complaints, if any, on sexual harassment and for matters connected therewith or incidental thereto. Summary of sexual harassment complaints received and disposed of during the financial year 2020-21 are as follows:

No of complaints received : 2
No of complaints disposed off : 2

**18. Conservation of Energy/ Technology Absorption and Foreign Exchange Earnings and outgo**

The company uses power saving lighting equipment's for its office and workshop and saves power wherever there is scope for energy saving.

No technology absorption has taken place during the year under consideration.

There was no foreign exchange inflow or outflow during the year.

**19. Corporate SocialResponsibility.**

The company since its inception has seen responsible to the society and has pioneered in undertaking activities which promote various social and charitable objectives. Company has also, over the years, undertaken various social and charitable activities directly and through NGOs.

As on 31st March, 2021 the CSR committee consist of:

(i) Mr. John K Paul, Managing Director
(ii) Mr. Francis K Paul, Whole Time Director
(iii) Mr. Jacob Kurian, Independent Director
(iv) Mr. Rahul G Kurup, Nominee Director

Committee has extended its support to the society by facilitating and promoting the inborn entrepreneurial ability and skills among the under privileged in the society, especially focusing on women. Provided financial assistance to enhance the current social status of women, increase women's family household income and improve quality of life. This was executed through "K.P. Paul Foundation" in association with "Rajagiri Out-reach" an NGO well recognized for its CSR activities by various local and international bodies.

Annual report on CSR Activities as per companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure C.

**Secretarial Audit**

Pursuant to Section 204 of the Companies Act, 2013 the Company has appointed Mr. M.C. Sajumon, Practising Company Secretary, Kochi as Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year ending 31st March, 2021. The report of Secretarial Auditor for the financial year 2020-21 is annexed to this report.

**Extract of Annual Return**

The extract of Annual Return of the company in Form MGT-9 is available at the website of the Company www.popularmaruti.com.

**Vigil mechanism**

In accordance with Section 177 of the Companies Act, 2013, the Company has formulated a Vigil Mechanism to address the genuine concerns, if any, of the Directors and employees, the policy has been overseen by Audit Committee. The details of the policy can also be accessed on the Company's website https://www.popularmaruti.com/vigil-mechanism/.

**Risk Management and Adequacy of Internal Financial Controls.**

The Company has in place a mechanism to identify, access, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuous basis.

The Company's Internal Control Systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Board.

**Credit Rating**

During the year under review, CRISIL Ratings have reaffirmed CRISIL BBB/ Stable rating for Long term facilities and short term rating of 'CRISIL A3+' for the debt instruments/facilities. The stable outlook on the rating has been reaffirmed.

**Internal Audit**

Company has established a full-fledged internal audit team headed by a qualified Chartered Accountant. Audit team conducts regular reviews of the business process, operations and financial transactions to ensure adequacy and existence of effective control systems; investigate probable risks, deviations, fraud or misappropriations.

**Reporting of Fraud by Auditors**

During the year under review, the Statutory Auditors has not reported to the Board under Section 143(12) of the Companies Act, 2013 any instances of fraud committed against the Company by its Officers or employees.

**Human Resources Management**

Human Resource Department plays a pivotal role in achieving organizational excellence. Your Company constantly strives to develop quality human resources, to meet the challenges of competitive business environment and to build critical capabilities in achieving the Company's objectives and goals. The Company is continuously renewing and updating the knowledge and skill of its employees at all levels through training and development.

As on 31st March, 2021, the Company had a total head count of 6018 employees, a decrease of 234 employees over the previous year. Your Company takes significant efforts on employee development by imparting training to employees at the various levels.

Your Company wishes to put on record its deep appreciation for the co-operation and efforts of its employees for the betterment of the organization.

**Industrial Relations**

During the year under review, the company enjoyed cordial relationship with workers and employees at all levels and the Directors thank all the employees for their continued support, co-operation and valuable contributions.

**29. Policy on Appointment and Remuneration for Directors, Key Managerial Personnel and Senior Management Employees**

The NRC of the Board has devised a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The Committee has formulated the criteria for determining the qualifications, positive attributes and independence of Directors, which has been put up on the Company's website https://www.popularmaruti.com/wp-content/uploads/2019/12/Remuneration-Policy-for-Directors-and-Senior-Management.pdf .

**30. Secretarial Standards**

The relevant secretarial standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meetings have been complied with by the Board.

**31. Acknowledgements**

We thank our clients, vendors, investors and bankers, for their continued support during the year. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support. We thank the Government of India, particularly the Ministry of Labour and Employment, the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Corporate Affairs, the State Governments of Kerala and Tamil Nadu, the Central Board of Direct Taxes, the Central Board of Indirect Taxes and Customs, GST authorities, the Reserve Bank of India, various departments under the state governments and other government agencies for their support, and look forward to their continued support in the future.

**For and on Behalf of Board of Directors of**
**Popular Vehicles and Services Limited**

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| Place: Kochi-25 | **John K Paul** | **Francis K Paul** |
| Date: 01.07.2021 | **(Managing Director)** | **(Whole TimeDirector)** |
| | **DIN:00016513** | **DIN:00018825** |

**Annexure A**

**FORM AOC-1**

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSISIDARIES OR ASSOCIATE COMPANIES OR JOINT VENTURES**

(PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

(In millions)

| Sl. No | Name of Subsidiary | Financial period ended | Date since when subsidiary was acquired | Reporting Currency | Capital | Other Equity | Total Assets | Total Liabilities | Investments | Turnover | PBT | Provision for Tax | Profit After tax | Proposed Dividend | % of shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Popular Mega Motors India Private Limited | March 31, 2021 | 21.06.2004 | INR | 69.44 | 742.17 | 2732.64 | 2732.64 | 276.70 | 7288.57 | 146.92 | 45.56 | 101.35 | - | 100% |
| 2 | Popular Autoworks Private Limited | March 31, 2021 | 09.01.2014 | INR | 251.12 | (97.61) | 1092.40 | 1092.40 | - | 1500.52 | (33.61) | (5.21) | (28.40) | - | 100% |
| 3 | Vision Motors Private Limited | March 31, 2021 | 20.06.2012 | INR | 146.77 | 27.93 | 710.31 | 710.31 | - | 2421.94 | 69.24 | 27.28 | 41.96 | - | 100% |
| 4 | Popular Auto Dealers Private limited | March 31, 2021 | 01.10.2015 | INR | 5.10 | 199.74 | 550.60 | 550.60 | 3.88 | 1447.69 | 67.78 | 16.57 | 51.21 | - | 100% |
| 5 | Kuttukaran Cars Private Limited | March 31, 2021 | 06.01.2014 | INR | 20.00 | (20.30) | 0.12 | 0.12 | - | - | (0.05) | - | (0.05) | - | 100% |
| 6 | Kuttukaran Green Private Limited (Former Kuttukaran Pre Owned Cars Private Limited) | March 31, 2021 | 13.06.2017 | INR | 0.10 | (0.28) | 1.22 | 1.22 | - | - | (0.04) | - | (0.04) | - | 100% |

Company does not have any associate companies or joint ventures as on March, 31, 2021.

**For and on Behalf of Board of Directors of**
**Popular Vehicles and Services Limited**

| Sd/- | Sd/- |
|---|---|
| **John K Paul** | **Francis K Paul** |
| **(Managing Director)** | **(Whole Time Director)** |
| **DIN:00016513** | **DIN:00018825** |

Place: Kochi-25
Date: 01.07.2021

**FORM NO. AOC -2**
**ANNEXURE B TO THE DIRECTORS' REPORT**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms-length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at Arm's length basis –**

| SL. No. | Particulars | Details |
|---|---|---|
| A | Name (s) of the related party & nature of relationship | NOT APPLICABLE |
| B | Nature of contracts/arrangements/transaction | |
| C | Duration of the contracts/arrangements/transaction | |
| D | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| E | Justification for entering into such contracts or arrangements or transactions' | |
| F | Date (s) of approval by the Board | |
| G | Amount paid as advances, if any | |
| H | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | |

2. **Details of contracts or arrangements or transactions at Arm's length basis.**

| SL. No. | Particulars | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Name (s) of the related party & nature of relationship | Popular Auto Dealers Private Limited | Prabal Motors Private Limited | Popular Mega Motors (India) Private Limited | Vision Motors Private Limited | Popular Auto Dealers Private Limited | Popular Autoworks Private Limited | Vision Motors Private Limited | Popular Mega Motors (India) Private Limited | Kuttukaran Institute for Human Resource Development |
| 2 | Nature of contracts/ arrangements/ transaction | Revenue from Operations | Revenue from Operations | Revenue from Operations | Revenue from Operations | Purchase of Accessories and spares | Revenue from Operations | Purchase of Accessories and spares | Purchase of Accessories and spares | Revenue from Operations |
| 3 | Duration of the contracts /arrangements/ transaction | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactio ns | Multiple transactions | Multiple transaction s |
| 4 | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods in the ordinary course of business amounting to Rs 1.56 million. | Sale of goods in the ordinary course of business amounting to Rs 0.03 million. | Sale of goods in the ordinary course of business amounting to Rs 1.15 million. | Sale of goods in the ordinary course of business amounting to Rs 0.16 million. | Purchase of Accessories and spares in the ordinary course of business amounting to Rs 73.08 million. | Sale of goods in the ordinary course of business amounting to Rs. 0.01 million. | Purchase of Accessori es and spares in the ordinary course of business amountin g to Rs 33.78 million. | Purchase of Accessories and spares in the ordinary course of business amounting to Rs. 0.24 million. | Sale of goods in the ordinary course of business amounting to Rs 0.04 million. |
| 5 | Dates of approval by the Board, if any | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.200 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.200 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions |
| 6 | Amount paid as advance, if any | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| SL. No. | Particulars | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|
| 1. | Name (s) of the related party & nature of relationship | Popular Auto Dealers Private Limited | Vision Motors Private Limited | Kuttukaran Institute for Human Resource Development | Popular Auto Dealers Private Limited | Popular Auto Works Private Limited | Kuttukaran Institute for Human Resource Development | Popular Mega Motors (India) Private Limited | Prabal Motors Private Limited |
| 2 | Nature of contracts/ arrangements/ transaction | Expenses met by the Company | Expenses met by the Company | Expenses met by the Company | Expenses met on behalf of the Company | Expenses met on behalf of the Company | Expenses met on behalf of the Company | Expenses met on behalf of the Company | Expenses met on behalf of the Company |
| 3 | Duration of the contracts /arrangements/ transaction | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions |
| 4 | Salient terms of the contracts or arrangements or transaction including the value, if any | Expenses met by the Company in the ordinary course of business amounting to Rs 0.05 Millions | Expenses met by the Company in the ordinary course of business amounting to Rs 0.05 Millions | Expenses met by the Company in the ordinary course of business amounting to Rs 0.04 Millions | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 0.31 Millions | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 0.52 Millions | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 0.10 Millions | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 2.14 Millions | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 0.61 Millions |
| 5 | Dates of approval by the Board, if any | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions |
| 6 | Amount paid as advance if any | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| SL. No. | Particulars | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
|---|---|---|---|---|---|---|---|---|---|
| 1. | Name (s) of the related party & nature of relationship | Vision Motors Private Limited | Kuttukaran Homes LLP | Vision Motors Private Limited | Popular Mega Motors (India) Private Limited | Popular Mega Motors (India) Private Limited | Prabal Motors Private Limited | Popular Mega Motors (India) Private Limited | Vision Motors Private Limited |
| 2 | Nature of contracts/ arrangements/ transaction | Expenses met on behalf of the Company | Expenses met on behalf of the Company | Repairs & Maintenance | Repairs & Maintenance | Sale of assets | Sale of assets | Purchase of assets | Purchase of assets |
| 3 | Duration of the contracts /arrangements/ transaction | Multiple transactions | Multiple transactions | Multiple transactions | Multiple transactions | Single transaction | Single transaction | Single transaction | Single transaction |
| 4 | Salient terms of the contracts or arrangements or transaction including the value if any | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 1.10 Millions | Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 0.16 Millions | Repair and maintenance of vehicles in the ordinary course of business amounting to Rs.0.01 Millions | Repair and maintenance of vehicles in the ordinary course of business amounting to Rs.0.41 Millions | Sale of fixed asset amounting to Rs.0.75 Millions | Sale of fixed asset amounting to Rs.0.02 Millions | Purchase of fixed asset amounting to Rs. 0.80 Millions. | Purchase of fixed asset amounting to Rs. 0.01 Millions. |
| 5 | Dates of approval by the Board or General Meeting, if any | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.100 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.10 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.10 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.10 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.10 millions |
| 6 | Amount paid as advance if any | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| SL. No. | Particulars | 26 | 27 | 28 |
|---|---|---|---|---|
| 1. | Name (s) of the related party & nature of relationship | Prabal Motors Private Limited | Popular Auto Dealers Private Limited | Popular Auto Dealers Private Limited |
| 2 | Nature of contracts/ arrangements/ transaction | Purchase of assets | Purchase of assets | Investment in shares |
| 3 | Duration of the contracts /arrangements/ transaction | Single transaction | Single transaction | Single transaction |
| 4 | Salient terms of the contracts or arrangements or transaction including the value if any | Purchase of fixed asset amounting to Rs. 0.12 Millions. | Purchase of fixed asset amounting to Rs. 0.15 Millions. | Purchase of shares amounting to Rs. 1.25 million |
| 5 | Dates of approval by the Board or General Meeting if any | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.10 millions | Board meeting dated 27/02/2020 sanctioned an overall limit of Rs.10 millions | Board meeting dated 22/09/2020 |
| 6 | Amount paid as advance if any | Nil | Nil | Nil |

**For and on Behalf of Board of Directors of Popular Vehicles and Services Limited**

**Date: 01/07/2021**
**Place: Kochi**

**Sd/-** **Sd/-**

**John K Paul**
**(Managing Director)**
**DIN:00016513**

**Francis K Paul**
**(Whole TimeDirector)**
**DIN:00018825**

*Annexure C*

**Annual Report on Corporate Social Responsibility (CSR)**

(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. **Brief outline of the Company's CSR Policy, including overview of projects/ programmes udertakenand a reference to the web-link to the CSR policy and projects or programmes.**

CSR policy encompasses the company's philosophy for delineating its responsibility as a corporate Citizen and lays down the guidelines and mechanism for carrying out socially useful activities/ projectsand programs for welfare and sustainability, development of community at large. The Company since itsinception has seen responsible to the society and has pioneered in undertaking activities which promotevarious social and charitable objectives. The Company has also, over the years, undertaken various social and charitable activities directly and through NGOs. The Company has already spent amounts forsocial and charitable activities over the past several years.

**Areas of activities to be undertaken**

The activities will be executed directly or through registered and accredited trust, society or NGO or in collaboration with other companies. The Company shall be undertaking activities in the following areas.

i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.

ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, youth, and elderly and the differently able persons and livelihood enhancement projects.

iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilitiesfor senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conversation of natural resources and maintaining qualityof soil, air and water.

v. Protection of national heritage, art and culture including restoration of building and sitesof historical importance and works of art and setting up of public libraries.

vi. Measures for the benefit of armed forces veterans, war widows and their dependents.

vii. Training to promote rural sports, nationally recognized sports, Paralympics sports andOlympic sports.

viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by theCentral Government for socio-economic development and relief and welfare of the Schedules Castes, the Scheduled Tribes, other backward classes, minorities and women.

ix. Contributions or funds provided to technology incubators located within academicinstitutions which are approved by the Central Government.

x. Rural Development Projects

2. **Composition of CSR Committee:**

| Sl. No. | Name of Director | Designation /Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings ofCSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Francis K. Paul | Chairman | 1 | 1 |
| 2 | John K. Paul | Member | 1 | 1 |
| 3 | Rahul G. Kurup | Member | 1 | 1 |
| 4 | Jacob Kurian | Member | 1 | 1 |

During the Financial Year ended 31.03.2021, the CSR Committee has met once, on 22$^{nd}$ March,2021.

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the boardare disclosed on the website of the company.:

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors, is available on the Company's website at https://www.popularmaruti.com/wp-content/uploads/2019/12/Policy-on-CSR.pdf.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) ofrule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).: N/A

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year,if any: Nil

6. Average net profit of the company as per section 135(5):

(Rs.In lakhs)

| | |
|---|---|
| Financial Year 2017-18 | 2,762 |
| Financial Year 2018-19 | 1,891 |
| Financial Year 2019-20 | (1635) |
| Total Net Profits | 3,018 |

**The average net profit of the company for the last three financial years is Rs. 1,006 lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5) :Rs.20.12 lakhs

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

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 20.12 lakhs

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred toUnspent CSR Account as persection 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| 2,020,000 | Nil | NA | | | |

(b) Details of CSR amount spent against ongoing projects for the financial year: NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activitiesin schedule VII to the Act. | Local area (Yes /No). | Location of theproject. | | Amount spent forthe project (in Rs.). | Mode of implementation -Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number |
| 1. | Rajagiri Out Reach | Women Empowerment | Yes | Kerala, Thrissur | | 20,20,000 | No | K P Paul Foundation | |
| | Total | | | | | 20,20,000 | | | |

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 20.20 lakhs

(g) Excess amount for set off, if any : Rs. 8,000/-

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

(Rs. In millions)

| Sl. No | Year | CSR requirement (2%) | Amount already spent | Unspent Amount | Excess Spending |
|---|---|---|---|---|---|
| 1. | 2017-18 | 3.36 | 0.32 | 3.04 | - |
| 2. | 2018-19 | 4.29 | 7.14 | - | 2.85 |
| 3. | 2019-20 | 5.20 | 5.20 | - | - |

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so createdor acquired through CSR spent in the financial year : Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as persection 135(5).: N/A

**For and on Behalf of Board of Directors**
**of**

**Popular Vehicles and Services Limited**

| | | |
|---|---|---|
| | Sd/- | Sd/- |
| Place: Kochi-25<br>Date: 01.07.2021 | **John K Paul**<br>**(Managing Director)**<br>**DIN:00016513** | **Francis K Paul**<br>**(Whole Time Director)**<br>**DIN:00018825** |

## ANNEXURE D TO THE DIRECTORS' REPORT

**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on March 31, 2021**

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

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### I. REGISTRATION AND OTHER DETAILS:

i. CIN: **U50102KL1983PLC003741**

ii. Registration Date: **05.07.1983**

iii. Name of the Company: **Popular Vehicles and Services Limited**

iv. Category / Sub-Category of the Company: **Public Company Limited by shares**

**v.** Address of the Registered office and contact details: **Kuttukaran Centre,**
**Mamangalam, Kochi,**
**Kerala, 682025,**
**Ph: 0484 - 2345013**

vi. Whether listed company**: No**

vii. Name, Address and Contact details of Registrar and Transfer Agent, if any:
**- Link Intime India Private Limited,**
**C-101, 1st floor, 247 Park, Lal Bahadur Shastri Marg,**
**Vikhroli (West), Mumbai- 400 083,**
**Maharashtra, India. Tel: 022 4918 6200**

### II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Sale of Vehicles | 45101 | 66.06% |
| 2 | Sales of Used Cars | 45102 | 12.44% |

## III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl No | Name and Address of the \ Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Popular Mega Motors (India)Private limited, Kuttukaran Centre, Mamangalam, Kochi -25 | U31103KL1997PTC011748 | Subsidiary | 100% | 2(87) |
| 2 | Vision Motors Private Limited Kuttukaran Centre, Mamangalam, Kochi -25 (Wholly owned subsidiary of Popular Mega Motors(India)Private Limited) | U34100KL2008PTC022049 | Subsidiary | 100% | 2(87) |
| 3 | Popular Auto Dealers Private Limited, Kuttukaran Centre, Mamangalam, Kochi -25 | U50101KL2005PTC018670 | Subsidiary | 100% | 2(87) |
| 4 | Popular Auto Works Private Limited, Kuttukaran Centre, Mamangalam, Kochi -25 | U34100KL2009PTC024318 | Subsidiary | 100% | 2(87) |
| 5 | Kuttukaran Cars Private Limited Kuttukaran Centre, Mamangalam, Kochi –25 | U34100KL2011PTC029542 | Subsidiary | 100% | 2(87) |
| 6 | Kuttukaran Green Private Limited ( Name changed from Kuttukaran Pre Owned Cars Private Limited) Kuttukaran Centre, Mamangalam, Kochi –25 ((Wholly owned subsidiary of Popular Auto Dealers Private Limited) | U50400KL2017PTC049442 | Subsidiary | 100% | 2(87) |

*Details of only Subsidiary Companies are given

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

### i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01-April-2020] | | | | No. of Shares held at the end of the year [As on 31-March-2021 ] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A.Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a) Individual/ HUF | 8253375 | - | 8253375 | 65.79% | 8253375 | - | 8253375 | 65.79% | |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1) | 8253375 | - | 8253375 | 65.79% | 8253375 | - | 8253375 | 65.79% | - |
| B. Public Shareholding | | | | | | | | | |
| 1.Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FII | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | 4266666 | - | 4266666 | 34.01% | 4266666 | - | 4266666 | 34.01% | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 4383 | 19865 | 24248 | 0.20% | 4572 | 19676 | 24248 | 0.20% | |
| ii) Individual shareholders holding nominal | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| share capital in excess of Rs 1 lakh. | | | | | | | | | |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 4271049 | 19865 | 4290914 | 34.21% | 4271238 | 19676 | 4290914 | 34.21% | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 4271049 | 19865 | 4290914 | 34.21% | 4271238 | 19676 | 4290914 | 34.21% | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 12524424 | 19865 | 12544289 | 100.00% | 12524613 | 19676 | 12544289 | 100.00% | - |

**(ii) Shareholding of Promoter**

| | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No.of Shares | % of total Shares of the company | %of Shares Pledged /encumbered to total | No. of Shares | % of total Shares of the company | %of Shares Pledged /encumbered total shares | |
| 1 | John K Paul | 2751125 | 21.93% | - | 2751125 | 21.93% | - | - |
| 2 | Francis K Paul | 2751125 | 21.93% | - | 2751125 | 21.93% | - | - |
| 3 | Naveen Philip | 2751125 | 21.93% | - | 2751125 | 21.93% | - | - |

**(iii) Change in Promoters' Shareholding**

| | | 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 |
| | At the beginning of the year | 8253375 | 65.79% | 8253375 | 65.79% |
| | At the End of the year | 8253375 | 65.79% | 8253375 | 65.79% |

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

| Sl. NO | For Each of the Top 10 Shareholders | 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. | BANYANTREE GROWTH CAPITAL II LLC | | | | |
| | At the beginning of the year | 4266666 | 34.01% | 4266666 | 34.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 4266666 | 34.01% | 4266666 | 34.01% |
| 2. | M.A. SAJJAN | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 3. | T.K. JOSHI | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 4. | ALBERT FIGAREDO | | | | |

| | | | | | |
|---|---|---|---|---|---|
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 5. | P.K. RADHAKRISHNAN | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 6. | K.P. RAVI | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 7. | P.K. UDAYAKUMAR | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 8. | M.P. NAIR | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 9. | V.G. NARAYANAN | | | | |
| | At the beginning of the year | 829 | 0.01% | 829 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | At the end of the year | 829 | 0.01% | 829 | 0.01% |
| 10. | A.O. VARGHESE | | | | |
| | At the beginning of the year | 640 | 0.01% | 640 | 0.01% |
| | Increase / Decrease in Shareholding during the year | - | - | - | - |
| | At the end of the year | 640 | 0.01% | 640 | 0.01% |

*Other than the above, 22 shareholders also hold 640 shares each.

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl No. | For each of the Directors and Key Managerial Personnel | 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. | **John K Paul– Managing Director** | | | | |
| | At the beginning of the year | 2751125 | 21.93% | 2751125 | 21.93% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year | - | - | - | - |
| | At the end of the year | 2751125 | 21.93% | 2751125 | 21.93% |
| 2. | **Francis K Paul– Whole Time Director** | | | | |
| | At the beginning of the year | 2751125 | 21.93% | 2751125 | 21.93% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year | - | - | - | - |
| | At the end of the year | 2751125 | 21.93% | 2751125 | 21.93% |
| 3. | **Naveen Philip- Director** | | | | |
| | At the beginning of the year | 2751125 | 21.93% | 2751125 | 21.93% |
| | Date wise Increase / Decrease in | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | Promoters Shareholding during the year | | | | |
| | At the end of the year | 2751125 | 21.93% | 2751125 | 21.93% |
| 4 | **Rahul G Kurup- Nominee Director** | | | | |
| | At the beginning of the year | 0 | .0% | 0 | .0% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year | - | - | - | - |
| | At the end of the year | 0 | .0% | 0 | .0% |
| 5 | **Jacob Kurian – Independent Director** | | | | |
| | At the beginning of the year | 0 | .0% | 0 | .0% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year | - | - | - | - |
| | At the end of the year | 0 | .0% | 0 | .0% |
| 6 | **Preeti Reddy - Independent Director** | | | | |
| | At the beginning of the year | 0 | .0% | 0 | .0% |
| | Date wise Increase / Decrease in Promoters Shareholding during the year | - | - | - | - |
| | At the end of the year | 0 | .0% | 0 | .0% |

**V.INDEBTEDNESS –**

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

**(in millions)**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 2037.31 | 61.71 | | 2099.02 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 6.28 | | | 6.28 |
| **Total (i+ii+iii)** | **2043.59** | **61.71** | | **2105.3** |
| **Change in Indebtedness during the financial year** | | | | |
| * Addition | | | | |
| * Reduction | 94.8 | 31.6 | | 126.4 |
| **Net Change** | **94.8** | **31.6** | | **126.4** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 1948.79 | 30.11 | | 1978.9 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 0.13 | | | 0.13 |
| **Total (i+ii+iii)** | **1948.92** | **30.11** | | **1979.03** |

**VI.REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER**:

(in millions)

| Sl NO | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---|---|---|---|---|
| | | John K Paul Managing Director | Francis K Paul Whole Time Director | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 7.17 | 7.17 | 14.34 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |

| | | | | |
|---|---|---|---|---|
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | - others, specify… | - | - | - |
| 5 | Others, please specify : Special time incentive & Incentive | | | |
| | Total (A) | 7.17 | 7.17 | 14.34 |
| | Ceiling as per the Act | | | |

## B. REMUNERATION TO OTHER DIRECTORS

| Sl NO. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Rahul G. Kurup | Naveen Philip | Jacob Kurian | Preeti Reddy | |
| 1 | Independent Directors | | | | | |
| | Fee for attending board committee meetings | - | - | 0.50 | 0.45 | 0.95 |
| | Commission | - | - | | | |
| | Others, please specify | - | - | | | |
| | Total (1) | - | - | 0.50 | 0.45 | 0.95 |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending board committee meetings | - | - | | | |
| | Commission | - | - | | | |
| | Others, please specify | - | - | | | |
| | Total (2) | - | - | | | |
| | Total (B)=(1+2) | - | - | 0.50 | 0.45 | 0.95 |
| | Total Managerial Remuneration | - | - | | | |
| | Overall Ceiling as per the Act | | | | | |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sl NO. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO Mr. Philip Chacko M | CFO Mr. John Verghese | CS Mr. Varun T.V. | Total |
| 1 | Gross salary | 10.61 | 5.46 | 2.05 | 18.12 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others, specify… | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | **10.61** | **5.46** | **2.05** | **18.12** |

## VII.PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | NIL | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | NIL | | | | |

**For and on Behalf of Board of Directors of**
**Popular Vehicles and Services Limited**

**Sd/-** **Sd/-**

**Place: Kochi-25**
**Date: 01.07.2021**

**John K Paul**
**(Managing Director)**
**DIN:00016513**

**Francis K Paul**
**(Whole Time Director)**
**DIN:00018825**

**SECRETARIAL AUDIT REPORT**

**POPULAR VEHICLES AND SERVICES LIMITED**
**(For the financial year ended on 31.03.2021)**

***[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]***

To

The Members
Popular Vehicles And Services Limited
Kuttukaran Centre
Mamangalam Cochin
Ernakulam Kerala 682025

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Popular Vehicles And Services Limited (CIN: U50102KL1983PLC003741) (hereinafter called the Company), having registered office at Kuttukaran Centre, Mamangalam, Cochin, Ernakulam, Kerala, Pin- 682025 and incorporated on 05.07.1983, carrying on the business of purchase, sale and services of automobiles, spare parts and accessories. The company has four subsidiaries and three step down subsidiaries. Popular Mega Motors (India) Private Limited, Popular Auto Dealers Private Limited, Kuttukaran Cars Private Limited (Formerly known as Prabal Motors Private Limited) and Popular Auto Works Private Limited are subsidiaries which are also engaged in the business of purchase, sale and services of automobiles, spare parts and accessories and Vision Motors Private Limited, Kuttukaran Green Private Limited (Formerly known as Kuttukaran Pre Owned Cars Private Limited), both engaged in the business of purchase, sale and services of automobiles, spare parts and accessories and Avita Insurance Broking LLP (under the process of striking off) are step down subsidiaries. Secretarial Audit of M/s Popular Vehicles And Services Limited for the financial year ending on 31.03.2021 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 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 31.03.2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31.03.2021 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 there under- Not applicable as the company is an unlisted public company;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; The company has dematerialized its share certificates and appointed M/s Link Intime India Private Limited having Registered office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai, Mumbai City, Maharashtra- 400083 as Registrar and Transfer Agent (RTA) to comply with the provisions of the Act. However, certificates of 19,676 shares (0.157%) are still held in physical form.

