

Independent Auditors' Report

To the Members of Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited) ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, 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 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those 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.

Other Information

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

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

B S R & Associates LLP**Popular Vehicles and Services Limited**

(formerly known as Popular Vehicles and Services Private Limited)

Independent Auditors' Report (continued)

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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, 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.

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.

B S R & Associates LLP**Popular Vehicles and Services Limited**

(formerly known as Popular Vehicles and Services Private Limited)

Independent Auditors' Report (continued)**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 financial statements in place and the operating effectiveness of such controls.
- 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 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

- I. 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.

(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 S R & Associates LLP**Popular Vehicles and Services Limited***(formerly known as Popular Vehicles and Services Private Limited)***Independent Auditors' Report (continued)****Report on Other Legal and Regulatory Requirements (continued)**

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 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 2019 on its financial position in its standalone financial statements - Refer Note 28 to the standalone financial statements;
- ii. The following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and protection Fund by the Company

Due date	Date of payment	Delay in days	Amount involved (in Rs.)
30 January 2018	2 June 2018	124	22,100

- iii. 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 2019.

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Independent Auditors' Report (continued)

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 No.: 116231 W/ W-100024



Baby Paul

Partner

Membership No.: 218255

UDIN: 19218255AAAAAM4680

Kochi

26 July 2019

B S R & Associates LLP

Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

Annexure A to the Independent Auditors' Report

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 2019, 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 fixed assets are verified in a phased manner over a period of 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 stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loans to three subsidiary companies 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 loans are not prejudicial to the interest of the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no amount is outstanding at the year end. Accordingly, paragraph 3(iii) (b) and (c) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans /guarantees given and investments made.
- (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) We have broadly reviewed the books of account relating to materials, labour, and other items of cost maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148 (1) of the Act and we are of the opinion that prima facie the prescribed amounts and records have been made and maintained. However, we have not made a detailed examination of the records.

B S R & Associates LLP**Popular Vehicles and Services Limited***(formerly known as Popular Vehicles and Services Private Limited)***Annexure A to the Independent Auditors' Report (continued)**

- (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, goods and services tax, cess and other material statutory dues have been generally been regularly deposited during the year by the Company with the appropriate authorities.

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, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Disputed Amount	Amount paid under protest (in INR)	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	22,740,853	19,059,815	2007-08 to 2012-13	KVAT Appellate Tribunal, Ernakulam
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	164,489,376*	13,209,250	2010-11 to 2015-16	Commercial Tax Officer, Chennai
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	50,980	15,294	2013-2014	Commissioner of Commercial Taxes, Trivandrum
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	97,286,858	1,117,432	2011-2016	Deputy Commissioner of Appeals, Ernakulam
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	781,724	448,471	2006-2007 to 2011-12	Deputy Commissioner of Appeals, Trivandrum
Finance Act, 1994	Service tax, interest and penalty	8,656,805	301,231	2005-06 to 2014-15	Commissioner Appeals, Ernakulam

B S R & Associates LLP**Popular Vehicles and Services Limited***(formerly known as Popular Vehicles and Services Private Limited)***Annexure A to the Independent Auditors' Report (continued)**

Name of the statute	Nature of dues	Disputed Amount	Amount paid under protest (in INR)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax, interest and penalty	117,816,236	3,149,042	2006-07 to 2014-15	Customs Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax, interest and penalty	6,438,172	559,966	2006-07 to 2014-15	Customs Excise and Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service tax, interest and penalty	465,580	Nil	2006-07 to 2013-14	Commissioner Appeals, Chennai
Income Tax Act, 1961	Income tax and interest	3,745,118	4,745,520	2004-05 & 2008-09	Income Tax Appellate Tribunal, Ernakulam
Income Tax Act, 1961	Income tax and interest	9,469,518	5,528,179	2002-03 to 2012-12	Commissioner of Income Tax (Appeals), Ernakulam
Income Tax Act, 1961	Income tax and interest	5,706,912	5,681,010	2004-05 to 2014-15	Central Processing Centre, Bangalore
Income Tax Act, 1961	Income tax and interest	2,443,990	-	2011-12	Additional Commissioner of Income Tax, Ernakulam
Income Tax Act, 1961	Fringe benefit tax	1,591,260	35,460	2008-09	Commissioner of Income Tax (Appeals), Ernakulam
Income Tax Act, 1961	Income tax	376,259	-	2001-02	The Kerala High Court
Income Tax Act, 1961	Income tax	982,692	141,294	2003-04	The Supreme Court of India

* Subsequent to the year end, the Company has received a favorable order from the State tax Officer, Chennai as on 31 May 2019.

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Annexure A to the Independent Auditors' Report (continued)

- (viii) The Company has not defaulted in the repayment of loans and borrowings from any banks. According to the information and explanations given to us, the Company did not have any loans or borrowings from government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanation given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (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 the 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 of 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 Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the accounting standards.
- (xiv) In our opinion and 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 No.: 116231W/ W-100024



Baby Paul

Partner

Membership No: 218255

UDIN: 19218255AAAAAM4680

Kochi

26 July 2019

B S R & Associates LLP**Popular Vehicles and Services Limited**

(formerly known as Popular Vehicles and Services Private Limited)

Annexure B to the Independent Auditors' Report

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 1A(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 *(formerly known as Popular Vehicles and Services Private Limited)* ("the Company") as of 31 March 2019 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 2019, 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 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, 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 standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

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Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

Annexure B to the Independent Auditors' Report (continued)

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 controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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 No.: 116231W/ W-100024



Baby Paul

Partner

Membership No.: 218255

UDIN: 19218255AAAAAM4680

Kochi

26 July 2019

Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Balance sheet as at 31 March 2019

(All amounts in INR millions)

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	4	1,274.87	1,217.93
Capital work-in-progress	4	276.23	118.76
Intangible assets	5	48.45	51.98
Financial assets			
Investments	6	498.00	125.22
Loans	12	235.04	215.18
Income tax assets (net)	27	58.15	64.44
Other non-current assets	7	70.90	98.91
Total non-current assets		2,461.64	1,892.42
Current assets			
Inventories	8	1,778.35	790.57
Financial assets			
Trade receivables	9	1,211.30	933.57
Cash and cash equivalents	10	114.70	209.47
Bank balances other than cash and cash equivalents	11	19.96	54.74
Loans	12	-	310.00
Other current assets	7	251.96	68.33
Total current assets		3,376.27	2,366.68
Assets held for sale	37	32.46	-
Total assets		5,870.37	4,259.10
Equity and liabilities			
Equity			
Equity share capital	13	125.44	33.33
Other equity		1,697.55	1,664.46
Total equity		1,822.99	1,697.79
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	224.56	161.44
Provisions	16	89.73	66.67
Deferred tax liabilities (net)	27	26.16	45.23
Other non-current liabilities	17	89.11	80.26
Total non-current liabilities		429.56	353.60
Current liabilities			
Financial liabilities			
Borrowings	14	2,438.17	1,269.75
Trade payables	18	-	-
- Total outstanding dues of micro and small enterprises		0.44	-
- Total outstanding dues of creditors other than micro and small enterprises		385.61	134.15
Other financial liabilities	15	443.20	433.46
Provisions	16	25.88	22.52
Other current liabilities	17	324.52	347.83
Total current liabilities		3,617.82	2,207.71
Total equity and liabilities		5,870.37	4,259.10
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: U16231W/ W-100024

