

# **Popular Vehicles and Services Limited**

**Statutory Audit for the year ended  
31 March 2020**

**B S R & Associates LLP, Kochi**

**September 2020**

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## INDEPENDENT AUDITORS' REPORT

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

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

#### **Opinion**

We have audited the standalone financial statements of Popular Vehicles and Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, 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 2020, 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 on the standalone financial statements.

#### **Emphasis of matter – COVID 19 impact**

Covid-19 pandemic has been rapidly spreading throughout the world, including India. Government in India has taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. We draw attention to Note 39 in the financial statements, which describes the disruptions the Company is facing as a result of COVID-19 which is impacting Company's operations. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity and going concern and recoverable values of its certain financial and non-financial assets. However, given the effect of these lockdowns on the overall economic activity, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on these financial statements.

Our opinion is not modified in respect of this matter.

**Popular Vehicles and Services Limited**  
**Independent Auditors' Report (continued)**

**Other Information**

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

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

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

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

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

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

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

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

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

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**Popular Vehicles and Services Limited**  
**Independent Auditors' Report** *(continued)*

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

(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;

**Popular Vehicles and Services 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

**Popular Vehicles and Services Limited**

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

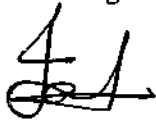
(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

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

*for B S R & Associates LLP*

*Chartered Accountants*

Firm's registration number: 116231W /W-100024



**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 20218255AAAABL4682

Kochi

22 September 2020

**Popular Vehicles and Services Limited**

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

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory excluding goods in transit has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii)(a) The Company has granted unsecured loans to a subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanation given to us, Company does not consider the reimbursement of costs and outstanding to fall under the purview of loans. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the terms and conditions for such loans are not prejudicial to the interest of the Company.
- (b) In the case of the loans granted to the companies listed in the Register maintained under Section 189 of the Act, the borrowers have been regular in the repayment of the principal and payment of interest, wherever stipulated.
- (c) There are no amounts of loans granted to companies, firms, limited liability partnerships or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans/ guarantees given and investments made.
- (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 accounts relating to material, labour and other item of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under section 148 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.



**Popular Vehicles and Services 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, duty of customs, goods and services tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Disputed Amount (in Rs.)	Amount paid under protest (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	1,413,286	1,839,147	2011-12 & 2012-13	KVAT Appellate Tribunal, Ernakulam
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	50,980	15,294	2014-15	Commissioner of Commercial Taxes, Trivandrum
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	96,608,707	8,47,760	2011-12 to 2015-16	Deputy Commissioner of Appeals, Ernakulam
Kerala Value Added Tax Act, 2003	Sales tax, interest and penalty	726,576	393,323	2006-07 to 2011-12	Deputy Commissioner of Appeals, Trivandrum
Finance Act, 1994	Service tax, interest and penalty	7,613,246	301,231	2006-07 to 2017-18	Commissioner Appeals, Ernakulam
Finance Act, 1994	Service tax, interest and penalty	5,800,416	3,149,042	2006-07 to 2013-14	Customs Excise and Service Tax Appellate Tribunal, Bangalore

**Popular Vehicles and Services Limited****Annexure - A to the Independent Auditors' Report (continued)**

Name of the statute	Nature of dues	Disputed Amount (in Rs.)	Amount paid under protest (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax, interest and penalty	5,116,988	Nil	2006-07 to 2013-14	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	5,037,642	2004-05 & 2008-09	Income tax Appellate Tribunal, Ernakulam
Income Tax Act, 1961	Income tax and interest	9,469,518	9,052,909	2002-03 & 2011-12	Commissioner of Income Tax (Appeals), Ernakulam
Income Tax Act, 1961	Income tax and interest	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	283,560	2011-12	Additional Commissioner of Income Tax, Ernakulam
Income Tax Act, 1961	Income tax and interest	1,591,260	1,626,720	2008-09	Commissioner of Income Tax (Appeals), Ernakulam
Income Tax Act, 1961	Income tax and interest	376,259	Nil	2001-02	The Kerala High Court
Income Tax Act, 1961	Income tax and interest	982,692	141,294	2003-04	The Supreme Court of India

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments of loans or borrowings to banks and financial institutions. The Company has availed a moratorium on repayment of term loans/working capital loans in accordance with the circular dated 27th March 2020 on COVID-19 Regulatory Package, issued by RBI. The Company did not have any outstanding loans or borrowings from government or debenture holders during the year.

**Popular Vehicles and Services Limited**

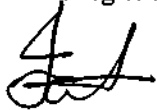
**Annexure - A to the Independent Auditors' Report (continued)**

- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans obtained during the year were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm's registration number: 116231 W /W-100024



**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 20218255AAAABL4682

Kochi

22 September 2020

**Popular Vehicles and Services Limited**

**Annexure B to the Independent Auditors' Report (continued)**

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

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

**Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Popular Vehicles and Services Limited ("the Company") as of 31 March 2020 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 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the "Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

**Popular Vehicles and Services Limited**  
**Annexure B to the Independent Auditors' Report (continued)**

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

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

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

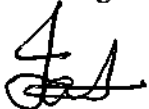
**Inherent Limitations of Internal Financial controls with Reference to standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*for B S R & Associates LLP*

*Chartered Accountants*

Firm's registration number: 116231W /W-100024



**Baby Paul**

*Partner*

Membership number: 218255

ICAI Unique Document Identification Number: 20218255AAAABL4682

Kochi

22 September 2020

**Popular Vehicles and Services Limited**  
**Standalone balance sheet as at 31 March 2020**  
(All amounts in Indian rupees million)

	Note	As at 31 March 2020	As at 31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,426.04	1,274.87
Capital work-in-progress	4	232.24	276.23
Right-of-use assets	35	1,372.58	-
Intangible assets	5	53.94	48.45
<b>Financial assets</b>			
Investments	6	610.03	498.00
Loans	12	291.43	235.04
Income tax assets (net)	28	86.56	58.15
Deferred tax assets (net)	27	104.75	-
Other non-current assets	7	76.72	70.90
<b>Total non-current assets</b>		<b>4,254.29</b>	<b>2,461.64</b>
<b>Current assets</b>			
Inventories	8	2,164.86	1,778.35
<b>Financial assets</b>			
Investments	6	90.01	-
Trade receivables	9	512.11	1,211.30
Cash and cash equivalents	10	140.87	114.70
Bank balances other than cash and cash equivalents	11	21.63	19.96
Loans	12	19.93	-
Other current assets	7	549.13	251.96
<b>Total current assets</b>		<b>3,498.54</b>	<b>3,376.27</b>
<b>Assets held for sale</b>	38	-	32.46
<b>Total assets</b>		<b>7,752.83</b>	<b>5,870.37</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	125.44	125.44
Other equity		1,689.64	1,697.55
<b>Total equity</b>		<b>1,815.08</b>	<b>1,822.99</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	286.39	224.56
Lease liabilities	35	1,587.08	-
<b>Provisions</b>	16	26.44	89.73
Deferred tax liabilities (net)	28	-	26.16
Other non-current liabilities	17	156.97	89.11
<b>Total non-current liabilities</b>		<b>2,056.88</b>	<b>429.56</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	14	1,724.03	2,438.17
Lease liabilities	35	112.37	-
Trade payables	18	-	-
- Total outstanding dues of micro and small enterprises		0.46	0.44
- Total outstanding dues of creditors other than micro and small enterprises		1,202.13	385.61
Other financial liabilities	15	353.43	443.20
<b>Provisions</b>	16	25.58	25.88
Other current liabilities	17	462.87	324.52
<b>Total current liabilities</b>		<b>3,880.87</b>	<b>3,617.82</b>
<b>Total equity and liabilities</b>		<b>7,752.83</b>	<b>5,870.37</b>
<b>Significant accounting policies</b>	3		

