

DIRECTORS' REPORT

To,

The Members,
Popular Vehicles and Services Limited

Your Directors are pleased to present the Company's 36th Annual Report together with the report of the statutory auditors and the audited financial statements of the Company for the financial year ended 31st March, 2020.

Presumably this year, the Annual Report of every Company the world over is going to discuss one thing in common – the mother of all disruptions – Covid 19. Having originated towards the fag end of 2019 in Wuhan – China, the virus has devastatingly taken the entire world by storm. Though shaken up, businesses are grappling as hard as they can with a “new normal”. Though time would reveal the exact impact of the pandemic on the global economy, the show must certainly go on. Governments, law enforcers, healthcare professionals and the civic community at large are forefront warriors in this unique battle. Businesses pitch in by being bullish about their ability to bounce back and restore the economy to normalcy as early as possible.

Amidst a broader slowdown of the Indian economy and a credit crisis in the NBFC sector, the automotive industry was already enduring tough times for about six quarters preceding the pandemic. The subdued demand for vehicles, an increased upfront insurance cost and the disruption caused by BS –VI emission norms saw vehicle sales tumbling down year on year. The decline in passenger vehicle sales just for the month of March 2020 was 51% compared to same month the year before. Rubbing salt into the wound came the pandemic which forced a stand-still lockdown for a month. Interrupted supply chains and truncated consumer demand affect the retailers as much as the OEMs in terms of revenues and cash flows.

Though a one-pill solution will never be at hand for this crisis, opportunities will definitely re-emerge and companies which survive will arise stronger. Our industry too has its silver linings. Personal mobility will gain precedence over shared and public transport. End-to-end digitization of the customer journey, both in sales and service enables customers to connect from anywhere at any time. In the long run, this implies a redesign process for the Dealership to become leaner in fixed costs and more responsive through better analytics. Consolidation of operations, exploring alternate revenue options and adopting hygiene-centric processes will definitely augur well for our business in the long run.

Key highlights of financial performance of your Company on standalone and consolidated basis for the financial year 2019-20 are provided below:

1. Standalone Performance

On a standalone basis, our sales were at Rs. 18,392.37 million for the current year as against Rs. 22,525.15 million in the previous year, recording a decline of 18.35%. There is a profit before tax of Rs. 97.77 million in the current year as against a Profit before tax of Rs. 189.58 million in the previous year recording a decline of 48.43%.

(In INR millions, except earnings per share data)

Particulars	For the financial year ended March 31, 2020	For the financial year ended March 31, 2019
Revenue from Operations	18,392.37	22,525.15
Other Income	54.74	128.80
Total Revenue	18,447.11	22,653.95
Employee Benefits expense	1591.28	1584.73
Finance costs	405.62	210.19
Depreciation and amortization expense	357.80	158.45
All other expenses	16255.92	20511
Total Expenses	18610.62	22,464.37
Profit / (Loss) Before Tax and exceptional item	(163.51)	189.58
Exceptional item	261.28	-
Profit / (Loss) Before Tax	97.77	189.58
Tax Expense:		
Current Tax (including MAT for current year)	17.67	82.17
Current Tax for earlier years	-	1.88
Deferred Tax (including MAT credit entitlement)	(54.41)	(17.23)
Total Tax Expense/(income)	(36.74)	66.82
Profit for the year	134.51	122.76
Earnings per equity share (in Rs)		
Basic	10.73	10.00
Diluted	10.73	10.00

2. Consolidated Performance

On a consolidated basis, our sales decreased to Rs. 31,767.01 million for the current year as against Rs. 39,055.58 million in the previous year, recording a decrease of around 18.67%. Our Profit Before Tax decreased to Rs. 79.95 million for the current year as against Rs. 401.30 million in the previous year, recording a decrease of around 80%.

(In INR millions, except earnings per share data)

Particulars	For the financial year ended March 31, 2020	For the financial year ended March 31, 2019
Revenue from Operations	31,767.01	39,055.58
Other Income	88.34	143.73
Total Revenue	31,855.35	39,199.31
Employee Benefits expense	2385.71	2340.70
Finance costs	696.07	424.56
Depreciation and amortization expense	610.93	250.82
All other expenses	28343.97	35781.93
Total Expenses	32,036.68	38,798.01
Exceptional item	261.28	-

Profit / (Loss) Before Tax	79.95	401.30
Income Tax Expense:		
Current Tax (including MAT for current year)	33.11	153.40
Income Tax for expense- earlier year	-	1.88
Deferred Tax credit (including MAT credit entitlement)	(78.06)	(25.08)
Total Tax Expense	(44.95)	130.20
Profit for the year	124.90	271.10
Earnings per equity share(in Rs)		
Basic	9.96	22.09
Diluted	9.96	22.09

The standalone and consolidated financial statements for the financial year ended 31st March, 2020, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

3. Share Capital

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

As on 31st March, 2020, the Authorised Share Capital of your Company stood at Rs.15,00,00,000/- comprising of 1,50,00,000 Equity Shares of face value of Rs.10/- each and the paid-up equity share capital of your Company stood at Rs. 12,54,42,890 /- consisting of 12,544,289 equity shares of Rs. 10/- each fully paid-up.

4. Dividend & Reserves

During the financial year ended 31st March, 2020, your directors does not recommend any amount to be paid as dividend.

No amount is proposed to be transferred to general reserves for the financial year ended 31st March, 2020.

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

No material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year to which this financial statements relate and the date of the Report.

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

There was no change in the nature of business of the Company during the financial year ending on 31st March 2020.

7. Significant and Material Orders

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

8. Details of Subsidiary/Joint Ventures/Associate Companies

Your Company does not have any Joint Ventures or Associate Companies to be reported. The Subsidiaries of the Company as on 31st March, 2020 are listed below:

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

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

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

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

a) Composition of the Board

The Board of Directors of your Company comprises of six Directors i.e. Mr. John K. Paul, Managing Director, Mr. Francis K Paul, Whole time Director, Mr. Naveen Philip, Director, Mr. Rahul G. Kurup, Nominee Director, Mr. Jacob Kurian, Independent Director and Ms. Preeti Reddy, Independent Director. The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

In accordance with the Articles of Association Mr. Francis K Paul, Whole Time Director retire by rotation at the ensuing Annual General Meeting. Mr. Francis K Paul being eligible seek re-appointment at the Annual General Meeting.

b) Board Meetings

During the Financial Year 2019-20 the Company has held five (5) meetings of the Board of Directors on 26th July 2019, 03rd October, 2019, 06th November, 2019, 15th January, 2020 and 27th February, 2020. The intervening gap between the Meetings is within the period as prescribed under Section 173 (1) of the Companies Act, 2013.

c) Board Committees

The Board of Directors have constituted Audit Committee and Nomination Committee and re-constituted CSR committee as per the requirement of Section 135 of the Companies Act, 2013.

Audit Committee is constituted with Mr. Jacob Kurian, Ms. Preeti Reddy and Mr. Naveen Philip as members.

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

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

d) Managing Director and Whole Time Director.

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

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

e) Key Managerial Personnel (KMPs)

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

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

10. Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Public Deposits

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

12. Statutory Auditors

M/s B.S.R Associates LLP, 3rd Floor, Syama Business Centre, N.H Bye pass Road, Vytilla, Kochi- 682019, Firm Registration No 116231W/W-100024 had been appointed as Statutory Auditors of the company by the members for a term of five consecutive years, from the conclusion of 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting of the company to be held in the year 2021, subject to ratification at every Annual General Meeting as per section 139(1) of the companies Act, 2013.

However the requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the 32nd Annual General Meeting of the company.

13. Statutory Auditor's Report

The Statutory Auditors' Report for the financial year ending 31st March, 2020 does not contain any qualification, reservation or adverse remarks.

14. Particulars of loans, guarantees or investments

During the year, Company has provided inter corporate loan amounting to Rs. 8,00,00,000/- to its wholly owned subsidiary Popular Autoworks Private Limited and is outstanding as on 31st March, 2020.

Company has also given Corporate Guarantee of Rs.930 million to its Subsidiary Companies and is outstanding as on 31st March, 2020 for availing credit facilities from Banks/NBFCs by the Subsidiary Companies.

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

15. Particulars of contracts or arrangements with related parties

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

16. Managerial remuneration

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

Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Remuneration for the FY (in millions)	Nature of Employment	Previous Employment and Designation	% of Share Holding in the Company	whether any such employee is a relative of any director or manager of the company
Mr. Philip Chacko M	CEO	PGDBM IIM B.Tech IIT	50	21	01.08.2016	14.33	In the rolls of the Company	Talwandi Sabo Power Ltd, COO	Nil	No

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

The Company has constituted an Internal Committee as required under the said Act to take necessary preventive actions as may be possible and also to carry out redressal of complaints, if any, on sexual harassment and for matters connected therewith or incidental thereto. Summary of sexual harassment complaints received and disposed of during the financial year 2019-20 are as follows:

No of complaints received : 03
No of complaints disposed of : 03

One Complaint received during the FY 2018-19 pending disposal was disposed of during 2019-20.

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

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

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

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

19. Corporate Social Responsibility.

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

As on 31st March, 2020 the CSR committee consist of:

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

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

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

20. Secretarial Audit

Pursuant to Section 204 of the Companies Act, 2013 the Company has appointed Mr. M.C. Sajumon, Practising Company Secretary, Kochi as Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year ending 31st March, 2020. The report of Secretarial Auditor for the financial year 2019-20 is annexed to this report.

21. Extract of Annual Return

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

22. Vigil mechanism

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

23. Risk Management and Adequacy of Internal Financial Controls.

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

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

24. Credit Rating

During the year under review, CRISIL Ratings have reaffirmed CRISIL BBB/ Stable rating for Long term facilities. The stable outlook on the rating has been reaffirmed.

25. Internal Audit

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

26. Reporting of Fraud by Auditors

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

27. Human Resources Management

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

As on 31st March, 2020, the Company had a total head count of 6,252 employees, a decrease of 40 employees over the previous year. Your Company takes significant efforts on employee development by imparting training to employees at the various levels.

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

28. Industrial Relations

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

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

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

30. Secretarial Standards

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

31. Acknowledgements

Your Directors wish to express their appreciation to the shareholders and other stakeholders for their continued faith in the company and also for their valuable support.

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

Sd/-

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

Sd/-

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

Place: Kochi-25
Date: 22.09.2020

**Annexure A
FORM AOC-1**

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

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

(In millions)

Sl. No	Name of Subsidiary	Financial period ended	Date since when subsidiary was acquired	Reporting Currency	Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	PBT	Provision for Tax	Profit After tax	Proposed Dividend	% of shareholding
1	Popular Mega Motors India Private Limited	March 31, 2020	21.06.2004	INR	69.44	627.92	1726.84	1726.84	261.99	7961.51	27.58	(12.85)	40.43	-	100%
2	Popular Autoworks Private Limited	March 31, 2020	09.01.2014	INR	251.12	(69.52)	1416.94	1416.94	-	1813.34	(47.82)	(31.86)	(15.96)	-	100%
3	Vision Motors Private Limited	March 31, 2020	20.06.2012	INR	146.77	(14.13)	824.17	824.17	-	2935.02	(18.42)	(21.14)	2.72	-	100%
4	Popular Auto Dealers Private limited	March 31, 2020	01.10.2015	INR	5.10	147.74	560.22	560.22	1.24	1476.56	21.42	5.09	16.33	-	75.51%
5	Kuttakaran Cars Private Limited	March 31, 2020	06.01.2014	INR	20.00	(20.25)	-	-	-	-	(0.09)	-	(0.09)	-	100%
6	Kuttakaran Pre Owned Cars Private Limited	March 31, 2020	13.06.2017	INR	0.10	(0.24)	0.38	0.38	-	-	(0.11)	-	(0.11)	-	100%

Company does not have any associate companies or joint ventures as on March, 31, 2020.