Baby Paul

Partner

Membership No.: 218255

UDIN: 19218255AAAAAM4680

Kochi

26 July 2019

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

CIN: U50102KL1983PLC003741

John K Paul

Managing Director

DIN: 00016513

Francis K Paul

Whole Time Director

DIN: 00018825

John Verghese

Chief Financial Officer

Varun T V

Company Secretary

Philip Chacko M

Chief Executive Officer

Kochi

26 July 2019

Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)**Statement of profit and loss for the year ended 31 March 2019**

(All amounts in INR millions)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	19	22,525.15	22,608.69
Other income	20	128.80	60.95
Total income		22,653.95	22,669.64
Expenses			
Purchases of stock-in-trade	21	20,260.90	19,784.33
Changes in inventories of stock-in-trade	22	(987.78)	(109.72)
Employee benefits expense	23	1,584.73	1,347.26
Finance costs	24	210.19	133.31
Depreciation and amortisation expense	25	158.45	156.72
Other expenses	26	1,237.88	1,077.80
Total expenses		22,464.37	22,389.70
Profit before tax		189.58	279.94
Current tax	27	82.17	98.64
Incometax for expense - earlier years	27	1.88	-
Deferred tax	27	(17.23)	5.18
Profit for the year		122.76	176.12
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability/ (asset)		5.27	6.54
Income tax relating to item that will not be reclassified to profit or loss		(1.84)	(2.26)
Total comprehensive income for the year		119.33	171.84
Earnings per share (equity share of face value of INR 10 each)	29		
Basic and diluted (in INR)		10.00	14.74

Significant accounting policies

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The accompanying notes form an integral part of the statement of 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


Baby Paul

Partner

Membership No.: 218255

UDIN: 19218255AAAAAM4680

Kochi

26 July 2019

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

CIN: U50102KL1983PLC003741


John K Paul

Managing Director

DIN: 00016513


Francis K Paul

Whole Time Director

DIN: 00018825


John Verghese

Chief Financial Officer


Varun T V

Company Secretary


Philip Chacko M

Chief Executive Officer

Kochi

26 July 2019

Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in INR millions)

A. Equity share capital

Particulars	Equity shares (in millions)	Amount
Balance as at 1 April 2017	3.33	33.33
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	3.33	33.33
Changes in equity share capital during 2018-19	9.21	92.11
Balance as at 31 March 2019	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	Re measurement of net defined benefit liability/(asset), net of tax	
Balance as at 1 April 2017	636.68	36.33	819.61	-	1,492.62
Total comprehensive income for the year					
Profit for the year	-	-	176.12	-	176.12
Other comprehensive loss, net of tax	-	-	-	(4.28)	(4.28)
Total comprehensive income	-	-	176.12	(4.28)	171.84
Transferred to retained earnings	-	-	(4.28)	4.28	-
Transactions with owners, recorded directly in equity					
Total contributions by and distributions to owners	-	-	-	-	-
Balance as at 31 March 2018	636.68	36.33	991.45	-	1,664.46
Balance as at 1 April 2018	636.68	36.33	991.45	-	1,664.46
Total comprehensive income for the year					
Profit for the year	-	-	122.76	-	122.76
Other comprehensive loss, net of tax	-	-	-	(3.43)	(3.43)
Total comprehensive income	-	-	122.76	(3.43)	119.33
Transferred to retained earnings	-	-	(3.43)	3.43	-
Transactions with owners, recorded directly in equity					
Amount utilised for bonus issue	-	-	(86.24)	-	(86.24)
Total contributions by and distributions to owners	-	-	(86.24)	-	(86.24)
Balance as at 31 March 2019	636.68	36.33	1,024.54	-	1,697.55



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in INR millions)

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.

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

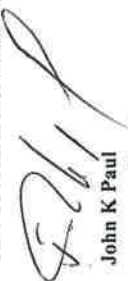

Baby Paul

Partner

Membership No: 218255

UDIN: 19218255AAAAAM4680

for and on behalf of the Board of Directors of
Popular Vehicles and Services Limited
(formerly known as Popular Vehicles and Services Private Limited)
CIN: U50102KL1983PLC003741


John K Paul


Managing Director

DIN: 00016513


Francis K Paul

Whole Time Director

DIN: 00018825


John Verghese

Chief Financial Officer


Philip Chacko M

Chief Executive Officer


Varun T V

Company Secretary

Kochi

26 July 2019

Kochi

26 July 2019

Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)**Cash flow statement for the year ended 31 March 2019**

(All amounts in INR millions)

	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities		
Profit before tax	189.58	279.94
Adjustments:		
Finance costs	210.19	133.31
Depreciation and amortisation expense	158.45	156.72
Allowance for expected credit loss	9.10	12.60
Liabilities no longer required written back	(33.03)	(28.96)
Interest income under the effective interest method	(79.90)	(14.73)
(Gain)/loss on sale of property, plant and equipment (net)	4.60	(6.14)
Financial assets at FVTPL-net change in fair value	(0.21)	(0.02)
Operating cash flow before working capital changes	458.78	532.72
Adjustments for changes in working capital		
Increase in inventories	(987.78)	(109.72)
Increase in trade receivables	(286.83)	(62.91)
Increase in loans and other financial assets and other assets	(159.75)	(51.53)
(Decrease)/ increase in liabilities	325.80	(225.31)
Cash generated from/ (used in) operations	(649.78)	83.25
Taxes paid, net of refund received	(77.76)	(110.63)
Net cash generated (used in)/ from operating activities (A)	(727.54)	(27.38)
Cash flows from investing activities		
Acquisition of investments	(372.57)	-
Intercompany loan repaid by/ (given to) wholly owned subsidiary	310.00	(90.00)
Interest received	79.90	9.89
Acquisition of property, plant and equipment	(409.27)	(316.38)
Acquisition of intangible assets	(2.73)	(4.55)
Proceeds from sale of property, plant and equipment	24.34	26.38
Net cash used in investing activities (B)	(370.33)	(374.66)
Cash flows from financing activities		
Proceeds from issue of equity share capital	5.87	-
Interest paid	(208.96)	(134.98)
Long-term borrowings repaid	(63.75)	(93.87)
Long-term borrowings availed	198.40	-
Short-term borrowings availed/ (repaid)	1,071.50	746.60
Net cash generated from/ (used in) financing activities (C)	1,003.06	517.75
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(94.81)	115.71
Cash and cash equivalents at the beginning of the year	209.46	93.75
Cash and cash equivalents at the end of the year	114.65	209.46

(Refer to note 10 - Cash and cash equivalents)

(Refer note 14 B for changes in liabilities and financial assets arising from financing activities)

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management strategy. The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/ W-100024


Baby Paul

Partner

Membership No.: 218255

UDIN: 19218255AAAAAM4680

Kochi

26 July 2019

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

CIN: U50102KL1983PLC003741


John K Paul

Managing Director

DIN: 00016513


John Verghese

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Kochi

26 July 2019


Francis K Paul

Whole Time Director

DIN: 00018825


Varun T V

Company Secretary

Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)
Notes to standalone the financial statements (continued)

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.