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

for B S R & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024



Baby Paul

Partner


Membership No.: 218255

Kochi

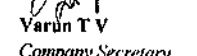
22 September 2020


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

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

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

  
**John Varghese**  
Chief Financial Officer

  
**Varun T V**  
Company Secretary  
Membership no. 22044

  
**Philip Chacko M**  
Chief Executive Officer

Kochi

22 September 2020

**Popular Vehicles and Services Limited**

**Standalone statement of profit and loss for the year ended 31 March 2020**

(All amounts in Indian rupees million)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>Income</b>			
Revenue from operations	19	18,392.37	22,525.15
Other income	20	54.74	128.80
<b>Total income</b>		<b>18,447.11</b>	<b>22,653.95</b>
<b>Expenses</b>			
Purchases of stock-in-trade	21	15,638.94	20,260.90
Changes in inventories of stock-in-trade	22	(386.51)	(987.78)
Employee benefits expense	23	1,591.28	1,584.73
Finance costs	24	405.62	210.19
Depreciation and amortisation expense	25	357.80	158.45
Other expenses	26	1,003.49	1,237.88
<b>Total expenses</b>		<b>18,610.62</b>	<b>22,464.37</b>
<b>(Loss)/ profit before tax and exceptional item</b>		<b>(163.51)</b>	<b>189.58</b>
Exceptional item	27	261.28	-
<b>Profit before tax</b>		<b>97.77</b>	<b>189.58</b>
<b>Tax expense</b>			
Current tax (including MAT for the current year)	28	17.67	82.17
Current tax for earlier years	28	-	1.88
Deferred tax credit (including MAT credit entitlement)	28	(54.41)	(17.23)
<b>Total tax expense/ (income)</b>		<b>(36.74)</b>	<b>66.82</b>
<b>Profit for the year</b>		<b>134.51</b>	<b>122.76</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of net defined benefit plan		40.92	(5.27)
Income tax credit/ (charge) relating to item that will not be reclassified to profit or loss		(14.30)	1.84
<b>Other comprehensive income/(loss) for the year, net of income tax</b>		<b>26.62</b>	<b>(3.43)</b>
<b>Total comprehensive income for the year</b>		<b>161.13</b>	<b>119.33</b>
<b>Earnings per share (equity share of face value of INR 10 each)</b>	30		
Basic and diluted (in INR)		10.73	10.00

**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 **BSR & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/ W-100024



**Baby Paul**

Partner

Membership No.: 218255

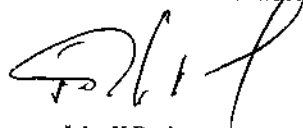
Kochi

22 September 2020

for and on behalf of the Board of Directors of

**Popular Vehicles and Services 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

Membership no. 22044



**Philip Chacko M**

Chief Executive Officer

Kochi

22 September 2020

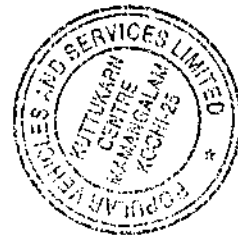
**Popular Vehicles and Services Limited**  
**Statement of changes in equity for the year ended 31 March 2020**  
 (All amounts in Indian rupees million)

**A. Equity share capital**

Particulars	Note	Equity shares (in millions)	Amount
Balance as at 1 April 2018		3.33	33.33
Changes in equity share capital during 2018-19	13	9.21	92.11
Balance as at 31 March 2019		12.54	125.44
Changes in equity share capital during 2019-20	13	-	-
Balance as at 31 March 2020		12.54	125.44

**B Other equity**

Particulars	Reserves and surplus			Items of other comprehensive income	Total other equity attributable to equity holders of the Company
	Securities premium	General reserve	Retained earnings	Remeasurement of net defined benefit liability/ (asset), net of tax	
Balance as at 1 April 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/ (loss)	-	-	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)	-	-
Total contributions by and distributions to owners	-	-	(86.24)	-	-
Balance as at 31 March 2019	636.68	36.33	1,024.54	-	1,697.55
Balance as at 1 April 2019	636.68	36.33	1,024.54	-	1,697.55
Total comprehensive income for the year					
Impact on account of transition to Ind AS 116, net of deferred tax (refer note 35)	-	-	(169.04)	-	(169.04)
Profit for the year	-	-	134.51	-	134.51
Other comprehensive income, net of tax	-	-	-	26.62	26.62
Total comprehensive income/ (loss)	-	-	(34.53)	26.62	(7.91)
Transferred to retained earnings	-	-	26.62	(26.62)	-
Balance as at 31 March 2020	636.68	36.33	1,016.63	-	1,689.64





**Popular Vehicles and Services Limited**

**Standalone statement of changes in equity for the year ended 31 March 2020**

(All amounts in Indian rupees million)

**The description of the nature and purpose of each reserve within equity is as follows:**

**a) Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

**b) General reserve**

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

**c) Remeasurement of net defined benefit liability/ (asset)**

Remeasurement of net defined benefit liability/ (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).

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

As per our report of even date attached

for **B S R & Associates LLP**

*Chartered Accountants*

Firm registration number: 116231W/W-100024



**Baby Paul**

*Partner*

Membership No: 218255

Kochi

22 September 2020

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

CIN: U50102KL1983PLC003741



**John K Paul**

*Managing Director*

DIN: 00016513



**John Verghese**

*Chief Financial Officer*

**Philip Chacko M**

*Chief Executive Officer*

Kochi

22 September 2020



**Francis K Paul**

*Whole Time Director*

DIN: 00018825



**Varun TV**

*Company Secretary*

Membership no. 22044

**Popular Vehicles and Services Limited**  
**Standalone statement of cash flows for the year ended 31 March 2020**  
(All amounts in Indian rupees million)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>Cash flows from operating activities</b>		
(Loss)/ profit before tax and exceptional item	(163.51)	189.58
<b>Adjustments:</b>		
Finance costs	405.62	210.19
Depreciation and amortisation expense	357.80	158.45
Allowances for expected credit loss	22.99	9.10
Liabilities no longer required written back	(28.95)	(33.03)
Interest income under the effective interest method	(12.22)	(79.90)
Loss on sale of property, plant and equipment (net)	0.91	4.60
Financial assets at FVTPL-net change in fair value	1.57	(0.21)
<b>Operating cash flow before working capital changes</b>	<b>584.21</b>	<b>458.78</b>
<b>Adjustments for changes in working capital</b>		
Increase in inventories	(386.51)	(987.78)
Decrease/ (increase) in trade receivables	681.20	(286.83)
Increase in loans and other financial assets and other assets	(298.62)	(159.75)
Increase in liabilities and provisions	931.36	325.80
<b>Cash generated from/ (used in) operations</b>	<b>1,511.64</b>	<b>(649.78)</b>
Taxes paid, net of refund received	(46.08)	(77.76)
<b>Net cash generated from/ (used in) operating activities (A)</b>	<b>1,465.56</b>	<b>(727.54)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investments in a subsidiary	(110.00)	(370.67)
Acquisition of other investments	(93.61)	(1.90)
Intercompany loan (given to)/ repaid by wholly owned subsidiary	(80.00)	310.00
Interest received	12.22	79.90
Acquisition of property, plant and equipment	(331.58)	(409.27)
Acquisition of intangible assets	(11.84)	(2.73)
Proceeds from sale of property, plant and equipment	335.26	24.34
<b>Net cash used in investing activities (B)</b>	<b>(279.55)</b>	<b>(370.33)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity share capital	-	5.87
Interest paid	(235.09)	(208.96)
Long-term borrowings availed	210.01	198.40
Long-term borrowings repaid	(152.52)	(63.75)
Short-term borrowings availed/ (repaid), net	(714.14)	1,071.50
Lease payments during the year	(268.40)	-
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>(1,160.14)</b>	<b>1,003.06</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>25.87</b>	<b>(94.81)</b>
Cash and cash equivalents at the beginning of the year	114.65	209.46
<b>Cash and cash equivalents at the end of the year</b>	<b>140.52</b>	<b>114.65</b>

(Refer to note 10 - Cash and cash equivalents)

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

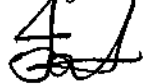
The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

for BSR & Associates LLP

Chartered Accountants

Firm registration number: 116231W/ W-100024



Baby Paul

Partner

Membership No.: 218255

Kochi

22 September 2020

for and on behalf of the Board of Directors of

**Popular Vehicles and Services Limited**


CIN:U50102KL1983PLC003741



John K Paul

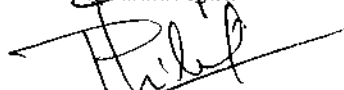
Managing Director

DIN: 00016513



John Verghese

Chief Financial Officer



Philip Chacko M

Chief Executive Officer

Kochi

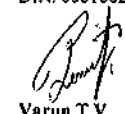
22 September 2020



Francis K Paul

Whole Time Director

DIN: 00018325



Varun T V

Company Secretary

Membership no. 22044

**Popular Vehicles and Services Limited**  
**Notes to the standalone 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, Kuttukaran Pre Owned Cars Private Limited, Popular Auto Works Private Limited and Avita Insurance Broking LLP which are engaged in the business of sale and services of automobiles, sale of spare parts and accessories, finance and insurance commission.