**For and on Behalf of Board of Directors of
Popular Vehicles and Services Limited**
Sd/-
John K Paul
(Managing Director)
DIN:00016513

Francis K Paul
(Whole Time Director)
DIN:00018825

Place: Kochi-25
Date: 22.09.2020

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

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

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

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

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

SL. No.	Particulars	16	17	18	19	20	21	22	23
a) 1.	Name (s) of the related party & nature of relationship	Vision Motors Private Limited	Kuttukaran Homes LLP	Vision Motors Private Limited	Popular Mega Motors (India) Private Limited	Popular Auto Dealers Private Ltd	Popular Mega Motors (India) Private Limited	Kuttukaran Homes LLP	Vision Motors Private Limited
2	Nature of contracts/ arrangements/ transaction	Expenses met on behalf of the Company	Expenses met on behalf of the Company	Repairs & Maintenance	Repairs & Maintenance	Sale of assets	Purchase of assets	Sale of assets	Purchase of assets
3	Duration of the contracts /arrangements/ transaction	Multiple transactions	Multiple transactions	Multiple transactions	Multiple transactions	Single transaction	Single transaction	Single transaction	Single transaction
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 1.21 Millions	Expenses met on behalf of the Company in the ordinary course of business amounting to Rs 0.08 Millions	Repair and maintenance of vehicles in the ordinary course of business amounting to Rs.0.03 Millions	Repair and maintenance of vehicles in the ordinary course of business amounting to Rs.0.39 Millions	Sale of fixed asset amounting to Rs.0.43 Millions	Purchase of fixed asset amounting to Rs. 0.09 Millions	Sale of fixed asset amounting to Rs.300.50 Millions	Purchase of fixed asset amounting to Rs. 0.38 Millions.
5	Dates of approval by the Board or General Meeting, if any	Board meeting dated 26/07/2019 ,sanctioned an overall limit of Rs.100 millions	Board meeting dated 26/07/2019 ,sanctioned an overall limit of Rs.100 millions	Board meeting dated 26/07/2019 ,sanctioned an overall limit of Rs.100 millions	Board meeting dated 26/07/2019 ,sanctioned an overall limit of Rs.100 millions	Board meeting dated 15/01/2020 ,sanctioned an overall limit of Rs.10 millions	Board meeting dated 26/07/2019 ,sanctioned an overall limit of Rs.10 millions	Extra ordinary General Meeting dated 03/06/2019	Board meeting dated 26/07/2019 ,sanctioned an overall limit of Rs.10 millions
6	Amount paid as advance, if any	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and on Behalf of Board of Directors of
Popular Vehicles and Services Limited
Sd/-

Place: Kochi-25
Date: 22.09.2020

John K Paul
(Managing Director)
DIN:00016513

Francis K Paul
(Whole Time Director)
DIN:00018825

ANNEXURE C TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) (Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

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

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

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

Areas of activities to be undertaken

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

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, youth, and elderly and the differently abled persons and livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
- v. Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art and setting up of public libraries.

- vi. Measures for the benefit of armed forces veterans, war widows and their dependents.
- vii. training to promote rural sports, nationally recognized sports, Paralympics sports and Olympicsports.
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedules Castes, the Scheduled Tribes, other backward classes, minorities and women.
- ix. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- x. Rural Development Projects

2. The Composition of the CSR committee

- 1. Mr. Francis K Paul, Chairman
- 2. Mr. John K Paul, Member
- 3. Mr. Jacob Kurian Member
- 4. Mr. Rahul G Kurup Member

3. Average net profit of the company for last three financial years :Rs 260.01 millions

4. Prescribed CSRExpenditure (two per cent of the amount as in item 3 above) :Rs 5.20 millions

5. Details of CSR spent during the financial year 2019-20:

(a) Total amount to be spent for the financial year :Rs 5.20 millions

(b) Total amount spent during the financial year :Rs 5.20 millions

(c) Amount unspent, if any :NIL

(d) Manner in which the amount spent during the financial year:

Sl.No	CSR Project or activity identified	Sector in which the project is covered	Project or Programs (1) Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) Project or programs wise (in Rs in millions)	Amount spent on the projects or programs Sub- heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period (in Rs in millions)	Amount spent direct or through implementing agency*.
1.	Promotion of inborn entrepreneurial skills of underprivileged women in the society.	Empowering women - Education	Local limit of Thrissur.	5.20	-	5.20	Through The Agency- K.P. Paul Foundation in association with Rajagiri Out-reach.
	TOTAL			5.20	-	5.20	

* Details of implementing agency:

K.P. Paul Foundation- K.P Paul foundation is a registered trust started in the memory of Late Shri. K.P Paul, founder of M/s popular Vehicles & Services Private Limited. K.P. Paul Foundation began its association with Rajagiri OUT-REACH in the year 2008 in undertaking similar programmes or projects as listed above. The programme is being implemented at Thrissur intending to make women self reliant and sustainable through entrepreneurship programmes.

Rajagiri out- reach is the professional service wing of Rajagiri College of Social Sciences and the major live lab reaching out the communities and the society at large through various field offices established across the state of Kerala.

6. Reason for the balance amount being not spent during the year: NA

7. CSR Responsibility Statement:

The CSR Committee affirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

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

Sd/-

Sd/-

Place: Kochi-25
Date: 22.09.2020

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

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

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Popular Vehicles And Services Limited (CIN: U50102KL1983PLC003741) (hereinafter called the Company), having registered office at Kuttukaran Centre, Mamangalam, Cochin, Ernakulam, Kerala, Pin- 682025 and incorporated on 05.07.1983, carrying on the business of purchase, sale and services of automobiles, spare parts and accessories. The company has four subsidiaries and three step down subsidiaries. Popular Mega Motors (India) Private Limited, Popular Auto Dealers Private Limited, Kuttukaran Cars Private Limited (Formerly known as Prabal Motors Private Limited) and Popular Auto Works Private Limited are subsidiaries which are also engaged in the business of purchase, sale and services of automobiles, spare parts and accessories and Vision Motors Private Limited, Kuttukaran Pre Owned Cars Private Limited, both engaged in the business of purchase, sale and services of automobiles, spare parts and accessories and Avita Insurance Broking LLP are step down subsidiaries. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31.03.2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under-
Not applicable as the company is an unlisted public company;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
The company has dematerialized its share certificates and appointed M/s Link Intime India Private Limited having Registered office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai, Mumbai City, Maharashtra- 400083 as Registrar and Transfer Agent (RTA) to comply with the provisions of the Act;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; There was no Foreign Direct Investment in the company and the company has not made any new Overseas Direct Investment and also had not availed External Commercial Borrowings during the period under report.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (LODR) Regulations, 2015- Not applicable as the company is an unlisted public company;
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not applicable as the company is an unlisted public company;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not applicable as the company is an unlisted public company;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not applicable as the company is an unlisted public company;
 - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable as the company is an unlisted public company and has not offered any Employee Stock Option Scheme and Employee Stock Purchase Scheme during the period under review;
 - f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014-Not applicable as the company is an unlisted public company and has not offered any shares or granted any options pursuant to any Employee Benefit Scheme during the period under review;
 - g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 -- Not applicable as the company is an unlisted public company and has not issued and listed any debt securities during the period under review;
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - Not applicable as the company is an unlisted public company and not registered as Registrars to an Issue and Share Transfer Agent;

- i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the company is an unlisted public company; and
- j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not applicable as the company is an unlisted public company and has not bought back any securities during the period under review.

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

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

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

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

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

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

I further report that the compliance by the company of the financial laws like direct and indirect tax laws and various labour laws and other laws has not been reviewed in this audit, since they do not come under the scope of this audit. However based on the information received and records maintained by the company and on their examination I report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with general laws like labour laws, Competition law, environmental laws, rules, regulations and guidelines.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The company has appointed whole time Key Managerial personnel viz; Managing Director, Company Secretary, Chief financial Officer and Chief Executive Officer. The following changes in the composition of the Board of directors and other KMPs took place during the audit period and were carried out in compliance with the provisions of the Act.

- a) The Company at the Annual General Meeting held on 26.09.2019, by Special resolution accorded consent for payment of remuneration and benefits to Mr. John K.Paul, Managing Director of the Company, pursuant to Section 197 of the Act ,even if in any financial year, the company has no profits or inadequate profit. The Board approved and Recommended to the shareholders for payment of remuneration to Mr. John K Paul Managing Director in the event of loss or inadequate profit in any financial year at the Board meeting held on 26.07.2019. Form MGT-14 was duly filed with the Register as per section 117 (3) of the Companies, Act, 2013.
- b) The Company in the Extra Ordinary General Meeting held on 10.12.2019 reappointed Mr. John K Paul, as Managing Director (DIN: 00016513) and Mr. Francis K Paul, by a Special resolution as Wholetime Director (DIN: 00018825) of the company, for a period commencing from 01.04.2020 to 31.03.2022, liable to retire by rotation and to pay remuneration and benefits to him, even if in any financial year the Company has no profits or inadequate profits. Nomination and Remuneration Committee at the meeting held on 26.07.2019 and the Board at the Board meeting held on 06.11.2019 respectively considered and approved and recommended for the reappointment of Mr. John K Paul, as Managing Director and Mr. Francis K Paul, as Whole Time Director of the company as aforesaid. Form MGT-14 was duly filed with the Register as per section 117 (3) of the Companies, Act, 2013.
- c) Mr. Naveen Philip, Director (DIN: 00018827), who retired by rotation was re-appointed as Director of the Company at the 35th Annual General Meeting held on 26.09.2019 as recommended by the Board at the meeting held on 26.07.2019.
- d) During the period under report, the directors of the company have filed Web-Form DIR-3 KYC WEB or Form DIR-3-KYC as the case may be with MCA/ROC as it has been made mandatory for the DIN holders to update the DIN Status within the stipulated date by the MCA for updating its register with latest and personal information of DIN holders vide notification dated 5th July 2018.

I further report that the company has held Five (5) Board meetings during the period under report, respectively on 26.07.2019, 03.10.2019, 06.11.2019, 15.01.2020 and 27.02.2020 and adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent in advance duly complying with the time limits specified and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In addition to the general business and statutory matters, the Board has in the meeting held on 26.07.2019 considered and approved related party transactions (in the nature of sale and supply of goods or materials, availing/rendering of services, Selling or otherwise disposing off or buying property of any kind and Leasing of property of any kind) between the company and the

subsidiary companies to be carried out on arms length basis in the ordinary course of business during the financial year 2019-20). The Board at the meeting held on 15.01.2020 ratified and approved enhancement of the limit of related party transaction with Popular Auto Dealers Private Limited from Rs.100 Million to Rs.200 Million. The Board at the meeting held on 27.02.2020 accorded approval for entering into related party transactions during the financial year 2020-21.

Regarding evaluation of the performance of Independent Directors by the Board, in accordance with schedule IV, u/s 149 (8) of the Companies Act, 2013, it was explained by the company that since there is no mention, in the schedule, as to such evaluation on yearly basis and is said to be taken to decide on their reappointment, it has not been taken on yearly basis.. The Board took note of the declaration u/s 149(7) of the Act regarding whether Independent Directors meet the criteria of Independence u/s 149(6) and ensured it and also noted that independent directors are not disqualified to act as such. The Board also noted at the meeting held on 26.07.2019, the declaration given by the directors pursuant to section 164(2) of the Act and ensured that none of the directors are disqualified under the provisions of section 164(2) of the Act. Disclosure of interest and shareholding of Directors pursuant to section 184(1) of the Act is also considered and read over in the meeting held on 26.07.2019. Change in interest of Mr. John K. Paul, Managing Director and Mr. Naveen Philip, Director of the Company is also disclosed and noted in the Board meeting held on 06.11.2019. The Board in the meeting held on 26.07.2019 has also considered and approved the draft financial statements as on 31.03.2019 as well as Auditor's Report and Board's Report thereon, draft notice of 35th AGM and fixed AGM date. The Board took note of the Appointment of KMPs of the Company viz Mr. Philip Chacko M, Chief Executive Officer, Mr. John Verghese, Chief Financial Officer and Mr. Varun T.V. Company Secretary, respectively as CEO, CFO and CS of Popular Auto works Private Limited, wholly owned subsidiary of the Company without any additional remuneration in compliance with Section 203(3) of the Act. The Board at the meeting held on 06.11.2019 has noted the Appointment of Mrs. Surya Sobin presently the Assistant Company Secretary of the Company, as the Company Secretary of the subsidiary companies, namely Popular Mega Motors (India) Private Limited and Vision Motors Private Limited without any additional remuneration, in compliance of the provisions of Section 203(3) of the Companies Act, 2013. As per Section 203(3) of the Companies Act, 2013, a KMP of the Holding Company can be appointed as the KMP of its Subsidiary.