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; There was no Foreign Direct Investment in the company and the company has not made any new Overseas Direct Investment and also had not availed External Commercial Borrowings during the period under report.

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 (LODR) Regulations, 2015- Not applicable as the company is an unlisted public company;

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not applicable as the company is an unlisted public company;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not applicable as the company is an unlisted public company;

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**-** Not applicable as the company is an unlisted public company;

e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable as the company is an unlisted public company and has not offered any Employee Stock Option Scheme and Employee Stock Purchase Scheme during the period under review;

f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014-Not applicable as the company is an unlisted public company and has not offered any shares or granted any options pursuant to any Employee Benefit Scheme during the period under review**;**

g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **--** Not applicable as the company is an unlisted public company and has not issued and listed any debt securities during the period under review;

h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 **-** Not applicable as the company is an unlisted public company and not registered as Registrars to an Issue and Share Transfer Agent;

i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **-** Not applicable as the company is an unlisted public company**;** and

j) The Securities and Exchange Board of India (Buyback of Securities) Regulations,2018 **-** Not applicable as the company is an unlisted public company and has not bought back any securities during the period under review**.**

**I have also examined** compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and Memorandum of Association of the company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, to the extent applicable to the company.

VI. The company has identified and informed me that the industry/sector specific laws, applicable to the company under Central and/or State legislations, are:

a) Motor Vehicles Act,1988 and rules made thereunder;

VII. The company has also identified and informed me that the following Environmental Laws, Labour laws and General laws are specifically applicable to the company under Central and/or State legislations **Environmental laws** viz; Environment Protection Act, 1986 and rules made there under; Water (Prevention and Control of Pollution) Act, 1974 and rules made there under; Air (Prevention and Control of Pollution) Act, 1981 and rules made there under; Noise Pollution (Regulation and Control) Rules,2000,The Hazardous Wastes (Management Handling and Trans boundary Movement) Rules, 2008 and **Labour laws** viz; The Employees' State Insurance Act, 1965 and rules made there under, The Contract Labour (Regulation and Abolition) Act, 1970 and rules made there under, The Employees' Provident Fund & Misc. Provisions Act, 1952 and rules made there under; Apprentices Act ,1961 and rules made thereunder; and Kerala Shops and Commercial Establishments Act,1960 and **other General laws** viz; The Factories Act 1948 and rules made there under; The Industrial Disputes Act, 1947; and rules made thereunder; and rules made thereunder and rules made there under, vis-a-vis The Sexual Harassment of Women at Workplace(Prevention, Prohibition and Redressal) Act, 2013.

For the purpose of examining the adequacy of compliances with industry/sector specific laws and Environmental laws, reliance has been placed on information/records produced by the Company during the course of audit and the Compliance Certificate issued by the Managing Director of the company and the reporting is limited to that extent and based on that I am of the opinion that the company has generally complied with the specific laws and Environmental laws etc.

**I further report that** the compliance by the company of the financial laws like direct and indirect tax laws and various labour laws and other laws has not been reviewed in this audit, since they do not come under the scope of this audit. However based on the information received and records maintained by the company and on their examination I 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 general laws like labour laws, Competition law, environmental laws, rules, regulations and guidelines.

**I further report that t**he Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The company has appointed whole time Key Managerial Personnel viz; Managing Director, Company Secretary, Chief financial Officer and Chief Executive Officer. During the period under report, the directors of the company have filed Web-Form DIR-3 KYC WEB or Form DIR-3-KYC as the case may be with MCA/ROC as it has been made mandatory for the DIN holders to update the DIN Status within the stipulated date by the MCA for updating its register with latest and personal information of DIN holders vide notification dated 5th July 2018. The following changes in the composition of the Board of directors and other KMPs took place during the audit period and were carried out in compliance with the provisions of the Act:

a) Mr.Francis K Paul (DIN: 00018825), Director, who retired by rotation in terms of Section 152 of Companies Act, 2013 was re-appointed as Director of the Company at the 36th Annual General Meeting held on 23.10.2020 as recommended by the Board at the meeting held on 22.09.2020.

b) As decided at the Board Meeting held on 22.03.2021, Mr. Rahul. G. Kurup (having DIN: 07496119), the representative/nominee of M/s Banyan Tree Growth Capital II LLC, the private equity investor, was re-appointed as Nominee Director of the Company, to hold office for a further period of five years

**I further report that** the company has held Four (4) Board meetings during the period under report, respectively on 12.08.2020, 22.09.2020, 20.01.2021 and 22.03.2021. Ministry of Corporate Affairs vide Circular No.11/2020 dated 24.03.2020 had granted relaxation for compliance of section 173(1) of the Companies Act, 2013, in view of disruptions caused by COVID 19 pandemic, thereby the intervening gap for conducting two consecutive Board Meetings was relaxed to 180 days instead of 120 days for the first two Quarters of Financial year 2020-21. Accordingly the company had conducted the first Meeting of the Board for the financial year 2020-21 on 12.08.2020, which exceeded 120 days but not exceeded 180 days from the previously held Board Meeting dated 27.02.2020. During the financial year 2020-21, one (1) Circular Resolution was passed on 28.08.2020 and it was ratified in the subsequent board meeting held on 22.09.2020. Adequate notice was given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent in advance duly complying with the time limits specified 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. The proceedings of the above meetings have been recorded and signed by the Chairman.

In addition to the general business and statutory matters, the Board has in the meeting held on 20.01.2021 considered and accorded omnibus approval for related party transactions (in the nature of sale and supply of goods or materials, availing/rendering of services, Selling or otherwise disposing off or buying property of any kind and Leasing of property of any kind) between the company and the subsidiary companies to be carried out on arms length basis in the ordinary course of business during the financial year 2021-22. Further the Board at the meeting held on 20.01.2021 approved related party arrangement with M/s Vision Motors Private Limited in relation to the supply agreement with Akzo Nobel India Limited. Approval for entering into related party transactions during the financial year 2020-21 was accorded at the Board Meeting held on 27.02.2020.

Regarding evaluation of the performance of Independent Directors by the Board, in accordance with schedule IV, u/s 149 (8) of the Companies Act, 2013, it is explained by the company that since there is no mention, in the schedule, as to such evaluation on yearly basis and is said to be taken to decide on their reappointment, it has not been taken on yearly basis. The Board took note of the declaration u/s 149(7) of the Act regarding whether Independent Directors meet the criteria of Independence u/s 149(6) and ensured it and also noted that independent directors are not disqualified to act as such. The Board also noted at the meeting held on 12.08.2020, the declaration given by the directors pursuant to section 164(2) of the Act and ensured that none of the directors are disqualified under the provisions of section 164(2) of the Act. Disclosure of interest and shareholding of Directors pursuant to section 184(1) of the Act is also considered and read over in the meeting held on 12.08.2020. Change in the disclosure of interest of Mr. John K. Paul, Managing Director, Mr. Francis K Paul, Wholetime Director and Mr. Naveen Philip, Director of the Company was also disclosed and noted in the Board meetings held respectively on 12.08.2020 and 22.03.2021. The Board in the meeting held on 22.09.2020 had considered and approved the draft financial statements as on 31.03.2020 as well as Auditor's Report and Board's Report thereon, draft notice of 36th AGM and fixed AGM date.

During the period under report, the Board of Directors at their meeting held on 12.08.2020, took Note of the Resignation of Internal Auditor Mr. Abraham Varkey, Chartered Accountant who was appointed as the Internal Auditor of the Company with effect from 01$^{st}$ April, 2019 to 31$^{st}$ March, 2022. The company has at the Board meeting held on 22.09.2020, appointed Mr. Sojan Chacko, Chartered Accountant as Internal Auditor of the Company as per Section 138(1) for a period of Three years with effect from 01$^{st}$ April 2020 to 31$^{st}$ March 2023. The Company has filed Form MGT-14 as per the provisions of section 117 read with Section 179 of the Companies Act, 2013 and rules made thereunder, for the said appointment, thereby ensuring compliance. Remuneration of M/s BSR & Associates LLP, Statutory Auditors of the Company for the Financial Year 2019-20 was fixed by the board at their meeting held on 20.01.2021 as authorised in the Annual General Meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

The Committees of the Board consists of Audit committee, Nomination and Remuneration Committee and Finance and Authorisation Committee (subcommittee) and CSR Committee.

During the period under report, the Audit committee has met two times respectively on 22.09.2020 and 20.01.2021. The Audit Committee Meeting held on 22.09.2020 has considered, discussed and recommended to the Board Standalone & Consolidated Financial Statements of the company as on 31.03.2020 and Auditors Report thereon. Audit committee also scrutinized the Investments, Corporate Guarantee and Security made by the Company and considered appointment of Internal Auditor of the Company. In the Audit Committee Meetings held respectively on 22.09.2020 and 20.01.2021, the Internal Auditor made a presentation to the Committee and answered to the queries raised by the members. The Audit Committee held on 20.01.2021 gave omnibus approval for entering into Related Party Transactions for the Financial Year 2021-22. The Audit committee has also made the evaluation of transaction of the company with related parties and also considered matters such as remuneration and terms of appointment of auditors of the company.

The Company has established Vigil Mechanism and formulated Vigil Mechanism Policy/Whistle Blower Policy pursuant to the provisions of Section 177(9) of the Companies Act, 2013. The policy was approved by the Audit Committee at their meeting held on 26.07.2019 and is disclosed on the website of the Company (www.popularmaruti.com). The proceedings of the above committee meetings were recorded and signed by the Chairman.

Separate meeting of the Independent Directors without the attendance of non-independent directors and the members of the management was held on 22.03.2021 for the financial year 2020-21 in order to comply with the requirement as per provisions of section 149(8) and schedule IV (Code of Conduct of Independent Directors-Para VII) and reviewed performance of non-Independent Directors. The proceedings of the above committee meeting was duly recorded and signed by the Chairman.

During the period under report, the meeting of the Nomination and Remuneration Committee was held on 22.03.2021. Nomination and Remuneration Committee and Board of Directors at their meeting held on 22.03.2021 considered and approved and recommended for the payment of salary at Rs.6,47,350/- each per month to Mr. John K Paul, Managing Director and Mr. Francis K Paul, Whole Time Director of the company for the financial year 2021-22. Further, subject to the approval of shareholders in the general meeting, decided to recommend to the Board to pay them revised Performance incentive as part of the remuneration for the financial year 2021-22. Form MGT-14 was duly filed with the Registrar as per section 117 (3) of the Companies, Act, 2013. The proceedings of the above committee meeting was duly recorded and signed by the Chairman.

CSR Committee Meeting was held on 22.03.2021 which reviewed CSR activities during the financial year 2020-21 and noted the amount spent towards it. The specified CSR amount to be spent for the financial year 2020-21 was Rs. 20.12 lakhs and a total amount of Rs. 20.20 lakhs was transferred towards CSR and spent towards CSR through an implementation Agency K P Paul Foundation. The Committee also approved CSR budget for the financial year 2021-22 and proceedings of the meeting was duly recorded and signed by the Chairman.

During the financial year ending 31.03.2021, Meetings of sub-committee, viz; Finance and Authorisation Committee were held on 13.05.2020, 22.05.2020, 26.06.2020, 21.07.2020, 13.08.2020, 10.10.2020, 09.11.2020, 14.12.2020, 02.02.2021, 27.02.2021, 25.03.2021 and 29.03.2021 respectively. The proceedings of the above committee meetings were duly recorded and signed by the Chairman.

In view of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as "MCA Circulars") permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means ("VC / OAVM"), without physical presence of the Members at a common venue. Accordingly, the 36th Annual General Meeting of the company for the financial year ending 31.03.2020 was held on 23.10.2020 through Video Conference via Zoom, adhering to the provisions of MCA Circulars 20/2020 dated 5th May, 2020, 14/2020 dated 8th April, 2020 and 17/2020 dated 13th April, 2020. The proceedings of the above meeting was recorded and signed by the Chairman. Further filing of Form MGT-14 for registering the resolutions passed at the said Annual General Meeting was duly made with the Registrar pursuant to MCA Circular No.14/2020 dated 8th April, 2020. In view of Covid 19 pandemic Registrar of Companies, Kerala had granted blanket extension of time for holding the Annual General Meeting for the financial year ended 31.03.2020 up to 31.12.2020 vide Order No. ROC/ESTT/U.S.96/ 4659 /2020 dated 08.09.2020. The company had also appointed Authorized Representative (s) to attend and Vote at the General Meetings of Subsidiary Companies at the Board meeting held on 12.08.2020 and committee meeting held on 22.05.2020.

The company has an Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Board of Directors at their meeting held on 20.01.2021 took note of the Annual Report under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the period under report the Company has filed:

(i) MSME Form 1 with ROC in respect of outstanding payments to Micro or small enterprises suppliers exceeding 45 days pursuant to Order dated 22nd January 2019 issued under Section 405 of the Companies Act, 2013.

(ii) e-Form DPT-3 with ROC Pursuant to Rule 16 of the Companies (Acceptance of Deposits) Rules 2014, for filing particulars of transactions by a company not considered as deposits as per Rule 2(1)(c) of the Companies (Acceptance of Deposits), Rules 2014.

(iii) eForm PAS-6 with ROC pursuant to sub-rule (8) of rule 9A Companies (Prospectus and Allotment of Securities Rules, 2014, in respect of Reconciliation of share Capital Audit Report for the half year ended 30.09.2019, 31.03.2020 and 30.09.2020, respectively.

**I further report that** based on the information received and records maintained by the company 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.

**I further report that** during the audit period the company has the following specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc; in addition to creation, modification and satisfaction of charges:

1) As per the recommendation of the Audit Committee, the Board of Directors at their meeting held on 22.09.2020 had given consent and accordingly the Company had purchased 12,500 Equity shares of Rs.100/- each of M/s Popular Auto Dealers Private Limited from M/s Popular Mega Motors (India) Private Limited at a total consideration of Rs.12,50,000/- in order to make the Subsidiary M/s Popular Auto Dealers Private Limited a wholly owned Subsidiary of M/s Popular Vehicles and Services Limited. Further pursuant to Section 187(1) of the Companies Act, 2013 it was decided to hold one share of Rs.100/- each of M/s Popular Auto Dealers Private Limited in the name of Mr.Naveen Philip, Director as nominee of M/s Popular Vehicles and Services Limited to ensure that the number of members of M/s Popular Auto Dealers Private Limited is not reduced below the statutory limit.

2) The Board of Directors at their Meeting held on 22.03.2021 decided to reduce the Interest rate on the Inter corporate loan of Rs.8,00,00,000/- (Rupees Eight Crores Only) extended by the Company to M/s Popular Autoworks Private Limited from 9.65% to 9.10% with effect from 01$^{st}$ April, 2021.

3) As decided at the Finance and Authorisation Committee meeting held on 26.06.2020, the company has granted corporate guarantee and mortgaged the following immovable properties owned by the Company as collateral security in favour of South Indian Bank Limited towards credit facilities upto an amount of Rs.15 Crores availed by the subsidiary Company M/s Popular Auto Dealers Private Limited:

    (i) A total extend 1.98 Ares under Re. Sy. No. 142/8 ,Re. Sy. No. 142/29-34 comprising of a building of 1,000 sqft in Block No. 25 in Perumbaikkadu Village in Kottayam Taluk, Kottayam District.; and

(ii) A total extend of 14.42 Ares under Re. Sy. No. 142/29 in Block No. 25 in Perumbaikkadu Village in Kottayam Taluk, Kottayam District

4) The company decided to furnish a Corporate Guarantee in favour of ALD Automotive Private Limited in relation to the Sale and Lease back arrangement entered into between M/s Vision Motors Private Limited and ALD Automotive Private Limited upto an amount Rs. 1,05,01,750/- as decided at the Finance and Authorisation Committee meeting held on 13.08.2020.

5) The company has made renewal of the corporate guarantee furnished in favour of Indusind Bank in relation to the credit facility of Rs.20 Crore availed by subsidiary company M/s Popular Mega Motors (India) Private Limited as decided at the Finance and Authorisation Committee meeting held on 09.11.2020.

6) The company has made renewal of the corporate guarantee furnished in favour of Bank of Baroda in relation to the credit facility of Rs.15 Crore availed by subsidiary company M/s Popular Mega Motors (India) Private Limited as decided at the Finance and Authorisation Committee meeting held on 14.12.2020.

7) The company has made renewal of the corporate guarantee furnished in favour of State Bank of India in relation to the credit facility of Rs.20 Crore availed by subsidiary company M/s Popular Mega Motors (India) Private Limited as decided at the Finance and Authorisation Committee meeting held on 02.02.2021.

8) The company has granted corporate guarantee for an amount of Rs.3,75,00,000/- to the subsidiary company M/s Popular Mega Motors (India) Private Limited in favour of Bank of Baroda to secure the credit Facility granted by Bank of Baroda to the subsidiary company as decided at the Board meeting held on 22.03.2021.

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

S/d-

**M.C SAJUMON**
Practising Company Secretary
ACS No: 9868, C P. No.: 2385
ICSI Unique Code: I1995KE067800
Peer Review Cert. No. 713/202

Place: Kochi-18
Date: 01.07.2021
UDIN**:** A009868C000567282 dtd 02.07.2021

**‘Annexure A’**

**ANNEXURE TO SECRETARIAL AUDIT REPORT**

To

The Members
Popular Vehicles And Services Limited
Kuttukaran Centre
Mamangalam Cochin
Ernakulam Kerala 682025

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

1. Maintenance of Secretarial or other statutory records is the responsibility of the management of the company. My responsibility is to express an opinion on these records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records.

3. The verification was done on test basis to ensure that correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

4. 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.

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

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

S/d-

**M.C SAJUMON**
Practising Company Secretary
ACS No: 9868, C P. No.: 2385
ICSI Unique Code: I1995KE067800
Peer Review Cert. No. 713/2020

Place: Kochi-18
Date: 01.07.2021
UDIN**:** A009868C000567282 dtd 02.07.2021

## INDEPENDENT AUDITORS' REPORT

**To the Members of Popular Vehicles and Services Limited**

### Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Popular Vehicles and Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 of the Company as at 31 March 2021, and profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Emphasis of matter – COVID 19 impact

As more fully described in Note 38 to the standalone financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Other Information** *(continued)*

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under the applicable laws and regulations.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements** *(continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2.(A) 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;

**Report on Other Legal and Regulatory Requirements** *(continued)*

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) 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 as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

**Report on Other Legal and Regulatory Requirements** *(continued)*

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's registration number: 116231W /W-100024

**Sd/-**
**Baby Paul**
*Partner*
Membership number: 218255
ICAI Unique Document Identification Number: 21218255AAAACE5317

Kochi
1 July 2021

**Popular Vehicles and Services Limited**

**Annexure - A to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory excluding goods in transit has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) (a) The Company has granted unsecured loan to a subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanation given to us, Company does not consider the reimbursement of costs and outstanding to fall under the purview of loans. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the terms and conditions for such loan is not prejudicial to the interest of the Company.

(b) In the case of the loan granted to the companies listed in the Register maintained under Section 189 of the Act, the borrower has been regular in the repayment of the principal and payment of interest, wherever stipulated.

(c) There are no amounts of loans granted to companies, firms, limited liability partnerships or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans, guarantees given and investments made as applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder and accordingly paragraph 3(v) of the said order is not applicable.

(vi) The Company is primarily engaged in the business of sales and service of automobiles and related services. Accordingly, rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act are not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, value added tax or goods and services tax and cess which have not been deposited by the Company with the appropriate authorities on account of disputes, except for the following:

| Name of the statute | Nature of dues | Disputed Amount (in Rs.) | Amount paid under protest (in Rs.) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Kerala Value Added Tax Act, 2003 | Sales tax, interest and penalty | 1,094,492 | 381,473 | 2011-12 & 2012-13 | KVAT Appellate Tribunal, Ernakulam |
| Kerala Value Added Tax Act, 2003 | Sales tax, interest and penalty | 50,980 | 15,294 | 2014-15 | Commissioner of Commercial Taxes, Trivandrum |
| Kerala Value Added Tax Act, 2003 | Sales tax, interest and penalty | 96,608,707 | 847,760 | 2011-12 to 2015-16 | Deputy Commissioner of Appeals, Ernakulam |
| Kerala Value Added Tax Act, 2003 | Sales tax, interest and penalty | 726,576 | 393,323 | 2006-07 to 2011-12 | Deputy Commissioner of Appeals, Trivandrum |
| Finance Act, 1994 | Service tax, interest and penalty | 3,075,777 | 253,729 | 2006-07 to 2017-18 | Commissioner Appeals, Ernakulam |
| Finance Act, 1994 | Service tax, interest and penalty | 5,145,957 | 604,882 | 2006-07 to 2013-14 | Customs Excise and Service Tax Appellatte Tribunal, Bangalore |

| Name of the statute | Nature of dues | Disputed Amount (in Rs.) | Amount paid under protest (in Rs.) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Finance Act, 1994 | Service tax, interest and penalty | 2,864,230 | 345,817 | 2006-07 to 2016-17 | Customs Excise and Service Tax Appellatte Tribunal, Chennai |
| Finance Act, 1994 | Service tax, interest and penalty | 465,580 | 17,460 | 2015-16 | Commissioner Appeals, Chennai |
| Income Tax Act, 1961 | Income tax and interest | 3,745,118 | 5,037,642 | 2003-04 & 2007-08 | Income tax Appellate Tribunal, Ernakulam |
| Income Tax Act, 1961 | Income tax and interest | 9,469,518 | 9,052,909 | 2002-03 & 2011-12 | Commissioner of Income Tax (Appeals), Ernakulam |
| Income Tax Act, 1961 | Income tax and interest | 3,832,125 | 3,832,125 | 2006-07 to 2008-09 | Central Processing Centre, Bangalore |
| Income Tax Act, 1961 | Income tax and interest | 2,443,990 | 287,560 | 2011-12 | Additional Commissioner of Income Tax, Ernakulam |
| Income Tax Act, 1961 | Income tax and interest | 376,259 | Nil | 2001-02 | The Kerala High Court |
| Income Tax Act, 1961 | Income tax and interest | 64,033,860 | Nil | 2017-18 | Commissioner of Income Tax (Appeals), Ernakulam |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments of loans or borrowings to banks and financial institutions. The Company did not have any outstanding loans or borrowings from government or debenture holders during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has availed a moratorium on repayment of term loans/working capital loans in accordance with the circular dated 27th March 2020 on COVID-19 Regulatory Package, issued by RBI. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's registration number: 116231W /W-100024

**Sd/-**
**Baby Paul**
*Partner*
Membership number: 218255
ICAI Unique Document Identification Number: 21218255AAAACE5317

Kochi
1 July 2021

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Popular Vehicles and Services Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's and Board of Directors Responsibility for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as the ("Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

**Meaning of Internal Financial controls with Reference to standalone Financial Statements**

A company's internal financial control with reference to standalone financial statements 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 controls with reference to standalone financial statements 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 standalone financial statements.