**2. Basis of preparation**

**A. Statement of compliance**

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

The standalone financial statements were authorised for issue by the Company's Board of Directors on 22 September 2020.

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

**B. Functional and presentation currency**

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

**C. Basis of measurement**

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

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

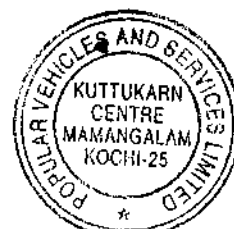
**D. Use of estimates and judgements**

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

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

**Judgements**

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



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

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the year ended 31 March 2020 is included in the following notes:

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

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

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

Note 34 – financial instruments.

**E. Measurement of fair values**

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

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

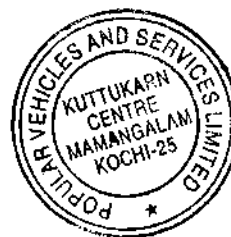
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for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

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

**F. Recent Accounting Pronouncements**

**Amendments:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.



**Popular Vehicles and Services Limited**  
**Notes to the standalone financial statements (continued)**

**3. Significant accounting policies**

**3.1 Property, plant and equipment**

**A. Recognition and measurement**

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

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

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

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

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

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

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

**B. Subsequent expenditure**

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

**C. Depreciation**

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

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

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

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



**Popular Vehicles and Services Limited**  
**Notes to the standalone financial statements (continued)**

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

**3.2 Intangible assets**

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

The estimated useful lives are as follows:

Class of assets	Years
Software	3
Brand	15

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

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

**3.3 Employee benefits**

*Short-term employee benefits*

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

*Post-employment benefits*

*Defined contribution plans*

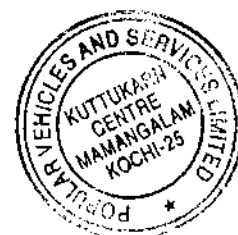
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund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

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

*Defined benefit plans*

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

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



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

**3.3 Employee benefits (continued)**

*Defined benefit plans (continued)*

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

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

*Other long term employee benefits*

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

**3.4 Investments**

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

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

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

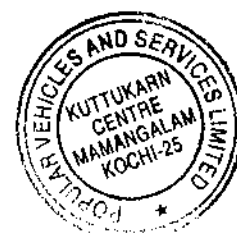
The acquisition cost of investments acquired, or partly acquired by the issue of shares or other securities, is the fair value of the securities issued.

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

**3.5 Provisions**

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

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



**Popular Vehicles and Services Limited**  
**Notes to the standalone financial statements (continued)**

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

**3.6 Revenue**

**i) Sale of products**

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

The Company generates revenue from sale of vehicles, services, spare parts and accessories and other operating avenues. 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.

**ii) Rendering of services**

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

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

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

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

**3.7 Inventories**

*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.

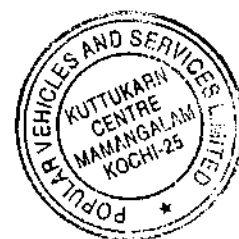
Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**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.





3. Significant accounting policies (continued)

3.8 Financial instruments (continued)

ii) Classification and subsequent measurement

*Financial assets*

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

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

*Financial assets: Business model assessment*

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

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

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

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

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

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



**Popular Vehicles and Services Limited**  
**Notes to the standalone financial statements (continued)**

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

**3.8. Financial instruments (continued)**

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

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

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

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

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

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

**iii) De recognition**

***Financial assets***

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

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



**Popular Vehicles and Services Limited**  
**Notes to the standalone financial statements (continued)**

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

**3.8. Financial instruments (continued)**

***Financial liabilities***

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

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

**iv) Off setting**

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

**3.9 Impairment**

**i) Impairment of financial instruments**

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

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

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

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

***Measurement of expected credit losses***

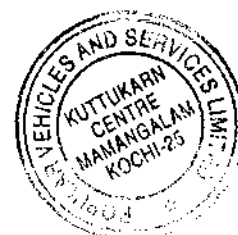
Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

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

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

***Write-off***

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



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

**3.9. Impairment (continued)**

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

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

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

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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

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

**3.10 Leases**

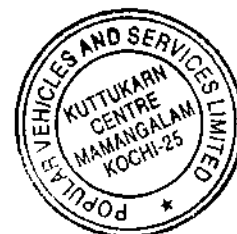
**i. Determining whether an arrangement contains a lease**

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

**ii. Company as a lessee**

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

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



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

**3.10 Leases (continued)**

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

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

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

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

**iii. Company as a lessor**

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

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

**iv. Transition to Ind AS 116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases.



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

**3.10 Leases (continued)**

**Company as a lessee**

*Operating leases*

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of INR 1,223.97 million and a corresponding lease liability of INR 1,483.81 million has been recognized. The cumulative effect on transition in retained earnings net off taxes is INR 169.04 million. The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cashflow from operating activity

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

**Company as a lessor**

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

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

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

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

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



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

**3.12 Income tax**

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

**i. Current tax**

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

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

**ii. Deferred tax**

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

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

**3.13 Borrowing cost**

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



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

**3.14 Earnings per share**

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

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

**3.15 Cash-flow statement**

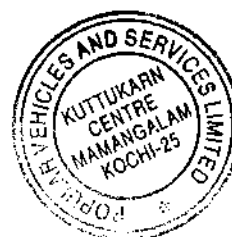
Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities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

**3.16 Cash and cash equivalents**

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

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

Assets are classified as held for disposal and stated at the lower of carrying amount and fair value less costs to sell. To classify any Asset as "Asset 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**  
**Notes to the standalone financial statements (continued)**  
 (All amounts in Indian rupees million)

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

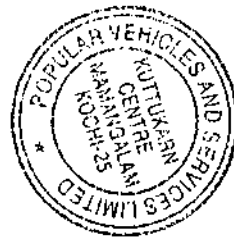
Particulars	Freehold land	Buildings	Leasehold improvements	Furniture and fixtures	Electrical equipment	Plant and machinery	Tools and equipment	Motor car	Computer equipment	Office equipment	Motor cycles and trucks	Total (A)	Capital work-in-progress (B)	Total (A+B)
<b>Gross carrying value</b>														
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
Disposals	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
<b>Balance at 31 March 2019</b>	<b>107.39</b>	<b>111.62</b>	<b>538.93</b>	<b>80.43</b>	<b>77.29</b>	<b>302.34</b>	<b>57.70</b>	<b>237.82</b>	<b>63.89</b>	<b>35.31</b>	<b>7.55</b>	<b>1,620.27</b>	<b>276.23</b>	<b>1,896.50</b>
Balance at 1 April 2019	107.39	111.62	538.93	80.43	77.29	302.34	57.70	237.82	63.89	35.31	7.55	1,620.27	276.23	1,896.50
Additions	-	23.99	138.74	28.33	28.73	63.21	8.61	45.36	13.46	15.35	3.43	369.21	217.41	586.62
Disposals	-	0.94	21.61	0.97	5.96	0.56	0.87	45.70	0.34	0.26	0.82	78.03	261.40	339.43
<b>Balance at 31 March 2020</b>	<b>107.39</b>	<b>134.67</b>	<b>656.06</b>	<b>107.79</b>	<b>100.06</b>	<b>364.99</b>	<b>65.44</b>	<b>237.48</b>	<b>77.01</b>	<b>50.40</b>	<b>10.16</b>	<b>1,911.45</b>	<b>232.24</b>	<b>2,143.69</b>
<b>Accumulated Depreciation</b>														
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
<b>Balance at 31 March 2019</b>	<b>-</b>	<b>4.25</b>	<b>125.65</b>	<b>21.76</b>	<b>28.12</b>	<b>58.58</b>	<b>19.23</b>	<b>46.64</b>	<b>24.60</b>	<b>14.37</b>	<b>2.20</b>	<b>345.40</b>	<b>-</b>	<b>345.40</b>
Balance at 1 April 2019	-	4.25	125.65	21.76	28.12	58.58	19.23	46.64	24.60	14.37	2.20	345.40	-	345.40
Depreciation for the year*	-	8.26	50.09	11.69	11.47	30.64	7.25	33.63	20.25	8.11	0.98	182.37	-	182.37
Disposals	-	0.32	15.05	0.70	4.39	0.29	0.61	19.91	0.31	0.24	0.54	42.36	-	42.36
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>12.19</b>	<b>160.69</b>	<b>32.75</b>	<b>35.20</b>	<b>88.93</b>	<b>25.87</b>	<b>60.36</b>	<b>44.54</b>	<b>22.24</b>	<b>2.64</b>	<b>485.41</b>	<b>-</b>	<b>485.41</b>
<b>Net carrying amount</b>														
At 31 March 2020	107.39	122.48	495.37	75.04	64.86	276.06	39.57	177.12	32.47	28.16	7.52	1,426.04	232.24	1,658.28
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

**Notes:**

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.