During the period under report, the company has at the Board meeting held on 26.07.2019, appointed Mr. Abraham Varkey, Chartered Accountant as Internal Auditor of the Company as per Section 138(1) for a period of Three years with effect from 01st April 2019 to 31st March 2022 and also appointed Secretarial Auditor for conducting Secretarial Audit pursuant to Section 204 of the Act for a period of Three years with effect from 01st April 2019 to 31st March 2022. Remuneration of M/s BSR & Associates LLP, Statutory Auditors of the Company for the Financial Year 2018-19 was fixed by the board at their meeting held on 26.07.2019 as authorised in the Annual General Meeting. The Company has filed Form MGT-14 as per the provisions of section 117 read with Section 179 of the Companies Act, 2013 and rules made thereunder, for the said appointments, thereby ensuring compliance. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

During the period under report, the Audit committee has met two times respectively on 26.07.2019 and 27.02.2020. The Audit Committee Meeting held on 26.07.2019 has considered, discussed and recommended to the Board Standalone & Consolidated Financial Statements of the company as on 31.03.2019 and Auditors Report thereon and took note of the circular Resolution passed by the Members of Audit Committee on 17.04.2019 for entering into Related Party Transactions by the Company for the financial year 2019-20 and approved draft Vigil Mechanism Policy. Audit committee also scrutinized the Investments, Corporate Guarantee and Security made by the Company, considered appoint of Internal Auditor of the Company. The Audit Committee held on 27.02.2020 has considered internal audit report of the company gave omnibus approval for entering into Related Party Transactions for the Financial Year 2020-21 and evaluated and reviewed all items and appraised and discussed about the comments in the report. The Audit committee has also made the evaluation of risk management systems, transaction of the company with related parties and also considered matters such as remuneration and terms of appointment of auditors of the company.

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

Separate meeting of the independent directors without the attendance of non-independent directors and the members of the management scheduled to be held on 27.02.2020 was adjourned for want of quorum. So in order to comply with the requirement of the provisions of schedule IV (Code of Independent Directors-Para VII (a) in respect of review of performance of non-independent directors of the company and the board as a whole evaluation sheets collated and sent to the members of the committee by email for evaluation and the approval was taken by passing circular resolution. As per General Circular No. 11/2020 dated 24th March, 2020 issued by Ministry of Corporate Affairs, for the financial year 2019-20, if the Independent Directors of a company have not been able to hold meeting, the same shall not be viewed as a violation and they may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

During the period under report, the meeting of the Nomination and Remuneration Committee has held on 26.07.2019 and evaluated the performance of Directors as per Section 178(2) and formulated remuneration policy of Key Managerial Personnel as per Section 178(4) of the Act. Further the proposal for Reappointment of Mr. John K Paul, as Managing Director (DIN:00016513) and Mr. Francis K Paul, as Whole Time Director (DIN: 00018825) of the company for a period of two years commencing from 01st April, 2020 to 31st March, 2022 was considered and unanimously agreed. And the committee authorised the Chairman of the

Committee to inform the board accordingly. The proceedings of the above committee was duly recorded and signed by the Chairman. The Board considered and approved the reappointment of Mr. John K Paul, as Managing Director and Mr. Francis K Paul, as Whole Time Director at the Board meeting held on 06.11.2019.

CSR Committee Meeting was held on 27.02.2020 which reviewed CSR activities during the financial year 2019-20 and noted that the amount spent towards it. And also approved CSR budget for financial year 2020-21 and proceedings was duly recorded and signed by the Chairman. The Board meeting held on 06.11.2019 took note of the update on amount spent or to be spent by the company on CSR activities.

During the financial year ending 31.03.2020, Meetings of subcommittee, Finance and Authorisation Committee were held on 13.04.2019, 31.05.2019, 08.07.2019, 06.08.2019, 14.10.2019, 15.11.2019, 05.12.2019, 15.01.2020, 11.02.2020 and 07.03.2020 respectively. The proceedings of the above committee was duly recorded and signed by the Chairman. The Board meeting held on 26.07.2019 had fixed the powers of Finance and Authorisation Committee.

The Annual General Meeting of the company for the financial year ending 31.03.2019 was held on 26.09.2019. Apart from this, Extra Ordinary General Meetings of the Members of the Company were duly called and held on 03.06.2019 and 10.12.2019 respectively. The proceedings of the above meetings were recorded and signed by the Chairman.

The company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the period under report the Company has filed:

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

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

(iii) e-Form INC-22 (Active Tagging Identities and Company Verification) with ROC pursuant to Section 12 (9) of the Companies Act, 2013 read with Rule 25A of the Companies (Incorporation) Rules, 2014, thereby the status of the company is Active Compliant as per MCA Records.

I further report that based on the information received and records maintained by the company there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has the following specific events/actions having a major bearing on the company's affairs in pursuance of the above

referred laws, rules, regulations, guidelines, standards etc; in addition to creation, modification and satisfaction of charges:

- 1) The Company in the Extra Ordinary General Meeting held on 03.06.2019 had decided the following and Form MGT-14 was duly filed with the Register as per section 117 (3) of the Companies, Act, 2013:
 - (i) The company by way of a special resolution decided to sell / transfer / dispose off the land and building housing the Company's Service Centre at Thycaud, Thiruvananthapuram to M/s Kuttukaran Homes LLP, pursuant to the provisions of section 188(1)(a) and 188(1)(b) of Companies Act, 2013 and rules made thereunder.
 - (ii) The company by way of a special resolution decided to sell / transfer / dispose off the land and building housing the Company's Sales Showroom at Killipalam, Thiruvananthapuram to M/s Kuttukaran Homes LLP, pursuant to the provisions of section 188(1)(a) and 188(1)(b) of Companies Act, 2013 and rules made thereunder.
 - (iii) The company by way of a special resolution decided to sell / transfer / dispose off the land of the Company's Service Centre at Elamakkara, Kochi to M/s Kuttukaran Homes LLP and building to Mr. John K Paul, Mr. Francis K Paul and Mr. Naveen Philip (Directors and Promoters of the Company and Designated Partners of M/s Kuttukaran Homes LLP) pursuant to the provisions of section 188(1)(a) and 188(1)(b) of Companies Act, 2013 and rules made thereunder.
 - (iv) The Company by passing a Special resolution pursuant to proviso to section 188(1) accorded consent to the proposed contract/arrangement/transaction between Company and related parties for taking the properties on lease or rent by the Company for its Showroom, Service Centers or for any other purpose, on arm's length basis.
 - (v) The Company by passing a Special Resolution authorized the Board of Directors including any Committee thereof to (i) give any loans to any person or other body corporate or (ii) give any guarantee or to provide security in connections with a loan to any other body corporate or person or (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding the limits specified under Sec.186(2) of the Companies Act,2013 subject to overall maximum limit of 500 Crore, over and above the paid up share capital of the Company and its free reserves.
- 2) At the Annual General Meeting held on 26.09.2019 the Company by way of Special resolutions accorded consent to authorize the Board of Directors of the Company to advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by M/s Prabal Motors Private Limited, a group entity upto an aggregate amount of sum not exceeding Rs.75 Crore in

their absolute discretion deem beneficial & in the best interest of the Company, pursuant to section 185 & 186 of the Act, provided that such loans are utilized by the borrowing Company for its principal business activities. Form MGT-14 was duly filed with the Register as per section 117 (3) of the Companies, Act, 2013.

- 3) The Company in the Extra Ordinary General Meeting held on 10.12.2019 had:
- (i) amended Memorandum of Association to alter Object Clause 3(a), the Main Object Clause of the Memorandum of Association of the company by inserting a new sub clause (9) after the existing sub clause (8), under the main object clause 3(a) by special resolution, as approved by the Board at the meeting held on 06.11.2019. The company has taken care of all such compliance as applicable under the Companies Act in respect of the above alteration.
 - (ii) authorised the Board of Directors of the Company to provide Intercorporate Loan/Corporate Guarantee/Security to Popular Auto Dealers Private limited, a group entity upto an aggregate amount not exceeding Rs.10 Crore by passing a Special resolution pursuant to section 185 & 186 of the Act, provided that such loans are utilized by the borrowing Company for its principal business activities. Form MGT-14 was duly filed with the Register as per section 117 (3) of the Companies, Act, 2013.
 - (iii) The board at the meeting held on 27.02.2020 accorded approval for providing Corporate Guarantee to Popular Auto Dealers Private Limited upto an amount not exceeding Rs.25 Crore subject to the approval of Members and approved draft notice of EGM to be held on 02.04.2020 for the purpose.
- 4) As decided at the Finance and Authorisation Committee meeting held on 13.04.2019, the company has granted corporate guarantee of Rs.15 Crore in favour of Bank of Baroda for the purpose of securing the credit Facility granted by Bank of Baroda to the subsidiary company M/s Popular Mega Motors (India) Private Limited. It was also taken note in the Board meeting held on 26.07.2019.
- 5) During the period under report, the company has renewed the corporate guarantee upto Rs.9 Crore granted to the subsidiary company M/s Popular Autoworks Private Limited in favour of Tata Capital Financial Services Limited for the purpose of securing the credit Facility granted by Tata Capital Financial Services Limited to the subsidiary company as decided at the Finance and Authorisation Committee meeting held on 13.04.2019 and the same has been taken note in the Board meeting held on 26.07.2019.
- 6) During the period under report, the company has given corporate guarantee up to Rs.20 Crore (Rs.15 Crore renewal and Rs.5 Crore fresh guarantee) granted to the subsidiary company M/s Popular Mega Motors (India) Private Limited in favour of IndusInd Bank Limited to secure the credit Facility granted by IndusInd Bank Limited to the subsidiary

company as decided at the Finance and Authorisation Committee meeting held on 08.07.2019 and the same has been taken note in the Board meeting held on 26.07.2019.

- 7) In the Finance and Authorisation Committee meeting held on 06.08.2019, the company has granted in principal approval for giving inter corporate loan to subsidiary company M/s Popular Autoworks Private Limited upto an aggregate amount not exceeding Rs.8,00,00,000/- (Rupees Eight Crore only) for a period of seven years beginning from the date of disbursal, at a rate of interest of 9.65% per annum. It was also taken note in the Board meeting held on 03.10.2019.
- 8) The Finance and Authorisation Committee meeting held on 14.10.2019 gave consent to subscribe 7,09,682 Equity shares of Rs.10/- each at an issue price of Rs.155/- per share of wholly owned Subsidiary Company M/s Popular Mega Motors (India) Private Limited on Rights issue basis and the same has been taken note in the Board meeting held on 06.11.2019.
- 9) During the period under report, the company has granted corporate guarantee upto Rs.2 Crore to the subsidiary company M/s Popular Auto Dealers Private Limited in favour of Standard Chartered Bank to secure the credit Facility granted by Standard Chartered Bank to the subsidiary company as decided at the Finance and Authorisation Committee meeting held on 15.11.2019 and the same has taken note in the Board meeting held on 15.01.2020.
- 10) During the period under report, the company has granted corporate guarantee upto Rs.2 Crore to the subsidiary company M/s Popular Mega Motors (India) Private Limited in favour of Sundaram Finance Limited to secure the credit Facility granted by Sundaram Finance Limited to the subsidiary company as decided at the Finance and Authorisation Committee meeting held on 11.02.2020 and the same has been taken note in the Board meeting held on 27.02.2020.
- 11) During the period under report, the company has made renewal of the corporate guarantee furnished in favour of State Bank of India in relation to the credit facility of Rs.20 Crore availed by subsidiary company M/s Popular Mega Motors (India) Private Limited as decided at the Finance and Authorisation Committee meeting held on 07.03.2020.
- 12) During the period under report, the board of directors of the company at their meeting held on 26.07.2019 fixed the limit for finance and Authorisation Committee for investing funds of the Company upto an amount of Rs.100 Crore in the securities or other instruments of any other Companies/Trusts/Firms, giving guarantee/issuing letters of comfort/providing securities, providing corporate guarantee/performance guarantee upto an amount of Rs 300 crores, borrowing monies by way of short term/ long term loans, cash credit arrangements up to an amount of Rs 500 Crores and providing corporate guarantee/performance guarantee within the limits approved by the Board upto an amount of Rs 300 Crores.

- 13) During the period under report, the Board at the meeting held on 26.09.2019 considered the proposal of taking over the business of Paramount Wheels Private Limited (Paramount) and for extending an Interim Finance upto an amount of Rs.75 Lakh to Paramount Wheels Private Limited under the Corporate Insolvency Resolution Process (CIRP) of the Insolvency and Bankruptcy Code, 2016. The resolution plan for Paramount Wheels Private Limited was approved at the Boar meeting held on 03.10.2019.