The Company has six subsidiaries; Popular Mega Motors (India) Private Limited, Vision Motors Private Limited, Popular Auto Dealers Private Limited, Kuttukaran Cars Private Limited (formerly known as Prabal Motors Private Limited), Kuttukaran Pre Owned Cars Private Limited and Popular Auto Works Private Limited 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 26 July 2019.

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 34 - 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 2019 is included in the following notes:

Note 32 – measurement of defined benefit obligations: key actuarial assumptions;

Notes 28 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 33 – 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 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

Standards issued but not effective on Balance sheet date:

Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

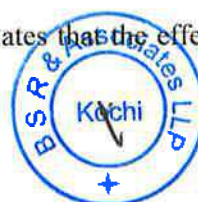
Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

Based on the information currently available, the Company estimates that the effect of adoption of Ind AS 116 is not expected to be material.



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)
Notes to standalone the financial statements (continued)

2. Basis of Preparation (continued)

Ind AS 116, Leases (continued)

ii. Other Amendments

The MCA has notified below amendments which are effective 1 April 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on Preliminary work, the Company does not expect these amendments to have any significant impact on its Financial statements.

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.



Popular Vehicles and Services Limited (formerly known as *Popular Vehicles and Services Private Limited*)
Notes to standalone the financial statements (continued)

3. Significant accounting policies (continued)

3.1 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
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.

3.2 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.



3. Significant accounting policies (continued)

3.3 Employee benefits (continued)

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').

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. Significant accounting policies (continued)

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.

3.6 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. Ind AS 115 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. The Company has adopted Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) being included in retained earnings. Accordingly, the information presented for the year ended 31 March 2018 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18, Revenue.

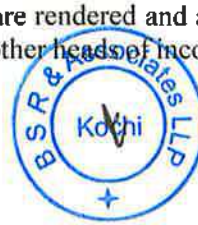
ii) Rendering of services

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.



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)
Notes to standalone the financial statements (continued)

3. Significant accounting policies (continued)

3.7 Inventories

Vehicles – New and used Vehicles

Inventories of vehicles are valued at lower of cost and net realisable value. Cost represents actual cost of purchase in case of cars (specific identification).

Spares, lubricants and accessories:

Inventory of spares, lubricants and accessories are valued lower of cost and net realisable value. Cost is ascertained based on First-in-First-out (FIFO) in case of spares, lubricants and accessories adjusted for indirect taxes.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

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.



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)
Notes to standalone the financial statements (continued)

3. Significant accounting policies (continued)

3.8. Financial instruments (continued)

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

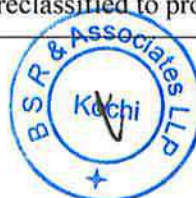
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and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

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.



3. Significant accounting policies (continued)

3.8. Financial instruments (continued)

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.

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.



3. Significant accounting policies (continued)

3.9. Impairment (continued)

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.

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. Assets held under leases

Lease of property, plant and equipment that transfer to the company substantially all the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Balance Sheet.



3. Significant accounting policies (continued)

3.10 Leases (continued)

iii. Lease payments

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

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.

3.12 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.



3. Significant accounting policies (continued)

3.12 Income tax (continued)

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.

3.14 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 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 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 (formerly known as Popular Vehicles and Services Private Limited)
Notes to the financial statements (continued)
 (All amounts in INR millions)

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 amount														
Balance at 1 April 2017	115.36	144.17	418.32	66.65	69.16	254.01	46.79	170.09	17.27	20.18	4.89	1,326.89	9.13	1,336.02
Additions	-	0.11	33.15	8.69	4.96	26.49	4.37	82.73	15.59	7.50	2.73	186.32	118.76	305.08
Deletions/transfer	-	-	-	-	0.08	0.25	-	37.70	0.10	0.12	0.09	38.34	9.13	47.47
Balance at 31 March 2018	115.36	144.28	451.47	75.34	74.04	280.25	51.16	215.12	32.76	27.56	7.53	1,474.87	118.76	1,593.63
Balance at 1 April 2018	115.36	144.28	451.47	75.34	74.04	280.25	51.16	215.12	32.76	27.56	7.53	1,474.87	118.76	1,593.63
Additions	-	0.76	99.63	11.95	5.65	51.94	7.93	52.59	31.60	8.35	0.13	270.53	249.90	520.43
Deletions/transfer	7.97	33.42	12.17	6.86	2.40	29.85	1.39	29.89	0.47	0.60	0.11	125.13	92.43	217.56
Balance at 31 March 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
Accumulated Depreciation														
Balance at 1 April 2017	-	3.32	45.84	9.36	10.68	26.77	7.46	10.81	4.74	4.61	0.70	124.29	-	124.29
Depreciation for the year	-	3.30	47.87	9.11	9.91	25.76	6.69	35.20	7.41	4.76	0.74	150.75	-	150.75
Disposals	-	-	-	-	0.05	0.12	-	17.67	0.06	0.12	0.08	18.10	-	18.10
Balance at 31 March 2018	-	6.62	93.71	18.47	20.54	52.41	14.15	28.34	12.09	9.25	1.36	256.94	-	256.94
Balance at 1 April 2018	-	6.62	93.71	18.47	20.54	52.41	14.15	28.34	12.09	9.25	1.36	256.94	-	256.94
Depreciation for the year	-	2.28	44.11	9.68	9.88	28.47	6.34	31.93	12.94	5.69	0.87	152.19	-	152.19
Disposals	-	4.65	12.17	6.39	2.30	22.30	1.26	13.63	0.43	0.57	0.03	63.73	-	63.73
Balance at 31 March 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
Net carrying amount														
At 31 March 2019	107.39	107.37	413.28	58.67	49.17	243.76	38.47	191.18	39.29	20.94	5.35	1,274.87	276.23	1,551.10
At 31 March 2018	115.36	137.66	357.76	56.87	53.50	227.84	37.01	186.78	20.67	18.31	6.17	1,217.93	118.76	1,336.69

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.