\* The Company has charged accelerated depreciation of INR 7.6 million on the lease hold improvements during the year on account of its decision to vacate a showroom and service centre in Chennai.



**Popular Vehicles and Services Limited**

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

(All amounts in Indian rupees million)

**5 Intangibles assets**

Particulars	Computer software	Brand	Total
<b>Gross carrying amount</b>			
Balance at 1 April 2018	14.39	49.47	63.86
Additions	2.73	-	2.73
Disposals	-	-	-
<b>Balance at 31 March 2019</b>	<b>17.12</b>	<b>49.47</b>	<b>66.59</b>
Balance at 1 April 2019	17.12	49.47	66.59
Additions	11.84	-	11.84
Disposals	-	-	-
<b>Balance at 31 March 2020</b>	<b>28.96</b>	<b>49.47</b>	<b>78.43</b>
<b>Accumulated amortisation</b>			
Balance at 1 April 2018	5.37	6.51	11.88
Amortisation for the year	3.10	3.16	6.26
<b>Balance at 31 March 2019</b>	<b>8.47</b>	<b>9.67</b>	<b>18.14</b>
Balance at 1 April 2019	8.47	9.67	18.14
Amortisation for the year	3.18	3.17	6.35
<b>Balance at 31 March 2020</b>	<b>11.65</b>	<b>12.84</b>	<b>24.49</b>
<b>Net carrying amount</b>			
<b>At 31 March 2020</b>	<b>17.31</b>	<b>36.63</b>	<b>53.94</b>
<b>At 31 March 2019</b>	<b>8.65</b>	<b>39.80</b>	<b>48.45</b>



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

As at  
31 March 2020

As at  
31 March 2019

**6 Investments**

**Non-current investments, unquoted**

*Investments in equity instruments of subsidiaries (at cost less provision for other than temporary impairment), fully paid-up*

*Investment in subsidiaries*

Popular Auto Dealers Private Limited	48.70	48.70
38,534 (31 March 2019: 38,534 ) equity shares of face value of INR 100 each		
Popular Mega Motors (India) Private Limited	309.57	199.57
6,943,963(31 March 2019: 6,234,281 ) equity shares of face value of INR 10 each		
Popular Autoworks Private Limited	247.23	247.23
25,111,780 (31 March 2019: 25,111,780 ) equity shares of face value of INR 10 each		
Kuttukaran Cars Private Limited (formerly known as Prabaf Motors Private Limited)	15.50	15.50
2,000,000 (31 March 2019: 2,000,000 ) equity shares of face value of INR 10 each		
Less: Provision for diminution in value	(15.50)	(15.50)

*Investments in preference shares at FVTPL*

Prabal Motors Private Limited (formerly known as Popular Kuttukaran Cars Private Limited)	0.20	0.20
20,000 (31 March 2018 : 20,000 ) preference shares of face value of INR 10 each		

*Investment in others at FVTPL*

*Quoted*

Muthoot Finance Limited	0.29	0.29
469 (31 March 2019: 469 ) equity shares of face value of INR 10 each		

*Investment in mutual funds at FVTPL*

*Unquoted*

Aditya Birla Sunlife Equity Fund - Regular Growth	1.37	0.63
2,546.40 (31 March 2019: 864.45)		
HDFC Small Cap Fund - Regular Growth	1.24	0.74
47,441.49 (31 March 2019: 16,501.22)		
Kotak Emerging Equity Scheme Fund - Regular Growth	1.43	0.64
48,290.10 (31 March 2019: 16,439.85)		

**Total investments**

<b>Aggregate value of non-current investments-unquoted</b>	<b>610.03</b>	<b>498.00</b>
<b>Aggregate book/ market value of non-current investments-quoted</b>	<b>0.29</b>	<b>0.29</b>
<b>Aggregate provision for impairment in value of investment</b>	<b>(15.50)</b>	<b>(15.50)</b>

**Current investments**

**Investment in mutual funds at FVTPL**

*Unquoted*

ICICI Prudential Overnight Fund - Regular Growth	45.01	-
418,262.50 (31 March 2019: Nil )		
Kotak Overnight Fund Regular Plan - Regular Growth	45.00	-
42,250.32 (31 March 2019: Nil )		
	<b>90.01</b>	<b>-</b>
	<b>90.01</b>	<b>-</b>

**Aggregate value of current investments-unquoted**

**7 Other assets**

**Non-current**

*Unsecured, considered good*

Capital advances	14.16	6.80
Prepayments	29.25	28.18
Balance with statutory / government authorities *	33.31	35.92
	<b>76.72</b>	<b>70.90</b>

**Current**

*Unsecured, considered good*

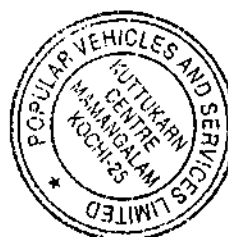
Prepayments	13.42	17.87
Advance to staff	0.04	0.17
Balance with statutory / government authorities	451.63	191.08
Balance with Life Insurance Corporation Gratuity Fund, net (refer note 33)	21.56	-
Payment to vendors for supply of goods and services	62.48	42.84
	<b>549.13</b>	<b>251.96</b>
	<b>625.85</b>	<b>322.86</b>

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



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

	As at 31 March 2020	As at 31 March 2019
<b>8 Inventories</b>		
<i>(Valued at lower of cost and realisable value)</i>		
New vehicles	1,683.86	1,251.22
Used vehicles	239.28	300.93
Spares and lubricants	171.82	145.30
Accessories	69.90	80.90
	<b>2,164.86</b>	<b>1,778.35</b>
Note: Closing stock includes value of goods in transit of new vehicles for INR 807.45 million (31 March 2019: INR 298.50 million) and accessories for INR 15.63 million (31 March 2019: INR 34.28 million).		
<b>9 Trade receivables</b>		
<b>Current</b>		
<i>Unsecured</i>		
considered good	512.11	1,211.30
considered doubtful	31.46	21.80
	<b>543.57</b>	<b>1,233.10</b>
Allowances for expected credit loss (refer note 34 B(ii))	(31.46)	(21.80)
<b>Net trade receivables</b>	<b>512.11</b>	<b>1,211.30</b>
Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties	10.69	8.37
<b>Net trade receivables</b>	<b>10.69</b>	<b>8.37</b>
For details of trade receivables pledged, refer note 14.		
For details of trade receivables from related parties, refer note 37.		
The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 34.		
<b>10 Cash and cash equivalents</b>		
Balance with banks		
Balances with banks in current accounts	134.35	70.51
Cash on hand	2.95	21.49
Cheques on hand	3.57	22.70
<b>Cash and cash equivalents in balance sheet</b>	<b>140.87</b>	<b>114.70</b>
Book overdrafts used for cash management purposes	0.35	0.05
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>140.52</b>	<b>114.65</b>
<b>11 Bank balances other than cash and cash equivalents</b>		
In deposits accounts (with original maturity more than 3 months)	21.63	19.02
Balance in banks for margin money	-	0.94
	<b>21.63</b>	<b>19.96</b>
<b>12 Loans</b>		
<b>Non-current</b>		
<i>Unsecured, considered good</i>		
Dues from related parties (refer note 37)	75.90	-
Rent and other deposits	215.53	235.04
	<b>291.43</b>	<b>235.04</b>
<b>Current</b>		
<i>Unsecured, considered good</i>		
Rent and other deposits	15.83	-
Dues from related parties (refer note 37)	4.10	-
Dues from others	5.00	-
Less: Allowances for expected credit loss (refer note 34 B(ii))	(5.00)	-
	<b>19.93</b>	<b>-</b>
	<b>311.36</b>	<b>235.04</b>



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

**13 Share capital**

**Authorised**

Equity shares of INR 10 each

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
	15.00	150.00	15.00	150.00
	<b>15.00</b>	<b>150.00</b>	<b>15.00</b>	<b>150.00</b>
<b>Issued, subscribed and paid-up</b>				
<i>Equity shares of INR 10 each fully paid-up</i>				
At the beginning of the year	12.54	125.44	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	<b>12.54</b>	<b>125.44</b>	<b>12.54</b>	<b>125.44</b>