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

Sd/-

UDIN: A009868B000562959

Place: Kochi-18

Date: 22.09.2020

M.C SAJUMON

Practising Company Secretary

ACS No: 9868, C P. No.: 2385

ICSI Unique Code: I1995KE067800

Per Review Cert. No. 713/2020

‘Annexure A’

ANNEXURE TO SECRETARIAL AUDIT REPORT

To

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

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

1. Maintenance of Secretarial or other statutory records is the responsibility of the management of the company. My responsibility is to express an opinion on these records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
5. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

UDIN: A009868B000562959
Place: Kochi-18
Date: 22.09.2020

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

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.

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

Sd/-

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: 116231W /W-100024

Sd/-

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

Sd/-

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
Assets			
Non-current assets			
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
Financial assets			
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
Total non-current assets		4,254.29	2,461.64
Current assets			
Inventories	8	2,164.86	1,778.35
Financial assets			
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
Total current assets		3,498.54	3,376.27
Assets held for sale	38	-	32.46
Total assets		7,752.83	5,870.37
Equity and liabilities			
Equity			
Equity share capital	13	125.44	125.44
Other equity		1,689.64	1,697.55
Total equity		1,815.08	1,822.99
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	286.39	224.56
Lease liabilities	35	1,587.08	-
Provisions	16	26.44	89.73
Deferred tax liabilities (net)	28	-	26.16
Other non-current liabilities	17	156.97	89.11
Total non-current liabilities		2,056.88	429.56
Current liabilities			
Financial liabilities			
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
Provisions	16	25.58	25.88
Other current liabilities	17	462.87	324.52
Total current liabilities		3,880.87	3,617.82
Total equity and liabilities		7,752.83	5,870.37
Significant accounting policies	3		

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/W-100024

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**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
Income			
Revenue from operations	19	18,392.37	22,525.15
Other income	20	54.74	128.80
Total income		18,447.11	22,653.95
Expenses			
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
Total expenses		18,610.62	22,464.37
(Loss)/ profit before tax and exceptional item		(163.51)	189.58
Exceptional item	27	261.28	-
Profit before tax		97.77	189.58
Tax expense			
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)
Total tax expense/ (income)		(36.74)	66.82
Profit for the year		134.51	122.76
Other comprehensive income			
<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
Other comprehensive income/(loss) for the year, net of income tax		26.62	(3.43)
Total comprehensive income for the year		161.13	119.33
Earnings per share (equity share of face value of INR 10 each)			
Basic and diluted (in INR)	30	10.73	10.00
Significant accounting policies			
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

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

CIN: U50102KL1983PLC003741

Baby Paul

Partner

Membership No.: 218255

Kochi

22 September 2020

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 T V

Company Secretary

Membership no. 22044

Popular Vehicles and Services Limited

Standalone 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

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

CIN: U50102KL1983PLC003741

Baby Paul

Partner

Membership No: 218255

Kochi

22 September 2020

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 T V

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
Cash flows from operating activities		
(Loss)/ profit before tax and exceptional item	(163.51)	189.58
Adjustments:		
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)
Operating cash flow before working capital changes	584.21	458.78
Adjustments for changes in working capital		
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
Cash generated from/ (used in) operations	1,511.64	(649.78)
Taxes paid, net of refund received	(46.08)	(77.76)
Net cash generated from/ (used in) operating activities (A)	1,465.56	(727.54)
Cash flows from investing activities		
Acquisition of investments in a subsidiary	(110.00)	(370.67)
Acquisition of other investments	(93.61)	(1.90)
Intercorporate 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
Net cash used in investing activities (B)	(279.55)	(370.33)
Cash flows from financing activities		
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)	-
Net cash (used in)/ generated from financing activities (C)	(1,160.14)	1,003.06
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	25.87	(94.81)
Cash and cash equivalents at the beginning of the year	114.65	209.46
Cash and cash equivalents at the end of the year	140.52	114.65

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

for and on behalf of the Board of Directors of
Popular Vehicles and Services Limited
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Chief Executive Officer

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22 September 2020

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

Basis of preparation and significant accounting policies

1. Company overview

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

The Company has six subsidiaries; Popular Mega Motors (India) Private Limited, Vision Motors Private Limited, Popular Auto Dealers Private Limited, Kuttukaran Cars Private Limited, 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.

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

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 standalone the 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 standalone the financial statements (continued)

3. Significant accounting policies (continued)

3.2 Intangible assets

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

The estimated useful lives are as follows:

Class of assets	Years
Software	3
Brand	15

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

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

3.3 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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 standalone the 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.

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

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 standalone the 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 standalone the 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.

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

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.

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

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.

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

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.

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

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.

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

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)
Gross carrying value														
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
Balance at 31 March 2019	107.39	111.62	538.93	80.43	77.29	302.34	57.70	237.82	63.89	35.31	7.55	1,620.27	276.23	1,896.50
Balance at 1 April 2019	107.39	111.62	538.93	80.43	77.29	302.34	57.70	237.82	63.89	35.31	7.55	1,620.27	276.23	1,896.50
Additions	-	23.99	138.74	28.33	28.73	63.21	8.61	45.36	13.46	15.35	3.43	369.21	217.41	586.62
Disposals	-	0.94	21.61	0.97	5.96	0.56	0.87	45.70	0.34	0.26	0.82	78.03	261.40	339.43
Balance at 31 March 2020	107.39	134.67	656.06	107.79	100.06	364.99	65.44	237.48	77.01	50.40	10.16	1,911.45	232.24	2,143.69
Accumulated Depreciation														
Balance at 1 April 2018	-	6.62	93.71	18.47	20.54	52.41	14.15	28.34	12.09	9.25	1.36	256.94	-	256.94
Depreciation for the year	-	2.28	44.11	9.68	9.88	28.47	6.34	31.93	12.94	5.69	0.87	152.19	-	152.19
Disposals	-	4.65	12.17	6.39	2.30	22.30	1.26	13.63	0.43	0.57	0.03	63.73	-	63.73
Balance at 31 March 2019	-	4.25	125.65	21.76	28.12	58.58	19.23	46.64	24.60	14.37	2.20	345.40	-	345.40
Balance at 1 April 2019	-	4.25	125.65	21.76	28.12	58.58	19.23	46.64	24.60	14.37	2.20	345.40	-	345.40
Depreciation for the year*	-	8.26	50.09	11.69	11.47	30.64	7.25	33.63	20.25	8.11	0.98	182.37	-	182.37
Disposals	-	0.32	15.05	0.70	4.39	0.29	0.61	19.91	0.31	0.24	0.54	42.36	-	42.36
Balance at 31 March 2020	-	12.19	160.69	32.75	35.20	88.93	25.87	60.36	44.54	22.24	2.64	485.41	-	485.41
Net carrying amount														
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
Gross carrying amount			
Balance at 1 April 2018	14.39	49.47	63.86
Additions	2.73	-	2.73
Disposals	-	-	-
Balance at 31 March 2019	17.12	49.47	66.59
Balance at 1 April 2019	17.12	49.47	66.59
Additions	11.84	-	11.84
Disposals	-	-	-
Balance at 31 March 2020	28.96	49.47	78.43
Accumulated amortisation			
Balance at 1 April 2018	5.37	6.51	11.88
Amortisation for the year	3.10	3.16	6.26
Balance at 31 March 2019	8.47	9.67	18.14
Balance at 1 April 2019	8.47	9.67	18.14
Amortisation for the year	3.18	3.17	6.35
Balance at 31 March 2020	11.65	12.84	24.49
Net carrying amount			
At 31 March 2020	17.31	36.63	53.94
At 31 March 2019	8.65	39.80	48.45

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		
<i>Investments in equity instruments of subsidiaries (at cost less provision for other than temporary impairment), fully paid-up</i>		
Investment in subsidiaries		
Popular Auto Dealers Private Limited 38,534 (31 March 2019: 38,534) equity shares of face value of INR 100 each	48.70	48.70
Popular Mega Motors (India) Private Limited 6,943,963(31 March 2019: 6,234,281) equity shares of face value of INR 10 each	309.57	199.57
Popular Autoworks Private Limited 25,111,780 (31 March 2019: 25,111,780) equity shares of face value of INR 10 each	247.23	247.23
Kuttukaran Cars Private Limited (formerly known as Prabal Motors Private Limited) 2,000,000 (31 March 2019: 2,000,000) equity shares of face value of INR 10 each	15.50	15.50
Less: Provision for diminution in value	(15.50)	(15.50)
<i>Investments in preference shares at FVTPL</i>		
Prabal Motors Private Limited (formerly known as Popular Kuttukaran Cars Private Limited) 20,000 (31 March 2018 : 20,000) preference shares of face value of INR 10 each	0.20	0.20
Investment in others at FVTPL		
<i>Quoted</i>		
Muthoot Finance Limited 469 (31 March 2019: 469) equity shares of face value of INR 10 each	0.29	0.29
Investment in mutual funds at FVTPL		
<i>Unquoted</i>		
Aditya Birla Sunlife Equity Fund - Regular Growth 2,546.40 (31 March 2019: 864.45)	1.37	0.63
HDFC Small Cap Fund - Regular Growth 47,441.49 (31 March 2019: 16,501.22)	1.24	0.74
Kotak Emerging Equity Scheme Fund - Regular Growth 48,290.10 (31 March 2019: 16,439.85)	1.43	0.64
Total investments	610.03	498.00
Aggregate value of non-current investments-unquoted	609.74	497.71
Aggregate book/ market value of non-current investments-quoted	0.29	0.29
Aggregate provision for impairment in value of investment	(15.50)	(15.50)
Current investments		
Investment in mutual funds at FVTPL		
<i>Unquoted</i>		
ICICI Prudential Overnight Fund - Regular Growth 418,262.50 (31 March 2019: Nil)	45.01	-
Kotak Overnight Fund Regular Plan - Regular Growth 42,250.32 (31 March 2019: Nil)	45.00	-
	90.01	-
Aggregate value of current investments-unquoted	90.01	-
7 Other assets		
Non-current		
<i>Unsecured, considered good</i>		
Capital advances	14.16	6.80
Prepayments	29.25	28.18
Balance with statutory / government authorities *	33.31	35.92
	76.72	70.90
Current		
<i>Unsecured, considered good</i>		
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
	549.13	251.96
	625.85	322.86

* 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
8 Inventories		
<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
	2,164.86	1,778.35
<p>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).</p>		
9 Trade receivables		
Current		
<i>Unsecured</i>		
considered good	512.11	1,211.30
considered doubtful	31.46	21.80
	543.57	1,233.10
Allowances for expected credit loss (refer note 34 B(ii))	(31.46)	(21.80)
Net trade receivables	512.11	1,211.30
Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties	10.69	8.37
Net trade receivables	10.69	8.37
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.		
10 Cash and cash equivalents		
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
Cash and cash equivalents in balance sheet	140.87	114.70
Book overdrafts used for cash management purposes	0.35	0.05
Cash and cash equivalents in the statement of cash flows	140.52	114.65
11 Bank balances other than cash and cash equivalents		
In deposits accounts (with original maturity more than 3 months)	21.63	19.02
Balance in banks for margin money	-	0.94
	21.63	19.96
12 Loans		
Non-current		
<i>Unsecured, considered good</i>		
Dues from related parties (refer note 37)	75.90	-
Rent and other deposits	215.53	235.04
	291.43	235.04
Current		
<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)	-
	19.93	-
	311.36	235.04

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

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
13 Share capital				
Authorised				
Equity shares of INR 10 each	15.00	150.00	15.00	150.00
	15.00	150.00	15.00	150.00
Issued, subscribed and paid-up				
<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	12.54	125.44	12.54	125.44

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

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

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

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding	Number of shares	% holding
<i>Equity shares of INR 10 each fully paid up held by</i>				
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.