**Inherent Limitations of Internal Financial controls with Reference to standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's registration number: 116231W /W-100024

Sd/-

**Baby Paul**
*Partner*
Membership number: 218255
ICAI Unique Document Identification Number: 21218255AAAACE5317

Kochi
1 July 2021

**Popular Vehicles and Services Limited**
**Standalone balance sheet as at 31 March 2021**
(All amounts in Indian rupees million)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **4** | 1,424.38 | 1,426.04 |
| Capital work-in-progress | **4** | 161.16 | 232.24 |
| Right-of-use assets | **35** | 1,403.63 | 1,372.58 |
| Intangible assets | **5** | 49.80 | 53.94 |
| Financial assets | | | |
| Investments | **6** | 620.08 | 610.03 |
| Loans | **12** | 225.81 | 291.43 |
| Income tax assets (net) | **28** | 30.71 | 86.56 |
| Deferred tax assets (net) | **28** | 90.30 | 104.75 |
| Other non-current assets | **7** | 78.37 | 76.72 |
| **Total non-current assets** | | **4,084.24** | **4,254.29** |
| **Current assets** | | | |
| Inventories | **8** | 1,425.34 | 2,164.86 |
| Financial assets | | | |
| Investments | **6** | - | 90.01 |
| Trade receivables | **9** | 858.97 | 512.11 |
| Cash and cash equivalents | **10** | 354.62 | 140.87 |
| Bank balances other than cash and cash equivalents | **11** | 22.82 | 21.63 |
| Loans | **12** | 54.68 | 19.93 |
| Other current assets | **7** | 234.69 | 549.13 |
| **Total current assets** | | **2,951.12** | **3,498.54** |
| Assets classified as held for sale | **39** | 15.42 | - |
| **Total assets** | | **7,050.78** | **7,752.83** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | **13** | 125.44 | 125.44 |
| Other equity | | 1,841.79 | 1,689.64 |
| **Total equity** | | **1,967.23** | **1,815.08** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | **14** | 673.35 | 286.39 |
| Lease liabilities | **35** | 1,689.90 | 1,587.08 |
| Other non-current liabilities | **17** | 203.58 | 156.97 |
| Provisions | **16** | 31.22 | 26.44 |
| **Total non-current liabilities** | | **2,598.05** | **2,056.88** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | **14** | 1,205.67 | 1,724.03 |
| Lease liabilities | **35** | 109.34 | 112.37 |
| Trade payables | **18** | | |
| - Total outstanding dues of micro and small enterprises | | 0.28 | 0.46 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 203.19 | 1,202.13 |
| Other financial liabilities | **15** | 369.17 | 353.43 |
| Provisions | **16** | 31.18 | 25.58 |
| Income tax liabilities (net) | **28** | 3.15 | - |
| Other current liabilities | **17** | 563.52 | 462.87 |
| **Total current liabilities** | | **2,485.50** | **3,880.87** |
| **Total equity and liabilities** | | **7,050.78** | **7,752.83** |
| **Significant accounting policies** | **3** | | |

The accompanying notes form an integral part of the standalone financial statements.
As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN: U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

**Popular Vehicles and Services Limited**

**Standalone statement of profit and loss for the year ended 31 March 2021**

(All amounts in Indian rupees million)

| | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 19 | 16,916.85 | 18,392.37 |
| Other income | 20 | 125.68 | 54.74 |
| **Total income** | | **17,042.53** | **18,447.11** |
| **Expenses** | | | |
| Purchases of stock-in-trade | 21 | 13,275.32 | 15,638.94 |
| Changes in inventories of stock-in-trade | 22 | 739.52 | (386.51) |
| Employee benefits expense | 23 | 1,373.44 | 1,591.28 |
| Finance costs | 24 | 336.59 | 405.62 |
| Depreciation and amortisation expense | 25 | 392.20 | 357.80 |
| Impairment loss on trade receivables | 34 | 11.04 | 22.99 |
| Other expenses | 26 | 692.12 | 980.50 |
| **Total expenses** | | **16,820.23** | **18,610.62** |
| **Profit / (loss) before tax and exceptional item** | | **222.30** | **(163.51)** |
| Exceptional item | 27 | - | 261.28 |
| **Profit before tax** | | **222.30** | **97.77** |
| **Tax expense** | | | |
| Current tax | 28 | 45.92 | 17.67 |
| Deferred tax charge / (credit) | 28 | 17.87 | (54.41) |
| **Total tax expense / (income)** | | **63.79** | **(36.74)** |
| **Profit for the year** | | **158.51** | **134.51** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Remeasurement of net defined benefit plan income / (loss) | | (9.78) | 40.92 |
| Income tax charge / (credit) relating to the above | | (3.42) | 14.30 |
| **Other comprehensive (loss) / income for the year, net of income tax** | | **(6.36)** | **26.62** |
| **Total comprehensive income for the year** | | **152.15** | **161.13** |
| **Earnings per share** (equity share of face value of INR 10 each) | 30 | | |
| Basic (in INR) | | 12.64 | 10.73 |
| Diluted (in INR) | | 12.64 | 10.73 |
| **Significant accounting policies** | 3 | | |

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN: U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

**Popular Vehicles and Services Limited**
**Standalone statement of changes in equity for the year ended 31 March 2021**
(All amounts in Indian rupees million)

**A. Equity share capital**

| Particulars | Notes | Equity shares (in millions) | Amount |
|---|---|---|---|
| **Balance as at 1April 2019** | | **12.54** | **125.44** |
| Share issued during the year | 13 | - | - |
| **Balance as at 31 March 2020** | | **12.54** | **125.44** |
| Share issued during the year | 13 | - | - |
| **Balance as at 31 March 2021** | | **12.54** | **125.44** |

**B Other equity**

| Particulars | Reserves and surplus | | | Items of other comprehensive income | Total other equity attributable to equity holders of the Company |
|---|---|---|---|---|---|
| | Securities premium | General reserve | Retained earnings | Remeasurement of net defined benefit liability/ (asset), net of tax | |
| **Balance as at 1 April 2019** | **636.68** | **36.33** | **1,024.54** | **-** | **1,697.55** |
| **Total comprehensive income for the year** | | | | | |
| **Transition impact on Ind AS 116, net of tax** | **-** | **-** | **(169.04)** | **-** | **(169.04)** |
| Profit for the year | - | - | 134.51 | - | 134.51 |
| Other comprehensive income, net of tax | - | - | - | 26.62 | 26.62 |
| **Total comprehensive income/ (loss)** | **-** | **-** | **134.51** | **26.62** | **161.13** |
| Transferred to retained earnings | - | - | 26.62 | (26.62) | - |
| **Balance as at 31 March 2020** | **636.68** | **36.33** | **1,016.63** | **-** | **1,689.64** |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | 158.51 | - | 158.51 |
| Other comprehensive income / (loss), net of tax | - | - | - | (6.36) | (6.36) |
| **Total comprehensive income/ (loss)** | **-** | **-** | **158.51** | **(6.36)** | **152.15** |
| Transferred to retained earnings | - | - | (6.36) | 6.36 | - |
| **Balance as at 31 March 2021** | **636.68** | **36.33** | **1,168.78** | **-** | **1,841.79** |

**The description of the nature and purpose of each reserve within equity is as follows:**
**a) Securities premium**
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.
**b) General reserve**
General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.
**c) Retained earnings**
This represents the profits / losses of the Company earned till date, net of appropriations.
**d) Remeasurement of net defined benefit liability/ (asset)**
Remeasurement of net defined benefit liability/ (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN: U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

**Popular Vehicles and Services Limited**
**Standalone statement of cash flows for the year ended 31 March 2021**
(All amounts in Indian rupees million)

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit / (loss) before tax and exceptional item** | **222.30** | **(163.51)** |
| *Adjustments:* | | |
| Finance costs | 336.59 | 405.62 |
| Depreciation and amortisation | 392.20 | 357.80 |
| Impairment loss on trade receivables and contract assets | 11.04 | 22.99 |
| Liabilities no longer required written back | (33.29) | (28.95) |
| Interest income | (23.39) | (12.22) |
| Loss on sale of property, plant and equipment (net) | 2.72 | 0.91 |
| Rent concession received | (39.90) | - |
| Gain on derecognition of right-of-use assets | (0.20) | - |
| Net gain on financial assets measured at fair value through profit and loss | (5.21) | 1.57 |
| **Operating cash flow before working capital changes** | **862.86** | **584.21** |
| **Adjustments for changes in working capital** | | |
| Decrease / (increase) in inventories | 739.52 | (386.51) |
| (Increase) / decrease in trade receivables | (357.90) | 681.20 |
| Decrease / (increase) in loans and other financial assets and other assets | 309.77 | (298.62) |
| (Decrease) / increase in liabilities and provisions | (802.80) | 931.36 |
| **Cash generated from operations** | **751.45** | **1,511.64** |
| Income taxes refund / (paid), net | 13.08 | (46.08) |
| **Net cash generated from operating activities (A)** | **764.53** | **1,465.56** |
| **Cash flows from investing activities** | | |
| Acquisition of investments in a subsidiary | (1.25) | (110.00) |
| Sale / (acquisition) of other investments, net | 86.42 | (93.61) |
| Intercorporate loan repaid by / (given to) wholly owned subsidiary | 4.10 | (80.00) |
| Interest received | 23.39 | 12.22 |
| Acquisition of property, plant and equipment including capital advances | (156.00) | (331.58) |
| Acquisition of intangible assets | (8.87) | (11.84) |
| Proceeds from sale of property, plant and equipment | 60.57 | 335.26 |
| **Net cash used in investing activities (B)** | **8.36** | **(279.55)** |
| **Cash flows from financing activities** | | |
| Interest paid | (170.72) | (235.09) |
| Long-term borrowings availed | 491.25 | 210.01 |
| Long-term borrowings repaid | (93.01) | (152.52) |
| Short-term borrowings repaid, net | (518.36) | (714.14) |
| Lease payments during the year | (269.62) | (268.40) |
| **Net cash used in financing activities (C)** | **(560.46)** | **(1,160.14)** |
| **Net increase in cash and cash equivalents (A+B+C)** | **212.43** | **25.87** |
| Cash and cash equivalents at the beginning of the year | 140.52 | 114.65 |
| **Cash and cash equivalents at the end of the year** | **352.95** | **140.52** |

(All amounts in Indian rupees million)

**Reconciliation of financial liabilities forming part of financing activities in accordance with Ind AS 7:**

| **Particulars** | **As at 1 April 2020** | **Cash flows** | **Non cash changes** | | **As at 31 March 2021** |
|---|---|---|---|---|---|
| | | | **Fair value changes** | **Others** | |
| Non current borrowings * | 374.99 | 398.24 | - | - | 773.23 |
| Current borrowings | 1,724.03 | (518.36) | - | - | 1,205.67 |
| Lease liabilities (refer note 35) | 1,699.45 | (269.62) | - | 369.41 | 1,799.24 |

| **Particulars** | **As at 1 April 2019** | **Cash flows** | **Non cash changes** | | **As at 31 March 2020** |
|---|---|---|---|---|---|
| | | | **Fair value changes** | **Others** | |
| Non current borrowings * | 317.50 | 57.49 | - | - | 374.99 |
| Current borrowings | 2,438.17 | (714.14) | - | - | 1,724.03 |
| Lease liabilities (refer note 35) | 1,483.81 | (268.40) | - | 484.04 | 1,699.45 |

**includes current maturities of long -term borrowings*

(Refer to note 10 - Cash and cash equivalents)

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN:U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

## Basis of preparation and significant accounting policies

### 1. Company overview

Popular Vehicles and Services Limited ('the Company'/'Popular') was incorporated in 1983 as a Public Limited Company and got converted into Private limited as on 24 March 2015. The Company is engaged in the business of sale and service of automobiles, sale of spare parts and accessories, finance and insurance commission. The Company is headquartered in Kochi, India and has operations in Kerala and Tamil Nadu. The Company primarily operates as the Maruti Suzuki vehicle dealer in Kerala and was amongst the first batch of dealers appointed by Maruti Suzuki in the country. The Company got converted to a public limited company on 10 July 2018 consequent to which the name of the Company is changed to Popular Vehicles and Services Limited.

The Company has seven subsidiaries; Popular Mega Motors (India) Private Limited, Vision Motors Private Limited, Popular Auto Dealers Private Limited, Kuttukaran Cars Private Limited, Kuttukaran Green private Limited (formerly known as Kuttukaran Pre Owned Cars Private Limited), Popular Auto Works Private Limited and Avita Insurance Broking LLP which are engaged in the business of sale and services of automobiles, sale of spare parts and accessories, finance and insurance commission.

### 2. Basis of preparation

### A. Statement of compliance

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, notified under Section 133 of Companies Act, 2013, (the 'Act') as amended and other relevant provisions of the Act.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 1 July 2021

Details of the Company's accounting policies are included in Note 3.

### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts are presented in Indian Rupees in millions, unless otherwise stated.

### C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement basis |
|---|---|
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |
| Certain financial assets (including investment) and liabilities | Fair value |

### D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in Note 35 - Lease classification.

**2. Basis of Preparation (continued)**

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended 31 March 2021 is included in the following notes:

Note 33 – measurement of defined benefit obligations: key actuarial assumptions;

Notes 29 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 28 – recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;

Note 34 – financial instruments.

**E. Measurement of fair values**

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**F. Recent Accounting Pronouncements**

**Amendments:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

## 3. Significant accounting policies

### 3.1 Property, plant and equipment

#### A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under long-term loans and advances. The cost of fixed assets not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

Borrowing costs directly attributable to the acquisition, construction or production of those fixed assets that necessarily take a substantial period to get ready for their intended use, are capitalized. Other borrowing costs are accounted as an expense in the statement of profit and loss.

#### B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### C. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the profit or loss. Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

| **Class of assets** | **Useful life** |
|---|---|
| Building owned | 60 |
| Motor cars | 8 |
| Motor cycles and trucks | 10 |
| Office Equipment | 5 |
| Plant and machinery | 15 |
| Tools and Equipment | 5 |
| Electrical fittings | 10 |
| Furniture and fittings | 10 |
| Computer equipment | 3 |

* The useful life of items of property, plant and equipment is in line with the Schedule II of the Companies Act 2013.

## 3. Significant accounting policies (continued)

### 3.2 Intangible assets

Intangibles assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use and is included in amortization in profit or loss.

The estimated useful lives are as follows:

| Class of assets | Years |
|---|---|
| Software | 3 |
| Brand | 15 |

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

### 3.3 Employee benefits

*Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

*Post-employment benefits*

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount and deducting the fair value of any plan assets, if any.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling').

## 3. Significant accounting policies (continued)

### 3.3 Employee benefits (continued)

*Defined benefit plans (continued)*

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income (OCI). The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long term employee benefits*

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

### 3.4 Investments

Non-current investments are carried at cost less any other than temporary diminution in value, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

The cost of investment includes acquisition charges such as brokerage, fees and duties.

The acquisition cost of investments acquired, or partly acquired by the issue of shares or other securities, is the fair value of the securities issued.

Profit or loss on sale of investments, if any, is determined separately for each investment.

### 3.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

## 3. Significant accounting policies (continued)

### 3.6 Revenue

#### i) Sale of products

Revenue on sale of vehicles, spare parts and accessories is recognised when the risk and rewards are transferred to the customer and is accounted net of goods and service tax and trade discounts, if any. Revenues are recognised when collectability of the resulting receivable is reasonably assured.

The Company generates revenue from sale of vehicles, services, spare parts and accessories and other operating avenues. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs its obligation under the contract.

#### ii) Rendering of services

Revenues from services including income from driving school are recognised when services are rendered and related costs are incurred.

#### iii) Commission, discount and incentive income

Commission income is recognised when services are rendered and in accordance with the commission agreements.

Discounts and incentive income is recognised when the services are rendered and as per the relevant scheme/ arrangement provided by the manufacturer. In respect of other heads of income, the Company follows the practice of recognising income on an accrual basis.

### 3.7 Inventories

Inventories are carried at lower of cost and net realisable value. Cost comprises purchase price, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. The cost is calculated on specific identification basis.

The comparison of cost and net realisable value of inventory is made on an item by item basis. Spares, lubricants, accessories and other supplies are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the goods will exceed their net realisable value. Cost is ascertained based on First -in First-out (FIFO) adjusted for indirect taxes.

The provision for inventory obsolescence is assessed annually and is provided as considered necessary.

### 3.8 Financial instruments

#### i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

## 3. Significant accounting policies (continued)

### 3.8 Financial instruments (continued)

#### ii) Classification and subsequent measurement

***Financial assets***

On initial recognition, a financial asset is classified as measured at either at amortized cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***Financial assets: Business model assessment***

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

***Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

**3. Significant accounting policies (continued)**

**3.8. Financial instruments (continued)**

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

***Financial assets: Subsequent measurement and gains and losses***

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss. |

***Financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de recognition is also recognized in profit or loss.

**iii) De recognition**

***Financial assets***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

**3. Significant accounting policies (continued)**

**3.8. Financial instruments (continued)**

***Financial liabilities***

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

**iv) Off setting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**3.9 Impairment**

**i) Impairment of financial instruments**

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

***Measurement of expected credit losses***

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

***Presentation of allowance for expected credit losses in the balance sheet***

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

## 3. Significant accounting policies (continued)

### 3.9. Impairment (continued)

#### ii) Impairment of non- financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.10 Leases

#### i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

#### ii. Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

**3. Significant accounting policies (continued)**

**3.10 Leases (continued)**

**ii. Company as a lessee (continued)**

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**iii. Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

**3.11 Recognition of interest income or interest expense**

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

## 3. Significant accounting policies (continued)

### 3.12 Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the profit or loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

**ii. Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is 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 the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

### 3.13 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## 3. Significant accounting policies (continued)

### 3.14 Earnings per share

The basic earnings per share is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

### 3.15 Cash-flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

### 3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

### 3.17 Non-current assets classified as held for sale

Assets are classified as held for disposal and stated at the lower of carrying amount and fair value less costs to sell. To classify any Asset as “Asset classified as held for sale” the asset must be available for immediate sale and its sale must be highly probable. Such assets or group of assets are presented separately in the Balance Sheet, in the line “Assets classified as held for sale”. Once classified as held for sale, intangible assets and Property Plant Equipment are no longer amortised or depreciated.

**Popular Vehicles and Services Limited**

**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupees million)

**4 Property, plant and equipment and capital work-in-progress**

| Particulars | Freehold land | Buildings # | Leasehold improvements | Furniture and fixtures | Electrical equipment | Plant and machinery | Tools and equipment | Motor car | Computer equipment | Office equipment | Motor cycles and trucks | Total (A) | Capital work-in-progress (B) | Total (A+B) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | | | | | |
| Balance at 1 April 2019 | 107.39 | 111.62 | 538.93 | 80.43 | 77.29 | 302.34 | 57.70 | 237.82 | 63.89 | 35.31 | 7.55 | 1,620.27 | 276.23 | 1,896.50 |
| Additions | - | 23.99 | 138.74 | 28.33 | 28.73 | 63.21 | 8.61 | 45.36 | 13.46 | 15.35 | 3.43 | 369.21 | 217.41 | 586.62 |
| Disposals | - | 0.94 | 21.61 | 0.97 | 5.96 | 0.56 | 0.87 | 45.70 | 0.34 | 0.26 | 0.82 | 78.03 | 261.40 | 339.43 |
| **Balance at 31 March 2020** | **107.39** | **134.67** | **656.06** | **107.79** | **100.06** | **364.99** | **65.44** | **237.48** | **77.01** | **50.40** | **10.16** | **1,911.45** | **232.24** | **2,143.69** |
| Balance at 1 April 2020 | 107.39 | 134.67 | 656.06 | 107.79 | 100.06 | 364.99 | 65.44 | 237.48 | 77.01 | 50.40 | 10.16 | 1,911.45 | 232.24 | 2,143.69 |
| Additions | - | - | 107.46 | 18.18 | 15.33 | 40.80 | 5.91 | 28.87 | 12.99 | 4.72 | 0.13 | 234.39 | 110.03 | 344.42 |
| Disposals | 15.42 | 2.86 | 7.75 | 0.79 | 0.15 | 2.79 | - | 69.15 | 0.06 | - | 1.05 | 100.02 | 181.11 | 281.13 |
| **Balance at 31 March 2021** | **91.97** | **131.81** | **755.77** | **125.18** | **115.24** | **403.00** | **71.35** | **197.20** | **89.94** | **55.12** | **9.24** | **2,045.82** | **161.16** | **2,206.98** |
| | | | | | | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | | | | | | |
| Balance at 1 April 2019 | - | **4.25** | **125.65** | **21.76** | **28.12** | **58.58** | **19.23** | **46.64** | **24.60** | **14.37** | **2.20** | **345.40** | - | **345.40** |
| Depreciation for the year | - | 8.26 | 50.09 | 11.69 | 11.47 | 30.64 | 7.25 | 33.63 | 20.25 | 8.11 | 0.98 | 182.37 | - | 182.37 |
| Disposals | - | 0.32 | 15.05 | 0.70 | 4.39 | 0.29 | 0.61 | 19.91 | 0.31 | 0.24 | 0.54 | 42.36 | - | 42.36 |
| **Balance at 31 March 2020** | - | **12.19** | **160.69** | **32.75** | **35.20** | **88.93** | **25.87** | **60.36** | **44.54** | **22.24** | **2.64** | **485.41** | - | **485.41** |
| Balance at 1 April 2020 | - | **12.19** | **160.69** | **32.75** | **35.20** | **88.93** | **25.87** | **60.36** | **44.54** | **22.24** | **2.64** | **485.41** | - | **485.41** |
| Depreciation for the year | - | 8.14 | 39.23 | 13.31 | 12.35 | 32.92 | 7.28 | 30.32 | 19.07 | 9.10 | 1.04 | 172.76 | - | 172.76 |
| Disposals | - | 0.13 | 1.11 | 0.64 | 0.12 | 2.06 | - | 32.23 | 0.01 | - | 0.43 | 36.73 | - | 36.73 |
| **Balance at 31 March 2021** | - | **20.20** | **198.81** | **45.42** | **47.43** | **119.79** | **33.15** | **58.45** | **63.60** | **31.34** | **3.25** | **621.44** | - | **621.44** |
| **Net carrying amount** | | | | | | | | | | | | | | |
| **At 31 March 2021** | **91.97** | **111.61** | **556.96** | **79.76** | **67.81** | **283.21** | **38.20** | **138.75** | **26.34** | **23.78** | **5.99** | **1,424.38** | **161.16** | **1,585.54** |
| **At 31 March 2020** | **107.39** | **122.48** | **495.37** | **75.04** | **64.86** | **276.06** | **39.57** | **177.12** | **32.47** | **28.16** | **7.52** | **1,426.04** | **232.24** | **1,658.28** |

# Include buildings constructed on leasehold land

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Gross block | Net block | Gross block | Net block |
| Building | 126.71 | 86.36 | 131.22 | 96.59 |

a) Capital work-in-progress represents expenditure towards construction of new workshops/ service centres.

b) For details of property, plant and equipment pledged, refer note 14.

(All amounts in Indian rupees million)

## 5 Intangibles assets

| Particulars | Computer software | Brand | Total |
|---|---|---|---|
| **Reconciliation of carrying amount** | | | |
| **Gross carrying amount** | | | |
| Balance at 1 April 2019 | 17.12 | 49.47 | 66.59 |
| Additions | 11.84 | - | 11.84 |
| Disposals | - | - | - |
| **Balance at 31 March 2020** | **28.96** | **49.47** | **78.43** |
| Balance at 1 April 2020 | **28.96** | **49.47** | **78.43** |
| Additions | 8.87 | - | 8.87 |
| Disposals | - | - | - |
| **Balance at 31 March 2021** | **37.83** | **49.47** | **87.30** |
| **Accumulated amortisation** | | | |
| Balance at 1 April 2019 | **8.47** | **9.67** | **18.14** |
| Amortisation for the year | 3.18 | 3.17 | 6.35 |
| **Balance at 31 March 2020** | **11.65** | **12.84** | **24.49** |
| Balance at 1 April 2020 | **11.65** | **12.84** | **24.49** |
| Amortisation for the year | 9.85 | 3.16 | 13.01 |
| **Balance at 31 March 2021** | **21.50** | **16.00** | **37.50** |
| **Net carrying amount** | | | |
| **At 31 March 2021** | **16.33** | **33.47** | **49.80** |
| **At 31 March 2020** | **17.31** | **36.63** | **53.94** |

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **6** | **Investments** | | |
| | **Non-current investments, unquoted** | | |
| | ***Investments in equity instruments of subsidiaries (at cost less provision for other than temporary impairment), fully paid-up*** | | |
| | **Investment in subsidiaries** | | |
| | Popular Auto Dealers Private Limited<br>51,034 (31 March 2020: 38,534 ) equity shares of face value of INR 100 each | 49.95 | 48.70 |
| | Popular Mega Motors (India) Private Limited<br>6,943,963 (31 March 2020: 6,943,963 ) equity shares of face value of INR 10 each | 309.57 | 309.57 |
| | Popular Autoworks Private Limited<br>25,111,780 (31 March 2020: 25,111,780 ) equity shares of face value of INR 10 each | 247.23 | 247.23 |
| | Kuttukaran Cars Private Limited *(formerly known as Prabal Motors Private Limited)*<br>2,000,000 (31 March 2020: 2,000,000 ) equity shares of face value of INR 10 each | 15.50 | 15.50 |
| | Less: Provision for diminution in value | (15.50) | (15.50) |
| | ***Investments in preference shares at FVTPL*** | | |
| | Prabal Motors Private Limited *(formerly known as Popular Kuttukaran Cars Private Limited)*<br>20,000 (31 March 2020 : 20,000 ) preference shares of face value of INR 10 each | 0.20 | 0.20 |
| | **Investment in others at FVTPL** | | |
| | *Quoted* | | |
| | Muthoot Finance Limited<br>469 (31 March 2020: 469 ) equity shares of face value of INR 10 each | 0.57 | 0.29 |
| | **Investment in mutual funds at FVTPL** | | |
| | *Unquoted* | | |
| | Aditya Birla Sunlife Equity Fund - Regular Growth<br>4,181.58 (31 March 2020: 2,546.40) | 3.92 | 1.37 |
| | HDFC Small Cap Fund - Regular Growth<br>79,567.95 (31 March 2020: 47,441.49) | 4.20 | 1.24 |
| | Kotak Emerging Equity Scheme Fund - Regular Growth<br>77,226.85 (31 March 2020: 48,290.10) | 4.44 | 1.43 |
| | **Total investments** | **620.08** | **610.03** |
| | Aggregate value of non-current investments-unquoted | 619.51 | 609.74 |
| | Aggregate book/ market value of non-current investments-quoted | 0.57 | 0.29 |
| | Aggregate provision for impairment in value of investment | (15.50) | (15.50) |
| | **Current investments** | | |
| | **Investment in mutual funds at FVTPL** | | |
| | *Unquoted* | | |
| | ICICI Prudential Overnight Fund - Regular Growth<br>Nil (31 March 2020: 418,262.50 ) | - | 45.01 |
| | Kotak Overnight Fund Regular Plan - Regular Growth<br>Nil (31 March 2020: 42,250.32 ) | - | 45.00 |
| | | **-** | **90.01** |
| | Aggregate value of current investments-unquoted | - | **90.01** |
| **7** | **Other assets** | | |
| | **Non-current** | | |
| | *Unsecured, considered good* | | |
| | Capital advances | 0.98 | 14.16 |
| | Prepayments | 55.31 | 29.25 |
| | Balance with statutory / government authorities * | 22.08 | 33.31 |
| | | **78.37** | **76.72** |
| | **Current** | | |
| | *Unsecured, considered good* | | |
| | ***Advances other than capital advances*** | | |
| | Prepayments | 16.05 | 13.42 |
| | Advance to staff | 0.14 | 0.04 |
| | Balance with statutory / government authorities | 156.30 | 451.63 |
| | Balance with Life Insurance Corporation Gratuity Fund, net (refer note 33) | 11.62 | 21.56 |
| | Payment to vendors for supply of goods and services | 50.58 | 62.48 |
| | | **234.69** | **549.13** |
| | | **313.06** | **625.85** |

* Represents amounts paid under protest against various tax cases and proceedings .

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **8** | **Inventories** | | |
| | *(Valued at lower of cost and realisable value)* | | |
| | New vehicles | 885.52 | 1,688.83 |
| | Pre-owned vehicles | 333.03 | 246.73 |
| | Spares and lubricants | 157.66 | 171.82 |
| | Accessories | 68.67 | 69.90 |
| | | 1,444.88 | 2,177.28 |
| | Less: Provision for obsolete inventory | (19.54) | (12.42) |
| | | **1,425.34** | **2,164.86** |

Note: Closing stock includes value of goods in transit of new vehicles for INR 504.44 million (31 March 2020: INR 807.45 million) and accessories for INR 18.86 million (31 March 2020: INR 15.63 million).

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **9** | **Trade receivables** | | |
| | **Current** | | |
| | *Unsecured* | | |
| | Considered good | 858.97 | 512.11 |
| | Considered doubtful | 26.96 | 31.46 |
| | | **885.93** | **543.57** |
| | Allowances for expected credit loss (refer note 34 B(ii)) | (26.96) | (31.46) |
| | **Net trade receivables** | **858.97** | **512.11** |
| | Of the above, trade receivables from related parties are as below: | | |
| | Total trade receivables from related parties | 10.65 | 10.69 |
| | Loss allowance | - | - |
| | **Net trade receivables** | **10.65** | **10.69** |

For details of trade receivables pledged, refer note 14.
For details of trade receivables from related parties, refer note 37.
The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 34.