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 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
a) BanyanTree Growth Capital II, LLC	4.27	34.01%	4.27	34.01%
b) Francis K Paul	2.75	21.93%	2.75	21.93%
c) John K Paul	2.75	21.93%	2.75	21.93%
d) Naveen Philip	2.75	21.93%	2.75	21.93%

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

During the previous 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 2020

As at  
31 March 2019

#### 14 Borrowings

##### Non-current

##### Secured

Term loans from banks

269.80

192.65

Term loans from financial institutions

-

9.35

Vehicle loans from financial institutions

16.59

22.56

**286.39**

**224.56**

##### Current

##### Secured

Cash credit and overdraft facilities from banks

-

89.85

Short term loan from banks

1,620.05

2,035.81

Short term loan from financial institution

42.27

77.48

##### Unsecured

Short term loans from banks

43.08

207.11

Short term loans from financial institutions

18.63

27.92

**1,724.03**

**2,438.17**

Add: Amount included under other financial liabilities (refer note 15)

88.60

92.94

**1,812.63**

**2,531.11**

**2,099.02**

**2,755.67**

##### Total borrowings

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

Enders name	Security terms	Nature of borrowings	Tenure	As at 31 March 2020	As at 31 March 2019
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
Kotak Mahindra Prime Limited	Secured by equitable mortgage of immovable properties belonging to directors of the company and personal guarantees by John K Paul and Francis K Paul, directors of the Company.	Term loan from financial institutions - Secured	60 months	9.34	43.54
Yes Bank Limited	Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company and lien on the vehicle booked.	Short term loan from banks - Unsecured	60 days	43.08	107.53
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	496.88	591.75
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
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	179.65	622.59
Kotak Mahindra Prime Limited	Secured by hypothecation of vehicles purchased using the fund and personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Short term loan from financial institutions - Secured	60 days	42.27	77.47
Daimler Financial Services India Private Limited	Secured by hypothecation of vehicles purchased using the fund and personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Vehicle loan - Secured	36 months - 24 Months	1.43	4.12
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



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

**14 Borrowings (continued)**

Lenders name	Security terms	Nature of borrowings	Tenure	As at 31 March 2020	As at 31 March 2019
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	44.43	61.01
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	4.45	14.49
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	162.61	12.87
Magma Fin Corp Limited	Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Short term loan from financial institutions - Unsecured	45 days	3.50	0.79
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	7.60	9.62
Cholamandaram 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	3.08	3.01
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	319.80	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	188.67	101.18
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	474.12	497.69
Federal bank Limited	Secured by hypothecation of stocks of used cars, accessories and spares and receivables.	Short term loan from banks - Secured	NA	100.00	-
HDFC Bank Limited	Secured by hypothecation of stocks and book debts under pari passu agreement.	Short term loan from banks - Secured	45 Days	18.11	209.73
				<b>2,099.02</b>	<b>2,755.67</b>

\*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 2020**

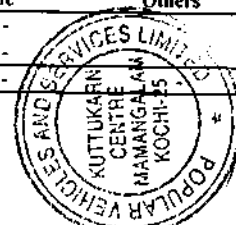
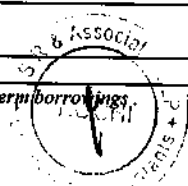
Particulars	As at 31 March 2019	Cash flows	Non cash changes		As at 31 March 2020
			Fair value changes	Others	
Non current borrowings	317.50	57.49	-	-	374.99
Current borrowings*	2,438.17	(714.14)	-	-	1,724.03
	<b>2,755.67</b>	<b>(656.65)</b>	-	-	<b>2,099.02</b>

\*includes current maturities of long -term borrowings.

**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	Others	
Non current borrowings	279.77	37.73	-	-	317.50
Current borrowings*	1,269.75	1,168.42	-	-	2,438.17
	<b>1,549.52</b>	<b>1,206.15</b>	-	-	<b>2,755.67</b>

\*includes current maturities of long -term borrowings.



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

	As at 31 March 2020	As at 31 March 2019
<b>15 Other financial liabilities</b>		
<b>Current</b>		
Current maturities of long-term borrowings (refer note 14)	88.60	92.94
Interest accrued but not due on borrowings	6.28	2.10
Accrued salaries and benefits	117.81	196.07
Dues to creditors for expenses and others*	127.94	147.35
Dues to creditors for capital goods	12.45	4.69
Bank overdraft	0.35	0.05
	<b>353.43</b>	<b>443.20</b>
* Includes dues to related parties. For details refer note 37.		
The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 34.		
<b>16 Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits	-	57.32
Net defined benefit liability - Gratuity *	26.44	32.41
Compensated absences	<b>26.44</b>	<b>89.73</b>
<b>Current</b>		
Provision for employee benefits	25.58	25.88
Compensated absences	<b>25.58</b>	<b>25.88</b>
	<b>52.02</b>	<b>115.61</b>
* Also refer note 33		
<b>17 Other liabilities</b>		
<b>Non-current</b>		
Unearned revenue	156.97	89.11
	<b>156.97</b>	<b>89.11</b>
<b>Current</b>		
Advance from customers	392.12	155.86
Statutory dues payables	26.29	142.85
Unearned revenue	44.46	25.81
	<b>462.87</b>	<b>324.52</b>
	<b>619.84</b>	<b>413.63</b>
<b>18 Trade payables</b>		
Total outstanding dues of micro and small enterprises	0.46	0.44
Total outstanding dues of creditors other than micro and small enterprises	1,202.13	385.61
	<b>1,202.59</b>	<b>386.05</b>

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:**

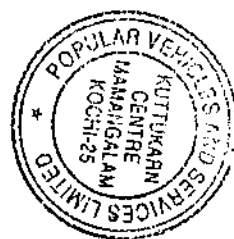
The principal amount remaining unpaid to any supplier as at the end of the year	0.44	0.40
The interest due on the principal remaining outstanding as at the end of the year	0.02	0.04
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the 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.	0.02	0.04
The amount of interest accrued and remaining unpaid at the end of the year.	0.02	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**  
**Notes to the standalone financial statements (continued)**  
(All amounts in Indian rupees million)

	Year ended 31 March 2020	Year ended 31 March 2019
<b>19 Revenue from operations</b>		
<b>Sale of products</b>		
Sales of new vehicles	12,216.85	16,627.62
Sale of spare parts and accessories	1,767.58	1,772.19
Sale of used vehicles	2,011.67	1,794.56
<b>Sale of services (servicing of automobiles)</b>	1,476.28	1,199.54
<b>Other operating revenues</b>		
Income from schemes and incentives	467.51	635.82
Finance and insurance commission	429.24	468.85
Income from driving school	23.24	26.57
	<b>18,392.37</b>	<b>22,525.15</b>
<b>Reconciliation of revenue from sale of products and services</b>		
Gross revenue	18,052.32	22,318.76
Less: Discount allowed	579.94	924.85
	<b>17,472.38</b>	<b>21,393.91</b>
<b>20 Other income</b>		
<b>Interest income based on effective interest rate</b>		
Fixed deposits with banks	4.87	7.20
Rent deposits	3.49	3.24
Loan to related parties (refer note 37)	3.86	69.46
Liabilities no longer required written back	28.95	33.03
Financial assets at FVTPL - net change in fair value	-	0.21
Other non-operating income	13.57	15.66
	<b>54.74</b>	<b>128.80</b>
<b>21 Purchases of stock-in-trade</b>		
New vehicles	12,307.35	17,013.63
Used vehicles	1,799.34	1,752.42
Spares, lubricants and accessories	1,532.25	1,494.85
	<b>15,638.94</b>	<b>20,260.90</b>
<b>22 Change in inventories of stock-in-trade</b>		
Opening inventory	1,778.35	790.57
Closing inventory	2,164.86	1,778.35
	<b>(386.51)</b>	<b>(987.78)</b>
<b>23 Employee benefits expense</b>		
Salaries and allowances	1,406.65	1,367.27
Contribution to provident and other fund (refer note 33)	85.46	103.51
Staff welfare expense	99.17	113.95
	<b>1,591.28</b>	<b>1,584.73</b>
<b>24 Finance costs</b>		
Interest on bank borrowings	203.20	204.19
Interest on lease liabilities	166.35	-
Other borrowing costs	36.07	6.00
	<b>405.62</b>	<b>210.19</b>
<b>25 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment	182.37	152.19
Amortisation on intangible assets	6.35	6.26
Depreciation on right-of-use asset (refer note 35)	169.08	-
	<b>357.80</b>	<b>158.45</b>