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
14 Borrowings		
Non-current		
<i>Secured</i>		
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		
<i>Secured</i>		
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
<i>Unsecured</i>		
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

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

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

Lenders name	Security terms	Nature of borrowings	Tenure	As at 31 March 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
Cholamandalam Investment and Finance Company Limited	Secured by personal guarantees of John K Paul and Francis K Paul, directors of the Company.	Short term loan from financial institutions - Unsecured	45 days	3.08	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 parippassu agreement.	Short term loan from banks - Secured	45 Days	18.11	209.73
				2,099.02	2,755.67

*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
	2,755.67	(656.65)	-	-	2,099.02

*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
	1,549.52	1,206.15	-	-	2,755.67

*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
15 Other financial liabilities		
Current		
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
Book overdraft	0.35	0.05
	353.43	443.20
* 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.		
16 Provisions		
Non-current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - Gratuity *	-	57.32
Compensated absences	26.44	32.41
	26.44	89.73
Current		
<i>Provision for employee benefits</i>		
Compensated absences	25.58	25.88
	25.58	25.88
	52.02	115.61
* Also refer note 33		
17 Other liabilities		
Non-current		
Unearned revenue	156.97	89.11
	156.97	89.11
Current		
Advance from customers	392.12	155.86
Statutory dues payables	26.29	142.85
Unearned revenue	44.46	25.81
	462.87	324.52
	619.84	413.63
18 Trade payables		
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
	1,202.59	386.05

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	-	-

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

	Year ended 31 March 2020	Year ended 31 March 2019
19 Revenue from operations		
Sale of products		
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
Sale of services (servicing of automobiles)	1,476.28	1,199.54
Other operating revenues		
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
	18,392.37	22,525.15
Reconciliation of revenue from sale of products and services		
Gross revenue	18,052.32	22,318.76
Less: Discount allowed	579.94	924.85
	17,472.38	21,393.91
20 Other income		
Interest income based on effective interest rate		
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
	54.74	128.80
21 Purchases of stock-in-trade		
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
	15,638.94	20,260.90
22 Change in inventories of stock-in-trade		
Opening inventory	1,778.35	790.57
Closing inventory	2,164.86	1,778.35
	(386.51)	(987.78)
23 Employee benefits expense		
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
	1,591.28	1,584.73
24 Finance costs		
Interest on bank borrowings	203.20	204.19
Interest on lease liabilities	166.35	-
Other borrowing costs	36.07	6.00
	405.62	210.19
25 Depreciation and amortisation expense		
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	-
	357.80	158.45

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
26 Other expenses		
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
	1,003.49	1,237.88
(i) CSR expenditure		
- 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
	5.20	7.14
27 Exceptional item		
Gain on sale of property (refer note 38)	261.28	-
	261.28	-

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
28 Income taxes		
Income tax assets, net	86.56	58.15
Net income tax assets/ (liability) at the end of the year	86.56	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	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurement of the net defined benefit plans	40.92	(14.30)	26.62	(5.27)	1.84	(3.43)
	40.92	(14.30)	26.62	(5.27)	1.84	(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
<i>Deferred tax asset</i>		
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	-
Total deferred tax assets (A)	180.95	48.66
<i>Deferred tax liabilities</i>		
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(76.20)	(74.82)
Total deferred tax liability (B)	(76.20)	(74.82)
Deferred tax asset/ (liability) net (A+B)	104.75	(26.16)

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

Popular Vehicles and Services Limited

Notes to the standalone financial statements (continued)

(All amounts in Indian rupees million)

28 Income taxes (continued)

(ii) Movement in temporary differences

Movement during the year ended 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	Expiry date	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	2027-28	-	-
Total	65.10		1.81	

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
Contingent liabilities		
<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
Commitments		
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	31 March 2019
Defined benefit liability	143.06	167.37
Plan assets	164.62	110.05
Net defined benefit liability/ (asset)	(21.56)	57.32
Liability for compensated absences	52.02	58.29
Total employee benefit liability	30.46	115.61
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	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)
Re-measurements		
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in demographic assumptions	-	0.05
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in financial assumptions	(38.55)	3.23
- changes in experience over the past period	(3.86)	1.62
Defined benefit obligation as at the end of the year	143.06	167.37

ii) Reconciliation of present value of plan assets

Particulars	Year ended	
	31 March 2020	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
Re-measurements		
Return on plan assets excluding amount included in net interest on the net defined liability/(asset)	(1.49)	(0.36)
Balance at the end of the year	164.62	110.05
Net defined benefit liability/ (asset)	(21.56)	57.32

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	31 March 2019
Current service cost	18.30	22.76
Past service cost	-	-
Net interest on net defined liability	3.40	2.79
Net gratuity cost	21.70	25.55

Popular Vehicles and Services Limited

Notes to the standalone financial statements (continued)

(All amounts in Indian rupees million)

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

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	Total Carrying value	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value									
Financial assets									
Cash and cash equivalents	10	114.70	-	-	114.70	-	-	-	-
Bank balances other than cash and cash equivalents	11	19.96	-	-	19.96	-	-	-	-
Trade receivables	9	1,211.30	-	-	1,211.30	-	-	-	-
Loans	12	235.04	-	-	235.04	-	-	-	-
Financial asset measured at fair value									
Investments *	6	-	2.50	-	2.50	0.29	2.01	0.20	2.50
Total		1,581.00	2.50	-	1,583.50	0.29	2.01	0.20	2.50
Financial liabilities measured at amortised cost									
Trade payables	18	-	-	386.05	386.05	-	-	-	-
Borrowings #	14	-	-	2,755.67	2,755.67	-	-	-	-
Other financial liabilities	15	-	-	350.26	350.26	-	-	-	-
Total		-	-	3,491.98	3,491.98	-	-	-	-

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.

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)

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 IBR%.

(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	As at
	31 March 2020	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	Year ended
	31 March 2020	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	As at
	31 March 2020	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
Revenue from operations		
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	-
Lease Rental		
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
Guarantee commission received		
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
Income from rent		
Popular Auto Dealers Private Limited	2.27	0.43
Popular Mega Motors (India) Private Limited	0.47	0.54
Intercorporate loan repaid by subsidiaries		
Popular Autoworks Private Limited	-	195.00
Popular Auto Dealers Private Limited	-	30.00
Popular Mega Motors (India) Private Limited	-	85.00
Intercorporate loan given		
Popular Autoworks Private Limited	80.00	216.00
Popular Auto Dealers Private Limited	-	38.50
Popular Mega Motors (India) Private Limited	-	112.49
Interest on loan to related parties		
Popular Autoworks Private Limited	3.86	36.69
Popular Mega Motors (India) Private Limited	-	24.39
Popular Auto Dealers Private Limited	-	8.38
Purchase of assets		
Popular Mega Motors (India) Private Limited	0.09	-
Vision Motors Private Limited	0.38	-
Investment		
Popular Autoworks Private Limited	-	218.16
Popular Auto Dealers Private Limited	-	38.92
Popular Mega Motors (India) Private Limited	110.00	113.59

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
Purchase of vehicles/accessories and spares		
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
Expense met by the Company		
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
Expense met on behalf of the Company		
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
Repairs and maintenance		
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
Sale of assets		
Popular Auto Dealers Private Limited	0.43	-
Popular Autoworks Private Limited	-	1.83
Prabal Motors Private Ltd	-	0.64
Kuttukaran Homes LLP	300.50	-
Remuneration (Key Management Personnel)*		
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
Commission and incentive		
Francis K Paul	-	9.00
John K Paul	-	9.00
Repayment of loan from Directors		
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
Loans to related parties		
Popular Autoworks Private Limited	80.00	-
Trade receivables		
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
Commission and incentive payable		
Francis K Paul	-	(1.50)
John K Paul	-	(1.50)
Dues to creditors for expenses and others		
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)
Corporate guarantees		
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, Edapally, 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 **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

CIN: U50102KL1983PLC003741

Baby Paul

Partner

Membership No.: 218255

Kochi

22 September 2020

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 T V

Company Secretary

Membership no. 22044

INDEPENDENT AUDITORS' REPORT

To the Members of Popular Vehicles and Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Popular Vehicles and Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Independent Auditors' Report *(continued)*

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

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 consolidated financial statements, which describes the disruptions the Group is facing as a result of COVID-19 which is impacting Group'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 Group'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 Group 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.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

Independent Auditors' Report *(continued)*

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

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

give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

Independent Auditors' Report *(continued)*

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

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

obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

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

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

Other Matters

- (a) We did not audit the financial statements / financial information of six (number) subsidiaries, whose financial statements/financial information reflect total assets of Rs.4,528.47as at 31 March 2020, total revenues of Rs.13,620.22 and net cash flows amounting to Rs.103.56 for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Independent Auditors' Report *(continued)*

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

Other Matters *(continued)*

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

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 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 financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 29 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Group during the year.

Independent Auditors' Report *(continued)*

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

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

- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

for **B S R & Associates LLP**

Chartered Accountants

Firm's registration No.: 116231W/ W-100024

Sd/-

Baby Paul

Partner

Membership No.: 218255

ICAI Unique Document Identification Number:

Kochi

22 September 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Popular Vehicles and Services Limited for the period ended 31 March 2020.

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Popular Vehicles and Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020 based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

Popular Vehicles and Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statement *(continued)*

Auditors' responsibility *(continued)*

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of internal financial controls with reference to consolidated financial statements

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

Inherent limitations of internal financial controls with reference to consolidated financial statements

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

Popular Vehicles and Services Limited

Annexure A to the Independent Auditors' report on the consolidated financial statement *(continued)*

Other matters

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

for **B S R & Associates LLP**

Chartered Accountants

Firm's registration No.: 116231W/ W -100024

Sd/-

Baby Paul

Partner

Membership No.: 218255

ICAI Unique Document Identification Number:

Kochi

22 September 2020

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

	Note	As at 31 March 2020	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	4	2,258.71	2,061.39
Capital work-in-progress	4	293.67	276.23
Right-of-use assets	34	2,401.24	-
Intangible assets	5	55.92	61.56
Financial assets			
Investments	6	21.81	17.36
Loans	7	329.20	346.89
Deferred tax assets (net)	28	227.29	45.27
Income tax assets (net)	28	156.45	105.85
Other non-current assets	8	179.93	147.09
Total non-current assets		5,924.22	3,061.64
Current assets			
Inventories	9	2,873.28	3,577.30
Financial assets			
Investments	6	90.01	-
Trade receivables	10	1,088.91	2,653.19
Cash and cash equivalents	11	375.28	247.70
Bank balances other than cash and cash equivalents	12	47.48	43.15
Loans	7	15.83	-
Other current assets	8	872.55	418.21
Total current assets		5,363.34	6,939.55
Assets held for sale	38	24.00	56.46
Total assets		11,311.56	10,057.65
Equity and liabilities			
Equity			
Equity share capital	13	125.44	125.44
Other equity		2,002.27	2,154.76
Total equity		2,127.71	2,280.20
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	472.99	462.62
Lease liabilities	34	2,656.52	-
Provisions	16	56.66	117.01
Deferred tax liabilities (net)	28	-	26.16
Other non-current liabilities	17	156.97	102.05
Total non-current liabilities		3,343.14	707.84
Current liabilities			
Financial liabilities			
Borrowings	14	2,766.46	4,827.72
Lease liabilities	34	304.94	-
Trade payables	18		
- Total outstanding dues of micro and small enterprises		0.65	4.13
- Total outstanding dues of creditors other than micro and small enterprises		1,333.43	741.29
Other financial liabilities	15	693.62	858.96
Provisions	16	30.28	29.32
Other current liabilities	17	711.33	608.20
Total current liabilities		5,840.71	7,069.62
Total equity and liabilities		11,311.56	10,057.66
Significant accounting policies	3		

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

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

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

Baby Paul
Partner
Membership No.: 218255

John K Paul
Managing Director
DIN: 00016513

Francis K Paul
Whole Time Director
DIN: 00018825

Kochi
22 September 2020

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
Consolidated 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
Income			
Revenue from operations	19	31,767.01	39,055.58
Other income	20	88.34	143.73
Total income		31,855.35	39,199.31
Expenses			
Purchases of stock-in-trade	21	26,157.63	35,212.47
Changes in inventories of stock-in-trade	22	704.02	(1,405.65)
Employee benefits expense	23	2,385.71	2,340.70
Finance costs	24	696.07	424.56
Depreciation and amortisation expense	25	610.93	250.82
Other expenses	26	1,482.32	1,975.11
Total expenses		32,036.68	38,798.01
(Loss)/ profit before tax and exceptional item		(181.33)	401.30
Exceptional Item	27	261.28	-
Profit before tax		79.95	401.30
Tax expense			
Current tax (including MAT for the current year)	28	33.11	153.40
Current tax for earlier years	28	-	1.88
Deferred tax credit (including MAT credit entitlement)	28	(78.06)	(25.08)
Total tax expense/ (income)		(44.95)	130.20
Profit for the year		124.90	271.10
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of net defined benefit plan		(37.57)	4.58
Income tax (credit)/ charge relating to item that will not be reclassified to profit or loss		13.24	(1.12)
Other comprehensive (income)/ loss for the year, net of income tax		(24.33)	3.46
Total comprehensive income for the year		149.23	267.64
Earnings per share (equity share of face value of INR 10 each)			
Basic and diluted (in INR)	30	9.96	22.09
Significant accounting policies	3		