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **10** | **Cash and cash equivalents** | | |
| | Balance with banks | | |
| | Balances with banks in current accounts | 343.35 | 134.35 |
| | Cash on hand | 6.71 | 2.95 |
| | Cheques on hand | 4.56 | 3.57 |
| | **Cash and cash equivalents in balance sheet** | **354.62** | **140.87** |
| | Book overdrafts used for cash management purposes | 1.67 | 0.35 |
| | **Cash and cash equivalents in the statement of cash flows** | **352.95** | **140.52** |
| **11** | **Bank balances other than cash and cash equivalents** | | |
| | Balance with banks held as margin money | 22.82 | 21.63 |
| | | **22.82** | **21.63** |
| **12** | **Loans** | | |
| | **Non-current** | | |
| | *Unsecured, considered good* | | |
| | Dues from related parties (refer note 37) | 67.08 | 75.90 |
| | Rent and other deposits | 158.73 | 215.53 |
| | | **225.81** | **291.43** |
| | **Current** | | |
| | *Unsecured, considered good* | | |
| | Rent and other deposits | 45.86 | 15.83 |
| | Dues from related parties (refer note 37) | 8.82 | 4.10 |
| | Dues from others | 5.00 | 5.00 |
| | Less:Allowances for expected credit loss | (5.00) | (5.00) |
| | | **54.68** | **19.93** |
| | | **280.49** | **311.36** |

(All amounts and number of shares in Indian rupees million)

**13 Share capital**

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| **Authorised** | | | | |
| Equity shares of INR 10 each | 15.00 | 150.00 | 15.00 | 150.00 |
| | **15.00** | **150.00** | **15.00** | **150.00** |
| **Issued, subscribed and paid-up** | | | | |
| *Equity shares of INR 10 each fully paid-up* | | | | |
| At the beginning of the year | 12.54 | 125.44 | 12.54 | 125.44 |
| Add: movement during the year | - | - | - | - |
| **At the end of the year** | **12.54** | **125.44** | **12.54** | **125.44** |

The Company has a single class of equity shares. All the equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on the shares may lead to the forfeiture of shares. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, remaining after the distribution of all preferential amounts in proportion to the number of equity shares held.

The Company is largely held by individuals and accordingly does not have a holding/ ultimate holding company.

**(a) Details of shareholders holding more than 5% shares of the Company**

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| *Equity shares of INR 10 each fully paid up held by* | **Number of shares** | **% holding** | **Number of shares** | **% holding** |
| a) BanyanTree Growth Capital II, LLC | 4.27 | 34.01% | 4.27 | 34.01% |
| b) Francis K Paul | 2.75 | 21.93% | 2.75 | 21.93% |
| c) John K Paul | 2.75 | 21.93% | 2.75 | 21.93% |
| d) Naveen Philip | 2.75 | 21.93% | 2.75 | 21.93% |

**(b) Details of bonus shares issued during the five years immediately preceding the balance sheet date.**

During the FY 2018-19, 8.62 million equity shares of Rs. 10 each, fully paid up, has been allotted as bonus shares by capitalisation of general reserve.

**(c) Details of buyback and shares issued for consideration other than for cash in the five years immediately preceding the balance sheet date.**

The Company has not bought back any class of equity shares nor has there been any issue for consideration other than for cash during the period of five years immediate preceding the balance sheet date.

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **14** | **Borrowings** | | |
| | **Non-current** | | |
| | *Secured* | | |
| | Term loans from banks | 665.93 | 269.80 |
| | Vehicle loans from financial institutions | 7.42 | 16.59 |
| | | **673.35** | **286.39** |
| | **Current** | | |
| | *Secured* | | |
| | Short term loan from banks | 1,175.56 | 1,620.05 |
| | Short term loan from financial institution | - | 42.27 |
| | *Unsecured* | | |
| | Short term loans from banks | - | 43.08 |
| | Short term loans from financial institutions | 30.11 | 18.63 |
| | | **1,205.67** | **1,724.03** |
| | Add: Amount included under other financials liabilities (refer note 15) | 99.88 | 88.60 |
| | | **1,305.55** | **1,812.63** |
| | **Total borrowings** | **1,978.90** | **2,099.02** |

Information about the Company's exposure to interest rate and liquidity risks are included in note 34.

**Details of securities, terms and conditions of borrowings from banks and financial institutions**

| Lenders name | Security terms | Nature of borrowings | Tenure | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|---|
| State Bank of India | Secured by equitable mortgage over immovable properties of the Company and personal guarantees by John K Paul and Francis K Paul, directors of the Company. | Term loan from banks - Secured | 96 months | - | - |
| Kotak Mahindra Prime Limited | Secured by equitable mortgage of immovable properties belonging to directors of the company and personal guarantees by John K Paul and Francis K Paul, directors of the Company. | Term loan from financial institutions - Secured | 60 months | - | 9.34 |
| Yes Bank Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company and lien on the vehicle booked. | Short term loan from banks - Unsecured | 60 days | - | 43.08 |
| Axis Bank Limited | Secured by personal guarantees John K Paul and Francis K Paul, directors of the Company. | Short term loan from banks - Secured | 60 days | 437.32 | 496.88 |
| Indusind Bank Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Short term loan from banks - Unsecured | 60 Days | 179.03 | - |
| ICICI Bank Limited | Secured by exclusive charge on the stock and receivables, equitable mortgage on residential property and personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company. | Short term loan from banks - Secured | 60 Days | 57.87 | 179.65 |
| Kotak Mahindra Prime Limited | Secured by hypothecation of vehicles purchased using the fund and personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Short term loan from financial institutions - Secured | 60 days | - | 42.27 |
| Daimler Financial Services India Private Limited | Secured by hypothecation of vehicles purchased using the fund and personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Vehicle loan - Secured | 36 months - 24 Months | - | 1.43 |
| ICICI Bank Limited | Secured by hypothecation of vehicles purchased using the fund and personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Vehicle loan - Secured | 36 months - 24 Months | 3.50 | - |
| Axis Bank Limited | Secured by personal guarantees John K Paul and Francis K Paul, directors of the Company. | Long term loan from banks - Secured | 60 months | 88.90 | - |
| Federal bank Limited | Secured by 2nd charge on equitable mortgage over immovable properties of the Company. | Long term loan from banks - Secured | 60 months | 110.00 | - |
| ICICI Bank Limited | Secured by 2nd charge on equitable mortgage over immovable properties of the Company and Secured by personal guarantees John K Paul and Francis K Paul, directors of the Company. | Long term loan from banks - Secured | 60 months | 31.70 | - |
| Indusind Bank Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Long term loan from banks - Secured | 60 months | 29.45 | - |
| State Bank of India | Secured by 2nd charge on equitable mortgage over immovable properties of the Company | Long term loan from banks - Secured | 60 months | 119.03 | - |

(All amounts in Indian rupees million)

**14 Borrowings (continued)**

| Lenders name | Security terms | Nature of borrowings | Tenure | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|---|
| Sundaram Finance Limited | Secured by hypothecation of vehicles purchased using the fund and personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Vehicle loan -Secured | 36 months - 24 Months | 29.18 | 44.43 |
| Sundaram Finance Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Short term loan from financial institutions - Unsecured | 30 days | 20.40 | 4.45 |
| Indusind Bank Limited | Secured by personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company. | Short term loan from banks - Secured | 30 days | - | 162.61 |
| Magma Fin Corp Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Short term loan from financial institutions - Unsecured | 45 days | - | 3.50 |
| Mahindra and Mahindra Financial Services Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Short term loan from financial institutions - Unsecured | 45 days | 1.37 | 7.60 |
| Cholamandalam Investment and Finance Company Limited | Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company. | Short term loan from financial institutions - Unsecured | 45 days | 8.33 | 3.08 |
| Federal bank Limited | Secured by equitable mortgage of showroom building and movable fixed assets of the company other than those covered by term loan from SBI and KMPL ,current assets of the company and personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company. | Term loan from banks - Secured | 84 months | 361.48 | 319.80 |
| Federal bank Limited | Secured by advances,receivables and stock of new vehicles of the company and personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company. | Short term loan from banks - Secured | 60 days | 79.35 | 188.67 |
| Federal bank Limited | Secured by current assets other than assets secured by Inventory funding and commercial property of John K Paul and Francis K Paul, directors of the Company | Short term loan from banks- Cash credit - Secured | NA | - | - |
| State Bank of India | Equitable mortgage of showroom building belonging to directors and personal guarantee of John K Paul, Francis K Paul and Naveen Philip, directors of the Company. | Short term loan from banks - Secured | 45 Days | 321.99 | 474.12 |
| Federal bank Limited | Secured by hypothecation of stocks of used cars, accessories and spares and receivables. | Short term loan from banks - Secured | NA | 100.00 | 100.00 |
| HDFC Bank Limited | Secured by hypothecation of stocks and book debts under parippassu agreement. | Short term loan from banks - Secured | 45 Days | - | 18.11 |
| Loan from Directors | As per the agreed terms the loans were repayable within a period of one year from the balance sheet date. | NA | 12 months | - | - |
| | | | | **1,978.90** | **2,099.02** |

**includes current maturities of long -term borrowings.*

***Borrowings from banks / financial institutions carry interest rates from 7.5% to 16% per annum.*

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **15** | **Other financial liabilities** | | |
| | **Current** | | |
| | Current maturities of long-term borrowings (refer note 14) | 99.88 | 88.60 |
| | Interest accrued but not due on borrowings | 0.13 | 6.28 |
| | Accrued salaries and benefits | 125.30 | 117.81 |
| | Dues to creditors for expenses and others* | 135.61 | 127.94 |
| | Dues to creditors for capital goods | 6.58 | 12.45 |
| | Book overdraft | 1.67 | 0.35 |
| | | **369.17** | **353.43** |

* Includes dues to related parties. For details refer note 37.
* Includes outstanding dues of micro and small enterprises. Refer note 18 for disclosure details.
The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 34.

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **16** | **Provisions** | | |
| | **Non-current** | | |
| | *Provision for employee benefits* * | | |
| | Compensated absences | 31.22 | 26.44 |
| | | **31.22** | **26.44** |
| | **Current** | | |
| | *Provision for employee benefits* * | | |
| | Compensated absences | 31.18 | 25.58 |
| | | **31.18** | **25.58** |
| | | **62.40** | **52.02** |

* Also refer note 33

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **17** | **Other Liabilities** | | |
| | **Non-current** | | |
| | Advance from vendors for rebates | 203.58 | 156.97 |
| | | **203.58** | **156.97** |
| | **Other liabilities** | | |
| | **Current** | | |
| | Contract liabilities | 453.74 | 392.12 |
| | Advance from vendors for rebates | 67.51 | 44.46 |
| | Statutory dues payables | 42.27 | 26.29 |
| | | **563.52** | **462.87** |
| | | **767.10** | **619.84** |

The contract liabilities primarily relate to the advance consideration received from the customers for the purchase of vehicles. This will be recognised as revenue as and when the Company meet the performance obligation by delivering the vehicles. Refer Note 19 for more details.

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **18** | **Trade payables** | | |
| | Total outstanding dues of micro and small enterprises | 0.28 | 0.46 |
| | Total outstanding dues of creditors other than micro and small enterprises | 203.19 | 1,202.13 |
| | | **203.47** | **1,202.59** |

All trade payables are 'current'.
The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 34.

**Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| The principal amount remaining unpaid to any supplier as at the end of the year | 9.83 | 0.87 |
| The interest due on the principal remaining outstanding as at the end of the year | - | 0.02 |
| The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year | - | - |
| 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 Act. | - | 0.02 |
| The amount of interest accrued and remaining unpaid at the end of the year . | - | 0.02 |
| 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 the Act | - | - |

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **19** | **Revenue from operations** | | |
| | **Sale of products** | | |
| | Sales of new vehicles | 11,257.56 | 12,216.85 |
| | Sale of spare parts and accessories | 1,560.44 | 1,767.58 |
| | Sale of pre-owned vehicles | 2,120.26 | 2,011.67 |
| | **Sale of services (servicing of automobiles)** | 1,236.23 | 1,476.28 |
| | | 16,174.49 | 17,472.38 |
| | **Other operating revenues** | | |
| | Income from schemes and incentives | 338.61 | 467.51 |
| | Finance and insurance commission | 390.61 | 429.24 |
| | Income from driving school | 13.14 | 23.24 |
| | | **16,916.85** | **18,392.37** |
| | **Reconciliation of revenue from sale of products and services** | | |
| | Gross revenue | 16,681.16 | 18,052.32 |
| | Less: Discount allowed | 506.67 | 579.94 |
| | | **16,174.49** | **17,472.38** |

**(A) Contract balances**

**The following table provides information about trade receivables and contract liabilities from contract with customers.**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Trade receivables | 858.97 | 512.11 |
| Contract liabilities | 453.74 | 392.12 |

**(B) Transaction price allocated to remaining performance obligations**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Within 1 year | 453.74 | 392.12 |
| 1-3 years | - | - |
| More than 3 years | - | - |
| **Closing balance** | **453.74** | **392.12** |

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **20** | **Other income** | | |
| | Interest income based on effective interest rate | | |
| | Fixed deposits with banks | 2.52 | 4.87 |
| | Rent deposits | 5.26 | 3.49 |
| | Loan to related parties (refer note 37) | 7.64 | 3.86 |
| | Income tax refund | 7.97 | - |
| | Liabilities no longer required written back | 33.29 | 28.95 |
| | Rent concession received | 39.90 | - |
| | Net gain on financial assets measured at fair value through profit and loss | 5.21 | - |
| | Other non-operating income | 23.89 | 13.57 |
| | | **125.68** | **54.74** |
| **21** | **Purchases of stock-in-trade** | | |
| | New vehicles | 10,033.92 | 12,307.35 |
| | Pre-owned vehicles | 2,022.76 | 1,799.34 |
| | Spares, lubricants and accessories | 1,218.64 | 1,532.25 |
| | | **13,275.32** | **15,638.94** |
| **22** | **Changes in inventories of stock-in-trade** | | |
| | Opening inventory | 2,164.86 | 1,778.35 |
| | Closing inventory | 1,425.34 | 2,164.86 |
| | | **739.52** | **(386.51)** |

(All amounts in Indian rupees million)

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **23** | **Employee benefits expenses** | | |
| | Salaries and allowances | 1,215.53 | 1,406.65 |
| | Contribution to provident and other fund (refer note 33) | 96.06 | 85.46 |
| | Staff welfare expense | 61.85 | 99.17 |
| | | **1,373.44** | **1,591.28** |
| **24** | **Finance costs** | | |
| | Interest on bank borrowings | 135.84 | 203.20 |
| | Interest on lease liabilities (refer note 35) | 172.02 | 166.35 |
| | Other borrowing costs | 28.73 | 36.07 |
| | | **336.59** | **405.62** |
| **25** | **Depreciation and amortisation expense** | | |
| | Depreciation on property, plant and equipment | 172.76 | 182.37 |
| | Amortisation on intangible assets | 13.01 | 6.35 |
| | Depreciation on right-of-use asset (refer note 35) | 206.43 | 169.08 |
| | | **392.20** | **357.80** |
| **26** | **Other expenses** | | |
| | Rent (refer note 35) | 38.18 | 96.06 |
| | Advertising and sales promotion | 87.92 | 132.49 |
| | Consumables | 111.60 | 171.10 |
| | Repairs and maintenance: | | |
| | Plant and machinery | 5.00 | 6.33 |
| | Building | 22.53 | 26.53 |
| | Others | 52.29 | 60.97 |
| | Power, water and fuel | 64.62 | 85.94 |
| | Travelling and conveyance | 45.19 | 71.97 |
| | Housekeeping and security | 39.94 | 48.85 |
| | Office expenses | 25.48 | 39.96 |
| | Communication | 36.41 | 35.09 |
| | Refurbishment charges on pre-owned vehicles | 35.09 | 31.08 |
| | Loss on sale of property, plant and equipment (net) | 2.72 | 0.91 |
| | Pre-delivery inspection charges | 15.23 | 23.72 |
| | Rates and taxes | 12.01 | 20.05 |
| | Transportation charges | 16.37 | 17.76 |
| | Bank charges | 15.96 | 24.41 |
| | Insurance | 27.68 | 21.99 |
| | Management fee on pre-owned vehicles | 9.93 | 12.10 |
| | Legal and professional (refer note 31) | 8.22 | 17.31 |
| | Net loss on financial assets measured at fair value through profit and loss | - | 1.57 |
| | Commission | 3.56 | 1.53 |
| | Donation and charity | 0.15 | 0.26 |
| | Expenditure on corporate social responsibility ('CSR') (refer note (i) below) | 2.02 | 5.20 |
| | Miscellaneous expenses | 14.02 | 27.32 |
| | | **692.12** | **980.50** |
| **(i)** | **CSR expenditure** | | |
| | - Gross amount required to be spent during the year | 2.02 | 5.20 |
| | Amount spent during the year on ; | | |
| | Construction/ acquisition of asset | - | - |
| | On purposes other than above | 2.02 | 5.20 |
| | | **2.02** | **5.20** |
| **27** | **Exceptional item** | | |
| | Gain on sale of property * | - | 261.28 |
| | | **-** | **261.28** |

* This represents a transaction with related party (also refer note 39)

(All amounts in Indian rupees million)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **28 Income taxes** | | |
| Income tax assets | 30.71 | 86.56 |
| Income tax liabilities (current) | (3.15) | - |
| **Net income tax assets at the end of the year** | **27.56** | **86.56** |

| (i) Tax expense/ (income) recognised in statement of profit and loss | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Current tax (including MAT)** | | |
| Current year | 70.33 | 17.67 |
| Earlier years | (24.41) | - |
| **Deferred tax benefit (including MAT credit entitlement)** | **17.87** | **(54.41)** |
| **Total tax expenses/ (income)** | **63.79** | **(36.74)** |

| (ii) Amount recognised in other comprehensive income | Year ended 31 March 2021 | | | Year ended 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense)/ benefit | Net of tax | Before tax | Tax (expense)/ benefit | Net of tax |
| Remeasurement of the net defined benefit plans | (9.78) | 3.42 | (6.36) | 40.92 | (14.30) | 26.62 |
| | **(9.78)** | **3.42** | **(6.36)** | **40.92** | **(14.30)** | **26.62** |

| (iii) Reconciliation of effective tax rate | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Profit before income taxes | 222.30 | 97.77 |
| Enacted tax rates in India | 34.94% | 34.94% |
| Tax using the company's statutory tax rate | 77.67 | 34.16 |
| Income at differential rate - long term capital gain | - | (83.61) |
| Other permanent differences | 10.53 | 5.81 |
| Income tax for expense - earlier years | (24.41) | - |
| Temporary differences - earlier years | - | 6.90 |
| Tax expense | 63.79 | (36.74) |
| Effective tax rate | 28.70% | -37.58% |

**Recognised deferred tax assets and (liabilities)**

**(i) Deferred tax assets and liabilities are attributable to the following:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| ***Deferred tax asset*** | | |
| Allowance for expected credit loss | 9.42 | 12.74 |
| Provision for employee benefits | 17.75 | 10.65 |
| Other timing differences | - | 22.75 |
| MAT credit entitlement | - | 17.67 |
| Lease liabilities, impact on account of Ind AS 116 | 138.24 | 117.14 |
| **Total deferred tax assets (A)** | **165.41** | **180.95** |
| ***Deferred tax liabilities*** | | |
| Excess of depreciation on property,plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013 | (75.11) | (76.20) |
| **Total deferred tax liability (B)** | **(75.11)** | **(76.20)** |
| **Deferred tax asset/ (liability) net (A+B)** | **90.30** | **104.75** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Company has recognised deferred tax assets arising out of tax losses (unabsorbed depreciation) to the extent of net deferred tax liability on account of taxable temporary differences.

**Popular Vehicles and Services Limited**
**Notes to the standalone financial statements (continued)**
(All amounts in Indian rupees million)

**28 Income taxes (continued)**
**(ii) Movement in temporary differences**

| Movement during the year ended 31March 2021 | As at 1 April 2020 | Recogonised through retained earning | Charge/ (Credit) in the Statement of Profit and Loss | Charge/ (Credit) in other comprehensive Income | As at 31 March 2021 |
|---|---|---|---|---|---|
| Allowance for expected credit loss | 12.74 | - | 3.32 | - | 9.42 |
| Provision for employee benefits | 10.65 | - | (3.68) | (3.42) | 17.75 |
| Other timing differences | 22.75 | - | 22.75 | - | - |
| Lease liabilities, impact on account of Ind AS 116 | 117.14 | - | (21.10) | - | 138.24 |
| MAT credit entitlement | 17.67 | - | 17.67 | - | - |
| Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013 | (76.20) | - | (1.09) | - | (75.11) |
| **Net deferred tax assets/ (liabilities)** | **104.75** | **-** | **17.87** | **(3.42)** | **90.30** |

| Movement during the year ended 31 March 2020 | As at 1 April 2019 | Recogonised through retained earning | Charge/ (Credit) in the Statement of Profit and Loss | Charge/ (Credit) in other comprehensive Income | As at 31 March 2020 |
|---|---|---|---|---|---|
| Allowance for expected credit loss | 7.62 | - | (5.12) | - | 12.74 |
| Provision for employee benefits | 40.40 | - | 15.45 | 14.30 | 10.65 |
| Other timing differences | 0.64 | - | (22.11) | - | 22.75 |
| Lease liabilities, impact on account of Ind AS 116 | - | (90.80) | (26.34) | | 117.14 |
| MAT credit entitlement | - | | (17.67) | | 17.67 |
| Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013 | (74.82) | - | 1.38 | - | (76.20) |
| **Net deferred tax assets/ (liabilities)** | **(26.16)** | **(90.80)** | **(54.41)** | **14.30** | **104.75** |

**(iv) Tax losses carried forward**

| Particulars | As at 31 March 2021 | Expiry date | As at 31 March 2020 | Expiry date |
|---|---|---|---|---|
| Brought forward losses - allowed to carry forward for specific period | - | - | - | - |
| Brought forward losses - allowed to carry forward for specific period | - | - | 65.10 | 2027-28 |
| **Total** | **-** | | **65.10** | |

(All amounts in Indian rupees million)

**29 Contingent liabilities and commitments**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Contingent liabilities** | | |
| *Claims against the Company not acknowledged as debts* | | |
| Service tax related matters | 11.55 | 11.55 |
| KVAT related matters | 98.48 | 120.73 |
| Income tax related matters | 83.90 | 24.32 |
| Employees' state insurance/provident fund demand | 7.95 | 7.95 |
| Customer claims | 83.15 | 74.31 |
| **Commitments** | | |
| Corporate guarantees | 520.06 | 355.06 |
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 158.00 | 46.40 |

**Details of claims against the Company as at 31 March 2021:**

a) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash flows, if any, in respect of the above as it is determinable only on receipt of judgement/ decision pending with various forums/ authorities. The Company has received all its pending litigations and proceedings and has adequately provided for when provision is required and disclosed as contingent liabilities where applicable, in the financial information. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

b) There are certain claims raised by various customers, pending before various consumer forums. The management does not expect the outcome of the action to have a material effect on its financial position.

c) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Company has re-computed its liability towards PF for the month of March 2019. In respect of the earlier periods/years, the Company has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

**30 Earnings per share**

**A. Basic earnings per share**

The calculation of profit attributable to equity share holders and weighted average number of equity shares outstanding for the purpose of basic earnings per share calculations are as follows:

**i) Net profit attributable to equity share holders**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Net profit for the year, attributable to the equity share holders (A) | 158.51 | 134.51 |

**ii) Weighted average number of equity shares (basic and diluted)**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Number of equity shares at the beginning of the year (refer note 13) | 12.54 | 12.54 |
| Weighted average number of shares issued during the year (right issue) | - | - |
| Weighted average number of shares issued during the year (bonus issue) | - | - |
| Weighted average number of equity shares of INR 10 each outstanding during the year (C) | 12.54 | 12.54 |
| **Earnings per share, basic and diluted (A/C)** | **12.64** | **10.73** |

**B. Diluted earnings per share**

There are no potential dilutive equity shares as at 31 March 2021.

**31 Auditors' remuneration** (included under legal, professional and other consultancy charges, net of goods and service tax)

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Statutory audit | 2.30 | 2.00 |
| Certification and other services | 0.24 | 0.24 |
| | **2.54** | **2.24** |

(All amounts in Indian rupees million)

**32 Segment reporting**

The Company has a single reportable business segment which is reviewed by Chief operating decision maker ('CODM'). The Company is engaged in the business of purchase and sale of vehicles and related services. The entire operations are organised and managed as one organisational unit with the same set of risks and returns, hence the same has been considered as representing a single primary segment. The Company renders its services in India only and does not have any operations in economic environments with different risks and returns; hence it is considered operating in a single geographic segment.The Company has no significant customer whose carrying value exceeds 10% of the revenue from operations; hence no separate disclosure is made on the same.

Accordingly, no segment disclosure has been made in these financial statements.

**33 Employee benefits**

**A Defined contribution plan**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

**B Defined benefit plan**

The Company operates certain post-employment defined benefit plan which is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 (‘Gratuity Act’).

The Gratuity Plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half month’s salary for each year of completed service (service of six months or above is rounded off to one year) at the time of retirement/ exit, restricted to a sum of INR 2.00 million.

Based on an actuarial valuation obtained in this respect, the following table sets out the status of the benefit plan and the amounts recognised in the Company’s standalone financial statements as at balance sheet date:

***Reconciliation of the projected defined benefit obligation***

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Defined benefit liability | 169.68 | 143.06 |
| Plan assets | 181.30 | 164.62 |
| **Net defined benefit liability/ (asset)** | **(11.62)** | **(21.56)** |
| Current defined benefit (asset) | 11.62 | 21.56 |
| | | |
| **Liability for compensated absences** | **62.40** | **52.02** |
| Non-current defined benefit liability | 31.22 | 26.44 |
| Current defined benefit liability | 31.18 | 25.58 |

**C Reconciliation of net defined benefit (assets)/ liability**

*i) Reconciliation of present values of defined benefit obligation*

The following table shows a reconciliation from the opening balances to the closing balances for net defined benfit (asset)/ liability and its components:

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Defined benefit obligation as at the beginning of the year** | 143.06 | 167.37 |
| Current service cost | 17.23 | 18.30 |
| Past service Cost | - | - |
| Interest cost | 8.60 | 12.39 |
| Benefits paid | (9.10) | (12.59) |
| ***Re-measurements*** | | |
| Actuarial gain/(loss) recognised in other comprehensive income | | |
| - changes in demographic assumptions | - | - |
| Actuarial gain/(loss) recognised in other comprehensive income | | |
| - changes in financial assumptions | 13.84 | (38.55) |
| - changes in experience over the past period | (3.95) | (3.86) |
| ***Defined benefit obligation as at the end of the year*** | **169.68** | **143.06** |

*ii) Reconciliation of present value of plan assets*

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Plan assets at the beginning of the year** | 164.62 | 110.05 |
| Contributions paid into the plan | 14.71 | 59.66 |
| Benefits paid | (9.10) | (12.59) |
| Interest income | 10.96 | 8.99 |
| ***Re-measurements*** | | |
| Return on plan assets excluding amount included in net interest on the net defined liability/(asset) | 0.11 | (1.49) |
| **Balance at the end of the year** | **181.30** | **164.62** |
| **Net defined benefit liability/ (asset)** | **(11.62)** | **(21.56)** |

**D Expenses recognised in the standalone statement of profit and loss**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Current service cost | 17.23 | 18.30 |
| Past service cost | - | - |
| Net interest on net defined liability | (2.04) | 3.40 |
| **Net gratuity cost** | **15.19** | **21.70** |

(All amounts in Indian rupees million)

**33 Employee benefits (continued)**

**(ii) Remeasurements recognised in other comprehensive income**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Acturial (gain)/ loss on defined benefit obligation | 9.89 | (42.41) |
| Loss/ (return) on plan asset excluding interest income | (0.11) | 1.49 |
| **Net gratuity (gain)/ cost** | **9.78** | **(40.92)** |

**E Plan Asset**

Plan asset comprises of the following:

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Funds managed by Life Insurance Corporation of India | 181.30 | 164.62 |

The Company makes annual contribution to the Life Insurance Corporation of India ( 'LIC') of an amount advised by LIC. The Company was not informed by LIC of the investments made by them or the break up of the plan assets into various type of investments.