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

	Year ended 31 March 2020	Year ended 31 March 2019
<b>26 Other expenses</b>		
Rent (refer note 35)	96.06	314.55
Advertising and sales promotion	132.49	179.31
Consumables	171.10	130.72
Repairs and maintenance:		
Plant and machinery	6.33	3.72
Building	26.53	22.31
Others	60.97	64.99
Power, water and fuel	85.94	75.00
Travelling and conveyance	71.97	68.98
Housekeeping and security	48.85	47.09
Office expenses	39.96	43.57
Communication	35.09	40.37
Refurbishment charges on used vehicles	31.08	28.46
Allowances for expected credit loss on financial assets	22.99	9.10
Loss on sale of property, plant and equipment (net)	0.91	4.60
Pre-delivery inspection charges	23.72	27.33
Rates and taxes	20.05	25.19
Transportation charges	17.76	19.13
Bank charges	24.41	23.94
Insurance	21.99	16.27
Management fee on used vehicles	12.10	12.95
Legal and professional (refer note 31)	17.31	37.06
Financial assets at FVTPL - net change in fair value	1.57	-
Commission	1.53	1.41
Donation and charity	0.26	10.27
Expenditure on corporate social responsibility ('CSR') (refer note (i) below)	5.20	7.14
Miscellaneous expenses	27.32	24.42
	<b>1,003.49</b>	<b>1,237.88</b>
<b>(i) CSR expenditure</b>		
- Gross amount required to be spent during the year	5.20	4.29
Amount spent during the year on ;		
Construction/ acquisition of asset	-	-
On purposes other than above	5.20	7.14
	<b>5.20</b>	<b>7.14</b>
<b>27 Exceptional item</b>		
Gain on sale of property (refer note 38)	261.28	-
	<b>261.28</b>	<b>-</b>



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

28 Income taxes

Income tax assets, net

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

As at  
31 March 2020

As at  
31 March 2019

86.56  
86.56

58.15  
58.15

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

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax (including MAT)	17.67	82.17
Income tax for expense - earlier years	-	1.88
Deferred tax benefit (including MAT credit entitlement)	(54.41)	(17.23)
Tax expenses/ (income)	(36.74)	66.82

(ii) Amount recognised in other comprehensive income

	Year ended 31 March 2020	Year ended 31 March 2019
	Before tax	Before tax
	Tax (expense)/ benefit	Tax (expense)/ benefit
	Net of tax	Net of tax
Remeasurement of the net defined benefit plans	40.92	(5.27)
	(14.30)	(5.27)
	40.92	1.84
	(14.30)	1.84
	26.62	(3.43)
	26.62	(3.43)

(iii) Reconciliation of effective tax rate

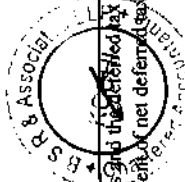
	Year ended 31 March 2020	Year ended 31 March 2019
Profit before income taxes	97.77	189.58
Enacted tax rates in India	34.94%	34.94%
Tax using the company's statutory tax rate	34.16	66.24
Income at differential rate - long term capital gain	(83.61)	-
Other permanent differences	5.81	0.58
Temporary differences - earlier years	6.90	-
Tax expense	(36.74)	66.82
Effective tax rate	(37.58)%	35.25%

Recognised deferred tax assets and (liabilities)

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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax asset</b>		
Allowance for expected credit loss	12.74	7.62
Provision for employee benefits	10.65	40.40
Other timing differences	22.75	0.64
MAT credit entitlement	17.67	-
Lease liabilities, impact on account of Ind AS 116	117.14	-
<b>Total deferred tax assets (A)</b>	<b>180.95</b>	<b>48.66</b>
<b>Deferred tax liabilities</b>		
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(76.20)	(74.82)
<b>Total deferred tax liability (B)</b>	<b>(76.20)</b>	<b>(74.82)</b>
<b>Deferred tax asset/ (liability) net (A+B)</b>	<b>104.75</b>	<b>(26.16)</b>

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.



BSR & Associates, Chartered Accountants

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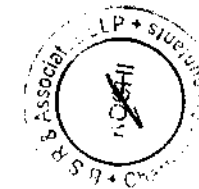
28 Income taxes (continued)

(ii) Movement in temporary differences

Movement during the year ended 31 March 2020					
	As at 1 April 2019	Recognised through retained earning	Charge/ (Credit) in the Statement of Profit and Loss	Charge/ (Credit) in other comprehensive Income	As at 31 March 2020
Allowance for expected credit loss	7.62	-	(5.12)	-	12.74
Provision for employee benefits	40.40	-	15.45	14.30	10.65
Other timing differences	0.64	-	(22.11)	-	22.75
Lease liabilities, impact on account of Ind AS 116	-	(90.80)	(26.34)	-	117.14
MAT credit entitlement	-	-	(17.67)	-	17.67
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(74.82)	-	1.38	-	(76.20)
Net deferred tax assets/ (liabilities)	(26.16)	(90.80)	(54.41)	14.30	104.75
Movement during the year ended 31 March 2019					
	As at 1 April 2018	Recognised through retained earning	Charge/ (Credit) in the Statement of Profit and Loss	Charge/ (Credit) 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)
Net deferred tax assets/ (liabilities)	(45.23)	-	(17.23)	(1.84)	(26.16)

(iv) Tax losses carried forward

Particulars	As at 31 March 2020	As at 31 March 2019	Expiry date
Brought forward losses - allowed to carry forward for specific period	-	1.81	2020-21
Brought forward losses - allowed to carry forward for specific period	65.10	-	-
<b>Total</b>	<b>65.10</b>	<b>1.81</b>	



**Popular Vehicles and Services Limited**

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

(All amounts in Indian rupees million)

**29 Contingent liabilities and commitments**

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Contingent liabilities</b>		
<i>Claims against the Company not acknowledged as debts</i>		
Service tax related matters	2.35	3.18
KVAT related matters	120.73	285.35
Income tax related matters	24.32	24.32
Employees' state insurance/provident fund demand	7.95	7.95
Customer claims	74.31	44.81
<b>Commitments</b>		
Corporate guarantees	355.06	757.84
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	46.40	175.00

**Details of claims against the Company as at 31 March 2020:**

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

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

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

**30 Earnings per share**

**A. Basic earnings per share**

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

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit for the year, attributable to the equity share holders (A)	134.51	122.76

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Number of equity shares at the beginning of the year (refer note 13)	12.54	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
Weighted average number of equity shares of INR 10 each outstanding during the year (C)	12.54	12.27
Earnings per share, basic and diluted (A/C)	10.73	10.00

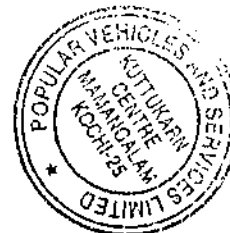
The number of equity shares are adjusted retrospectively for all periods presented for issue of bonus shares during the year ended 31 March 2019.

**B. Diluted earnings per share**

There are no potential dilutive equity shares as at 31 March 2020.

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Statutory audit	1.30	1.30
Certification and other services	0.24	0.13
	1.54	1.43



**Popular Vehicles and Services Limited**
**Notes to the standalone financial statements (continued)**

(All amounts in Indian rupees million)

**32 Segment reporting**

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

**33 Employee benefits**
**A Defined contribution plan**

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

**B Defined benefit plan**

The Company operates certain post-employment defined benefit plan which is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 ('Gratuity Act'). The Gratuity Plan entitles an employee, who has rendered atleast five years of continuous service, to receive one-half month's salary for each year of completed service (service of six months or above is rounded off to one year) at the time of retirement/ exit, restricted to a sum of INR 2.00 million.