5 Intangibles assets

Particulars	Computer software	Brand	Total
Gross carrying amount			
Balance at 1 April 2017	9.84	49.47	59.31
Additions	4.55	-	4.55
Balance at 31 March 2018	14.39	49.47	63.86
Balance at 1 April 2018	14.39	49.47	63.86
Additions	2.73	-	2.73
Balance at 31 March 2019	17.12	49.47	66.59
Accumulated amortisation			
Balance at 1 April 2017	2.56	3.35	5.91
Amortisation for the year	2.81	3.16	5.97
Balance at 31 March 2018	5.37	6.51	11.88
Balance at 1 April 2018	5.37	6.51	11.88
Amortisation for the year	3.10	3.16	6.26
Balance at 31 March 2019	8.47	9.67	18.14
Net carrying amount			
At 31 March 2019	8.65	39.80	48.45
At 31 March 2018	9.02	42.96	51.98



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Notes to the financial statements (continued)

(All amounts in INR millions)

	As at 31 March 2019	As at 31 March 2018
6 Investments		
Non-current investments, unquoted		
<i>Investments in equity instruments of subsidiaries (at cost less provision for other than temporary impairment), fully paid-up</i>		
Investment in subsidiaries		
Popular Auto Dealers Private Limited	48.70	9.78
38,534 (31 March 2018: 23,830) equity shares of face value of INR 100 each		
Popular Mega Motors (India) Private Limited	199.57	85.98
6,234,281 (31 March 2018: 4,999,643) equity shares of face value of INR 10 each		
Popular Autoworks Private Limited	247.23	29.07
25,111,780 (31 March 2018: 3,295,600) equity shares of face value of INR 10 each		
Kuttukaran Cars Private Limited (formerly known as Prabal Motors Private Limited)	15.50	15.50
2,000,000 (31 March 2018: 2,000,000) equity shares of face value of INR 10 each		
Less: Provision for impairment		
Kuttukaran Cars Private Limited (formerly known as Prabal Motors Private Limited)	(15.50)	(15.50)
<i>Investments in preference shares at FVTPL</i>		
Prabal Motors Private Limited (formerly known as Popular Kuttukaran Cars Private Limited)	0.20	0.20
20,000 (31 March 2018 : 20,000) preference shares of face value of INR 10 each		
Investment in others, FVTPL		
<i>Quoted</i>		
Muthoot Finance Limited	0.29	0.19
469 (31 March 2018: 469) equity shares of face value of INR 10 each		
Investment in mutual funds		
<i>Unquoted</i>		
Aditya Birla Sunlife Equity Fund 864.45 (31 March 2018: Nil)	0.63	-
HDFC Small Cap Fund 16,501.22 (31 March 2018: Nil)	0.74	-
Kotak Emerging Equity Scheme Fund 16,439.85 (31 March 2018: Nil)	0.64	-
Total investments	498.00	125.22
Aggregate value of non-current investments-unquoted	497.71	125.03
Aggregate book/ market value of non-current investments-quoted	0.29	0.19
Aggregate provision for impairment in value of investment	(15.50)	(15.50)
7 Other assets		
Non-current		
<i>Unsecured, considered good</i>		
Capital advances	6.80	25.85
Prepayments	28.18	26.52
Balance with statutory / government authorities *	35.92	46.54
	70.90	98.91
Current		
<i>Unsecured, considered good</i>		
Prepayments	17.87	15.89
Advance to staff	0.17	0.71
Balance with statutory / government authorities	191.08	-
Payment to vendors for supply of goods and services	42.84	51.73
	251.96	68.33
	322.86	167.24

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



	As at 31 March 2019	As at 31 March 2018
8 Inventories		
<i>(Valued at lower of cost and realisable value)</i>		
New vehicles	1,251.22	396.98
Used vehicles	300.93	201.36
Spares and lubricants	145.30	125.21
Accessories	80.90	67.02
	1,778.35	790.57
Note: Closing stock includes value of goods in transit of new vehicles for INR 298.50 million (31 March 2018: INR 84.02 million) and accessories for INR 34.28 million (31 March 2018: INR 26.63 million).		
9 Trade receivables		
Current		
<i>Unsecured</i>		
considered good	1,211.30	933.57
considered doubtful	21.80	26.43
	1,233.10	960.00
Allowances for expected credit loss (refer note 33 B(ii))	(21.80)	(26.43)
Net trade receivables	1,211.30	933.57
Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties	8.37	6.37
Net trade receivables	8.37	6.37
For details of trade receivables pledged, refer note 14.		
For details of trade receivables from related parties, refer note 36.		
The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 33.		
10 Cash and cash equivalents		
Balance with banks		
Balances with banks in current accounts	70.51	186.90
Cash on hand	21.49	9.70
Cheques on hand	22.70	12.87
Cash and cash equivalents in balance sheet	114.70	209.47
Bank overdrafts used for cash management purposes	0.05	0.01
Cash and cash equivalents in the statement of cash flows	114.65	209.46
11 Bank balances other than cash and cash equivalents		
In deposits accounts (with original maturity more than 3 months)	19.02	10.00
Unpaid dividend account	-	0.02
Balance in banks for margin money	0.94	44.72
	19.96	54.74
12 Loans		
Non-current		
<i>Unsecured, considered good</i>		
Rent and other deposits	235.04	215.18
	235.04	215.18
Current		
<i>Unsecured, considered good</i>		
Dues from related parties (refer note 36)	-	310.00
	-	310.00
	235.04	525.18



13 Share capital	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of INR 10 each	15.00	150.00	5.00	50.00
	15.00	150.00	5.00	50.00
Issued, subscribed and paid-up				
<i>Equity shares of INR 10 each fully paid-up</i>				
At the beginning of the year	3.33	33.33	3.33	33.33
Add: Bonus issue of shares	8.62	86.24	-	-
Add: Right issue of shares	0.59	5.87	-	-
At the end of the year	12.54	125.44	3.33	33.33

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

Equity shares of INR 10 each fully paid up held by	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding	Number of shares	% holding
a) BanyanTree Growth Capital II, LLC	4.27	34.01%	1.33	40.00%
b) Francis K Paul	2.75	21.93%	0.88	26.26%
c) John K Paul	2.75	21.93%	0.88	26.26%
d) Naveen Philip	2.75	21.93%	0.24	7.07%

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

During the year, 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.