**F Defined benefit obligation**

**(i) Actuarial assumptions for defined benefit liability**

The following are the principal actuarial assumptions at the reporting date (expressed as weighted average):

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Discount rate | 6.45% | 6.50% |
| Salary growth rate | 6.00% | 5.00% |
| Attrition rate | Up to 35 years: 25% p.a<br>35 yrs & above: 3% p.a. | Up to 35 years: 25% p.a<br>35 yrs & above: 3% p.a. |
| Weighted average duration of defined benefit | 9 years | 9 years |

The weighted average assumptions used to determine net periodic benefit cost as set out below;

Assumptions regarding future mortality experience are set in accordance with the standard table - IALM 20012-14. The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

**(ii) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| **Particulars** | **As at 31 March 2021** | | **As at 31 March 2020** | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate (1% movement) | (13.84) | 16.19 | (11.04) | 12.86 |
| Future salary growth (1% movement) | 15.87 | (13.83) | 12.69 | (11.08) |
| Attrition rate (1% movement) | 0.18 | (0.24) | 1.07 | (1.25) |

Although the analysis does not take account of the full distribution of the cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

**(iii) Actuarial Assumptions for compensated absences**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Discount rate | 6.45% | 6.50% |
| Salary growth rate | 6% p.a | 5% p.a |
| Attrition rate | Up to 35 years: 25% p.a<br>35 yrs & above: 3% p.a. | Up to 35 years: 25% p.a<br>35 yrs & above: 3% p.a. |
| Mortality rate | IALM 2012-14 Ult. | IALM 2012-14 Ult. |

**Popular Vehicles and Services Limited**
**Notes to the standalone financial statements (continued)**
(All amounts in Indian rupees million)

**34 Financial Instruments- Fair vlaues and risk management**

**A Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**As at 31 March 2021**

| Particulars | Note | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Financial assets | Mandatorily at | Other financial | Total Carrying | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 10 | 354.62 | - | - | 354.62 | - | - | - | - |
| Bank balances other than cash and cash equivalents | 11 | 22.82 | - | - | 22.82 | - | - | - | - |
| Trade receivables | 9 | 858.97 | - | - | 858.97 | - | - | - | - |
| Loans | 12 | 280.49 | - | - | 280.49 | - | - | - | - |
| **Financial asset measured at fair value** | | | | | | | | | |
| Investments * | 6 | - | 13.33 | - | 13.33 | 0.57 | 12.56 | 0.20 | 13.33 |
| **Total** | | **1,516.90** | **13.33** | **-** | **1,530.23** | **0.57** | **12.56** | **0.20** | **13.33** |
| **Financial liabilities measured at amortised cost** | | | | | | | | | |
| Trade payables | 18 | - | - | 203.47 | 203.47 | - | - | - | - |
| Borrowings # | 14 | - | - | 1,978.90 | 1,978.90 | - | - | - | - |
| Lease liabilities | 35 | - | - | 1,799.24 | 1,799.24 | - | - | - | - |
| Other financial liabilities | 15 | - | - | 269.29 | 269.29 | - | - | - | - |
| **Total** | | **-** | **-** | **4,250.90** | **4,250.90** | **-** | **-** | **-** | **-** |

**As at 31 March 2020**

| Particulars | Note | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Financial assets at amortised cost | Mandatorily at FVTPL | Other financial liabilities at amortised cost | Total Carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | 10 | 140.87 | - | - | 140.87 | - | - | - | - |
| Bank balances other than cash and cash equivalents | 11 | 21.63 | - | - | 21.63 | - | - | - | - |
| Trade receivables | 9 | 512.11 | - | - | 512.11 | - | - | - | - |
| Loans | 12 | 311.36 | - | - | 311.36 | - | - | - | - |
| **Financial asset measured at fair value** | | | | | | | | | |
| Investments * | 6 | - | 94.54 | - | 94.54 | 0.29 | 94.05 | 0.20 | 94.54 |
| **Total** | | **985.97** | **94.54** | **-** | **1,080.51** | **0.29** | **94.05** | **0.20** | **94.54** |
| **Financial liabilities measured at amortised cost** | | | | | | | | | |
| Trade payables | 18 | - | - | 1,202.59 | 1,202.59 | - | - | - | - |
| Borrowings # | 14 | - | - | 2,099.02 | 2,099.02 | - | - | - | - |
| Lease liabilities | 35 | - | - | 1,699.45 | 1,699.45 | - | - | - | - |
| Other financial liabilities | 15 | - | - | 264.83 | 264.83 | - | - | - | - |
| **Total** | | **-** | **-** | **5,265.89** | **5,265.89** | **-** | **-** | **-** | **-** |

Note 1:The Company has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade receivables, trade payables etc., because their carrying amounts are a reasonable approximation of fair value.
* Excludes investments in associates and subsidiaries measured at cost.
# Represents borrowings (current and non-current) and current maturities of long term borrowings included in other current financial liabilities.

**Measurement of fair values**

The fair value of the financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

**Level 1 fair values**

Investment in equity shares that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

**Level 2 fair values**

Investment in mutual funds - is unquoted price and are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3 fair values**

If one or more of the significant inputs is not based on observable data, the instrument is included in level 3.

The quantitative sensitivity analysis of level 3 fair value of financial instrument as at 31 March 2021 and 31 March 2020 has not been disclosed as it is not material to the Group.

(All amounts in Indian rupees million)

**34 Financial Instruments- Fair values and risk management (continued)**

**B Financial risk management**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

i) **Risk management framework**

ii) **Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from company's receivables from customers, loans and investment in mutual funds.

The Company is exposed to credit risk as a result of the risk of counterparties defaulting on their obligations. The Company's exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Company monitors and limits its exposure to credit risk on a continuous basis. To manage this the Company periodically reviews the financial reliability of its customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivables. The carrying amount of financial assets represents maximum credit risk exposure.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The maximum exposure to credit risk for trade receivables was as follows;

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Trade receivables | 885.93 | 543.57 |
| | **885.93** | **543.57** |

**Impairment analysis**

The ageing of trade receivables is as follows:

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Less than 1 year | 876.22 | 536.54 |
| 1-2 years | 8.50 | 6.66 |
| 2-3 years | 1.21 | 0.37 |
| More than 3 years | - | - |
| | **885.93** | **543.57** |

The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

| **Allowance for credit loss** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Balance at the beginning of the year | 31.46 | 21.80 |
| Provision created during the year | 11.04 | 22.99 |
| Impairment loss recognised/ (reversed) | (15.54) | (13.33) |
| **Balance at the end of the year** | **26.96** | **31.46** |

The Company has no significant customer whose carrying value exceeds 10% of the revenue from operations. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalents and other bank balances is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

iii) **Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2021:

| **Particulars** | **Payable within 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| Trade payables | 203.47 | - | 203.47 |
| Borrowings # | 1,305.55 | 673.35 | 1,978.90 |
| Lease liabilities | 109.34 | 1,689.90 | 1,799.24 |
| Other financial liabilities | 269.29 | - | 269.29 |

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

| **Particulars** | **Payable within 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| Trade payables | 1,202.59 | - | 1,202.59 |
| Borrowings # | 1,812.63 | 286.39 | 2,099.02 |
| Lease liabilities | 112.37 | 1,587.08 | 1,699.45 |
| Other financial liabilities | 264.83 | - | 264.83 |

# Represents borrowings (current and non-current) and current maturities of long term borrowings included in other current financial liabilities.

iv) **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, such as foreign exchange rates, interest rates and equity prices.

**Foreign currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Company. The functional currency of the Group is INR and the Group does not have any material foreign currency transactions during the years ended 31 March 2021 and 31 March 2020 .

**Cash flow and fair value interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The interest rate on the Company's financial instruments is based on market rates. The Company monitors the movement in interest rates on an ongoing basis.

(All amounts in Indian rupees million)

**34 Financial Instruments- Fair values and risk management (continued)**
**B Financial risk management** *(continued)*
iv) **Market risk** *(continued)*
**(a) Interest rate risk exposure**
The exposure of the Group's borrowing to interest rate changes at the end of the year are as follows:

| Financial liabilities (bank borrowings) | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Variable rate long term borrowings including current maturities | 598.86 | 9.34 |

**Sensitivity**

| Particulars | Impact on profit or (loss) | | Impact on other components of equity (net of tax) | |
|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| 1% increase in variable rate | (5.99) | (0.09) | (3.90) | (0.06) |
| 1% decrease in variable rate | 5.99 | 0.09 | 3.90 | 0.06 |

The interest rate sensitivity is based on the closing balance of variable interest rate borrowings from banks and financial institutions.

**35 Leases**

The Company has taken showrooms and service centres on lease from various parties from where business operations are performed. The leases typically run for a period of 2 year - 60 years. Lease payments are renegotiated nearing the expiry to reflect market rentals.

***(i) Lease liabilities***
Following are the changes in the lease liabilities for the year ended 31 March 2021:

| Particulars | As at 31 March 2021 |
|---|---|
| Balance as at 1 April 2020 | 1,699.45 |
| Additions | 156.71 |
| Finance cost accrued during the period | 172.02 |
| Derecognition of lease liability during the year | (3.03) |
| Remeasurement on account of modification | 83.61 |
| Rent concession received * | (39.90) |
| Payment of lease liabilities | (269.62) |
| **Balance as at 31 March 2021** | **1,799.24** |
| Non-current lease liabilities | 1,689.90 |
| Current lease liabilities | 109.34 |

* The Company has renegotiated with certain landlords on the rent concession due to COVID 19 pandemic. These rent concessions are short term in nature and meets the other conditions specified in the notification issued by the Central Government in consultation with National Financial Reporting Authority dated 24th July 2020 as Companies (Indian Accounting Standards) Amendment Rules, 2020 with effect from 1st April 2020. Thus, in accordance with the said notification, the Company has elected to apply exemption as the concession does not necessitate a lease modification as envisaged in the Standard by recording in the "Other income".

Following are the changes in the lease liabilities for the year ended 31 March 2020:

| Particulars | As at 31 March 2020 |
|---|---|
| Balance as at 1 April 2019 (on transition) | 1,483.81 |
| Additions | 317.69 |
| Finance cost accrued during the period | 166.35 |
| Payment of lease liabilities | (268.40) |
| **Balance as at 31 March 2020** | **1,699.45** |
| Non-current lease liabilities | 1,587.08 |
| Current lease liabilities | 112.37 |

***(ii) Maturity analysis – contractual undiscounted cash flows***

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Less than one year | 265.19 | 301.20 |
| One to five years | 995.02 | 1,033.91 |
| More than five years | 2,191.82 | 1,938.03 |
| **Total undiscounted lease liabilities** | **3,452.03** | **3,273.14** |

***(iii) Right-of-use assets***
Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

| Particulars | As at 31 March 2021 |
|---|---|
| Balance at 1 April 2020 | 1,372.58 |
| Addition to right-of-use assets | 156.71 |
| Derecognition of right-of-use assets | (2.84) |
| Remeasurement on account of modification | 83.61 |
| Depreciation for the year | (206.43) |
| **Balance at 31 March 2021** | **1,403.63** |
| **Particulars** | **As at 31 March 2020** |
| Balance at 1 April 2019 | 1,223.97 |
| Addition to right-of-use assets | 317.69 |
| Depreciation for the year | (169.08) |
| **Balance at 31 March 2020** | **1,372.58** |

(All amounts in Indian rupees million)

**35 Leases (continued)**

***(iv) Amounts recognised in statement of profit or loss***

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Interest on lease liabilities | 172.02 | 166.35 |
| Depreciation on right-of-use assets | 206.43 | 169.08 |

***(v) Amounts recognised in statement of cash flows***

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Total cash outflow for leases | (269.62) | (268.40) |

***(vi)Operating leases***

The Company is obligated under cancellable operating leases for its certain office premises which are renewable at the option of both the lessor and lessee. Total rental expenses under such leases amounted to Rs.38.18 million (previous year: Rs 96.06 million). These arrangements do not qualify as a lease as per the requirements of Ind AS 116.

**(b) Operating lease as a lessor**

The Company has leased out building under operating lease. There is escalation and renewal clause in the lease agreements and sub-letting is not permitted. The lease is cancellable and the total lease income recognised during the year was INR 2.52 million (previous year: INR 2.74 million).

**36 Capital Management**

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and other equity.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Total equity attributable to the equity shareholders of the Company** | **1,967.23** | **1,815.08** |
| Long-term borrowings including current maturities | 773.23 | 374.99 |
| Short-term borrowings | 1,205.67 | 1,724.03 |
| **Total borrowings** | **1,978.90** | **2,099.02** |
| Less: cash and cash equivalents | 354.62 | 140.87 |
| **Adjusted net debt (B)** | **1,624.28** | **1,958.15** |
| **Adjusted net debt to total equity ratio (B/A)** | **0.83** | **1.08** |

(All amounts in Indian rupees million)

**37 Related parties**

*I. Names of related parties and description of relationship:*

(a) Entity having significant influence over the Company — BanyanTree Growth Capital II, LLC, Mauritius

(b) Subsidiaries and step down subsidiaries
- Popular Mega Motors (India) Private Limited, India
- Popular Autoworks Private Limited, India
- Vision Motors Private Limited, India
- Kuttukaran Cars Private Limited
- Popular Auto Dealers Private Limited, India
- Kuttukarn Green Private Limited(Formerly Kuttukaran Pre Owned Cars Private Limited, India)
- Avita Insurance Broking LLP, India

(c) Other related parties with whom the Company had transactions during the year

- Key management personnel and their relatives (KMP)
  - Mr. Francis K Paul, Whole Time Director
  - Mr. John K Paul, Managing Director
  - Mr.Naveen Philip, Director
  - Mr. Jacob Kurian, Independent Director
  - Mrs. Preeti Reddy, Independent Director
  - Mr. George Joseph, Independent Director (w.e.f - 1 July 2021)
  - Mr. Rahul Kurup, Nominee Director
  - Mrs. Mariam Francis (daughter of Mr. Francis K Paul)
  - Mr . John Verghese, Chief Financial Officer
  - Mr . Philip Chacko Mundanilkunnathil , Chief Executive Officer
  - Mr .Varun Thazhathu Veedu , Company Secretary
- Entities in which KMP has significant influence
  - Prabal Motors Private Limited,India
  - Kuttukaran Homes LLP
  - Kuttukaran Institute for Human Resource Development, India
  - Keracon Equipment Private Limited, India

*II. Related party transactions:*

(a) The Company has entered into the following transactions with related parties during the year ended 31 March 2021 and 31 March 2020:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Revenue from operations** | | |
| Popular Auto Dealers Private Limited | 1.56 | 2.31 |
| Popular Mega Motors (India) Private Limited | 1.15 | 6.64 |
| Prabal Motors Private Limited | 0.03 | 0.28 |
| Vision Motors Private Limited | 0.16 | - |
| Popular Autoworks Private Limited | 0.01 | 0.60 |
| Kuttukaran Institute for Human Resource Development | 0.04 | 0.01 |
| **Income from rent** | | |
| Popular Auto Dealers Private Limited | 2.17 | 2.27 |
| Popular Mega Motors (India) Private Limited | 0.36 | 0.47 |
| **Lease Rental** | | |
| Francis K Paul | 1.92 | 2.06 |
| John K Paul | 0.69 | 0.77 |
| Popular Mega Motors (India) Private Limited | 0.11 | 0.11 |
| Kuttukaran Homes LLP | 13.25 | 9.71 |
| Vision Motors Private Limited | 0.24 | 0.24 |
| **Guarantee commission received** | | |
| Popular Autodealers Private Limited | 0.64 | 0.32 |
| Popular Autoworks Private Limited | - | 0.45 |
| Popular Mega Motors (India) Private Limited | 2.90 | 0.86 |
| Prabal Motors Private Limited | - | - |
| Vision Motors Private Limited | 0.18 | 0.94 |
| **Intercorporate loan repaid by subsidiaries** | | |
| Popular Autoworks Private Limited | 4.10 | - |
| **Intercorporate loan given** | | |
| Popular Autoworks Private Limited | - | 80.00 |
| **Interest on loan to related parties** | | |
| Popular Autoworks Private Limited | 7.64 | 3.86 |
| **Purchase of assets** | | |
| Popular Mega Motors (India) Private Limited | 0.80 | 0.09 |
| Prabal Motors Private Limited | 0.12 | - |
| Popular Auto Dealers Private Limited | 0.15 | - |
| Vision Motors Private Limited | 0.01 | 0.38 |
| **Investment** | | |
| Popular Auto Dealers Private Limited | 1.25 | - |
| Popular Mega Motors (India) Private Limited | - | 110.00 |

(All amounts in Indian rupees million)

**37 Related parties (continued)**

*II. Related party transactions (continued)*

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Purchase of vehicles/accessories and spares** | | |
| Popular Auto Dealers Private Limited | 73.08 | 167.80 |
| Popular Mega Motors (India) Private Limited | 0.24 | - |
| Vision Motors Private Limited | 33.78 | 19.80 |
| **Expense met by the Company** | | |
| Kuttukaran Institute for Human Resource Development | 0.04 | - |
| Popular Auto Dealers Private Limited | 0.05 | 0.13 |
| Popular Mega Motors (India) Private Limited | - | 0.04 |
| Vision Motors Private Limited | 0.05 | 0.02 |
| **Expense met on behalf of the Company** | | |
| Kuttukaran Institute for Human Resource Development | 0.10 | - |
| Popular Auto Dealers Private Limited | 0.31 | 0.31 |
| Popular Autoworks Private Limited | 0.52 | 0.70 |
| Popular Mega Motors (India) Private Limited | 2.14 | 2.63 |
| Kuttukaran Cars Private Limited | - | 0.12 |
| Prabal Motors Private Limited | 0.61 | 2.03 |
| Vision Motors Private Limited | 1.10 | 1.21 |
| Kuttukaran Homes LLP | 0.16 | 0.08 |
| **Repairs and maintenance** | | |
| Vision Motors Private Limited | 0.01 | 0.03 |
| Popular Mega Motors (India) Private Limited | 0.41 | 0.42 |
| **Sale of assets** | | |
| Popular Mega Motors (India) Private Limited | 0.75 | - |
| Popular Auto Dealers Private Limited | - | 0.43 |
| Prabal Motors Private Ltd | 0.02 | - |
| Kuttukaran Homes LLP | - | 300.50 |
| **Commission and incentive to KMP** | | |
| Francis K Paul | 1.50 | - |
| John K Paul | 1.50 | - |
| **Remuneration to KMP *** | | |
| Francis K Paul | 5.67 | 7.26 |
| John K Paul | 5.67 | 7.26 |
| Philip Chacko Mundanilkunnathil | 10.61 | 14.33 |
| Others | 7.51 | 8.34 |
| **Sitting fees to independent directors** | 0.95 | 0.75 |

*III. Balance receivable from/ (payable) to related parties as at the balance sheet date:*

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Loans to related parties** | | |
| Popular Autoworks Private Limited | 75.90 | 80.00 |
| **Trade receivables** | | |
| Kuttukaran Cars Private Limited | - | 0.22 |
| Kuttukaran Institute for Human Resource Development | 0.01 | 0.27 |
| Popular Auto Dealers Private Limited | 5.12 | 2.12 |
| Popular Autoworks Private Limited | 1.30 | 2.30 |
| Popular Mega Motors (India) Private Limited | 4.00 | 4.25 |
| Prabal Motors Private Limited | - | 0.36 |
| Vision Motors Private Limited | 0.21 | 1.17 |
| **Commission and incentive payable** | | |
| Francis K Paul | 1.50 | - |
| John K Paul | 1.50 | - |
| **Dues to creditors for expenses and others** | | |
| Kuttukaran Homes LLP | (1.59) | (0.80) |
| Popular Auto Dealers Private Limited | (9.18) | (11.55) |
| Popular Autoworks Private Limited | - | - |
| Popular Mega Motors (India) Private Limited | (0.02) | (0.19) |
| Vision Motors Private Limited | (1.14) | - |
| Francis K Paul | (0.22) | (0.12) |
| John K Paul | (0.06) | (0.04) |
| **Rent deposit payable** | | |
| Popular Auto Dealers Private Limited | (0.20) | (0.20) |
| **Corporate guarantees** | | |
| Popular Auto Dealers Private Limited | 105.60 | 54.48 |
| Popular Autoworks Private Limited | - | 60.40 |
| Popular Mega Motors (India) Private Limited | 386.52 | 115.14 |
| Vision Motors Private Limited | 27.94 | 125.04 |

**38** In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic has resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company believes that the COVID 19 pandemic will only have a short term impact on its operations and after easing of the lockdown restrictions, the business is expected to return to normal. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity and going concern and recoverable values of its certain financial and non-financial assets. Further, the Company has taken various measures to reduce its fixed cost - for example, salary reductions, hiring freeze, requesting of reduction of rental expenses for showrooms and service centres taken on lease and optimization of administrative, sales, marketing and travel costs.

Accordingly, the Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months based on the current financial position of the Company, business strategies, operating plans of the management. However, given the effect of these lockdowns on the overall economic activity, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. Further, the pandemic did not have any material impact on the financial statement for the year ended 31 March 2021.

**39 Assets classified as held for sale**

In respect of the land owned at Elayavoor Panchayath at Kannur, the Company received a notice from the Special Tahasildar & Competent Authority, (LA) NH Unit on 10 August 2020 for the acquisition of 25.79 ares of land with an acquisition award of Rs. 31.47 million. The Company has filed an appeal with Hon'ble District Collector, Kannur, Kerala on 19 January 2021 for additional compensation. As at 31 March 2021, the same has been disclosed as asset held for sale at carrying value (being lower of fair value less cost to sell or net book value). The sale is expected to be completed within a period of one year.

The assets classified as held for sale as at 31 March 2019 was sold during the previous year ended 31 March 2020. The net gain on account of this transaction amounting to Rs. 261.28 million has been disclosed as an exceptional item.

**40** The previous figures have been reclassified/ regrouped whereever necessary.

As per our report of even date attached
*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN: U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

**INDEPENDENT AUDITORS' REPORT**

**To the Members of Popular Vehicles and Services Limited**

**Report on the Audit of Consolidated Financial Statements**

## Opinion

We have audited the consolidated financial statements of Popular Vehicles and Services Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

## Emphasis of matter – COVID 19 impact

As more fully described in Note 39 to the consolidated financial statements, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

## Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Other Information** *(continued)*

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under the applicable laws and regulations.

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**Independent Auditors' Report** *(continued)*

**To the Members of Popular Vehicles and Services Limited** *(continued)*

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements** *(continued)*

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matters**

We did not audit the financial statements of seven subsidiaries, whose financial statements/financial information reflect total assets of Rs.5,087.29 million as at 31 March 2021, total revenues of Rs.12,163.43 million and net cash outflows amounting to Rs.36.45 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

**Report on Other Legal and Regulatory Requirements** *(continued)*

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" ; and

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 29 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021;

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Group during the year.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

**Independent Auditors' Report** *(continued)*

**To the Members of Popular Vehicles and Services Limited** *(continued)*

**Report on Other Legal and Regulatory Requirements** *(continued)*

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of the subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's registration No.: 116231W/ W-100024

**Sd/-**
**Baby Paul**
*Partner*
Membership No.: 218255
ICAI Unique Document Identification Number: 21218255AAAACD2188

Kochi
1 July 2021

**Annexure A to the Independent Auditors' report on the consolidated financial statements of Popular Vehicles and Services Limited for the period ended 31 March 2021.**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph A (f) under 'Report on other legal and regulatory requirements' section of our report of even date)

## Opinion

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Popular Vehicles and Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021 based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's responsibility for internal financial controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

## Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

**Auditors’ responsibility** *(continued)*

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated 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 of the relevant subsidiary companies 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 internal financial controls with reference to consolidated financial statements.

**Meaning of internal financial controls with reference to consolidated financial statements**

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with reference to consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to six subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm's registration No.: 116231W/ W -100024

Sd/-

**Baby Paul**
*Partner*
Membership No.: 218255
ICAI Unique Document Identification Number: 21218255AAAACD2188

Kochi
1 July 2021

**Popular Vehicles and Services Limited**

**Consolidated balance sheet as at 31 March 2021**

(All amounts in Indian rupees million)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **4** | 2,244.20 | 2,258.72 |
| Capital work-in-progress | **4** | 173.09 | 293.67 |
| Right-of-use assets | **34** | 2,329.47 | 2,401.24 |
| Goodwill | **5** | 11.80 | - |
| Intangible assets | **5** | 49.87 | 55.92 |
| Financial assets | | | |
| Investments | **6** | 49.21 | 21.81 |
| Loans | **7** | 277.57 | 329.20 |
| Income tax assets (net) | **28** | 67.73 | 156.45 |
| Deferred tax assets (net) | **28** | 177.84 | 227.29 |
| Other non-current assets | **8** | 143.19 | 179.93 |
| **Total non-current assets** | | **5,523.97** | **5,924.23** |
| **Current assets** | | | |
| Inventories | **9** | 3,116.83 | 2,873.28 |
| Financial assets | | | |
| Investments | **6** | - | 90.01 |
| Trade receivables | **10** | 1,607.27 | 1,088.91 |
| Cash and cash equivalents | **11** | 555.08 | 375.28 |
| Bank balances other than cash and cash equivalents | **12** | 38.92 | 47.48 |
| Loans | **7** | 46.36 | 15.83 |
| Other current assets | **8** | 285.51 | 872.55 |
| **Total current assets** | | **5,649.97** | **5,363.34** |
| Assets classified as held for sale | **38** | 15.42 | 24.00 |
| **Total assets** | | **11,189.36** | **11,311.57** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | **13** | 125.44 | 125.44 |
| Other equity | | 2,334.58 | 2,002.28 |
| **Total equity** | | **2,460.02** | **2,127.72** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | **14** | 893.29 | 472.99 |
| Lease liabilities | **34** | 2,665.08 | 2,656.52 |
| Other non-current liabilities | **17** | 204.48 | 156.97 |
| Provisions | **16** | 48.19 | 56.66 |
| Income tax liabilities (net) | **28** | 2.09 | - |
| **Total non-current liabilities** | | **3,813.13** | **3,343.14** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | **14** | 2,361.64 | 2,766.46 |
| Lease liabilities | **34** | 304.35 | 304.94 |
| Trade payables | **18** | | |
| - Total outstanding dues of micro and small enterprises | | 1.94 | 0.65 |
| - Total outstanding dues of creditors other than micro and small enterprises | | 406.77 | 1,333.43 |
| Other financial liabilities | **15** | 687.11 | 693.62 |
| Provisions | **16** | 36.49 | 30.28 |
| Income tax liabilities (net) | **28** | 3.15 | - |
| Other current liabilities | **17** | 1,114.76 | 711.33 |
| **Total current liabilities** | | **4,916.21** | **5,840.71** |
| **Total equity and liabilities** | | **11,189.36** | **11,311.57** |
| **Significant accounting policies** | **3** | | |

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN:U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

**Popular Vehicles and Services Limited**
**Consolidated statement of profit and loss for the year ended 31 March 2021**
(All amounts in Indian rupees million)

| | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | **19** | 28,935.25 | 31,767.01 |
| Other income | **20** | 257.27 | 88.34 |
| **Total income** | | **29,192.52** | **31,855.35** |
| **Expenses** | | | |
| Purchases of stock-in-trade | **21** | 24,573.83 | 26,157.63 |
| Changes in inventories of stock-in-trade | **22** | (243.55) | 704.02 |
| Employee benefits expense | **23** | 2,035.07 | 2,385.71 |
| Finance costs | **24** | 551.10 | 696.07 |
| Depreciation and amortisation expense | **25** | 724.91 | 610.93 |
| Impairment loss on trade receivables | **33** | 24.76 | 37.62 |
| Other expenses | **26** | 1,053.88 | 1,444.69 |
| **Total expenses** | | **28,720.00** | **32,036.67** |
| **Profit / (loss) before tax and exceptional item** | | **472.52** | **(181.32)** |
| Exceptional Item | **27** | - | 261.28 |
| **Profit before tax** | | **472.52** | **79.96** |
| Tax expense | | | |
| Current tax | **28** | 99.86 | 33.11 |
| Deferred tax charge / (credit) | **28** | 48.11 | (78.06) |
| **Total tax expense/ (income)** | | **147.97** | **(44.95)** |
| **Profit after tax for the year** | | **324.55** | **124.91** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Remeasurement of net defined benefit plan income | | 9.09 | 37.57 |
| Income tax charge relating to the above | | 1.34 | 13.24 |
| **Other comprehensive income for the year, net of income tax** | | **7.75** | **24.33** |
| **Total comprehensive income for the year** | | **332.30** | **149.24** |
| **Earnings per share** (equity share of face value of INR 10 each) | **30** | | |
| Basic (in INR) | | 25.88 | 9.96 |
| Diluted (in INR) | | 25.88 | 9.96 |
| **Significant accounting policies** | **3** | | |

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN:U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

**Popular Vehicles and Services Limited**

**Consolidated statement of changes in equity for the year ended 31 March 2021**

(All amounts in Indian rupees million)

**A. Equity share capital**

| Particulars | Notes | Equity shares (in millions) | Amount |
|---|---|---|---|
| **Balance as at 1 April 2019** | | **12.54** | **125.44** |
| Share issued during the year | 13 | - | - |
| **Balance as at 31 March 2020** | | **12.54** | **125.44** |
| Share issued during the year | 13 | - | - |
| **Balance as at 31 March 2021** | | **12.54** | **125.44** |

**B Other equity**

| Particulars | Reserves and surplus | | | | | Items of other comprehensive income | Total other equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|
| | Securities premium | General reserve | Other reserves | Capital reserve | Retained earnings | Remeasurement of net defined benefit liability/ (asset), net of tax | |
| **Balance as at 1 April 2019** | **636.68** | **43.41** | **(16.82)** | **21.75** | **1,469.74** | **-** | **2,154.76** |
| **Total comprehensive income for the year** | | | | | | | |
| **Transition impact of Ind AS 116, net of tax** | - | - | - | - | **(301.72)** | **-** | **(301.72)** |
| Profit for the year | - | - | - | - | 124.91 | - | 124.91 |
| Other comprehensive income, net of tax | - | - | - | - | - | 24.33 | 24.33 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **124.91** | **24.33** | **149.24** |
| Transferred to retained earnings | - | - | - | - | 24.33 | (24.33) | - |
| **Balance as at 31 March 2020** | **636.68** | **43.41** | **(16.82)** | **21.75** | **1,317.26** | **-** | **2,002.28** |
| **Balance as at 1 April 2020** | **636.68** | **43.41** | **(16.82)** | **21.75** | **1,317.26** | **-** | **2,002.28** |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | - | 324.55 | - | 324.55 |
| Other comprehensive income, net of tax | - | - | - | - | - | 7.75 | 7.75 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **324.55** | **7.75** | **332.30** |
| Transferred to retained earnings | - | - | - | - | 7.75 | (7.75) | - |
| **Balance as at 31 March 2021** | **636.68** | **43.41** | **(16.82)** | **21.75** | **1,649.56** | **-** | **2,334.58** |

**The description of the nature and purpose of each reserve within equity is as follows:**

**a) Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**b) General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

**c) Other reserve**

This reserve represents the difference between the value of net asset acquired and the consideration paid on account of acquisition of minority interests.