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

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

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

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22 September 2020

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Chief Executive Officer

Kochi
22 September 2020

Popular Vehicles and Services Limited

Consolidated 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	Other reserves	Capital reserve	Retained earnings	Remeasurement of net defined benefit liability/ (asset), net of tax	
Balance as at 1 April 2018	636.68	43.41	(16.82)	21.75	1,288.34	-	1,973.36
Total comprehensive income for the year							
Profit for the year	-	-	-	-	271.10	-	271.10
Other comprehensive loss, net of tax	-	-	-	-	-	(3.46)	(3.46)
Total comprehensive income/ (loss)					271.10	(3.46)	267.64
Transferred to retained earnings	-	-	-	-	(3.46)	3.46	-
Transactions with owners, recorded directly in equity							
Amount utilised for bonus issue	-	-	-	-	(86.24)	-	(86.24)
Total contributions by and distributions to owners					(86.24)		(86.24)
Balance as at 31 March 2019	636.68	43.41	(16.82)	21.75	1,469.74	-	2,154.76
Balance as at 1 April 2019	636.68	43.41	(16.82)	21.75	1,469.74	-	2,154.76
Total comprehensive income for the year							
Impact on account of transition to Ind AS 116, net of deferred tax (refer note 34)	-	-	-	-	(301.72)	-	(301.72)
Profit for the year	-	-	-	-	124.90	-	124.90
Other comprehensive income, net of tax	-	-	-	-	-	24.33	24.33
Total comprehensive income/ (loss)					(176.82)	24.33	(152.49)
Transferred to retained earnings	-	-	-	-	24.33	(24.33)	-
Balance as at 31 March 2020	636.68	43.41	(16.82)	21.75	1,317.25	-	2,002.27

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) Capital reserve

This reserve represents the difference between the value of net asset transferred from the Group and the consideration received on account of scheme of demerger.

d) Remeasurement of net defined benefit liability/ (asset)

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

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

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of

Popular Vehicles and Services Limited

CIN:U50102KL1983PLC003741

Baby Paul

Partner

Membership No.: 218255

Kochi

22 September 2020

John K Paul

Managing Director

DIN: 00016513

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Whole Time Director

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John Verghese

Chief Financial Officer

Varun T V

Company Secretary

Membership no. 220.

Philip Chacko M

Chief Executive Officer

Kochi

22 September 2020

Popular Vehicles and Services Limited

Notes to the consolidated financial statements (continued)

(All amounts in Indian rupees million)

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

Particulars	Freehold land	Buildings	Leasehold improvements	Furniture and fixtures	Electrical equipment	Plant and machinery	Tools and equipment	Motor car	Computer equipment	Office equipment	Motor cycles and trucks	Total (A)	Capital work-in-progress (B)	Total (A+B)
Gross carrying value														
Balance at 1 April 2018	124.46	535.02	451.47	174.53	93.93	462.50	51.16	401.06	50.70	35.87	16.00	2,396.70	129.15	2,525.85
Additions	-	20.33	99.63	23.58	6.66	63.15	7.93	133.56	41.87	9.95	1.60	408.26	249.90	658.16
Disposals	17.07	49.20	12.17	8.34	2.40	33.88	1.39	76.64	1.37	1.29	0.15	203.90	102.82	306.72
Balance at 31 March 2019	107.39	506.15	538.93	189.77	98.19	491.77	57.70	457.98	91.20	44.53	17.45	2,601.06	276.23	2,877.29
Balance at 1 April 2019	107.39	506.15	538.93	189.77	98.19	491.77	57.70	457.98	91.20	44.53	17.45	2,601.06	276.23	2,877.29
Additions	-	75.14	138.75	75.49	32.95	79.87	8.62	92.59	23.35	25.14	7.32	559.22	278.84	838.06
Disposals	-	0.94	21.61	1.05	5.96	1.65	0.87	127.05	0.36	0.26	0.83	160.58	261.40	421.98
Balance at 31 March 2020	107.39	580.35	656.07	264.21	125.18	569.99	65.45	423.52	114.19	69.41	23.94	2,999.70	293.67	3,293.37
Accumulated depreciation														
Balance at 1 April 2018	-	19.50	93.71	43.08	27.74	80.13	14.15	72.31	22.06	13.80	2.42	388.90	-	388.90
Depreciation for the year	-	9.06	44.11	23.17	12.42	43.66	6.34	64.84	19.22	7.65	2.35	232.82	-	232.82
Disposals	-	5.53	12.17	6.91	2.30	23.11	1.26	28.55	1.15	1.02	0.05	82.05	-	82.05
Balance at 31 March 2019	-	23.03	125.65	59.34	37.86	100.68	19.23	108.60	40.13	20.43	4.72	539.67	-	539.67
Balance at 1 April 2019	-	23.03	125.65	59.34	37.86	100.68	19.23	108.60	40.13	20.43	4.72	539.67	-	539.67
Depreciation for the year*	-	15.83	50.09	28.04	14.23	43.63	7.25	69.72	28.77	13.32	2.82	273.70	-	273.70
Disposals	-	0.32	15.05	0.73	4.39	0.79	0.61	49.37	0.33	0.24	0.55	72.38	-	72.38
Balance at 31 March 2020	-	38.54	160.69	86.65	47.70	143.52	25.87	128.95	68.57	33.51	6.99	740.99	-	740.99
Net carrying amount														
At 31 March 2020	107.39	541.81	495.38	177.56	77.48	426.47	39.58	294.57	45.62	35.90	16.95	2,258.71	293.67	2,552.38
At 31 March 2019	107.39	483.12	413.28	130.43	60.33	391.09	38.47	349.38	51.07	24.10	12.73	2,061.39	276.23	2,337.62

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 A.

* 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 consolidated financial statements (continued)

(All amounts in Indian rupees million)

5 Intangible assets

Particulars	Computer software	Other intangible assets	Total
Balance at 1 April 2018	15.35	97.37	112.72
Additions/transfers	3.44	-	3.44
Disposals	-	-	-
Balance at 31 March 2019	18.79	97.37	116.16
Balance at 1 April 2019	18.79	97.37	116.16
Additions/transfers	12.29	-	12.29
Disposals	-	-	-
Balance at 31 March 2020	31.08	97.37	128.45
Accumulated amortisation			
Balance at 1 April 2018	6.13	30.47	36.60
Amortisation/ impairment for the year	3.62	14.38	18.00
Balance at 31 March 2019	9.75	44.85	54.60
Balance at 1 April 2019	9.75	44.85	54.60
Amortisation/ impairment for the year	3.50	14.43	17.93
Balance at 31 March 2020	13.25	59.28	72.53
Net carrying amount			
At 31 March 2020	17.83	38.09	55.92
At 31 March 2019	9.04	52.52	61.56
Deemed cost as at 1 April 2016			
Particulars	Computer software	Brand name	
Gross block as at 1 April 2016		15.59	53.00
Accumulated depreciation till 1 April 2016		7.24	15.51
Net block treated as deemed cost upon transition		8.35	37.49

Popular Vehicles and Services Limited

Notes to the consolidated 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		
<i>Investments in equity shares at FVTPL</i>		
Loginomic Tech Solutions Private Limited 9,600 equity shares of INR 10 each	2.40	2.40
Less: Provision for impairment	(2.40)	(2.40)
Prabal Motors Private Limited (formerly known as Popular Kuttukaran Cars Private Limited) 20,000 (31 March 2018: 20,000) 0.01% redeemable preference shares of face value of INR 10 each)	0.20	0.20
Non-current investment in others, FVTPL		
<i>Quoted</i>		
Investments in Quoted Equity Instruments (valued at FMV), fully paid up	10.35	11.33
Investment in Mutual Fund (valued at FMV)	5.98	3.37
<i>Unquoted</i>		
Investment in mutual funds		
Nippon India Small. Cap 10,452 (31 March 2019: 2,566)	0.28	0.10
ICICI Prudential mutual fund 10,294 (31 March 2019: 3,144)	0.33	0.13
Canara Robeco mutual fund 4,354 (31 March 2019: 1,134)	0.33	0.11
Aditya Birla Sun life mutual fund 1,007 (31 March 2019: 261)	0.30	0.11
Aditya Birla Sunlife Equity Fund - Regular Growth 2,546.40 (31 March 2019: 864.45)	1.37	0.63
HDFC Small Cap Fund - Regular Growth 47,441.49 (31 March 2019: 16,501.22)	1.24	0.74
Kotak Emerging Equity Scheme Fund - Regular Growth 48,290.10 (31 March 2019: 16,439.85)	1.43	0.64
	<u>21.81</u>	<u>17.36</u>
Aggregate book value of non-current investments-unquoted	7.88	5.06
Aggregate book/ market value of non-current investments-quoted	16.33	14.70
Aggregate provision for impairment in value of investment	(2.40)	(2.40)
Current investments, unquoted		
Investment in mutual funds		
<i>Unquoted</i>		
ICICI Prudential Overnight Fund - Regular Growth 418,262.50 (31 March 2019: Nil)	45.01	-
Kotak Overnight Fund Regular Plan - Regular Growth 42,250.32 (31 March 2019: Nil)	45.00	-
	<u>90.01</u>	<u>-</u>
Aggregate book value of current investments-unquoted	90.01	-
7 Loans		
Non-current		
<i>Unsecured, considered good</i>		
Rent and other deposits	329.20	346.89
	<u>329.20</u>	<u>346.89</u>
Current		
<i>Unsecured, considered good</i>		
Rent and other deposits	15.83	-
Dues from others	5.00	-
Less: Allowances for expected credit loss (refer note 33 B(ii))	(5.00)	-
	<u>15.83</u>	<u>-</u>
8 Other assets		
Non-current		
<i>Unsecured, considered good</i>		
Capital advances	63.67	46.66
Prepayments	67.34	49.20
Balance with statutory / government authorities	48.92	51.23
	<u>179.93</u>	<u>147.09</u>
Current		
<i>Unsecured, considered good</i>		
Prepayments	28.31	36.94
Balance with statutory/ government authorities	474.87	246.47
Advance to staff	1.91	0.97
Balance with Life Insurance Corporation Gratuity Fund, net (refer note 32)	22.79	-
Payment to vendors for supply of goods and services	344.67	133.83
	<u>872.55</u>	<u>418.21</u>
	<u>1,052.48</u>	<u>565.30</u>

9 Inventories*(Valued at lower of cost and net realisable value)*

New vehicles	1,981.90	2,614.18
Used vehicles	257.55	353.18
Spares and lubricants	560.34	522.53
Accessories	73.49	87.41
	<u>2,873.28</u>	<u>3,577.30</u>

Note: Closing stock includes value of goods in transit of new vehicles for INR 818.51 million (31 March 2019: INR 815.30 million), accessories for INR 15.63 million (31 March 2019: INR 34.28 million) and spares and lubricants for INR 30.69 million (31 March 2019: INR 100.97 million)

10 Trade receivables**Current***Unsecured*

considered good	1,088.91	2,653.19
credit impaired	51.81	48.14
	<u>1,140.72</u>	<u>2,701.33</u>

Allowances for expected credit loss (refer note 33 B(ii))

credit impaired	(51.81)	(48.14)
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Net trade receivables

	<u>1,088.91</u>	<u>2,653.19</u>
--	-----------------	-----------------

For details of trade receivables pledged, refer note 14A.

The Group's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 33.