	As at 31 March 2019	As at 31 March 2018
14 Borrowings		
Non-current		
<i>Secured</i>		
Term loans from banks	192.65	99.15
Term loans from financial institutions	9.35	43.58
Vehicle loans from financial institutions	22.56	18.71
	224.56	161.44
Current		
<i>Secured</i>		
Cash credit and overdraft facilities from banks	89.85	58.92
Short term loan from banks	2,035.81	1,028.11
Short term loan from financial institution	77.48	1.08
<i>Unsecured</i>		
Short term loans from banks	207.11	100.65
Short term loans from financial institutions	27.92	10.06
Loans from directors	-	70.93
	2,438.17	1,269.75
Add: Amount included under other financial liabilities (refer note 15)	92.94	118.33
	2,531.11	1,388.08
Total borrowings	2,755.67	1,549.52

Information about the Company's exposure to interest rate and liquidity risks are included in note 33.

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 2019	As at 31 March 2018
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	56.54	70.64
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	43.54	74.16
Yes Bank	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	107.53	2.29
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	591.75	570.63
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	99.59	98.36
ICICI Bank Limited	Secured by exclusive charge on the stock and receivables, equitable mortgage on residential property and personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Short term loan from banks - Secured	60 Days	622.59	415.31
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	77.47	1.09
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	4.12	6.62
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.	Vehicle loan - Secured	36 months 24 Months	2.20	15.49



14 Borrowings (continued)

Lenders name	Security terms	Nature of borrowings	Tenure	As at 31 March 19	As at 31 March 18
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	61.01	49.11
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	14.49	5.92
Indusind Bank Limited	Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Short term loan from banks - Secured	30 days	12.87	6.31
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	0.79	0.99
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	9.62	3.12
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	3.01	0.03
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	150.10	-
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	101.18	32.25
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	89.85	-
State Bank of India	Equitable mortgage of showroom building belonging to directors and personal guarantee of John K Paul and Francis K Paul, directors of the Company.	Short term loan from banks - Secured	45 Days	497.69	-
HDFC Bank Limited	Secured by hypothecation of stocks and book debts under pari passu agreement.	Short term loan from banks - Secured	30 Days	-	3.60
Dhanalaxmi Bank Limited	Secured by property, plant and equipment of the Company and personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Term loan from banks Secured	60 months	-	63.75
Dhanalaxmi Bank Limited	Secured by property, plant and equipment of the Company and personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Short term loan from banks- Cash credit - Secured	NA	-	58.92
HDFC Bank Limited	Secured by hypothecation of stocks and book debts under pari passu agreement.	Short term loan from banks - Secured	45 Days	209.73	-
				2,755.67	1,478.59

*includes current maturities of long-term borrowings.

**Borrowings from banks / financial institutions carry interest rates from 8% to 16% per annum

B Changes in liabilities and financial assets arising from financing activities as at 31 March 2019

Particulars	As at 31 March 2018	Cash flows	Non cash changes		As at 31 March 2019*
			Fair value changes	Others	
Non current borrowings	279.77	37.73	-	-	317.50
Current borrowings*	1,269.75	1,168.42	-	-	2,438.17
	1,549.52	1,206.15	-	-	2,755.67

*includes current maturities of long-term borrowings and loan from directors.



	As at 31 March 2019	As at 31 March 2018
15 Other financial liabilities		
Current		
Current maturities of long-term borrowings (refer note 14)	92.94	118.33
Interest accrued but not due on borrowings	2.10	0.87
Accrued salaries and benefits	196.07	174.43
Dues to creditors for expenses and others*	147.35	134.81
Dues to creditors for capital goods	4.69	5.01
Bank overdraft	0.05	0.01
	443.20	433.46
* Includes dues to related parties. For details refer note 36.		
The Company'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 *	57.32	39.79
Compensated absences	32.41	26.88
	89.73	66.67
Current		
Provision for employee benefits		
Compensated absences	25.88	22.52
	25.88	22.52
	115.61	89.19
* Also refer note 32		
17 Other liabilities		
Non-current		
Unearned revenue	89.11	80.26
	89.11	80.26
Current		
Advance from customers	155.86	253.04
Statutory dues payables	142.85	79.49
Unearned revenue	25.81	15.30
	324.52	347.83
	413.63	428.09
18 Trade payables		
Total outstanding dues of micro and small enterprises	0.44	-
Total outstanding dues of creditors other than micro and small enterprises	385.61	134.15
	386.05	134.15

All trade payables are 'current'.

The Company'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	0.40	-
The interest due on the principal remaining outstanding as at the end of the year	0.04	-
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.	0.04	-
The amount of interest accrued and remaining unpaid at the end of the year.	0.04	-
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	-	-



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Notes to the financial statements (continued)

(All amounts in INR millions)

	Year ended 31 March 2019	Year ended 31 March 2018
19 Revenue from operations		
Sale of products		
Sales of new vehicles	16,627.62	17,671.11
Sale of spare parts and accessories	1,772.19	1,412.87
Sale of used vehicles	1,794.56	1,436.43
Sale of services (servicing of automobiles)	1,199.54	838.76
Other operating revenues		
Income from schemes and incentives	635.82	695.51
Finance and insurance commission	468.85	530.41
Income from driving school	26.57	23.60
	22,525.15	22,608.69
Reconciliation of revenue from sale of products and services		
Gross revenue	22,318.76	22,076.78
Less: Discount allowed	924.85	717.61
	21,393.91	21,359.17
20 Other income		
Interest income based on effective interest rate		
Fixed deposits with banks	7.20	6.08
Rent deposits	3.24	3.18
Loan to related parties (refer note 36)	69.46	5.47
Gain on sale of property, plant and equipment (net)	-	6.14
Liabilities no longer required written back	33.03	28.96
Financial assets at FVTPL - net change in fair value	0.21	0.02
Other non-operating income	15.66	11.10
	128.80	60.95
21 Purchases of stock-in-trade		
New vehicles	17,013.63	17,203.77
Used vehicles	1,752.42	1,336.01
Spares, lubricants and accessories	1,494.85	1,244.55
	20,260.90	19,784.33
22 Change in inventories of stock-in-trade		
Opening inventory	790.57	680.85
Closing inventory	1,778.35	790.57
	(987.78)	(109.72)
23 Employee benefits expense		
Salaries and allowances	1,367.27	1,160.15
Contribution to provident and other fund (refer note 32)	103.51	100.65
Staff welfare expense	113.95	86.46
	1,584.73	1,347.26
24 Finance costs		
Interest on bank borrowings	204.19	130.39
Other borrowing costs	6.00	2.92
	210.19	133.31
25 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	152.19	150.75
Amortisation on intangible assets	6.26	5.97
	158.45	156.72