**d) Capital reserve**

This reserve represents the difference between the value of net asset transferred from the Group and the consideration received on account of scheme of demerger.

**e) Retained earnings**

This represents the profits / losses of the Group earned till date, net of appropriations.

**f) Remeasurement of net defined benefit liability/ (asset)**

Remeasurement of net defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN:U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

**Popular Vehicles and Services Limited**

**Consolidated statement of cash flows for the year ended 31 March 2021**

(All amounts in Indian rupees million)

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit / (loss) before tax and exceptional item | **472.52** | **(181.32)** |
| ***Adjustments:*** | | |
| Finance costs | 551.10 | 696.07 |
| Depreciation and amortisation | 724.91 | 610.93 |
| Impairment loss on trade receivables | 24.76 | 37.62 |
| Liabilities / provisions no longer required written back | (56.67) | (54.51) |
| Interest income | (26.13) | (15.27) |
| Rent concession received | (70.35) | - |
| Gain on derecognition of right-of-use assets | (28.10) | - |
| Net gain on financial assets measured at fair value through profit and loss | (19.24) | - |
| Gain on sale of property, plant and equipment (net) | (20.74) | (1.68) |
| **Operating cash flow before working capital changes** | **1,552.06** | **1,091.84** |
| **Adjustments for changes in working capital** | | |
| (Increase)/ decrease in inventories | (243.55) | 704.02 |
| (Increase)/ decrease in trade receivables | (543.12) | 1,512.47 |
| Decrease/ (increase) in loans and other financial assets and other assets | 604.90 | (472.64) |
| (Decrease) / increase in liabilities and provisions | (423.10) | 637.74 |
| **Cash generated from operating activities** | **947.19** | **3,473.43** |
| Income taxes refund / (paid), net | 4.55 | (83.71) |
| **Net cash generated from operating activities (A)** | **951.74** | **3,389.72** |
| **Cash flows from investing activities** | | |
| Sale / (acquisition) of investments (net) | 81.85 | (92.06) |
| Interest received | 15.68 | 15.27 |
| Acquisition of property, plant and equipment including capital advances | (273.41) | (576.63) |
| Acquisition of intangible assets | (20.87) | (12.29) |
| Proceeds from sale of property, plant and equipment | 130.25 | 390.38 |
| **Net cash used in investing activities (B)** | **(66.50)** | **(275.33)** |
| **Cash flows from financing activities** | | |
| Interest paid | (277.86) | (426.52) |
| Long-term borrowings availed | 638.99 | 481.61 |
| Long-term borrowings repaid | (194.67) | (513.38) |
| Short-term borrowings availed / (repaid), net | (404.82) | (2,061.26) |
| Lease payments during the year | (468.40) | (467.56) |
| **Net cash used in financing activities (C)** | **(706.76)** | **(2,987.11)** |
| **Net increase in cash and cash equivalents (A+B+C)** | **178.48** | **127.28** |
| Cash and cash equivalents at the beginning of the year | 374.93 | 247.65 |
| **Cash and cash equivalents at the end of the year** | **553.41** | **374.93** |

**Popular Vehicles and Services Limited**
**Consolidated statement of cash flows for the year ended 31 March 2021**
(All amounts in Indian rupees million)

**Reconciliation of financial liabilities forming part of financing activities in accordance with Ind AS 7:**

| Particulars | As at 1 April 2020 | Cash flows | Non cash changes | | As at 31 March 2021 |
|---|---|---|---|---|---|
| | | | Fair value changes | Others | |
| Non current borrowings * | 724.46 | 444.32 | - | - | 1,168.78 |
| Current borrowings | 2,766.46 | (404.82) | - | - | 2,361.64 |
| Lease liabilities (refer note 34) | 2,961.46 | (468.40) | - | 476.37 | **2,969.43** |

| Particulars | As at 1 April 2019 | Cash flows | Non cash changes | | As at 31 March 2020 |
|---|---|---|---|---|---|
| | | | Fair value changes | Others | |
| Non current borrowings * | 756.23 | (31.77) | - | - | 724.46 |
| Current borrowings | 4,827.72 | (2,061.26) | - | - | 2,766.46 |
| Lease liabilities (refer note 34) | 2,385.76 | (467.56) | - | 1,043.26 | 2,961.46 |

**includes current maturities of long -term borrowings*

(Refer to note 11 - Cash and cash equivalents)

**Significant accounting policies**

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date attached

*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**
CIN:U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021

## Basis of preparation and significant accounting policies

### 1. Company overview

Popular Vehicles and Services Limited ('the Company'/'Popular') was incorporated in 1983 as a Public Limited Company and got converted into Private limited as on 24 March 2015. The Company is engaged in the business of sale and service of automobiles, sale of spare parts and accessories, finance and insurance commission. The Company is headquartered in Kochi, India and has operations in Kerala and Tamil Nadu. Popular Vehicles was amongst the first batch of dealers appointed by Maruti Suzuki in the country. The Company got converted to a public limited company on 10 July 2018 consequent to which the name of the Company is changed to Popular Vehicles and Services Limited.

These consolidated financial statements of the Group comprise the Company and its subsidiaries (collectively referred to as the 'Group'). The Company has seven subsidiaries; Popular Mega Motors (India) Private Limited, Vision Motors Private Limited, Popular Auto Dealers Private Limited, Kuttukaran Cars Private Limited, Kuttukarn Green Private Limited (Formerly known as Kuttukaran Pre Owned Cars Private Limited), Popular Auto Works Private Limited and Avita Insurance Broking LLP which are engaged in the business of sale and services of automobiles, sale of spare parts and accessories, finance and insurance commission. These subsidiaries have operations in Kerala, Tamil Nadu and Karnataka.

### 2. Basis of preparation

### A. Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, notified under Section 133 of Companies Act, 2013, (the 'Act') as amended and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 1st July, 2021.

Details of the Company's accounting policies are included in Note 3.

### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts are presented in Indian Rupees in millions, unless otherwise stated.

### C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement basis |
|---|---|
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |
| Certain financial assets (including investment) and liabilities | Fair value |

**2. Basis of Preparation (continued)**

**D. Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in Note 34 - Lease classification.

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended 31 March 2021 is included in the following notes:

Note 32 – measurement of defined benefit obligations: key actuarial assumptions;

Notes 29 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 28 – recognition of deferred tax asset: availability of future taxable profit against which tax losses carried forward can be used;

Note 33 – financial instruments;

Note 33 – impairment of financial assets

**E. Measurement of fair values**

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**F. Recent Accounting Pronouncements**

**Amendments:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

## 3. Significant accounting policies

### 3.1 Basis of consolidation

The consolidated financial statements include the results of the subsidiaries/ step down subsidiaries as listed in below:

| Name of the company | Country | Proportion of ownership interest (%) | Proportion of voting power held directly or indirectly (%) | Proportion of ownership interest (%) | Proportion of voting power held directly or indirectly (%) |
|---|---|---|---|---|---|
| | | As at 31 March 2021 | | As at 31 March 2020 | |
| **Subsidiaries** | | | | | |
| Popular Mega Motors (India) Private Limited | India | 100% | 100% | 100% | 100% |
| Popular Auto Dealers Private Limited | India | 100% | 100% | 100% | 100% |
| Popular Auto Works Private Limited | India | 100% | 100% | 100% | 100% |
| Kuttukaran Cars Private Limited | India | 100% | 100% | 100% | 100% |
| **Step-down subsidiaries** | | | | | |
| Vision Motors Private Limited | India | 100% | 100% | 100% | 100% |
| Avita Insurance Broking LLP | India | 100% | 100% | 100% | 100% |
| Kuttukaran Green Private Limited (Formerly known as Kuttukaran Pre Owned Cars Private Limited) | India | 100% | 100% | 100% | 100% |

The consolidated financial statements have been prepared in the following basis:

The financial statement of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealized profits in full.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its separate financial statements. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### i. Business Combination

In accordance with Ind AS 103, the Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

## 3. Significant accounting policies

### 3.1 Basis of consolidation (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently, and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income (OCI), as appropriate.

*Business combinations (common control business combinations)*

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Group is transferred to the capital reserve or to the accumulated balance of profit and loss.

**ii. Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group till the date on which the control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**iii. Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions and grouped under other reserves.

**iv. Associates**

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies.

Interests in an associate is accounted for using the equity method. They are initially recognised at cost which includes transaction cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date on which significant influence ceases.

***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 an associate is recognised as a reduction in the carrying amount of the investment.

## 3. Significant accounting policies

### 3.1 Basis of consolidation (continued)

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 recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

**v. Transactions eliminated on consolidation**

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the Investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Property, plant and equipment

**A. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under long-term loans and advances. The cost of fixed assets not ready for its intended use at each balance sheet date are disclosed as capital work-in-progress.

Borrowing costs directly attributable to the acquisition, construction or production of those fixed assets that necessarily take a substantial period to get ready for their intended use, are capitalized. Other borrowing costs are accounted as an expense in the statement of profit and loss.

**B. Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## 3. Significant accounting policies (continued)

## 3.2 Property, plant and equipment (continued)

### C. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the profit or loss. Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

| **Class of assets** | **Useful life** |
|---|---|
| Building owned | 60 |
| Motor cars | 8 |
| Motor cycles and trucks | 10 |
| Office Equipment | 5 |
| Plant and machinery | 15 |
| Tools and Equipment | 5 – 15 |
| Electrical fittings | 10 |
| Furniture and fittings | 10 |
| Computer equipment | 3 |

* The useful life of items of property, plant and equipment is in line with the Schedule II of the Companies Act 2013.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

## 3.3 Intangible assets and goodwill

*Intangible assets other than goodwill:*

Intangibles assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use and is included in amortization in profit or loss.

The estimated useful lives are as follows:

| **Class of assets** | **Years** |
|---|---|
| Software | 3 |
| Brand | 15 |

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

*Goodwill:*

For measurement of goodwill that arise from business combination [see note 3.1 (i)] above. Subsequent measurement is at cost less any accumulated impairment loss.

**3. Significant accounting policies (continued)**

**3.4 Employee benefits**

*Short-term employee benefits*

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

*Post-employment benefits*

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount and deducting the fair value of any plan assets, if any.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling').

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income (OCI). The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

*Other long term employee benefits*

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Group records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

## 3. Significant accounting policies (continued)

### 3.5 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognizes any impairment loss on the assets associated with that contract.

### 3.6 Revenue

#### i) Sale of products

Revenue on sale of vehicles, spare parts and accessories is recognised when the risk and rewards are transferred to the customer and is accounted net of goods and service tax and trade discounts, if any. Revenues are recognised when collectability of the resulting receivable is reasonably assured.

The Group generates revenue from sale of vehicles, services, spare parts and accessories and other operating avenues. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

#### ii) Rendering of services

Revenues from services including income from driving school are recognised when services are rendered and related costs are incurred.

#### iii) Commission, discount and incentive income

Commission income is recognised when services are rendered and in accordance with the commission agreements.

Discounts and incentive income is recognised when the services are rendered and as per the relevant scheme/ arrangement provided by the manufacturer. In respect of other heads of income, the Group follows the practice of recognising income on an accrual basis.

### 3.7 Inventories

Inventories are carried at lower of cost and net realisable value. Cost comprises purchase price, cost of conversion and other costs incurred in bringing the inventory to its present location and condition. The cost is calculated on specific identification basis.

The comparison of cost and net realisable value of inventory is made on an item by item basis. Spares, lubricants, accessories and other supplies are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the goods will exceed their net realisable value. Cost is ascertained based on First -in First-out (FIFO) adjusted for indirect taxes.

The provision for inventory obsolescence is assessed annually and is provided as considered necessary.

## 3. Significant accounting policies (continued)

## 3.8 Financial instruments

### i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### ii) Classification and subsequent measurement

***Financial assets***

On initial recognition, a financial asset is classified as measured at either at amortized cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

***Financial assets: Business model assessment***
The Group makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**3. Significant accounting policies (continued)**

**3.8 Financial instruments (continued)**

***Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

***Financial assets: Subsequent measurement and gains and losses***

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss. |

***Financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de recognition is also recognized in profit or loss.

**iii) De recognition**

***Financial assets***

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.
If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

**3. Significant accounting policies (continued)**

**3.8 Financial instruments (continued)**

***Financial liabilities***

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

**iv) Off setting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**3.9 Impairment**

**i) Impairment of financial instruments**

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

***Measurement of expected credit losses***

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

***Presentation of allowance for expected credit losses in the balance sheet***

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

**3. Significant accounting policies (continued)**

**3.9 Impairment (continued)**

**ii) Impairment of non- financial assets**

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of assets for which impairment loss has been recognized in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**3.10 Leases**

**i. Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

**ii. Group as a lessee**

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

## 3. Significant accounting policies (continued)

### 3.10 Leases (continued)

#### ii. Group as a lessee (continued)

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

#### iii. Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

### 3.11 Recognition of interest income or interest expense

Interest income or expense is recognized using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

## 3. Significant accounting policies (continued)

### 3.12 Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

#### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

#### ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is 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 the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

### 3.13 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## 3. Significant accounting policies (continued)

### 3.14 Earnings per share

The basic earnings per share is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

### 3.15 Cash-flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

### 3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

### 3.17 Non-current assets classified as held for sale

Assets are classified as held for disposal and stated at the lower of carrying amount and fair value less costs to sell. To classify any Asset as “Assets classified as held for sale” the asset must be available for immediate sale and its sale must be highly probable. Such assets or group of assets are presented separately in the Balance Sheet, in the line “Assets classified as held for sale”. Once classified as held for sale, intangible assets and Property Plant Equipment are no longer amortised or depreciated.

**Popular Vehicles and Services Limited**
**Notes to the consolidated financial statements (continued)**
(All amounts in Indian rupees million)

**4 Property, plant and equipment and capital work-in-progress**

| Particulars | Freehold land | Buildings # | Leasehold improvements | Furniture and fixtures | Electrical equipment | Plant and machinery | Tools and equipment | Motor car | Computer equipment | Office equipment | Motor cycles and trucks | Total (A) | Capital work-in-progress (B) | Total (A+B) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | | | | | |
| Balance at 1 April 2019 | 107.39 | 506.15 | 538.93 | 189.77 | 98.19 | 491.77 | 57.70 | 457.99 | 91.20 | 44.53 | 17.45 | 2,601.07 | 276.23 | 2,877.30 |
| Additions | - | 75.14 | 138.75 | 75.49 | 32.95 | 79.87 | 8.62 | 92.58 | 23.35 | 25.15 | 7.32 | 559.22 | 278.84 | 838.06 |
| Disposals | - | 0.94 | 21.61 | 1.05 | 5.96 | 1.65 | 0.87 | 127.05 | 0.36 | 0.26 | 0.83 | 160.58 | 261.40 | 421.98 |
| **Balance at 31 March 2020** | **107.39** | **580.35** | **656.07** | **264.21** | **125.18** | **569.99** | **65.45** | **423.52** | **114.19** | **69.42** | **23.94** | **2,999.71** | **293.67** | **3,293.38** |
| Balance at 1 April 2020 | **107.39** | **580.35** | **656.07** | **264.21** | **125.18** | **569.99** | **65.45** | **423.52** | **114.19** | **69.42** | **23.94** | **2,999.71** | **293.67** | **3,293.38** |
| Additions | - | 63.57 | 107.11 | 55.23 | 24.45 | 70.21 | 5.91 | 68.44 | 19.25 | 15.41 | 0.94 | 430.52 | 121.96 | 552.48 |
| Disposals | 15.42 | 4.01 | 7.75 | 3.46 | 0.15 | 3.11 | - | 129.14 | 1.15 | 0.41 | 2.38 | 166.98 | 242.54 | 409.52 |
| **Balance at 31 March 2021** | **91.97** | **639.91** | **755.43** | **315.98** | **149.48** | **637.09** | **71.36** | **362.82** | **132.29** | **84.42** | **22.50** | **3,263.25** | **173.09** | **3,436.34** |
| **Accumulated depreciation** | | | | | | | | | | | | | | |
| Balance at 1 April 2019 | - | 23.03 | 125.65 | 59.34 | 37.86 | 100.68 | 19.23 | 108.60 | 40.13 | 20.43 | 4.72 | 539.67 | - | 539.67 |
| Depreciation for the year | - | 15.83 | 50.09 | 28.04 | 14.23 | 43.63 | 7.25 | 69.72 | 28.77 | 13.32 | 2.82 | 273.70 | - | 273.70 |
| Disposals | - | 0.32 | 15.05 | 0.73 | 4.39 | 0.79 | 0.61 | 49.37 | 0.33 | 0.24 | 0.55 | 72.38 | - | 72.38 |
| **Balance at 31 March 2020** | **-** | **38.54** | **160.69** | **86.65** | **47.70** | **143.52** | **25.87** | **128.95** | **68.57** | **33.51** | **6.99** | **740.99** | **-** | **740.99** |
| Balance at 1 April 2020 | - | **38.54** | **160.69** | **86.65** | **47.70** | **143.52** | **25.87** | **128.95** | **68.57** | **33.51** | **6.99** | **740.99** | **-** | **740.99** |
| Depreciation for the year | - | 78.45 | 39.23 | 33.83 | 16.33 | 66.23 | 7.28 | 59.54 | 27.63 | 12.89 | 2.71 | 344.12 | - | 344.12 |
| Disposals | - | 0.13 | 1.11 | 2.89 | 0.12 | 2.20 | - | 57.08 | 0.97 | 0.40 | 1.16 | 66.06 | - | 66.06 |
| **Balance at 31 March 2021** | **-** | **116.86** | **198.81** | **117.59** | **63.91** | **207.55** | **33.15** | **131.41** | **95.23** | **46.00** | **8.54** | **1,019.05** | **-** | **1,019.05** |
| **Net carrying amount** | | | | | | | | | | | | | | |
| **At 31 March 2021** | **91.97** | **523.05** | **556.62** | **198.39** | **85.57** | **429.54** | **38.21** | **231.41** | **37.06** | **38.42** | **13.96** | **2,244.20** | **173.09** | **2,417.29** |
| **At 31 March 2020** | **107.39** | **541.81** | **495.38** | **177.56** | **77.48** | **426.47** | **39.58** | **294.57** | **45.62** | **35.91** | **16.95** | **2,258.72** | **293.67** | **2,552.39** |

# Include buildings constructed on leasehold land

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Gross block | Net block | Gross block | Net block |
| Building | 619.35 | 497.78 | 576.88 | 515.90 |

a) Capital work-in-progress represents expenditure towards construction of new workshops/ service centres.
b) For details of property, plant and equipment pledged, refer note 14.

(All amounts in Indian rupees million)

## 5 Intangible assets

| Particulars | Computer software | Other intangible assets | Total (A) | Goodwill (Refer Note below) (B) | Total (A+B) |
|---|---|---|---|---|---|
| Balance at 1 April 2019 | 18.79 | 97.37 | 116.16 | - | 116.16 |
| Additions/transfers | 12.29 | - | 12.29 | - | 12.29 |
| **Balance at 31 March 2020** | **31.08** | **97.37** | **128.45** | **-** | **128.45** |
| Balance at 1 April 2020 | 31.08 | 97.37 | 128.45 | - | 128.45 |
| Additions/transfers | 9.07 | - | 9.07 | 11.80 | 20.87 |
| **Balance at 31 March 2021** | **40.15** | **97.37** | **137.52** | **11.80** | **149.32** |
| | | | | | |
| **Accumulated amortisation** | | | | | |
| Balance at 1 April 2019 | 9.75 | 44.85 | 54.60 | - | 54.60 |
| Amortisation/ impairment for the year | 3.50 | 14.43 | 17.93 | - | 17.93 |
| **Balance at 31 March 2020** | **13.25** | **59.28** | **72.53** | **-** | **72.53** |
| Balance at 1 April 2020 | 13.25 | 59.28 | 72.53 | - | 72.53 |
| Amortisation/ impairment for the year | 10.22 | 4.90 | 15.12 | - | 15.12 |
| **Balance at 31 March 2021** | **23.47** | **64.18** | **87.65** | **-** | **87.65** |
| | | | | | |
| **Net carrying amount** | | | | | |
| **At 31 March 2021** | **16.68** | **33.19** | **49.87** | **11.80** | **61.67** |
| **At 31 March 2020** | **17.83** | **38.09** | **55.92** | **-** | **55.92** |

**Note:**

a) This represents the excess purchase consideration paid during the year for the business acquisition from Prerana Motors Private Limited for the wholesale distribution of spare parts /accessories of Tata Motors division for the State of Karnataka based on the agreement dated 9 January 2021.

**A. Consideration transferred**

The following table summarises the acquisition date fair value of consideration transferred:

| Particulars | Amount |
|---|---|
| Total consideration | 30.87 |

**B. Identifiable assets acquired and liabilties assumed**

| Particulars | Amount |
|---|---|
| Property, plant and equipment | 0.42 |
| Inventories | 18.65 |
| **Total assets** | **19.07** |
| | |
| Other liabilities | - |
| **Total liabilities** | **-** |
| | |
| **Net identifiable assets acquired** | **19.07** |

**C. Goodwill**

Goodwill arising from acquisition has been determined as follows:

| Particulars | Amount in Rs. |
|---|---|
| Consideration transferred / transferable | 30.87 |
| Fair value of net identifiable assets acquired | 19.07 |
| **Goodwill** | **11.80** |

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 6 | **Investments** | | |
| | **Non-current investments, unquoted** | | |
| | ***Investments in equity shares at FVTPL*** | | |
| | Loginomic Tech Solutions Private Limited<br>9,600 equity shares of INR 10 each | 2.40 | 2.40 |
| | Less: Provision for impairment | (2.40) | (2.40) |
| | Prabal Motors Private Limited (formerly known as Popular Kuttukaran Cars Private Limited)<br>20,000 (31 March 2020: 20,000 ) 0.01% redeemable preference shares of face value of INR 10 each) | 0.20 | 0.20 |
| | **Non-current investment in others, FVTPL** | | |
| | *Quoted* | | |
| | Investments in quoted equity instruments (valued at FMV), fully paid up | 18.17 | 10.35 |
| | Investment in mutual funds (valued at FMV) | 14.40 | 5.98 |
| | *Unquoted* | | |
| | Investment in mutual funds | 16.44 | 5.28 |
| | | **49.21** | **21.81** |
| | Aggregate book value of non-current investments-unquoted | 19.04 | 7.88 |
| | Aggregate book/ market value of non-current investments-quoted | 32.57 | 16.33 |
| | Aggregate provision for impairment in value of investment | (2.40) | (2.40) |
| | **Current investments, unquoted** | | |
| | *Unquoted* | | |
| | Investment in mutual funds | - | 90.01 |
| | | **-** | **90.01** |
| | Aggregate book value of current investments-unquoted | - | 90.01 |
| 7 | **Loans** | | |
| | **Non-current** | | |
| | *Unsecured, considered good* | | |
| | Rent and other deposits | 277.57 | 329.20 |
| | | **277.57** | **329.20** |
| | **Current** | | |
| | *Unsecured, considered good* | | |
| | Rent and other deposits | 46.36 | 15.83 |
| | Dues from others | 5.00 | 5.00 |
| | Less: Allowances for expected credit loss | (5.00) | (5.00) |
| | | **46.36** | **15.83** |
| | | **323.93** | **345.03** |
| 8 | **Other assets** | | |
| | **Non-current** | | |
| | *Unsecured, considered good* | | |
| | Capital advances | 15.15 | 63.67 |
| | Prepayments | 90.20 | 67.34 |
| | Balance with statutory / government authorities | 37.84 | 48.92 |
| | | **143.19** | **179.93** |
| | **Current** | | |
| | *Unsecured, considered good* | | |
| | Prepayments | 33.79 | 28.31 |
| | Balance with statutory/ government authorities | 157.04 | 474.87 |
| | Advance to staff | 0.46 | 1.91 |
| | Balance with Life Insurance Corporation Gratuity Fund, net (refer note 32) | 11.76 | 22.79 |
| | Payment to vendors for supply of goods and services | 82.46 | 344.67 |
| | | **285.51** | **872.55** |
| | | **428.70** | **1,052.48** |

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **9** | **Inventories** | | |
| | *(Valued at lower of cost and net realisable value)* | | |
| | New vehicles | 2,194.63 | 1,998.40 |
| | Pre-owned vehicles | 364.71 | 265.00 |
| | Spares and lubricants | 554.74 | 566.58 |
| | Accessories | 70.99 | 73.58 |
| | | 3,185.07 | 2,903.56 |
| | Less: Provision for obsolete inventory | (68.24) | (30.28) |
| | | **3,116.83** | **2,873.28** |

Note: Closing stock includes value of goods in transit of new vehicles for INR 1330.54 million (31 March 2020: INR 818.51 million), accessories for INR 18.86 million (31 March 2020: INR 15.63 million) and spares and lubricants for INR 45.81 million (31 March 2020: INR 30.69 million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **10** | **Trade receivables** | | |
| | **Current** | | |
| | *Unsecured* | | |
| | considered good | 1,607.27 | 1,088.91 |
| | credit impaired | 50.50 | 51.81 |
| | | **1,657.77** | **1,140.72** |
| | Allowances for expected credit loss (refer note 33 B(ii)) | | |
| | credit impaired | (50.50) | (51.81) |
| | **Net trade receivables** | **1,607.27** | **1,088.91** |
| | Of the above, trade receivables from related parties are as below: | | |
| | Total trade receivables from related parties (refer note 37) | 3.06 | 5.16 |
| | Loss allowance | - | - |
| | **Net trade receivables** | **3.06** | **5.16** |

For details of trade receivables pledged, refer note 14.
The Group's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 33.