11 Cash and cash equivalents

Balance with banks	362.78	165.33
Cash on hand	7.73	30.98
Cheques on hand	4.77	51.39

Cash and cash equivalents in balance sheet

	<u>375.28</u>	<u>247.70</u>
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Less: Book overdrafts used for cash management purposes

	0.35	0.05
--	------	------

Cash and cash equivalents in the statement of cash flows

	<u>374.93</u>	<u>247.65</u>
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12 Bank balances other than cash and cash equivalents

In deposit accounts (with original maturity of more than 3 months but less than 12 months)	14.48	12.38
Balance with banks held as margin money	33.00	30.77
	<u>47.48</u>	<u>43.15</u>

Popular Vehicles and Services Limited

Notes to the consolidated financial statements (continued)

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

13 Share capital	As at 31 March 2020		As at 31 March 2019	
	Number of	Amount	Number of shares	Amount
Authorised				
Equity shares of INR 10 each	15.00	150.00	15.00	150.00
	15.00	150.00	15.00	150.00
Issued, subscribed and paid-up				
Equity shares of INR 10 each, fully paid-up	12.54	125.44	12.54	125.44
	12.54	125.44	12.54	125.44
Reconciliation of shares outstanding at the beginning and at the end of the year				
<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: Right issue of shares	-	-	0.59	5.87
Add: Bonus issue of shares	-	-	8.62	86.24
At the end of the year	12.54	125.44	12.54	125.44

(a) Terms and rights attached to equity shares

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

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

<i>Equity shares of INR 10 each fully paid up held by</i>	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% holding in the class	Number of shares	% holding in the class
a) BanyanTree Growth Capital II, LLC	4.27	34.01%	4.27	34.01%
b) Francis K Paul	2.75	21.93%	2.75	21.93%
c) John K Paul	2.75	21.93%	2.75	21.93%
d) Naveen Philip	2.75	21.93%	2.75	21.93%

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

During the 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.

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

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

Popular Vehicles and Services Limited
Notes to the consolidated financial statements (continued)
(All amounts in INR millions)

	As at 31 March 2020	As at 31 March 2019
14 Borrowings		
Non-current		
<i>Secured</i>		
Term loans from banks	378.72	265.63
Term loans from financial institutions	55.76	163.42
Vehicle loans from financial institutions	38.51	33.57
	<u>472.99</u>	<u>462.62</u>
Current		
<i>Secured</i>		
Cash credit and overdraft facilities from banks	266.88	475.03
Short term loans from banks	1,991.13	3,034.66
Short term loans from financial institutions	365.06	754.11
<i>Unsecured</i>		
Short term loans from banks	43.08	256.49
Short term loans from financial institutions	35.41	163.02
Loans from directors (refer note (ii) below)	64.90	144.41
	<u>2,766.46</u>	<u>4,827.72</u>
Add: Amount included under 'other financials liabilities'	251.47	293.61
	<u>3,017.93</u>	<u>5,121.33</u>
Total borrowings	<u>3,490.92</u>	<u>5,583.95</u>

(i) Information about the Group's exposure to interest rate and liquidity risks are included in note 33.

(ii) The loans from directors include loans taken by subsidiaries from their directors.

(iii) For details with respect to terms and conditions of borrowings, refer note 14A.

Popular Vehicles and Services Limited

Notes to the consolidated financial statements (continued)

(All amounts in INR millions)

14 Borrowings (continued)

A Statement of details of terms and conditions of the current and non-borrowings.

Nature of borrowing	Name of the lender	As at	As at	Security terms
		31 March 2020	31 March 2019	
Non-current, secured				
Term loans from banks	Federal Bank , Dhanlaxmi Bank, State Bank of India, Kotak Mahindra Bank	498.36	319.06	Secured by: a) collateral security by way of equitable mortgage over immovable properties of the group and b) personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Term loans from financial institutions	Kotak Mahindra Prime Limited , Sundram Finance Limited, Tata Motor Finance Limited	92.14	322.02	Secured by: a) equitable mortgage of common collateral securities of immovable properties of the group b) personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Vehicle loans from financial institutions	Kotak Mahindra Prime Limited, Tata Motors Finance Limited, Sundaram Finance Limited, Tata Capital	133.96	115.15	Secured by: a) hypothecation of the respective motor vehicles and b) personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Current, secured				
Cash credit and overdraft facilities from banks	Dhanlaxmi Bank, Kotak Mahindra Bank, HDFC Bank	266.88	475.03	Secured by: a) first charge on the current assets of the Group excluding specific charges given for inventory funding; b) collateral security by way of equitable mortgage of the immovable properties of the Group and c) personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Short term loan from banks	ICICI Bank, Axis Bank, Federal Bank, IndusInd Bank, Kotak Mahindra Bank, HDFC Bank	1,991.13	3,034.66	Secured by: a) exclusive charge on the stock and receivables funded by bank and marked with lien; b) equitable mortgage on residential property of the director & property belonging to the Group as collateral securities and c) personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Short term loan from financial institutions	Kotak Mahindra Prime Limited, Tata Motor Finance Limited, Tata Capital Financial Services Limited	365.06	754.11	Secured by: a) equitable mortgage of common collateral securities of immovable properties belonging to Kuttukaran Trading Ventures; b) equitable mortgage of immovable properties belonging to directors of the Company, ranking pari passu with Kotak Mahindra Bank; c) personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company and d) corporate guarantee of Kuttukaran Trading Ventures.
Current, unsecured				
Short term loans from banks	Yes Bank and IndusInd Bank	43.08	256.49	Personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Short term loans from financial institutions	Kotak Mahindra Prime Limited	35.41	163.02	Personal guarantees of John K Paul, Francis K Paul and Naveen Philip, directors of the Company.
Loans from directors	Directors	64.9	144.41	As per the agreed terms the loans were repayable with in a period of one year from the balance sheet date.
		3,490.92	5,583.95	

Note:

The balance includes current maturities of long -term borrowings

The borrowings from banks / financial institutions carry interest rates from 8% to 16% per annum

B Changes in liabilities and financial assets arising from borrowings as at 31 March 2020

Particulars	As at	Cash flows	Non cash changes		As at
	31 March 2019		Fair value changes	Others	31 March 2020
Non current borrowings	756.23	(31.77)	-	-	724.46
Current borrowings *	4,827.72	(2,061.26)	-	-	2,766.46
Total	5,583.95	(2,093.03)	-	-	3,490.92

*includes current maturities of long -term borrowings

Changes in liabilities and financial assets arising from borrowings as at 31 March 2019

Particulars	As at	Cash flows	Non cash changes		As at
	31 March 2018		Fair value changes	Others	31 March 2019
Non current borrowings	629.66	126.57	-	-	756.23
Current borrowings *	3,345.86	1,481.86	-	-	4,827.72
Total	3,975.52	1,608.43	-	-	5,583.95

*includes current maturities of long -term borrowings

Popular Vehicles and Services Limited
Notes to the consolidated financial statements (continued)
(All amounts in INR millions)

	As at 31 March 2020	As at 31 March 2019
15 Other financial liabilities		
Current maturities of long-term borrowings (refer note 14)	251.47	293.61
Interest accrued but not due on borrowings	9.76	9.04
Accrued salaries and benefits	133.85	219.08
Book overdrafts	0.35	0.05
Dues to creditors for expenses and others*	276.46	332.49
Dues to creditors for capital goods	21.73	4.69
	<u>693.62</u>	<u>858.96</u>
* Includes dues to related parties (refer note 37).		
The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in note 33.		
16 Provisions		
Non-current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - Gratuity *	17.29	73.97
Compensated absences	39.37	43.04
	<u>56.66</u>	<u>117.01</u>
Current		
<i>Provision for employee benefits</i>		
Net defined benefit liability - Gratuity *	0.30	-
Compensated absences	29.98	29.32
	<u>30.28</u>	<u>29.32</u>
	<u>156.59</u>	<u>218.69</u>
* Also refer note 32		
17 Other liabilities		
Non-current		
Unearned revenue	156.97	102.05
	<u>156.97</u>	<u>102.05</u>
Current		
Advance from customers	481.86	354.49
Statutory dues payables	172.97	221.01
Unearned revenue	56.50	32.70
	<u>711.33</u>	<u>608.20</u>
	<u>868.30</u>	<u>710.25</u>
18 Trade payables		
Total outstanding dues of micro and small enterprises	0.65	4.13
Total outstanding dues of creditors other than micro and small enterprises	1,333.43	741.29
	<u>1,334.08</u>	<u>745.42</u>
All trade payables are 'current'.		
The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 33.		
Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:		
The principal amount remaining unpaid to any supplier as at the end of the year.	0.63	4.09
The interest due on the principal remaining outstanding as at the end of the year.	0.02	0.15
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	0.15
The amount of interest accrued and remaining unpaid at the end of the year.	0.02	0.15
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 consolidated financial statements (continued)

(All amounts in Indian rupees million)

	Year ended 31 March 2020	Year ended 31 March 2019
19 Revenue from operations		
Sale of products		
Sales of new vehicles	20,916.52	28,550.14
Sale of spare parts and accessories	4,153.37	4,011.16
Sale of used vehicles	2,507.33	2,327.51
Sale of services (servicing of automobiles)	2,059.84	1,749.91
Other operating revenues		
Income from schemes and incentives	1,533.17	1,830.25
Finance and insurance commission	573.54	560.04
Income from driving school	23.24	26.57
	31,767.01	39,055.58
Reconciliation of revenue from sale of products and services		
Gross revenue	30,672.93	38,344.75
Less: Discount allowed	1,035.87	1,706.03
	29,637.06	36,638.72
20 Other income		
Interest income based on effective interest rate		
Rent deposits	8.65	6.89
Fixed deposits with banks	6.62	8.90
Gain on sale of property, plant and equipment (net)	1.68	-
Provisions/ liabilities no longer required written back	54.51	43.63
Net change in fair value of financial asset	-	0.21
Gain on sale of non-current investment (net)	-	5.26
Other non-operating income	16.88	78.84
	88.34	143.73
21 Purchases of stock-in-trade		
New vehicles	20,207.49	29,347.30
Used vehicles	2,233.98	2,259.26
Spares, lubricants and accessories	3,716.16	3,605.91
	26,157.63	35,212.47
22 Change in inventories of stock in trade		
Opening inventory	3,577.30	2,171.65
Closing inventory	2,873.28	3,577.30
	704.02	(1,405.65)
23 Employee benefits expense		
Salaries and allowances	2,096.49	2,015.36
Contribution to provident and other funds (refer note 32)	144.23	162.80
Staff welfare expense	144.99	162.54
	2,385.71	2,340.70
24 Finance costs		
Interest on bank borrowings	387.77	414.86
Interest on lease liability (refer note 34)	268.83	-
Other borrowing costs	39.47	9.70
	696.07	424.56
25 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	273.70	232.82
Depreciation on Right- of-use asset (refer note 34)	319.30	-
Amortisation on intangible assets	17.93	18.00
	610.93	250.82

26 Other expenses		
Rent (refer note 34)	103.12	499.61
Advertising and sales promotion	181.48	250.31
Consumables	225.45	177.24
Repairs and maintenance:		
Buildings	52.01	48.73
Plant and machinery	31.90	34.88
Others	54.41	51.45
Power, water and fuel	119.24	105.40
Travelling and conveyance	118.05	113.71
Housekeeping and security	100.01	93.00
Office expenses	58.11	63.67
Communication	55.07	60.94
Refurbishment charges on used vehicles	31.08	28.46
Allowances for expected credit loss on financial asset, net	37.62	31.64
Loss on sale of property, plant and equipment (net)	-	2.79
Pre delivery inspection charges	71.23	77.05
Rates and taxes	30.34	40.58
Transportation charges	48.58	56.67
Bank charges	36.65	33.05
Insurance	41.67	31.73
Management fee on used vehicles	12.10	12.95
Legal and professional	33.62	57.32
Impairment loss on investment	-	2.40
Commission paid	1.54	1.51
Donation and charity	0.36	10.39
Expenditure on corporate social responsibility (CSR) (refer note (i) below)	7.89	8.22
Miscellaneous expenses	30.79	81.41
	1,482.32	1,975.11
(i) CSR expenditure		
- Gross amount required to be spent by the Group during the year	7.89	6.55
- Amount spent during the year on (in cash)		
Construction/ acquisition of asset	-	-
On purposes other than above	7.89	8.22
	7.89	8.22
27 Exceptional item		
Gain on sale of property (refer note 38)	261.28	-
	261.28	-

Popular Vehicles and Services Limited
Notes to the financial statements (continued)
(All amounts in INR millions)