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

**Reconciliation of the projected defined benefit obligation**

Particulars	As at 31 March 2020	As at 31 March 2019
Defined benefit liability	143.06	167.37
Plan assets	164.62	110.05
<b>Net defined benefit liability/ (asset)</b>	<b>(21.56)</b>	<b>57.32</b>
Liability for compensated absences	52.02	58.29
<b>Total employee benefit liability</b>	<b>30.46</b>	<b>115.61</b>
Non-current defined benefit liability	4.88	89.73
Current defined benefit liability	25.58	25.88

**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:

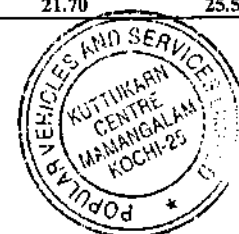
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation as at the beginning of the year	167.37	136.05
Current service cost	18.30	22.76
Past service Cost	-	-
Interest cost	12.39	10.34
Benefits paid	(12.59)	(6.68)
<b>Re-measurements</b>		
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in demographic assumptions	-	0.05
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in financial assumptions	(38.55)	3.23
- changes in experience over the past period	(3.86)	1.62
<b>Defined benefit obligation as at the end of the year</b>	<b>143.06</b>	<b>167.37</b>

**ii) Reconciliation of present value of plan assets**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Plan assets at the beginning of the year	110.05	96.26
Contributions paid into the plan	59.66	13.29
Benefits paid	(12.59)	(6.69)
Interest income	8.99	7.55
<b>Re-measurements</b>		
Return on plan assets excluding amount included in net interest on the net defined liability/(asset)	(1.49)	(0.36)
<b>Balance at the end of the year</b>	<b>164.62</b>	<b>110.05</b>
<b>Net defined benefit liability/ (asset)</b>	<b>(21.56)</b>	<b>57.32</b>

**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 2020	Year ended 31 March 2019
Current service cost	18.30	22.76
Past service cost	-	-
Net interest on net defined liability	3.40	2.79
<b>Net gratuity cost</b>	<b>21.70</b>	<b>25.55</b>



33 Employee benefits (continued)

(ii) Remeasurements recognised in other comprehensive income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial (gain)/ loss on defined benefit obligation	(42.41)	4.90
Loss/ (return) on plan asset excluding interest income	1.49	0.36
Net gratuity (gain)/ cost	(40.92)	5.26

E Plan Asset

Plan asset comprises of the following:

Particulars	As at 31 March 2020	As at 31 March 2019
Funds managed by Life Insurance Corporation of India	164.62	110.05

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 2020	As at 31 March 2019
Discount rate	6.50%	7.40%
Salary growth rate	5.00%	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.

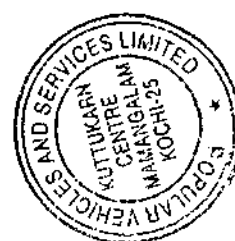
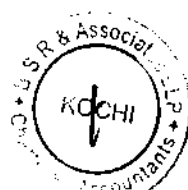
Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

(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 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.04)	12.86	(15.42)	18.08
Future salary growth (1% movement)	12.69	(11.08)	17.62	(15.34)
Attrition rate (1% movement)	1.07	(1.25)	(2.31)	2.57

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**  
**Notes to the standalone financial statements (continued)**  
(All amounts in Indian rupees million)

**34 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 2020

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

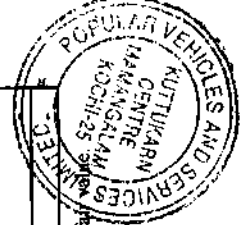
As at 31 March 2019

Particulars	Note	Carrying amount		Fair value		
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at amortised cost	Level 1	Level 2 Level 3 Total
<b>Financial assets not measured at fair value</b>						
<b>Financial assets</b>						
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	-	-	-	-
<b>Financial asset measured at fair value</b>						
Investments *	6	-	2.50	-	0.29	2.01 0.20 2.50
<b>Total</b>		<b>1,581.00</b>	<b>2.50</b>	<b>-</b>	<b>0.29</b>	<b>2.01 0.20 2.50</b>
<b>Financial liabilities measured at amortised cost</b>						
Trade payables	18	-	-	386.05	-	-
Borrowings #	14	-	-	2,755.67	-	-
Other financial liabilities	15	-	-	350.26	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>3,491.98</b>	<b>-</b>	<b>-</b>

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.





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

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

**i) Risk management framework****ii) Credit risk**

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

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

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 512.11 million (31 March 2019: INR 1,211.30 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 2020	As at 31 March 2019
Balance at the beginning of the year	21.80	26.43
Provision created during the year	22.99	9.10
Impairment loss recognised/ (reversed)	(13.33)	(13.73)
Balance at the end of the year	31.46	21.80

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 2020:

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

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 #	2,531.11	224.56	2,755.67
Other financial liabilities	350.26	-	350.26

# 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 2020 and 31 March 2019.

**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 2020	As at 31 March 2019
Variable rate long term borrowings including current maturities	9.34	100.08

**Sensitivity**

Particulars	Impact on profit or (loss)		Impact on other components of equity (net of tax)	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
1% increase in variable rate	(0.09)	(1.00)	(0.06)	(0.65)
1% decrease in variable rate	0.09	1.00	0.06	0.65

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



**Popular Vehicles and Services Limited****Notes to the standalone financial statements (continued)**

(All amounts in Indian rupees million)

**34 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 2020 and 31 March 2019 has not been disclosed as it is not material to the Company.

**35 Leases**

The Company has taken showrooms and service centres on lease from various parties from where business operations are performed. The leases typically run for a period of 1 year - 30 years. Lease payments are renegotiated nearing the expiry to reflect market rentals.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities – i.e. these leases are recorded on the balance sheet.

On transition to Ind AS 116, the Company recognised INR 1,223.97 million of right-of use assets and INR 1,483.81 million of lease liabilities, recognising the difference of INR 259.84 million net of deferred tax of INR 90.80 million in retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The rate applied is IFR%.

**(i) Lease liabilities**

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

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

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

Particulars	As at 31 March 2020
Less than one year	104.01
One to five years	500.23
More than five years	1,095.21
Total undiscounted lease liabilities at 31 March 2020	1,699.45

**(iii) Right-of-use assets**

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

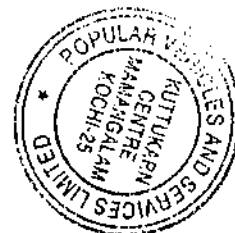
Particulars	As at 31 March 2020
Balance at 1 April 2019	1,223.97
Addition to right-of-use assets	317.69
Depreciation for the year	(169.08)
Balance at 31 March 2020	1,372.58

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

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

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

Particulars	Year ended 31 March 2020
Total cash outflow for leases	(268.40)



**Popular Vehicles and Services Limited****Notes to the standalone financial statements (continued)**

(All amounts in Indian rupees million)

**35 Leases (continued)****(vi) Operating leases \***

The Company is obligated under cancellable operating leases for its certain office premises which are renewable at the option of both the lessor and lessee.

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 2020	As at 31 March 2019
Payable in less than one year	-	104.93
Payable between one to five years	-	291.30
Payable after more than five years	-	674.52

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

Particulars	As at 31 March 2020	Year ended 31 March 2019
Non cancellable	-	130.22
Cancellable	96.06	184.33

\* On adoption of IND AS 116, the Company recognised right of use assets & lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 (disclosed in (i) above)

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

The Company has leased out building under operating lease. There is escalation and renewal clause in the lease agreements and sub-letting is not permitted. The lease is cancellable and the total lease income recognised during the year was INR 2.74 million (previous year: INR 0.97 million).

**36 Capital Management**

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

Particulars	As at 31 March 2020	As at 31 March 2019
Total equity attributable to the equity shareholders of the Company	1,815.08	1,822.99
As a percentage of total capital	46%	40%
Long-term borrowings including current maturities	374.99	317.50
Short-term borrowings	1,724.03	2,438.17
Total borrowings	2,099.02	2,755.67
As a percentage of total capital	54%	60%
Total capital (equity and borrowings)	3,914.10	4,578.66



**Popular Vehicles and Services Limited**

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

(All amounts in Indian rupees million)

**37 Related parties**

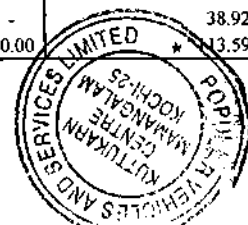
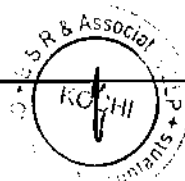
*I. Names of related parties and description of relationship:*