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **11** | **Cash and cash equivalents** | | |
| | Balance with banks | 533.68 | 362.78 |
| | Cash on hand | 13.69 | 7.73 |
| | Cheques on hand | 7.71 | 4.77 |
| | **Cash and cash equivalents in balance sheet** | **555.08** | **375.28** |
| | Less: Book overdrafts used for cash management purposes | 1.67 | 0.35 |
| | **Cash and cash equivalents in the statement of cash flows** | **553.41** | **374.93** |
| **12** | **Bank balances other than cash and cash equivalents** | | |
| | Balance with banks held as margin money | 38.92 | 47.48 |
| | | **38.92** | **47.48** |

(All amounts and number of shares in Indian rupees million)

| 13 Share capital | As at 31 March 2021 Number of shares | As at 31 March 2021 Amount | As at 31 March 2020 Number of shares | As at 31 March 2020 Amount |
|---|---|---|---|---|
| **Authorised** | | | | |
| Equity shares of INR 10 each | 15.00 | 150.00 | 15.00 | 150.00 |
| | **15.00** | **150.00** | **15.00** | **150.00** |
| **Issued, subscribed and paid-up** | | | | |
| Equity shares of INR 10 each, fully paid-up | 12.54 | 125.44 | 12.54 | 125.44 |
| | **12.54** | **125.44** | **12.54** | **125.44** |
| **Reconciliation of shares outstanding at the beginning and at the end of the year** | | | | |
| *Equity shares of INR 10 each fully paid-up* | | | | |
| At the beginning of the year | 12.54 | 125.44 | 12.54 | 125.44 |
| Add: Movement during the year | - | - | - | - |
| **At the end of the year** | **12.54** | **125.44** | **12.54** | **125.44** |

**(a) Terms and rights attached to equity shares**

The Company has a single class of equity shares. All the equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on the shares may lead to the forfeiture of shares. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, remaining after the distribution of all preferential amounts, if any, in proportion to the number of equity shares held.

The Company is largely held by individuals and accordingly does not have a holding/ ultimate holding company.

**(b) Details of shareholders holding more than 5% shares of the Company**

| *Equity shares of INR 10 each fully paid up held by* | As at 31 March 2021 Number of shares | As at 31 March 2021 % holding in the class | As at 31 March 2020 Number of shares | As at 31 March 2020 % holding in the class |
|---|---|---|---|---|
| a) BanyanTree Growth Capital II, LLC | 4.27 | 34.01% | 4.27 | 34.01% |
| b) Francis K Paul | 2.75 | 21.93% | 2.75 | 21.93% |
| c) John K Paul | 2.75 | 21.93% | 2.75 | 21.93% |
| d) Naveen Philip | 2.75 | 21.93% | 2.75 | 21.93% |

**( c) Details of bonus shares issued during the five years immediately preceding the balance sheet date.**

During the year ending 31 March 2019, 8.62 million equity shares of Rs. 10 each, fully paid up, has been allotted as bonus shares by capitalisation of general reserve.

**(d) Details of buyback and shares issued for consideration other than for cash in the five years immediately preceding the balance sheet date.**

The group has not bought back any class of equity shares nor has there been any issue for consideration other than for cash during the period of five years immediate preceding the balance sheet date.

(All amounts in Indian rupees million)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **14 Borrowings** | | |
| **Non-current** | | |
| *Secured* | | |
| Term loans from banks | 842.39 | 378.72 |
| Term loans from financial institutions | 29.72 | 55.76 |
| Vehicle loans from financial institutions | 21.18 | 38.51 |
| | **893.29** | **472.99** |
| **Current** | | |
| *Secured* | | |
| Cash credit and overdraft facilities from banks | 206.09 | 266.88 |
| Short term loans from banks | 1,878.86 | 1,991.13 |
| Short term loans from financial institutions | 191.64 | 365.06 |
| *Unsecured* | | |
| Short term loans from banks | - | 43.08 |
| Short term loans from financial institutions | 48.87 | 35.41 |
| Loans from directors (refer note (ii) below) | 36.18 | 64.90 |
| | **2,361.64** | **2,766.46** |
| Add: Amount included under 'other financials liabilities' | 275.49 | 251.47 |
| | **2,637.13** | **3,017.93** |
| **Total borrowings** | **3,530.42** | **3,490.92** |

(i) Information about the Group's exposure to interest rate and liquidity risks are included in note 33.
(ii) The loans from directors include loans taken by subsidiaries from their directors.
(iii) For details with respect to terms and conditions of borrowings, refer note 14A.

(All amounts in Indian rupees million)

**14 Borrowings (continued)**

**A Statement of details of terms and conditions of the current and non-current borrowings.**

| Nature of borrowing | Borrowed by parent / subsidiaries | As at 31 March 2021 | As at 31 March 2020 | Security terms |
|---|---|---|---|---|
| **Non-current, secured** | | | | |
| Term loans from banks | Parent | 740.56 | 319.80 | Secured by: a) collateral security by way of equitable mortgage over immovable properties of the company and b) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the Company. |
| Term loans from banks | Subsidiaries | 222.04 | 178.56 | Secured by: a) collateral security by way of equitable mortgage over immovable properties of the group and b) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the company and promotor directors of the group. |
| Term loans from financial institutions | Parent | - | 9.34 | Secured by: a) equitable mortgage of common collateral securities of immovable properties belonging to the directors of the company and b) personal guarantees by John K Paul and Francis K Paul, directors of the Company. |
| Term loans from financial institutions | Subsidiaries | 142.00 | 82.80 | Secured by: a) equitable mortgage of common collateral securities of immovable properties of the group b) personal guarantees by Naveen Philip, director of the company. |
| Vehicle loans from financial institutions | Parent | 32.67 | 45.86 | Secured by: a) hypothecation of the respective motor vehicles and b) personal guarantees by John K Paul and Francis K Paul, directors of the Company. |
| Vehicle loans from financial institutions | Subsidiaries | 31.51 | 88.10 | Secured by: a) hypothecation of the respective motor vehicles and b) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the company and promotor directors of the group. |
| **Current, secured** | | | | |
| Cash credit and overdraft facilities from banks | Subsidiaries | 206.09 | 266.88 | Secured by: a) first charge on the current assets of the Group excluding specific charges given for inventory funding; b) collateral security by way of equitable mortgage of the immovable properties of the Group and c) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the company and promotor directors of the group. |
| Short term loan from banks | Parent | 1,175.56 | 1,620.05 | Secured by: a) exclusive charge on the stock and receivables funded by bank and marked with lien; b) equitable mortgage on residential property of the director & property belonging to the Group as collateral secutities and c) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the Company. |
| Short term loan from banks | Subsidiaries | 703.30 | 371.08 | Secured by: a) exclusive charge on the stock and receivables funded by bank and marked with lien; b) equitable mortgage on residential property of the director & property belonging to the Group as collateral secutities and c) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the company and promotor directors of the group. |
| Short term loan from financial institutions | Parent | - | 42.27 | Secured by: a) equitable mortgage of common collateral securities of immovable properties belonging to Kuttukaran Trading Ventures; b) equitable mortgage of immovable properties belonging to directors of the Company; c) personal guarantees by John K Paul and Francis K Paul, directors of the Company. |
| Short term loan from financial institutions | Subsidiaries | 191.64 | 322.79 | Secured by: a) equitable mortgage of common collateral securities of immovable properties belonging to Kuttukaran Trading Ventures and Kuttukaran Homes LLP ; b) equitable mortgage of immovable properties belonging to directors of the Company c) personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the company and promotor directors of the group and d) corporate guarantee of Kuttukaran Trading Ventures. |
| **Current, unsecured** | | | | |
| Short term loans from banks | Parent | - | 43.08 | Personal guarantees by John K Paul and Francis K Paul, directors of the Company. |
| Short term loans from financial institutions | Parent | 30.11 | 18.63 | Personal guarantees by John K Paul and Francis K Paul, directors of the Company. |
| Short term loans from financial institutions | Subsidiaries | 18.76 | 16.78 | Personal guarantees by John K Paul, Francis K Paul and Naveen Philip, directors of the company and promotor directors of the group |
| Loans from directors | Subsidiaries | 36.18 | 64.90 | As per the agreed terms the loans were repayable within a period of one year from the balance sheet date. |
| | | **3,530.42** | **3,490.92** | |

**Note:**

*The balance includes current maturities of long -term borrowings*

*The borrowings from banks / financial institutions carry interest rates from 7.5% to 16% per annum*

(All amounts in Indian rupees million)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **15** | **Other financial liabilities** | | |
| | Current maturities of long-term borrowings (refer note 14) | 275.49 | 251.47 |
| | Interest accrued but not due on borrowings | 2.08 | 9.76 |
| | Accrued salaries and benefits | 143.40 | 133.85 |
| | Book overdrafts | 1.67 | 0.35 |
| | Dues to creditors for expenses and others* | 254.72 | 276.46 |
| | Dues to creditors for capital goods | 9.75 | 21.73 |
| | | **687.11** | **693.62** |

* Includes dues to related parties (refer note 37).
* Includes outstanding dues of micro and small enterprises. Refer note 18 for disclosure details.
The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 33.

| | | | |
|---|---|---|---|
| **16** | **Provisions** | | |
| | **Non-current** | | |
| | *Provision for employee benefits* * | | |
| | Net defined benefit liability - Gratuity | 4.51 | 17.29 |
| | Compensated absences | 43.68 | 39.37 |
| | | **48.19** | **56.66** |
| | **Current** | | |
| | *Provision for employee benefits* * | | |
| | Net defined benefit liability - Gratuity | 0.98 | 0.30 |
| | Compensated absences | 35.51 | 29.98 |
| | | **36.49** | **30.28** |
| | | **84.68** | **86.94** |

* Also refer note 32

| | | | |
|---|---|---|---|
| **17** | **Other liabilities** | | |
| | **Other liabilities** | | |
| | **Non-current** | | |
| | Advance from vendors for rebate | 204.48 | 156.97 |
| | | **204.48** | **156.97** |
| | **Other liabilities** | | |
| | **Current** | | |
| | Contract liabilities | 824.53 | 481.86 |
| | Advance from vendors for rebate | 97.10 | 56.50 |
| | Statutory dues payables | 193.13 | 172.97 |
| | | **1,114.76** | **711.33** |
| | | **1,319.24** | **868.30** |

The contract liabilities primarily relate to the advance consideration received from the customers for the purchase of vehicles. This will be recognised as revenue as and when the Company meet the performance obligation by delivering the vehicles. Refer Note 19 for more details.

| | | | |
|---|---|---|---|
| **18** | **Trade payables** | | |
| | Total outstanding dues of micro and small enterprises | 1.94 | 0.65 |
| | Total outstanding dues of creditors other than micro and small enterprises | 406.77 | 1,333.43 |
| | | **408.71** | **1,334.08** |

All trade payables are 'current'.
The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 33.

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

| | | |
|---|---|---|
| The principal amount remaining unpaid to any supplier as at the end of the year. | 2.31 | 0.63 |
| The interest due on the principal remaining outstanding as at the end of the year. | - | 0.02 |
| The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year. | - | - |
| 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 Act. | - | 0.02 |
| The amount of interest accrued and remaining unpaid at the end of the year. | - | 0.02 |
| 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 the Act. | - | - |

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **19 Revenue from operations** | | |
| **Sale of products** | | |
| Sales of new vehicles | 19,395.41 | 20,916.52 |
| Sale of spare parts and accessories | 3,783.64 | 4,153.37 |
| Sale of pre-owned vehicles | 2,473.08 | 2,507.33 |
| **Sale of services** | 1,822.97 | 2,059.84 |
| | 27,475.10 | 29,637.06 |
| **Other operating revenues** | | |
| Income from schemes and incentives | 991.02 | 1,533.17 |
| Finance and insurance commission | 455.99 | 573.54 |
| Income from driving school | 13.14 | 23.24 |
| | **28,935.25** | **31,767.01** |
| **Reconciliation of revenue from sale of products and services** | | |
| Gross revenue | 28,278.91 | 30,672.93 |
| Less: Discount allowed | 803.81 | 1,035.87 |
| | **27,475.10** | **29,637.06** |

**(A) Disaggregate of revenue information**

The table below presents disaggregated revenues from contracts with customers by offerings and contract type. The Group believe that this disaggregation best depicts how the nature, amount, timing and uncertainity of our revenues and cashflows are effected by industry, market and other economic factors.

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Revenue by category** | | |
| Passenger cars | 19,262.73 | 21,237.91 |
| Luxury vehicles | 1,442.00 | 1,783.26 |
| Commercial vehicles | 6,906.65 | 7,491.24 |
| Others | 1,323.87 | 1,254.60 |
| | **28,935.25** | **31,767.01** |
| **Revenue by contract type** | | |
| Fixed price | 28,935.25 | 31,767.01 |
| | **28,935.25** | **31,767.01** |

**(B) Contract balances**

**The following table provides information about trade receivables and contract liabilities from contract with customers.**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Trade receivables | 1,607.27 | 1,088.91 |
| Contract liabilities | 824.53 | 481.86 |

**(C) Transaction price allocated to remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Within 1 year | 824.53 | 481.86 |
| 1-3 years | - | - |
| More than 3 years | - | - |
| **Closing balance** | **824.53** | **481.86** |

(All amounts in Indian rupees million)

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **20** | **Other income** | | |
| | Interest income based on effective interest rate | | |
| | Rent deposits | 10.39 | 8.65 |
| | Fixed deposits with banks | 5.29 | 6.62 |
| | Interest on income-tax refund | 10.45 | - |
| | Gain on sale of property, plant and equipment (net) | 20.74 | 1.68 |
| | Liabilities / provisions no longer required written back | 56.67 | 54.51 |
| | Net gain on financial assets measured at fair value through profit and loss | 19.24 | - |
| | Gain on derecognition of right-of-use assets | 28.10 | - |
| | Rent concession received | 70.35 | - |
| | Other non-operating income | 36.04 | 16.88 |
| | | **257.27** | **88.34** |
| **21** | **Purchases of stock-in-trade** | | |
| | New vehicles | 19,035.03 | 20,207.49 |
| | Pre-owned vehicles | 2,366.22 | 2,233.98 |
| | Spares, lubricants and accessories | 3,172.58 | 3,716.16 |
| | | **24,573.83** | **26,157.63** |
| **22** | **Changes in inventories of stock in trade** | | |
| | Opening inventory | 2,873.28 | 3,577.30 |
| | Closing inventory | 3,116.83 | 2,873.28 |
| | | **(243.55)** | **704.02** |
| **23** | **Employee benefits expenses** | | |
| | Salaries and allowances | 1,794.21 | 2,096.49 |
| | Contribution to provident and other funds (refer note 32) | 155.39 | 144.23 |
| | Staff welfare expense | 85.47 | 144.99 |
| | | **2,035.07** | **2,385.71** |
| **24** | **Finance costs** | | |
| | Interest on bank borrowings | 237.62 | 387.77 |
| | Interest on lease liability (refer note 34) | 280.92 | 268.83 |
| | Other borrowing costs | 32.56 | 39.47 |
| | | **551.10** | **696.07** |
| **25** | **Depreciation and amortisation expense** | | |
| | Depreciation on property, plant and equipment | 344.12 | 273.70 |
| | Depreciation on right-of-use asset (refer note 34) | 365.67 | 319.30 |
| | Amortisation on intangible assets | 15.12 | 17.93 |
| | | **724.91** | **610.93** |
| **26** | **Other expenses** | | |
| | Rent (refer note 34) | 47.94 | 103.12 |
| | Advertising and sales promotion | 120.06 | 181.48 |
| | Consumables | 155.83 | 225.45 |
| | Repairs and maintenance: | | |
| | Buildings | 25.20 | 52.01 |
| | Plant and machinery | 59.50 | 31.90 |
| | Others | 26.70 | 54.41 |
| | Power, water and fuel | 91.97 | 119.24 |
| | Travelling and conveyance | 65.72 | 118.05 |
| | Housekeeping and security | 85.15 | 100.01 |
| | Office expenses | 38.68 | 58.11 |
| | Communication | 52.70 | 55.07 |
| | Refurbishment charges on pre-owned vehicles | 35.09 | 31.08 |
| | Pre delivery inspection charges | 47.04 | 71.23 |
| | Rates and taxes | 25.70 | 30.34 |
| | Transportation charges | 39.99 | 48.58 |
| | Bank charges | 26.24 | 36.65 |
| | Insurance | 47.34 | 41.67 |
| | Management fee on pre-owned vehicles | 9.93 | 12.10 |
| | Legal and professional | 18.34 | 33.62 |
| | Commission paid | 3.60 | 1.54 |
| | Donation and charity | 0.15 | 0.36 |
| | Expenditure on corporate social responsibility (CSR) (refer note (i) below) | 4.28 | 7.89 |
| | Miscellaneous expenses | 26.73 | 30.78 |
| | | **1,053.88** | **1,444.69** |
| **(i)** | **CSR expenditure** | | |
| | - Gross amount required to be spent by the Group during the year | 4.28 | 7.89 |
| | - Amount spent during the year on (in cash) | | |
| | Construction/ acquisition of asset | - | - |
| | On purposes other than above | 4.28 | 7.89 |
| | | **4.28** | **7.89** |
| **27** | **Exceptional item** | | |
| | Gain on sale of property * | - | 261.28 |
| | | **-** | **261.28** |

(All amounts in Indian rupees million)

## 28 Taxes

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **A Income taxes** | | |
| Income tax assets | 67.73 | 156.45 |
| Income tax liabilities (current) | (3.15) | - |
| Income tax liabilities (non current) | (2.09) | - |
| **Net income tax assets at the end of the year** | **62.49** | **156.45** |

| **(i) Tax expense recognised in the statement of profit and loss** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Current tax (including MAT)** | | |
| Current year | 124.27 | 33.11 |
| Earlier years | (24.41) | - |
| **Deferred tax benefit (including MAT credit entitlement)** | 48.11 | (78.06) |
| **Total tax expenses** | **147.97** | **(44.95)** |

| **(ii) Amount recognised in other comprehensive income** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Remeasurement of the net defined benefit plans | | |
| Gain before tax | 9.09 | 37.57 |
| Tax expense | 1.34 | 13.24 |
| **Net of tax** | **7.75** | **24.33** |

| **(iii) Reconciliation of effective tax rate** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Profit before income tax | 472.52 | 79.96 |
| Enacted tax rates in India | 34.94% | 34.94% |
| Tax expenses | 165.10 | 27.94 |
| Other permanent differences | 8.23 | 10.72 |
| Income at differential rate - subsidiaries | (25.36) | - |
| Income at differential rate - long term capital gain | - | (83.61) |
| Tax expense | 147.97 | (44.95) |
| Effective tax rate | 31.32% | -24.85% |

**B Deferred tax asset/ (liabilities)**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Deferred tax assets | 177.84 | 227.29 |
| Deferred tax liabilities | - | - |
| **Net deferred tax asset/ (liability) at the end of the year** | **177.84** | **227.29** |

(All amounts in Indian rupees million)

**28 Taxes (continued)**

**B Deferred tax asset/ (liabilities) (continued)**

**(ii) Deferred tax assets and liabilities are attributable to the following:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| ***Deferred tax asset*** | | |
| Allowance for expected credit loss | 15.37 | 17.99 |
| Provision for employee benefits | 21.42 | 19.28 |
| Lease liabilities, impact on account of Ind AS 116 | 201.76 | 183.77 |
| MAT credit entitlement | - | 17.67 |
| Other timing differences | 31.68 | 89.88 |
| **Total deferred tax assets (A)** | **270.23** | **328.59** |
| ***Deferred tax liabilities*** | | |
| Excess of depreciation on property,plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013 | (92.39) | (101.30) |
| **Total deferred tax liability (B)** | **(92.39)** | **(101.30)** |
| **Net deferred tax asset/ (liability) at the end of the year ( A+B)** | **177.84** | **227.29** |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Group has recognised deferred tax assets arising out of tax losses (unabsorbed depreciation) to the extent of net deferred tax liability on account of taxable temporary differences.

**(iii) Movement in temporary differences**

| Movement during the year ended 31 March 2021 | As at 1 April 2020 | Recognised through retained earning | Charge/ (credit) in the statement of profit and loss | Charge/ (credit) in other comprehensive income | As at 31 March 2021 |
|---|---|---|---|---|---|
| MAT credit entitlement | 17.67 | - | 17.67 | | - |
| Allowance for expected credit loss | 17.99 | - | 2.62 | - | 15.37 |
| Provision for employee benefits | 19.28 | - | (3.48) | 1.34 | 21.42 |
| Other timing differences | 89.88 | - | 58.20 | - | 31.68 |
| Lease liabilities,impact on account of Ind AS 116 | 183.77 | - | (17.99) | - | 201.76 |
| Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013 | (101.30) | - | (8.91) | - | (92.39) |
| **Net deferred tax asset/ (liability) at the end of the year** | **227.29** | **-** | **48.11** | **1.34** | **177.84** |

| Movement during the year ended 31 March 2020 | As at 1 April 2019 | Recognised through retained earning | Charge/ (credit) in the statement of profit and loss | Charge/ (credit) in other comprehensive income | As at 31 March 2020 |
|---|---|---|---|---|---|
| MAT credit entitlement | - | - | (17.67) | | 17.67 |
| Allowance for expected credit loss | 14.34 | - | (3.65) | - | 17.99 |
| Provision for employee benefits | 47.25 | - | 14.73 | 13.24 | 19.28 |
| Other timing differences | 52.34 | - | (37.54) | - | 89.88 |
| Lease liabilities,impact on account of Ind AS 116 | - | (143.36) | (40.41) | - | 183.77 |
| Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013 | (94.82) | - | 6.48 | - | (101.30) |
| **Net deferred tax asset/ (liability) at the end of the year** | **19.11** | **(143.36)** | **(78.06)** | **13.24** | **227.29** |

**(iv) Tax losses carried forward**

| Particulars | As at 31 March 2021 | Expiry date | As at 31 March 2020 | Expiry date |
|---|---|---|---|---|
| Brought forward losses - allowed to carry forward for specific period | - | - | 48.91 | AY 2021-22 |
| Brought forward losses - allowed to carry forward for specific period | - | - | 6.20 | AY 2022-23 |
| Brought forward losses - allowed to carry forward for specific period | - | - | 81.96 | AY 2027-28 |
| Long term capital loss - allowed to carry forward for specific period | 0.14 | AY 2025-26 | 0.14 | AY 2025-26 |
| Long term capital loss - allowed to carry forward for specific period | 0.35 | AY 2029-30 | 0.35 | AY 2029-30 |
| Long term capital loss - allowed to carry forward for specific period | 2.46 | AY 2030-31 | - | - |
| Unabsorbed depreciation- allowed to carry forward for infinite period | 119.82 | - | 152.00 | - |

(All amounts in Indian rupees million)

**29 Contingent liabilities and commitments**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Contingent liabilities** | | |
| *Claims against the Group not acknowledged as debts:* | | |
| Service tax related matters | 16.80 | 5.60 |
| KVAT related matters | 127.67 | 149.33 |
| Income tax matters | 96.09 | 36.42 |
| Employees' state insurance/provident fund demand | 7.95 | 7.95 |
| Customer claims | 83.15 | 75.49 |
| **Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 180.41 | 73.60 |

**Details of claims against the Group as at 31 March 2021**

a) Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timing of cash flows, if any, in respect of the above as it is determinable only on receipt of judgement/ decision pending with various forums/ authorities. The Group has received all its pending litigations and proceedings and has adequately provided for when provision is required and disclosed as contingent liabilities where applicable, in the financial information. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

b) There are certain claims raised by various customers, pending before various consumer forums. The management does not expect the outcome of the action to have a material effect on its financial position.

c) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the Group has re-computed its liability towards PF for the month of March 2019. In respect of the earlier periods/years, the Group has been legally advised that there are numerous interpretative challenges on the application of the judgment retrospectively. Based on such legal advice, the management believes that it is impracticable at this stage to reliably measure the provision required, if any, and accordingly, no provision has been made towards the same. Necessary adjustments, if any, will be made to the books as more clarity emerges on this subject.

**30 Earnings per share**

**A. Basic earnings per share**

The calculation of profit attributable to equity share holders and weighted average number of equity shares outstanding for the purpose of calculation of basic earnings per share are as follows:

**i) Net profit attributable to equity share holders**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Net profit for the year, attributable to the owners of the Company | 324.55 | 124.91 |

**ii) Weighted average number of equity shares(basic and diluted )**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Number of equity shares at the beginning of the year (Refer note 13) | 12.54 | 12.54 |
| Weighted average number of shares issued during the year | - | - |
| Weighted average number of equity shares of INR 10 each outstanding during the year | 12.54 | 12.54 |
| **Earnings per share, basic and diluted** | **25.88** | **9.96** |

**B. Diluted earnings per share**

There are no potential dilutive equity shares as at balance sheet dates

(All amounts in Indian rupees million)

**31 Segment reporting**

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). Members of Board of the Group have been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108 "Operating Segments". All operating segments' operating results are reviewed regularly by the Group's CODM to make decisions about resources to be allocated to the segments and assess their performance.

*Geographical segments*

Geographical information analyses the company's revenue and non current assets by the Company's country of domicile (i.e.India) and other countries. The Company's sole geographical segment is India. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

*Operational segments*

The Group has structured its business broadly into four verticals – Passenger cars, Luxury vehicles, Commercial vehicles and others. Others primarily comprises of direct sale of spares, other than through the business segments. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Income, direct expenses, assets and liabilities in relation to segments are categorised based on items that are individually identifiable to that segment.