	Year ended 31 March 2019	Year ended 31 March 2018
26 Other expenses		
Rent (refer note 34)	314.55	257.07
Advertising and sales promotion	179.31	174.59
Consumables	130.72	125.24
Repairs and maintenance:		
Plant and machinery	3.72	7.16
Building	22.31	20.46
Others	64.99	56.83
Power, water and fuel	75.00	70.98
Travelling and conveyance	68.98	61.95
Housekeeping and security	47.09	43.84
Office expenses	43.57	43.01
Communication	40.37	33.94
Refurbishment charges on used vehicles	28.46	27.31
Allowance for expected credit loss	9.10	12.60
Loss on sale of property, plant and equipment (net)	4.60	-
Pre-delivery inspection charges	27.33	27.16
Rates and taxes	25.19	21.39
Transportation charges	19.13	20.28
Bank charges	23.94	17.62
Insurance	16.27	17.93
Management fee on used vehicles	12.95	11.04
Legal and professional (refer note 30)	37.06	5.58
Commission	1.41	1.73
Donation and charity	10.27	0.34
Expenditure on corporate social responsibility ('CSR') (refer note (i) below)	7.14	0.32
Miscellaneous expenses	24.42	19.43
	1,237.88	1,077.80
(i) CSR expenditure		
- Gross amount required to be spent during the year	4.29	3.36
Amount spent during the year on ;		
Construction/ acquisition of asset	-	-
On purposes other than above	7.14	0.32
	7.14	0.32



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Notes to the financial statements (continued)

(All amounts in INR millions)

	As at 31 March 2019	As at 31 March 2018
Income tax assets, net	58.15	64.44
Net income tax assets/ (liability) at the end of the year	58.15	64.44

27 Income taxes

Income tax assets, net
Net income tax assets/ (liability) at the end of the year

(i) Tax expense recognised in statement of profit and loss

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	82.17	98.64
Incometax for expense - earlier years	1.88	-
Deferred tax charge/(benefit)	(17.23)	5.18
Tax expenses	66.82	103.82

(ii) Amount recognised in other comprehensive income

	Year ended 31 March 2019		Year ended 31 March 2018	
	Before tax	Tax (expense/ benefit)	Before tax	Net of tax
Remeasurement of the net defined benefit liability	(5.27)	(1.84)	(6.54)	(4.28)
	(5.27)	(1.84)	(6.54)	(4.28)

(iii) Reconciliation of effective tax rate

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before income taxes	189.58	279.94
Enacted tax rates in India	34.94%	34.61%
Tax using the company's statutory tax rate	66.24	96.89
Other permanent differences	0.58	6.93
Tax expense	66.82	103.82
Effective tax rate	35.25%	37.09%

Recognised deferred tax assets and (liabilities)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax asset		
Allowance for expected credit loss	7.62	9.15
Provision for employee benefits	40.40	30.87
Other timing differences	0.64	0.63
Total deferred tax assets (A)	48.66	40.65
Deferred tax liabilities		
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(74.82)	(85.88)
Total deferred tax liability (B)	(74.82)	(85.88)
Deferred tax (liability) net (A+B)	(26.16)	(45.23)

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.



Notes to the financial statements (continued)

(All amounts in INR millions)

27 Income taxes (continued)

(ii) Movement in temporary differences

Movement during the year ended 31 March 2019				
	As at 1 April 2018	Charge/ (Credit) in the Statement of Profit and Loss	Credit/ (Charge) in other comprehensive Income	As at 31 March 2019
Allowance for expected credit loss	9.15	1.53	-	7.62
Provision for employee benefits	30.87	(7.69)	(1.84)	40.40
Other timing differences	0.63	(0.01)	-	0.64
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(85.88)	(11.06)	-	(74.82)
	(45.23)	(17.23)	(1.84)	(26.16)
Movement during the year ended 31 March 2018				
	As at 1 April 2017	Charge/ (Credit) in the Statement of Profit and Loss	Credit/ (Charge) in other comprehensive Income	As at 31 March 2018
Allowance for expected credit loss	15.49	6.34	-	9.15
Provision for employee benefits	32.71	4.10	(2.26)	30.87
Other timing differences	0.51	(0.12)	-	0.63
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(91.02)	(5.14)	-	(85.88)
	(42.31)	5.18	(2.26)	(45.23)

(iv) Tax losses carried forward

Particulars	As at 31 March 2019	Expiry date	As at 31 March 2018	Expiry date
Brought forward losses - allowed to carry forward for specific period	1.81	2020-21	1.81	2020-21
Brought forward losses - allowed to carry forward for specific period	-	-	0.41	2017-18
Total	1.81		2.22	



28 Contingent liabilities and commitments

Particulars	As at 31 March 2019	As at 31 March 2018
Contingent liabilities		
<i>Claims against the Company not acknowledged as debts</i>		
Service tax related matters (see note (a) below)	3.18	6.44
KVAT related matters (see note (a) below)	285.35	293.93
Income tax (see note (a) below)	24.32	33.43
Employees' state insurance/provident fund demand (see note (a) below)	7.95	7.95
Customer claims (see note (b) below)	44.81	34.29
Commitments		
Corporate guarantees	757.84	747.56
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	175.00	94.64

Details of claims against the Company as at 31 March 2019:

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 28th February 2019, the Hon'ble Supreme Court of India 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 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 for the same. Necessary adjustment if any will be made to the books as more clarity emerged on this subject.

29 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 2019	Year ended 31 March 2018
Net profit for the year, attributable to the equity share holders (A)	122.76	176.12

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Number of equity shares at the beginning of the year (Refer note 13)	3.33	3.33
Weighted average number of shares issued during the year (right issue)	0.32	-
Weighted average number of shares issued during the year (bonus issue)	8.62	8.62
Weighted average number of equity shares of INR 10 each outstanding during the year (C)	12.27	11.95
Earnings per share, basic and diluted (A/C)	10.00	14.74

The number of equity shares are adjusted retrospectively for all periods presented for issue of bonus shares during the year ended 31 March 2019.

B. Diluted earnings per share

There are no potential dilutive equity shares as at 31 March 2019.

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Statutory audit	1.30	1.30
Certification and other services	0.13	0.70
	1.43	2.00

31 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.