(a) Entity having significant influence over the Company	BanyanTree Growth Capital II, LLC, Mauritius
(b) Subsidiaries and step down subsidiaries	Popular Mega Motors (India) Private Limited, India Popular Autoworks Private Limited, India Vision Motors Private Limited, India Kuttukaran Cars Private Limited Popular Auto Dealers Private Limited, India Kuttukaran Pre Owned Cars Private Limited, India Avita Insurance Broking LLP, India
(c) Other related parties with whom the Company had transactions during the year	
- Key management personnel and their relatives (KMP)	Mr. Francis K. Paul, Whole Time Director Mr. John K Paul, Managing Director Mr. Naveen Philip, Director Mr. Jacob Kurian, Director Mrs. Preeti Reddy, Director Mr. Rahul Kurup, Nominee Director Mrs. Mariam Francis (daughter of Mr. Francis K. Paul) Mr. John Verghese, Chief Financial Officer Mr. Philip Chacko Mundanilkunnathil, Chief Executive Officer Mr. Varun Thazhathu Veedu, Company Secretary
- Entities in which KMP has significant influence	Prabal Motors Private Limited, India Kuttukaran Homes LLP Kuttukaran Institute for Human Resource Development, India Keracon Equipment Private Limited, India

*II. Related party transactions:*

(a) The Company has entered into the following transactions with related parties during the year ended 31 March 2020 and 31 March 2019:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Revenue from operations</b>		
Popular Auto Dealers Private Limited	2.31	1.24
Popular Mega Motors (India) Private Limited	6.64	0.20
Prabal Motors Private Limited	0.28	-
Vision Motors Private Limited	-	0.05
Popular Autoworks Private Limited	0.60	-
Kuttukaran Institute for Human Resource Development	0.01	-
<b>Lease Rental</b>		
Francis K. Paul	2.06	2.14
John K. Paul	0.77	0.71
Popular Mega Motors (India) Private Limited	0.11	-
Kuttukaran Homes LLP	9.71	4.66
Vision Motors Private Limited	0.24	0.17
<b>Guarantee commission received</b>		
Popular Autodealers Private Limited	0.32	0.29
Popular Autoworks Private Limited	0.45	0.75
Popular Mega Motors (India) Private Limited	0.86	2.22
Prabal Motors Private Limited	-	0.85
Vision Motors Private Limited	0.94	1.54
<b>Income from rent</b>		
Popular Auto Dealers Private Limited	2.27	0.43
Popular Mega Motors (India) Private Limited	0.47	0.54
<b>Intercompany loan repaid by subsidiaries</b>		
Popular Autoworks Private Limited	-	195.00
Popular Auto Dealers Private Limited	-	30.00
Popular Mega Motors (India) Private Limited	-	85.00
<b>Intercompany loan given</b>		
Popular Autoworks Private Limited	80.00	216.00
Popular Auto Dealers Private Limited	-	38.50
Popular Mega Motors (India) Private Limited	-	112.49
<b>Interest on loan to related parties</b>		
Popular Autoworks Private Limited	3.86	36.69
Popular Mega Motors (India) Private Limited	-	24.39
Popular Auto Dealers Private Limited	-	8.38
<b>Purchase of assets</b>		
Popular Mega Motors (India) Private Limited	0.09	-
Vision Motors Private Limited	0.38	-
<b>Investment</b>		
Popular Autoworks Private Limited	-	218.16
Popular Auto Dealers Private Limited	-	38.92
Popular Mega Motors (India) Private Limited	110.00	13.59



**Popular Vehicles and Services Limited**

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

(All amounts in Indian rupees million)

**37 Related parties (continued)**

**II. Related party transactions (continued)**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<b>Purchase of vehicles/accessories and spares</b>		
Popular Auto Dealers Private Limited	167.80	126.51
Popular Mega Motors (India) Private Limited	-	0.01
Vision Motors Private Limited	19.80	32.07
<b>Expense met by the Company</b>		
Popular Auto Dealers Private Limited	0.13	8.22
Popular Mega Motors (India) Private Limited	0.04	0.06
Popular Autoworks Private Limited	-	-
Prabal Motors Private Limited, India	-	-
Vision Motors Private Limited	0.02	0.05
<b>Expense met on behalf of the Company</b>		
Kuttukaran Institute for Human Resource Development	-	0.01
Popular Auto Dealers Private Limited	0.31	-
Popular Autoworks Private Limited	0.70	6.69
Popular Mega Motors (India) Private Limited	2.63	1.30
Kuttukaran Cars Private Limited	0.12	0.11
Prabal Motors Private Limited	2.03	0.19
Vision Motors Private Limited	1.21	1.40
Kuttukaran Homes LLP	0.08	-
Kuttukaran Pre Owned Cars Private Limited	-	0.02
<b>Repairs and maintenance</b>		
Popular Auto Dealers Private Limited	-	0.20
Popular Autoworks Private Limited	-	-
Vision Motors Private Limited	0.03	-
Popular Mega Motors (India) Private Limited	0.42	0.29
<b>Sale of assets</b>		
Popular Auto Dealers Private Limited	0.43	-
Popular Autoworks Private Limited	-	1.83
Prabal Motors Private Ltd	-	0.64
Kuttukaran Homes LLP	300.50	-
<b>Remuneration (Key Management Personnel)*</b>		
Francis K Paul	7.26	6.60
John K Paul	7.26	6.60
Mariam K Francis	-	0.60
John Verghese	6.13	5.41
Philip Chacko Mundanilkunnathil	14.33	10.54
Varun Thazhathu Veedu	2.21	1.70
<b>Commission and incentive</b>		
Francis K Paul	-	9.00
John K Paul	-	9.00
<b>Repayment of loan from Directors</b>		
Francis K Paul	-	(35.14)
John K Paul	-	(35.79)

**37 Related parties (continued)**

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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Loans to related parties</b>		
Popular Autoworks Private Limited	80.00	-
<b>Trade receivables</b>		
Kuttukaran Cars Private Limited	0.22	0.11
Kuttukaran Institute for Human Resource Development	0.27	0.27
Kuttukaran Pre Owned Cars Private Limited	-	0.02
Popular Auto Dealers Private Limited	2.12	1.46
Popular Autoworks Private Limited	2.30	0.18
Popular Mega Motors (India) Private Limited	4.25	3.59
Prabal Motors Private Limited	0.36	2.09
Vision Motors Private Limited	1.17	0.65



**Popular Vehicles and Services Limited**

Notes to the standalone financial statements (continued)

(All amounts in Indian rupees million)

**37 Related parties (continued)**

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

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Commission and incentive payable</b>		
Francis K Paul	-	(1.50)
John K Paul	-	(1.50)
<b>Dues to creditors for expenses and others</b>		
Popular Auto Dealers Private Limited	(11.55)	(4.61)
Kuttukaran Homes LLP	(0.80)	-
Popular Autoworks Private Limited	-	(0.60)
Popular Mega Motors (India) Private Limited	(0.19)	(0.13)
Vision Motors Private Limited	-	(1.21)
<b>Corporate guarantees</b>		
Popular Auto Dealers Private Limited	54.48	38.10
Popular Autoworks Private Limited	60.40	100.50
Popular Mega Motors (India) Private Limited	115.14	296.40
Prabal Motors Private Limited	-	112.84
Vision Motors Private Limited	125.04	210.00

**38 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. The same has been classified as asset held for sale as on 31 March 2019 - stated at carrying value (being lower of their fair value less cost to sell).

Particulars of land and building	As at 31 March 2020	As at 31 March 2019
Service Centre, Edappally, Ernakulam	-	9.47
Service Centre, Killipalam, Thiruvananthapuram	-	16.95
Showroom, Thiruvananthapuram	-	6.04

The sale has been completed during the year ended 31 March 2020. The net gain on account of this transaction has been disclosed as an exceptional item (refer note 27).

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

Accordingly, the Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months based on the current financial position of the Company, business strategies, operating plans of the management. However, given the effect of these lockdowns on the overall economic activity, the impact assessment of COVID-19 on the abovementioned financial statement captions is subject to significant estimation uncertainties given its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. Further, the pandemic did not have any material impact on the financial statement for the year ended 31 March 2020.

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

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/ W-100024



**Baby Paul**

Partner

Membership No.: 218255

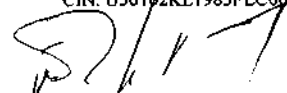
Kochi

22 September 2020

for and on behalf of the Board of Directors of

**Popular Vehicles and Services Limited**

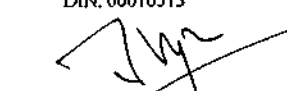
CIN: U50102KL1983PLC000741



**John K Paul**

Managing Director

DIN: 00016513



**John Verghese**

Chief Financial Officer



**Philip Chacko M**

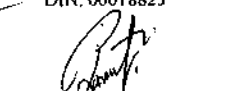
Chief Executive Officer



**Francis K Paul**

Whole Time Director

DIN: 00018825



**Varun T V**

Company Secretary

Membership no. 22044

Kochi

22 September 2020