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Segment revenue** | | |
| Passenger cars | 19,262.73 | 21,237.91 |
| Luxury vehicles | 1,442.00 | 1,783.26 |
| Commercial vehicles | 6,906.66 | 7,491.24 |
| Others | 1,323.86 | 1,254.60 |
| **Total** | **28,935.25** | **31,767.01** |
| | | |
| **Segment profits before income tax** | | |
| Passenger cars | 664.72 | 287.39 |
| Luxury vehicles | 38.98 | 29.66 |
| Commercial vehicles | 234.56 | 149.90 |
| Others | 85.36 | 47.80 |
| **Total** | **1,023.62** | **514.75** |
| | | |
| **Less:** | | |
| Finance charges | 551.10 | 696.07 |
| Exceptional item | - | 261.28 |
| Unallocated expenses (net of unallocated income) | - | - |
| | | |
| **Profit before tax** | **472.52** | **79.96** |
| Tax expense/ (income) | 147.97 | (44.95) |
| **Profit for the year** | **324.55** | **124.91** |
| Less : Non controlling interest | - | - |
| **Profit attributable to the owners of the Company** | **324.55** | **124.91** |

| | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Segment assets** | | |
| Passenger cars | 7,068.15 | 7,880.22 |
| Luxury vehicles | 1,092.40 | 1,406.94 |
| Commercial vehicles | 2,729.79 | 1,723.58 |
| Others | 299.02 | 300.83 |
| **Total** | **11,189.36** | **11,311.57** |
| | | |
| **Segment liabilities** | | |
| Passenger cars | 5,606.00 | 6,610.14 |
| Luxury vehicles | 861.17 | 1,232.72 |
| Commercial vehicles | 1,916.60 | 945.17 |
| Others | 345.57 | 395.82 |
| **Total** | **8,729.34** | **9,183.85** |

(All amounts in Indian rupees million)

**32 Employee benefits**

**A Defined contribution plan**

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue.

**B Defined benefit plan**

The Group operates a post-employment defined benefit plan which is provided for based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. The Group accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 ('Gratuity Act').

The Gratuity Plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half month's salary for each year of completed service (service of six months or above is rounded off to one year) at the time of retirement/ exit, restricted to a sum of INR 2.00 million.

Based on an actuarial valuation obtained in this respect, the following table sets out the status of the benefit plan and the amounts recognised in the Group's consolidated financial statements as at balance sheet date:

***Reconciliation of the projected defined benefit obligation***

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Defined benefit liability | 245.12 | 221.00 |
| Plan assets | 251.39 | 226.20 |
| **Net defined benefit liability/ (asset)** | **(6.27)** | **(5.20)** |
| Non-current defined benefit liability | 4.51 | 17.29 |
| Current defined benefit liability | 0.98 | 0.30 |
| Current defined benefit (asset) | (11.76) | (22.79) |
| | | |
| **Liability for compensated absences** | **79.19** | **69.35** |
| Non-current defined benefit liability | 43.68 | 39.37 |
| Current defined benefit liability | 35.51 | 29.98 |

**C Reconciliation of net defined benefit (asset)/ liability**

*i) Reconciliation of present values of defined benefit obligation*

The following table shows a reconciliation from the opening balances to the closing balances for net defined benfit (asset)/ liability and its components:

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Defined benefit obligation as at the beginning of the year** | **221.00** | **228.70** |
| Current service cost | 32.13 | 30.91 |
| Past service cost | - | - |
| Interest cost | 13.13 | 16.41 |
| Benefits paid | (14.57) | (15.55) |
| Liabilities assumed /(settled) | 1.86 | - |
| ***Re-measurements*** | | |
| Actuarial gain/(loss) recognised in other comprehensive income | | |
| - changes in financial assumptions | 2.08 | (37.76) |
| -changes in Demographic assumptions | - | (0.92) |
| - changes in experience over the past period | (10.51) | (0.79) |
| **Defined benefit obligation as at the end of the year** | **245.12** | **221.00** |

*ii) Reconciliation of present value of plan assets*

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Plan assets at the beginning of the year** | 226.20 | 154.73 |
| Contributions paid into the plan | 22.39 | 76.59 |
| Benefits paid | (14.57) | (15.55) |
| Interest income | 14.86 | 12.33 |
| Assets acquired/(settled) | 1.86 | - |
| ***Re-measurements*** | | |
| - changes in demographic assumptions | - | - |
| - return on plan assets excluding amount included in net interest on the net defined liability/(asset) | 0.65 | (1.90) |
| **Balance at the end of the year** | **251.39** | **226.20** |
| **Net defined benefit liability** | **(6.27)** | **(5.20)** |

(All amounts in Indian rupees million)

**32 Employee benefits (continued)**

**D (i) Expenses recognised in the consolidated statement of profit and loss**

| hbs | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Current service cost | 32.13 | 30.91 |
| Past service cost | - | - |
| Net interest on net defined liability | (1.73) | 4.08 |
| **Net gratuity cost** | **30.40** | **34.99** |

**(ii) Remeasurements recognised in other comprehensive income**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Actuarial (gain)/ loss on defined benefit obligation | (8.43) | (39.47) |
| (Return) / loss on plan asset excluding interest income | (0.65) | 1.90 |
| **Net gratuity cost (before tax)** | **(9.08)** | **(37.57)** |

**E Plan asset**

Plan asset comprises of the following:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Funds managed by Life Insurance Corporation of India | 251.39 | 226.20 |

The Group makes annual contribution to the Life Insurance Corporation of India ('LIC') of an amount advised by LIC. The Group was not infrmed by LIC of the investments made by them or the breakup of the plan assets into various type of investments.

**F Defined benefit obligation**

**(i) Actuarial Assumptions for defined benefit liability**

The following are the principal acturial assumptions at the reporting date (expressed as weighted average):

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Discount rate | 4.80%- 6.5% p.a | 5.45%- 6.5% p.a |
| Salary growth rate | 6% p.a | 5%-10% p.a |
| Attrition rate | 14%-29% p.a | 14%-29% p.a |
| Weighted average duration of defined benefit obligaiton | 3.77 Yrs- 9 Yrs | 3.77 Yrs- 9 Yrs |

The weighted average assumptions used to determine net periodic benefit cost as set out below;

Assumptions regarding future mortality experience are set in accordance with the standard table - IALM 20012-14 (Ultimate). The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

**(ii) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the acturial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below

| Particulars | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (13.84) | 16.19 | (11.04) | 12.86 |
| Future salary growth (1% movement) | 15.87 | (13.83) | 12.69 | (11.08) |
| Attrition rate (1% movement) | 0.18 | (0.24) | 1.07 | (1.25) |

Although the analysis does not take account of the full distribution of the cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

**(iii) Actuarial Assumptions for compensated absences**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Discount rate | 4.80%- 6.5% p.a | 5.45%- 6.5% p.a |
| Salary growth rate | 6% p.a | 5%-10% p.a |
| Attrition rate | 14%-29% p.a | 14%-29% p.a |
| Mortality rate | IALM 2012-14 Ult. | IALM 2012-14 Ult. |

**Popular Vehicles and Services Limited**
**Notes to the consolidated financial statements (continued)**
(All amounts in Indian rupees million)

**33 Financial Instruments- Fair values and risk management**

**A Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**As at 31 March 2021**

| Particulars | Note | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Financial assets at amortised cost | Mandatorily at FVTPL | Other financial liabilities at amortised cost | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Cash and cash equivalents | 11 | 555.08 | - | - | 555.08 | - | - | - | - |
| Bank balances other than cash and cash equivalents | 12 | 38.92 | - | - | 38.92 | - | - | - | - |
| Trade receivables | 10 | 1,607.27 | - | - | 1,607.27 | - | - | - | - |
| Loans | 7 | 323.93 | - | - | 323.93 | - | - | - | - |
| **Financial assets measured at fair value** | | | | | | | | | |
| Investments | 6 | - | 49.21 | - | 49.21 | 18.17 | 30.84 | 0.20 | 49.21 |
| **Total** | | **2,525.20** | **49.21** | - | **2,574.41** | **18.17** | **30.84** | **0.20** | **49.21** |
| **Liabilities** | | | | | | | | | |
| **Financial liabilities measured at amortised cost** | | | - | | | | | | |
| Trade payables | 18 | - | - | 408.71 | 408.71 | - | - | - | - |
| Borrowings # | 14 | - | - | 3,530.42 | 3,530.42 | - | - | - | - |
| Lease liabilities | 34 | - | - | 2,969.43 | 2,969.43 | - | - | - | - |
| Other financial liabilities | 15 | - | - | 411.62 | 411.62 | - | - | - | - |
| **Total** | | **-** | **-** | **7,320.18** | **7,320.18** | - | - | - | - |

**As at 31 March 2020**

| Particulars | Note | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Financial assets at amortised cost | Mandatorily at FVTPL | Other financial liabilities at amortised cost | Total carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Cash and cash equivalents | 11 | 375.28 | - | - | 375.28 | - | - | - | - |
| Bank balances other than cash and cash equivalents | 12 | 47.48 | - | - | 47.48 | - | - | - | - |
| Trade receivables | 10 | 1,088.91 | - | - | 1,088.91 | - | - | - | - |
| Loans | 7 | 345.03 | - | - | 345.03 | - | - | - | - |
| **Financial assets measured at fair value** | | | | | | | | | |
| Investments | 6 | - | 111.82 | - | 111.82 | 10.35 | 101.27 | 0.20 | 111.82 |
| **Total** | | **1,856.70** | **111.82** | - | **1,968.52** | **10.35** | **101.27** | **0.20** | **111.82** |
| **Liabilities** | | | | | | | | | |
| **Financial liabilities measured at amortised cost** | | | | | | | | | |
| Trade payables | 18 | - | - | 1,334.08 | 1,334.08 | - | - | - | - |
| Borrowings # | 14 | - | - | 3,490.92 | 3,490.92 | - | - | - | - |
| Lease liabilities | 34 | - | | 2,961.46 | 2,961.46 | - | - | - | - |
| Other financial liabilities | 15 | - | - | 442.15 | 442.15 | - | - | - | - |
| **Total** | | **-** | **-** | **8,228.61** | **8,228.61** | - | - | - | - |

The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade receivables, trade payables etc., because their carrying amounts are a reasonable approximation of fair value.

# Represents borrowings (short term and long term) and current maturities of long term borrowings included in other current financial liabilities.

**Measurement of fair values**

The fair value of the financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

**Level 1 fair values**

Investment in equity shares that has a quoted price and which are actively traded on the stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

**Level 2 fair values**

Investment in mutual funds - is unquoted price and are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3 fair values**

If one or more of the significant inputs is not based on observable data, the instrument is included in level 3.

The quantitative sensitivity analysis of level 3 fair value of financial instrument as at 31 March 2021 and 31 March 2020 has not been disclosed as it is not material to the Group.

(All amounts in Indian rupees million)

**33 Financial Instruments- Fair values and risk management (continued)**

**B Financial risk management**

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

**i) Risk management framework**

The Group's board of directors ('the Board') has overall responsibility for the establishment and oversight of the risk management framework. They oversee how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

**ii) Credit risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The maximum exposure to credit risk for trade receivables was as follows;

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Trade receivables | 1,657.77 | 1,140.72 |
| | **1,657.77** | **1,140.72** |

**Impairment analysis**

The ageing of trade receivables is as follows:

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Less than 1 year | 1,630.11 | 1,111.39 |
| 1-2 years | 22.19 | 28.96 |
| 2-3 years | 5.47 | 0.37 |
| More than 3 years | - | - |
| | **1,657.77** | **1,140.72** |

The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

| **Allowance for credit loss** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Balance at the beginning | 51.81 | 48.14 |
| Provision created during the year | 24.76 | 37.62 |
| Impairment loss recognised during the year | (26.07) | (33.95) |
| **Balance at the end** | **50.50** | **51.81** |

No single customer accounted for more than 10% of the revenue .There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent and other bank balances is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

**iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2021:

| **Particulars** | **Payable within 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| Trade payables | 408.71 | - | 408.71 |
| Borrowings # | 2,637.13 | 893.29 | 3,530.42 |
| Lease liabilities | 304.35 | 2,665.08 | 2,969.43 |
| Other financial liabilities | 411.62 | - | 411.62 |

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

| **Particulars** | **Payable within 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| Trade payables | 1,334.08 | - | 1,334.08 |
| Borrowings # | 3,017.93 | 472.99 | 3,490.92 |
| Lease liabilities | 304.94 | 2,656.52 | 2,961.46 |
| Other financial liabilities | 442.15 | - | 442.15 |

# Represents borrowings (short term and long term) and current maturities of long term borrowings included in other current financial liabilities.

(All amounts in Indian rupees million)

**33 Financial Instruments- Fair values and risk management (continued)**

iv) **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, such as foreign exchange rates, interest rates and equity prices.

**Foreign currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Group. The functional currency of the Group is INR and the Group does not have any material foreign currency transactions during the years ended 31 March 2021 and 31 March 2020

**Cash flow and fair value interest rate risk**

The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The interest rate on the Group's financial instruments is based on market rates. The Group monitors the movement in interest rates on an

**(a) Interest rate risk exposure**

The exposure of the Group's borrowing to interest rate changes at the end of the year are as follows:

| Financial liabilities (bank borrowings) | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Variable rate long term borrowings including current maturities | 923.82 | 287.64 |

**Sensitivity**

| Particulars | Impact on profit or (loss) | | Impact on other components of equity | |
|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| 1% increase in variable rate | (9.24) | (2.88) | (6.01) | (1.87) |
| 1% decrease in variable rate | 9.24 | 2.88 | 6.01 | 1.87 |

The interest rate sensitivity is based on the closing balance of variable rate borrowings from banks and financial institutions.

(All amounts in Indian rupees million)

**34 Leases**

The Company has taken showrooms and service centres on lease from various parties from where business operations are performed. The leases typically run for a period of 2 year - 60 years. Lease payments are renegotiated nearing the expiry to reflect market rentals.

***(i) Lease liabilities***

Following are the changes in the lease liabilities for the year ended ;

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Balance as at 1 April 2020 | 2,961.46 | 2,385.76 |
| Additions | 263.90 | 774.43 |
| Finance cost accrued during the period | 280.92 | 268.83 |
| Rent concession received * | (70.35) | - |
| Payment of lease liabilities | (468.40) | (467.56) |
| Remeasurement on account of modification | 83.61 | - |
| Derecognition of lease liability during the year | (81.71) | - |
| **Balance as at 31 March 2021** | **2,969.43** | **2,961.46** |
| Non-current lease liabilities | 2,665.08 | 2,656.52 |
| Current lease liabilities | 304.35 | 304.94 |

* The Group has renegotiated with certain landlords on the rent concession due to COVID 19 pandemic. These rent concessions are short term in nature and meets the other conditions specified in the notification issued by the Central Government in consultation with National Financial Reporting Authority dated 24th July 2020 as Companies (Indian Accounting Standards) Amendment Rules, 2020 with effect from 1st April 2020. Thus, in accordance with the said notification, the Company has elected to apply exemption as the concession does not necessitate a lease modification as envisaged in the Standard by recording in the "Other income".

***(ii) Maturity analysis – contractual undiscounted cash flows***

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Less than one year | 444.90 | 480.25 |
| One to five years | 1,678.89 | 1,802.90 |
| More than five years | 2,789.09 | 2,638.00 |
| **Total undiscounted lease liabilities** | **4,912.88** | **4,921.15** |

***(iii) Right-of-use assets***

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

| **Particulars** | **Year ended 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Balance at beginning | 2,401.24 | 1,940.66 |
| Addition to right-of-use assets | 263.90 | 779.88 |
| Depreciation for the year | (365.67) | (319.30) |
| Derecognition of right-of-use assets | (53.61) | - |
| Remeasurement on account of modification | 83.61 | - |
| **Balance at 31 March 2021** | **2,329.47** | **2,401.24** |

***(iv) Amounts recognised in statement of profit or loss***

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Interest on lease liabilities | 280.92 | 268.83 |
| Depreciation on right-of-use assets | 365.67 | 319.30 |

***(v) Amounts recognised in statement of cash flows***

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Total cash outflow for leases | (468.40) | (467.56) |

(All amounts in Indian rupees million)

**34 Leases ( continued )**

**(vi) Operating leases**

The Group is obligated under cancellable operating leases for its certain office premises which are renewable at the option of both the lessor and lessee. Total rental expenses under such leases amounted to Rs.47.94 million (previous year: Rs 103.12 million). These arrangements do not qualify as a lease as per the requirements of Ind AS 116.

**35 Capital Management**

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Total equity attributable to the equity shareholders of the Company** | **2,460.02** | **2,127.72** |
| Long-term borrowings including current maturities | 1,168.78 | 724.46 |
| Short-term borrowings | 2,361.64 | 2,766.46 |
| **Total borrowings** | **3,530.42** | **3,490.92** |
| Less: cash and cash equivalents | (555.08) | (375.28) |
| **Adjusted net debt (B)** | **2,975.34** | **3,115.64** |
| **Adjusted net debt to total equity ratio (B/A)** | **1.21** | **1.46** |

**Popular Vehicles and Services Limited**

**Notes to the consolidated financial statements (continued)**

(All amounts in Indian rupees million)

## 36 Non-controlling interest

**Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013 - 'General instructions for the preparation of consolidated financial statements'.**

**As at / For the year ended 31 March 2021**

| Name of the entity | Net assets | | Share in profit or loss | | Share in other comprehensive (inome)/ loss | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of other comprehensive (income)/ expense | Amount | As a % of total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Popular Vehicles and Services Limited | 79.98% | 1,967.23 | 48.83% | 158.50 | (82.06%) | 6.36 | 45.78% | 152.14 |
| **Subsidiaries** | | | | | | | | |
| Popular Auto Dealers Private Limited | 8.33% | 205.02 | 15.79% | 51.25 | 10.19% | (0.79) | 15.66% | 52.04 |
| Kuttukaran Pre Owned Cars Private Limited | (0.01%) | (0.18) | (0.01%) | (0.04) | 0.00% | | (0.01%) | (0.04) |
| Popular AutoWorks Private Limited | 6.24% | 153.51 | (8.75%) | (28.41) | 4.00% | (0.31) | (8.46%) | (28.10) |
| Vision Motors Private Limited | 7.10% | 174.70 | 12.93% | 41.95 | 1.29% | (0.10) | 12.65% | 42.05 |
| Kuttukaran Cars Private Limited | (0.01%) | (0.30) | (0.02%) | (0.06) | 0.00% | - | (0.02%) | (0.06) |
| Popular Mega Motors (India) Private Limited | 32.99% | 811.61 | 31.23% | 101.36 | 166.58% | (12.91) | 34.39% | 114.27 |
| Avita Insurance Broking LLP * | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| | | **3,311.59** | | **324.55** | | **(7.75)** | | **332.30** |
| Adjustment arising out of consolidation | (34.62%) | (851.57) | 0.00% | - | - | - | 0.00% | - |
| Non controlling interest in subsidiaries | - | - | - | - | - | - | - | - |
| **Consolidated net assets/ Profit after tax** | **100.00%** | **2,460.02** | **100.00%** | **324.55** | **100.00%** | **(7.75)** | **99.99%** | **332.30** |

**As at / For the year ended 31 March 2020**

| Name of the entity | Net assets | | Share in profit or loss | | Share in other comprehensive (inome)/ loss | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of other comprehensive (income)/ expense | Amount | As a % of total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Popular Vehicles and Services Limited | 85.31% | 1,815.08 | 107.69% | 134.51 | 109.41% | (26.62) | 107.97% | 161.13 |
| **Subsidiaries** | | | | | | | | |
| Popular Auto Dealers Private Limited | 7.18% | 152.84 | 13.07% | 16.33 | (2.51%) | 0.61 | 10.53% | 15.72 |
| Kuttukaran Pre Owned Cars Private Limited | (0.01%) | (0.14) | (0.09%) | (0.11) | 0.00% | - | (0.07%) | (0.11) |
| Popular AutoWorks Private Limited | 8.53% | 181.60 | (12.78%) | (15.96) | 2.18% | (0.53) | (10.34%) | (15.43) |
| Vision Motors Private Limited | 6.23% | 132.64 | 2.18% | 2.72 | 4.36% | (1.06) | 2.53% | 3.78 |
| Kuttukaran Cars Private Limited | (0.01%) | (0.25) | (0.07%) | (0.09) | 0.00% | - | (0.06%) | (0.09) |
| Popular Mega Motors (India) Private Limited | 32.77% | 697.35 | 32.37% | 40.43 | (13.44%) | 3.27 | 24.90% | 37.16 |
| Avita Insurance Broking LLP * | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| | | **2,979.12** | | **177.83** | | **(24.33)** | | **202.16** |
| Adjustment arising out of consolidation | (40.00%) | (851.40) | (42.37%) | (52.92) | - | - | (35.46%) | (52.92) |
| Non controlling interest in subsidiaries | - | - | - | - | - | - | - | - |
| **Consolidated net assets/ Profit after tax** | **100.00%** | **2,127.72** | **100.00%** | **124.91** | **100.00%** | **(24.33)** | **100.00%** | **149.24** |

* Avita Insurance Broking LLP is in the process of winding up and has filed an application for winding up on 16 October 2020 with the Registrar of Companies.

(All amounts in Indian rupees million)

**37 Related parties**

*I. Names of related parties and description of relationship:*

| | |
|---|---|
| (a) Entity having significant influence over the Company | BanyanTree Growth Capital II, LLC, Mauritius |
| (b) Subsidiaries and step down subsidiaries | Refer Note 3 |

(b) Other related parties with whom the Company had transactions during the year

| | |
|---|---|
| - Key management personnel and their relatives (KMP) | Mr. Francis K Paul, Whole Time Director |
| | Mr. John K Paul, Managing Director |
| | Mr. Naveen Philip, Director |
| | Mr. Jacob Kurian, Independent Director |
| | Mrs. Preeti Reddy, Independent Director |
| | Mr. George Joseph, Independent Director (w.e.f - 1 July 2021) |
| | Mr. Rahul Kurup, Nominee Director |
| | Mrs. Mariam Francis (daughter of Mr. Francis K Paul) |
| | Mr . John Verghese ,Chief Financial Officer |
| | Mr . Philip Chacko Mundanilkunnathil , Chief Executive Officer |
| | Mr .Varun Thazhathu Veedu , Company Secretary |
| - Entities in which KMP has significant influence | Prabal Motors Private Limited, India |
| | Kuttukaran Trading Ventures, India |
| | Kuttukaran Institute for Human Resource Development, India |
| | Keracon Equipment Private Limited, India |

*II. Related party transactions:*

(a) The Group has entered into the following transactions with related parties

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Revenue from operations** | | |
| Kuttukaran Institute for Human Resource Development | 0.04 | 0.01 |
| Keracon Equipments Private Limted | 36.83 | 37.17 |
| Kuttukaran Trading Ventures | 0.14 | 0.02 |
| Prabal Motors Private Limited | 1.37 | - |
| **Expense reimbursed by the Company** | | |
| Keracon Equipments Private Limted | 0.06 | 0.67 |
| Kuttukaran Institute for Human Resource Development | 0.04 | - |
| **Expense reimbursed on behalf of the Company** | | |
| Kuttukaran Institute for Human Resource Development | 0.10 | - |
| Kuttukaran Homes LLP | 0.16 | 0.08 |
| Prabal Motors Private Limited | 0.68 | 2.03 |
| **Repairs and maintenances** | | |
| Kuttukaran Trading Ventures | - | 0.21 |
| **Rent paid** | | |
| Francis K Paul | 5.03 | 6.32 |
| John K Paul | 0.69 | 0.77 |
| Naveen Philip | 2.66 | 3.06 |
| Leela Philip | 0.05 | 0.60 |
| Kuttukaran Homes LLP | 15.26 | 9.71 |
| Rushil John | 0.45 | - |
| **Purchase of asset** | | |
| Prabal Motors Private Limited | 0.12 | - |
| **Sale of asset** | | |
| Kuttukaran Homes LLP | 41.32 | 300.50 |
| **Loan (availed)/ repaid from directors** | | |
| Francis K Paul | - | (0.10) |
| John K Paul | (0.10) | - |
| Naveen Philip | 28.82 | 79.61 |
| **Commission and incentive to KMP** | | |
| Francis K Paul | 1.50 | - |
| John K Paul | 1.50 | - |
| **Remuneration to KMP*** | | |
| Francis K Paul | 5.67 | 7.26 |
| John K Paul | 5.67 | 7.26 |
| Naveen Philip | 7.17 | 8.31 |
| Philip Chacko Mundanilkunnathil | 10.61 | 14.33 |
| Others | 7.51 | 8.34 |
| **Sitting fees to independent directors** | 0.95 | 0.75 |

(All amounts in Indian rupees million)

**37 Related parties (continued)**

(b) Balance receivable from/ (payable) to related parties as at the balance sheet date:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Trade receivables** | | |
| Prabal Motors Private Limited | - | 0.36 |
| Kuttukaran Institute for Human Resource Development | 0.01 | 0.27 |
| Kuttukaran Trading Ventures | 0.09 | 0.09 |
| Keracon Equipments Private Limited | 2.96 | 4.44 |
| **Dues to creditors for expenses and others** | | |
| Kuttukaran Homes LLP | (1.59) | (0.80) |
| **Payable to KMP** | | |
| Naveen Philip | (1.77) | - |
| Rushil John | (0.05) | - |
| John K Paul | (1.56) | - |
| Francis K Paul | (2.05) | - |
| **Loan from director** | | |
| John K Paul | (17.05) | (17.05) |
| Francis K Paul | (17.65) | (17.55) |
| Naveen Philip | (1.48) | (30.30) |

*The amounts does not include provision for gratuity and compensated absences as the same is determined for the Company as a whole based on an actuarial valuation.

(All amounts in Indian rupees million)

**38 Asset held for sale**

i) Asset held for sale as on 31 March 2021 has been stated at carrying value (being lower of fair value less cost to sell or net book value).

| Particulars of land and building | Assets held by | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 25.79 ares of Land, Elayavoor, Kannur | Holding Company | 15.42 | - |
| Showroom, Thiruvananthapuram | Subsidiary Company | - | 24.00 |
| | | **15.42** | **24.00** |

i) In respect of the land owned at Elayavoor Panchayath at Kannur, the Company has received a notice from the Special Tahasildar & Competent Authority, (LA) NH Unit on 10 August 2020 for the acquisition of 25.79 ares of land with an acquisition award of Rs. 31.47 million. The Company has filed and appeal with Hon'ble District Collector, Kannur, Kerala on 19 January 2021 for additional compensation. The sale is expected to be completed within a period of one year.

ii) The sale for Thiruvananthapuram showroom was completed during the year ended 31 March 2020 and gain was recognised in the books of accounts.

The assets classified as held for sale as at 31 March 2019 was sold during the previous year ended 31 March 2020. The net gain on account of this transaction amounting to Rs. 261.28 million has been disclosed as an exceptional item.

**39** In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. This pandemic has resulted in disruption to regular business operations due to lockdown, disruptions in transportation, travel bans, quarantines, social distancing and other emergency measures imposed by the government. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company believes that the COVID 19 pandemic will only have a short term impact on its operations and after easing of the lockdown restrictions, the business is expected to return to normal. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity and going concern and recoverable values of its certain financial and non-financial assets. Further, the Company has taken various measures to reduce its fixed cost - for example, salary reductions, hiring freeze, requesting of reduction of rental expenses for showrooms and service centres taken on lease and optimization of administrative, sales, marketing and travel costs.

Accordingly, the Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months based on the current financial position of the Company, business strategies, operating plans of the management. However, given the effect of these lockdowns on the overall economic activity, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. Further, the pandemic did not have any material impact on the financial statement for the year ended 31 March 2021.

**40** The previous figures have been reclassified/ regrouped whereever necessary.

As per our report of even date attached
*for* **B S R & Associates LLP**
*Chartered Accountants*
Firm registration number: 116231W/ W-100024

Sd/-
**Baby Paul**
*Partner*
Membership No.: 218255

Kochi
1 July 2021

*for* and on behalf of the Board of Directors of
**Popular Vehicles and Services Limited**

CIN: U50102KL1983PLC003741

Sd/-
**John K Paul**
*Managing Director*
DIN: 00016513

Sd/-
**Francis K Paul**
*Whole Time Director*
DIN: 00018825

Sd/-
**John Verghese**
*Chief Financial Officer*

Sd/-
**Varun T V**
*Company Secretary*
Membership no. 22044

Sd/-
**Philip Chacko M**
*Chief Executive Officer*

Kochi
1 July 2021