Notes to the financial statements (continued)

(All amounts in INR millions)

32 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 2019	As at 31 March 2018
Defined benefit liability	167.37	136.05
Plan assets	110.05	96.26
Net defined benefit liability/ (asset)	57.32	39.79
Liability for compensated absences	58.29	49.40
Total employee benefit liability	115.61	89.19
Non-current defined benefit liability	89.73	66.67
Current defined benefit liability	25.88	22.52

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 benefit (asset)/ liability and its components:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Defined benefit obligation as at the beginning of the year	136.05	111.60
Current service cost	22.76	19.14
Past service Cost	-	0.73
Interest cost	10.34	7.81
Benefits paid	(6.68)	(9.82)
Re-measurements		
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in demographic assumptions	0.05	-
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in financial assumptions	3.23	5.02
- changes in experience over the past period	1.62	1.57
Defined benefit obligation as at the end of the year	167.37	136.05

ii) Reconciliation of present value of plan assets

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Plan assets at the beginning of the year	96.26	98.91
Contributions paid into the plan	13.29	0.54
Benefits paid	(6.69)	(9.82)
Interest income	7.55	6.58
Re-measurements		
Return on plan assets excluding amount included in net interest on the net defined liability/(asset)	(0.36)	0.05
- return on plan asset	-	-
Balance at the end of the year	110.05	96.26
Net defined benefit liability	57.32	39.79

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	22.76	19.14
Past service cost	-	0.73
Net interest on net defined liability	2.79	1.23
Net gratuity cost	25.55	21.10



32 Employee benefits (continued)**(ii) Remeasurements recognised in other comprehensive income**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Actuarial (gain)/ loss on defined benefit obligation	4.90	6.59
Loss/ (return) on plan asset excluding interest income	0.36	(0.05)
Net gratuity cost	5.26	6.54

E Plan Asset

Plan asset comprises of the following:

Particulars	As at 31 March 2019	As at 31 March 2018
Funds managed by Life Insurance Corporation of India	110.05	96.26

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**

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.40%	7.60%
Salary growth rate	9.00%	9.00%
Attrition rate	Up to 35 years: 25% p.a. 35 yrs & above: 3% p.a.	Up to 35 years: 25% p.a. 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 (Ultimate). 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 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(15.42)	18.08	(12.39)	14.55
Future salary growth (1% movement)	17.62	(15.34)	14.20	(12.34)
Attrition rate (1% movement)	(2.31)	2.57	(1.74)	1.92

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.



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Notes to the financial statements (continued)

(All amounts in INR millions)

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 2019

Particulars	Note	Carrying amount			Fair value		
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Level 1	Level 2	Total
Financial assets not measured at fair value							
Financial assets							
Cash and cash equivalents	10	114.70	-	-	-	-	-
Bank balances other than cash and cash equivalents	11	19.96	-	-	-	-	-
Trade receivables	9	1,211.30	-	-	-	-	-
Loans	12	235.04	-	-	-	-	-
Financial asset measured at fair value							
Investments *	6	-	2.50	-	2.30	-	2.50
Total		1,581.00	2.50	-	2.30	-	2.50
Financial liabilities measured at amortised cost							
Trade payables	18	-	-	386.05	-	-	-
Borrowings #	14	-	-	2,755.67	-	-	-
Other financial liabilities	15	-	-	350.26	-	-	-
Total		-	-	3,491.98	-	-	-

As at 31 March 2018

Particulars	Note	Carrying amount			Fair value		
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Level 1	Level 2	Total
Financial assets not measured at fair value							
Financial assets							
Cash and cash equivalents	10	209.47	-	-	-	-	-
Bank balances other than cash and cash equivalents	11	54.74	-	-	-	-	-
Trade receivables	9	933.57	-	-	-	-	-
Loans	12	525.18	-	-	-	-	-
Financial asset measured at fair value							
Investments *	6	-	0.39	-	0.19	-	0.39
Total		1,722.96	0.39	-	0.19	-	0.39
Financial liabilities measured at amortised cost							
Trade payables	18	-	-	134.15	-	-	-
Borrowings #	14	-	-	1,549.52	-	-	-
Other financial liabilities	15	-	-	315.13	-	-	-
Total		-	-	1,998.80	-	-	-

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.



33 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 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 Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to INR 1,211.30 million (31 March 2018: INR 933.57 million).

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

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 2019	As at 31 March 2018
Balance at the beginning of the year	26.43	44.76
Provision created during the year	9.10	12.60
Impairment loss recognised/ (reversed)	(13.73)	(30.93)
Balance at the end of the year	21.80	26.43

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 2019:

Particulars	Payable within 1 year	More than 1 year	Total
Trade payables	386.05	-	386.05
Borrowings #	2,438.17	224.56	2,662.73
Other financial liabilities	350.26	-	350.26

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

Particulars	Payable within 1 year	More than 1 year	Total
Trade payables	134.15	-	134.15
Borrowings #	1,269.75	161.44	1,431.19
Other financial liabilities	315.13	-	315.13

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 2019 and 31 March 2018.

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.

(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 2019	As at 31 March 2018
Variable rate borrowings including current maturities	2,531.11	1,461.16

Sensitivity

Particulars	Impact on profit or (loss)		Impact on other components of equity (net of tax)	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
1% increase in variable rate	(25.31)	(14.61)	(16.47)	(9.51)
1% decrease in variable rate	25.31	14.61	16.47	9.51

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



33 Financial Instruments- Fair values and risk management (continued)

Financial risk management (continued)

C 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 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 2019 and 31 March 2018 has not been disclosed as it is not material to the Company.

34 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.

The Company is obligated under non-cancellable operating leases for its office premises. Future minimum lease payments due under non-cancellable operating leases are as follows:

(i) Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating lease are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Payable in less than one year	104.93	130.22
Payable between one to five years	291.30	383.39
Payable after more than five years	674.52	738.35

(i) Amounts recognised in the Standalone Statement of Profit and Loss

Particulars	As at 31 March 2019	Year ended 31 March 2018
Non cancellable	130.22	125.43
Cancellable	184.33	131.64

(b) Operating lease as a lessor

The Company has leased out building under operating lease. There is no escalation or 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 0.97 million (previous year: INR 0.97 million).

35 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 2019	As at 31 March 2018
Total equity attributable to the equity shareholders of the Company	1,822.99	1,697.79
As a percentage of total capital	40%	52%
Long-term borrowings including current maturities	317.50	279.77
Short-term borrowings	2,438.17	1,269.75
Total borrowings	2,755.67	1,549.52
As a percentage of total capital	60%	48%
Total capital (equity and borrowings)	4,578.66	3,247.31



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Notes to the financial statements (continued)

(All amounts in INR millions)

36 Related parties

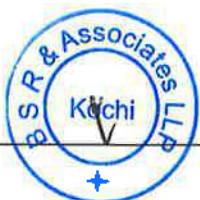
I. Names of related parties and description of relationship:

(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 (formerly known as Prabal Motors Private Limited) Popular Auto Dealers Private Limited, India 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 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 (formerly known as Popular Kuttukaran Cars Private Limited) 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 2019 and 31 March 2018:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations		
Popular Auto Dealers Private Limited	1.24	1.02
Popular Mega Motors (India) Private Limited	0.20	-
Prabal Motors Private Limited	-	0.61
Vision Motors Private Limited	0.05	-
Lease Rental		
Francis K Paul	2.14	1.94
John K Paul	0.71	0.71
Vision Motors Private Limited	0.17	-
Guarantee commission received		
Popular Autodealers Private Limited	0.29	0.29
Popular Autoworks Private Limited	0.75	0.74
Popular Mega Motors (India) Private Limited	2.22	1.70
Prabal Motors Private Limited	0.85	0.55
Vision Motors Private Limited	1.54	1.58
Income from rent		
Popular Auto Dealers Private Limited	0.43	0.43
Popular Mega Motors (India) Private Limited	0.54	0.54
Intercompany loan repaid by subsidiaries		
Popular Autoworks Private Limited	195.00	-
Popular Auto Dealers Private Limited	30.00	-
Popular Mega Motors (India) Private Limited	85.00	-
Intercompany loan given		
Popular Autoworks Private Limited	216.00	90.00
Popular Auto Dealers Private Limited	38.50	-
Popular Mega Motors (India) Private Limited	112.49	-
Interest on loan to related parties		
Popular Autoworks Private Limited	36.69	5.47
Popular Mega Motors (India) Private Limited	24.39	-
Popular Auto Dealers Private Limited	8.38	-
Purchase of assets		
Popular Mega Motors (India) Private Limited	-	1.10
Vision Motors Private Limited	-	1.44
Investment		
Popular Autoworks Private Limited	218.16	-
Popular Auto Dealers Private Limited	38.92	-
Popular Mega Motors (India) Private Limited	113.59	-
Purchase of vehicles/accessories and spares		
Popular Auto Dealers Private Limited	126.51	75.61
Popular Mega Motors (India) Private Limited	0.01	1.65
Vision Motors Private Limited	32.07	16.99



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)

Notes to the financial statements (continued)

(All amounts in INR millions)

36 Related parties (continued)

II. Related party transactions (continued)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Expense met by the Company		
Kuttukaran Institute for Human Resource Development	-	0.01
Popular Auto Dealers Private Limited	8.22	0.97
Popular Mega Motors (India) Private Limited	0.06	0.06
Popular Autoworks Private Limited	-	-
Prabal Motors Private Limited, India	-	0.01
Vision Motors Private Limited	0.05	0.02
Expense met on behalf of the Company		
Kuttukaran Institute for Human Resource Development	0.01	0.07
Popular Auto Dealers Private Limited	-	0.58
Popular Autoworks Private Limited	6.69	5.59
Popular Mega Motors (India) Private Limited	1.30	4.04
Kuttukaran Cars Private Limited	0.11	0.01
Prabal Motors Private Limited	0.19	0.42
Vision Motors Private Limited	1.40	1.34
Kuttukaran Pre Owned Cars Private Limited	0.02	-
Repairs and maintenance		
Popular Auto Dealers Private Limited	0.20	0.04
Popular Autoworks Private Limited	-	0.76
Popular Mega Motors (India) Private Limited	0.29	0.15
Sale of assets		
Vision Motors Private Limited	-	5.78
Popular Autoworks Private Limited	1.83	-
Prabal Motors Private Ltd	0.64	-
Remuneration (Key Management Personnel)*		
Francis K Paul	6.60	6.60
John K Paul	6.60	6.60
M.A. Sajjan	-	0.30
Mariam K Francis	0.60	0.60
John Verghese	5.41	4.25
Philip Chacko Mundanilkunnathil	10.54	9.48
Varun Thazhathu Veedu*	1.70	-
Commission and incentive		
Francis K Paul	9.00	18.25
John K Paul	9.00	18.25
Repayment of loan from Directors		
Francis K Paul	(35.14)	-
John K Paul	(35.79)	-

* Joined w.e.f 21 May 2018.

36 Related parties (continued)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Guarantee commission receivable		
Popular Autodealers Private Limited	-	0.41
Popular Autoworks Private Limited	-	2.57
Popular Mega Motors (India) Private Limited	-	6.43
Prabal Motors Private Limited	-	3.82
Vision Motors Private Limited	-	3.20
Loan from Directors		
Francis K Paul	-	(35.14)
John K Paul	-	(35.79)
Loans to related parties		
Popular Auto Dealers Private Limited	-	30.00
Popular Autoworks Private Limited	-	195.00
Popular Mega Motors (India) Private Limited	-	85.00
Trade receivables		
Kuttukaran Cars Private Limited	0.11	-
Kuttukaran Institute for Human Resource Development	0.27	0.31
Kuttukaran Pre Owned Cars Private Limited	0.02	-
Popular Auto Dealers Private Limited	1.46	0.22
Popular Autoworks Private Limited	0.18	0.01
Popular Mega Motors (India) Private Limited	3.59	2.64
Prabal Motors Private Limited	2.09	1.60
Vision Motors Private Limited	0.65	1.59



Popular Vehicles and Services Limited (formerly known as Popular Vehicles and Services Private Limited)**Notes to the financial statements (continued)**

(All amounts in INR millions)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Commission and incentive payable		
Francis K Paul	(1.50)	(18.25)
John K Paul	(1.50)	(18.25)
Dues to creditors for expenses and others		
Popular Auto Dealers Private Limited	(4.61)	(6.67)
Popular Autoworks Private Limited	(0.60)	(0.66)
Popular Mega Motors (India) Private Limited	(0.13)	(1.75)
Prabal Motors Private Limited	-	(0.02)
Vision Motors Private Limited	(1.21)	(5.02)
Corporate guarantees		
Popular Auto Dealers Private Limited	38.10	38.91
Popular Autoworks Private Limited	100.50	152.41
Popular Mega Motors (India) Private Limited	296.40	226.99
Prabal Motors Private Limited	112.84	119.25
Vision Motors Private Limited	210.00	210.00

37 Asset held for sale

The Board of directors has obtained the approval to sell the below listed land and building belonging to the company, initially on Extraordinary General meeting dated 8 February 2019 and subsequently on Extraordinary General meeting dated 3 June 2019. Asset held for sale as on 31 March 2019 has been stated at carrying value (being lower of their fair value less cost to sell).

Particulars of land and building	As at 31 March 2019	As at 31 March 2018
Service Centre, Edapally, Emakulam	9.47	-
Service Centre, Killipalam, Thiruvananthapuram	16.95	-
Showroom, Thiruvananthapuram	6.04	-

The sale is expected to be completed within a period of one year

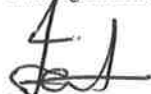
38 The previous figures have been reclassified/ regrouped wherever necessary.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/ W-100024


Baby Paul

Partner

Membership No.: 218255

UDIN: 19218255AAAAAM4680

Kochi

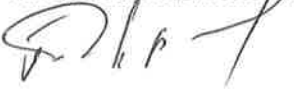
26 July 2019

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

(formerly known as Popular Vehicles and Services Private Limited)

CIN: U50102KL1983PLC003741


John K Paul

Managing Director

DIN: 00016513


John Verghese

Chief Financial Officer


Philip Chacko M

Chief Executive Officer

Kochi

26 July 2019


Francis K Paul

Whole Time Director

DIN: 00018825


Varun T V

Company Secretary