28 Taxes

	As at 31 March 2020	As at 31 March 2019
A Income taxes		
Income tax assets, net	156.45	105.85
Net income tax assets/(liabilities) at the end of the year	156.45	105.85
(i) Tax expense recognised in the statement of profit and loss	Year ended 31 March 2020	Year ended 31 March 2019
Current tax (including MAT)	33.11	153.40
Income tax for expense - earlier years	-	1.88
Deferred tax benefit (including MAT credit entitlement)	(78.06)	(25.08)
Tax expenses	(44.95)	130.20
(ii) Amount recognised in other comprehensive income	Year ended 31 March 2020	Year ended 31 March 2019
Remeasurement of the net defined benefit plans		
Loss /(gain) before tax	(37.57)	4.58
Tax benefit/ (expense)	(13.24)	1.12
Net of tax	(24.33)	3.46
(iii) Reconciliation of effective tax rate	Year ended 31 March 2020	Year ended 31 March 2019
Profit before income tax	79.95	401.30
Enacted tax rates in India	34.94%	34.94%
Tax expenses	27.93	140.21
Other permanent differences	10.73	10.01
Income at differential rate - long term capital gain	(83.61)	-
Tax expense	(44.95)	130.20
Effective tax rate	-24.85%	32.72%
B Deferred tax asset/ (liabilities)		
Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax assets	227.29	45.27
Deferred tax liabilities	-	(26.16)
Net deferred tax asset/ (liability) at the end of the year	227.29	19.11

28 Taxes (continued)

B Deferred tax asset/ (liabilities) (continued)

Recognised deferred tax assets and (liabilities)

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

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax asset		
Allowance for expected credit loss	17.99	14.34
Provision for employee benefits	19.28	47.25
Lease liabilities, impact on account of Ind AS 116	183.77	52.34
MAT credit entitlement	17.67	-
Other timing differences	89.88	-
Total deferred tax assets (A)	328.59	113.93
Deferred tax liabilities		
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(101.30)	(94.82)
Total deferred tax liability (B)	(101.30)	(94.82)
Net deferred tax asset/ (liability) at the end of the year (A+B)	227.29	19.11

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

(iii) Movement in temporary differences

Movement during the year ended 31 March 2020	As at 1 April 2019	Recognised through retained earning	Charge/ (credit) in the statement of profit and loss	Charge/ (credit) in other comprehensive income	As at 31 March 2020
MAT credit entitlement	-	-	(17.67)	-	17.67
Allowance for expected credit loss	14.34	-	(3.65)	-	17.99
Provision for employee benefits	47.25	-	14.73	13.24	19.28
Other timing differences	52.34	-	(37.54)	-	89.88
Lease liabilities, impact on account of IndAs 116	-	(143.36)	(40.41)	-	183.77
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under Companies Act, 2013	(94.82)	-	6.48	-	(101.30)
Net deferred tax asset/ (liability) at the end of the year	19.11	(143.36)	(78.06)	13.24	227.29

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	11.32	-	(3.02)	-	14.34
Provision for employee benefits	30.87	-	(15.26)	(1.12)	47.25
Other timing differences	59.28	-	6.94	-	52.34
Excess of depreciation on property, plant and equipment under Income Tax Act, 1961 over depreciation under the Act	(108.56)	-	(13.74)	-	(94.82)
Net deferred tax asset/ (liability) at the end of the year	(7.09)	-	(25.08)	(1.12)	19.11

(iv) Tax losses carried forward

Particulars	As at 31 March 2020	Expiry date	As at 31 March 2019	Expiry date
Brought forward losses - allowed to carry forward for specific period	48.91	2021-22	50.86	2021-22
Brought forward losses - allowed to carry forward for specific period	6.20	2022-23	-	-
Brought forward losses - allowed to carry forward for specific period	81.96	2027-28	-	-
Brought forward losses - allowed to carry forward for infinite period	152.00	-	114.76	-

Popular Vehicles and Services Limited
Notes to the consolidated 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
Contingent liabilities		
<i>Claims against the Group not acknowledged as debts:</i>		
Service tax related matters	5.60	6.21
KVAT related matters	149.33	302.79
Income tax matters	36.42	32.65
Employees' state insurance/provident fund demand	7.95	7.95
Customer claims	75.49	45.99
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	73.60	216.2
Corporate guarantees	-	112.84

Details of claims against the Group as at 31 March 2020

- a) Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timing of cash flows, if any, in respect of the above as it is determinable only on receipt of judgement/ decision pending with various forums/ authorities. The group has received all its pending litigations and proceedings and has adequately provided for when provision is required and disclosed as contingent liabilities where applicable, in the financial information. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- b) There are certain claims raised by various customers, pending before various consumer forums. The management does not expect the outcome of the action to have a material effect on its financial position.
- c) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis this judgment, the 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 calculation of basic earnings per share 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 owners of the Company	124.90	271.10

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	12.54	12.27
	9.96	22.09

Earnings per share, basic

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 Segment reporting

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). Members of Board of the Group have been identified as the Chief Operating Decision Maker ("CODM") as defined by Ind AS 108 "Operating Segments". All operating segments' operating results are reviewed regularly by the Group's CODM to make decisions about resources to be allocated to the segments and assess their performance.

The Group has structured its business broadly into four verticals – Passenger cars, Luxury vehicles, Commercial vehicles and others. Others includes retail sales of spares. The accounting principles consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure in individual segments.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Group therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as unallocable and directly charged against total income. The assets of the Group are used interchangeably between segments and the management believes that it is currently not practical to provide segment disclosures relating to certain assets and liabilities since a meaningful segregation is not possible.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Segment revenue		
Passenger Cars	21,237.91	26,991.70
Luxury Vehicles	1,783.26	2,290.18
Commercial vehicles	7,491.24	8,859.67
Others	1,254.60	914.03
Total	31,767.01	39,055.58
Segment profits before income tax		
Passenger Cars	287.39	196.42
Luxury Vehicles	29.66	8.60
Commercial vehicles	149.90	164.43
Others	47.80	31.85
Total	514.75	401.30
Less:		
Finance charges	696.07	424.56
Exceptional items	261.28	-
Unallocated expenses (net of unallocated income)	-	-
Profit before tax	79.96	825.86
Tax expense/ (income)	(44.95)	130.20
Profit for the year	124.91	695.66
Less : Non controlling interest	-	-
Profit attributable to the owners of the Company	124.91	695.66
	As at	As at
	31 March 2020	31 March 2019
Segment assets		
Passenger Cars	7,880.22	6,424.87
Luxury Vehicles	1,406.94	1,066.21
Commercial vehicles	1,723.58	2,184.36
Others	300.82	382.22
Total	11,311.56	10,057.66
Segment liabilities		
Passenger Cars	6,610.14	5,031.89
Luxury Vehicles	1,232.72	817.48
Commercial vehicles	945.17	1,685.52
Others	395.82	242.57
Total	9,183.85	7,777.46

Popular Vehicles and Services Limited

Notes to the consolidated financial statements (continued)

(All amounts in INR millions)

32 Employee benefits

A Defined contribution plan

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

B Defined benefit plan

The Group and its associate operates a post-employment defined benefit plan which is provided for based on an actuarial valuation carried out by an independent actuary using the projected unit credit method. The 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 Group's consolidated financial statements as at balance sheet date:

Reconciliation of the projected defined benefit obligation

Particulars	As at	
	31 March 2020	31 March 2019
Defined benefit liability	221.00	228.70
Plan assets	226.20	154.73
Net defined benefit liability/ (asset)	(5.20)	73.97
Liability for compensated absences	69.35	72.36
Total employee benefit liability	64.15	146.33
Non-current defined benefit liability	33.87	117.01
Current defined benefit liability	30.28	29.32

C Reconciliation of net defined benefit (asset)/ liability

i) Reconciliation of present values of defined benefit obligation

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

Particulars	As at	
	31 March 2020	31 March 2019
Defined benefit obligation as at the beginning of the year	228.70	174.52
Current service cost	30.91	33.12
Past service cost	-	17.85
Interest cost	16.41	8.64
Benefits paid	(15.55)	(9.57)
Re-measurements		
Actuarial gain/(loss) recognised in other comprehensive income		
- changes in financial assumptions	(37.76)	5.15
- changes in Demographic assumptions	(0.92)	-
- changes in experience over the past period	(0.79)	(1.01)
Defined benefit obligation as at the end of the year	221.00	228.70

ii) Reconciliation of present value of plan assets

Particulars	As at	
	31 March 2020	31 March 2019
Plan assets at the beginning of the year	154.73	128.66
Contributions paid into the plan	76.59	32.64
Benefits paid	(15.55)	(9.57)
Interest income	12.33	3.44
Re-measurements		
- changes in demographic assumptions	-	(0.36)
- return on plan assets excluding amount included in net interest on the net defined liability/(asset)	(1.90)	(0.08)
Balance at the end of the year	226.20	154.73
Net defined benefit liability	(5.20)	73.97

32 **Employee benefits (continued)**

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

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Current service cost	30.91	33.12
Past service cost	-	17.85
Net interest on net defined liability	4.08	5.20
Net gratuity cost	34.99	56.17

(ii) Remeasurements recognised in other comprehensive income

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
Actuarial (gain)/ loss on defined benefit obligation	(39.47)	4.14
(Return) / loss on plan asset excluding interest income	1.90	0.44
Net gratuity cost (before tax)	(37.57)	4.58

E Plan asset

Plan asset comprises of the following:

Particulars	As at	As at
	31 March 2020	31 March 2019
Funds managed by Life Insurance Corporation of India	226.20	154.73

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

F Defined benefit obligation

(i) Actuarial Assumptions

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

Particulars	As at	As at
	31 March 2020	31 March 2019
Discount rate	5.45% - 6.5% p.a	7% - 7.4% p.a
Salary growth rate	5% - 10% p.a	8% - 10% p.a
Attrition rate	14% - 29% p.a	10% - 25% p.a
Weighted average duration of defined benefit obligation	3.77 Yrs - 9 Yrs	4.3 Yrs - 9.57 Yrs

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

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

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

(ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the 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)	(20.26)	23.84	(15.42)	18.08
Future salary growth (1% movement)	23.02	20.00	17.62	(15.34)
Attrition rate (1% movement)	(4.17)	4.70	(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 consolidated financial statements (continued)

(All amounts in INR millions)

33 Financial Instruments- Fair values and risk management

A Accounting classifications and fair values

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

As at 31 March 2020

Particulars	Note	Carrying amount				Fair value			
		Financial assets at amortised cost	Mandatorily at FVTPL	Other financial liabilities at	Total carrying value	Level 1	Level 2	Level 3	Total
Assets									
Financial assets not measured at fair value									
Cash and cash equivalents	11	375.28	-	-	375.28	-	-	-	-
Bank balances other than cash and cash equivalents	12	47.48	-	-	47.48	-	-	-	-
Trade receivables	10	1,088.91	-	-	1,088.91	-	-	-	-
Loans	7	345.03	-	-	345.03	-	-	-	-
Financial assets measured at fair value									
Investments	6	-	111.82	-	111.82	16.33	95.29	0.20	111.82
Total		1,856.70	111.82	-	1,968.52	16.33	95.29	0.20	111.82
Liabilities									
Financial liabilities measured at amortised cost									
Trade payables	18	-	-	1,334.08	1,334.08	-	-	-	-
Borrowings #	14	-	-	3,490.92	3,490.92	-	-	-	-
Lease liabilities	34	-	-	2,961.46	2,961.46	-	-	-	-
Other financial liabilities	15	-	-	442.15	442.15	-	-	-	-
Total		-	-	8,228.61	8,228.61	-	-	-	-

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	Total carrying value	Level 1	Level 2	Level 3	Total
Assets									
Cash and cash equivalents	11	247.70	-	-	247.70	-	-	-	-
Bank balances other than cash and cash equivalents	12	43.15	-	-	43.15	-	-	-	-
Trade receivables	10	2,653.19	-	-	2,653.19	-	-	-	-
Loans	7	346.89	-	-	346.89	-	-	-	-
Financial assets measured at fair value									
Investments	6	-	19.76	-	19.76	14.70	-	5.06	19.76
Total		3,290.93	19.76	-	3,310.69	14.70	-	5.06	19.76
Liabilities									
Trade payables	18	-	-	745.42	745.42	-	-	-	-
Borrowings #	14	-	-	5,583.95	5,583.95	-	-	-	-
Other financial liabilities	15	-	-	565.35	565.35	-	-	-	-
Total		-	-	6,894.72	6,894.72	-	-	-	-

The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, trade receivables, trade payables etc., because their carrying amounts are a reasonable approximation of fair value.

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

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

B Financial risk management

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

i) **Risk management framework**

The Group's board of directors (the Board) has overall responsibility for the establishment and oversight of the risk management framework. They oversee how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

ii) **Credit risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

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

The 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	31 March 2019
Balance at the beginning	48.14	37.38
Provision created during the year	37.62	31.64
Impairment loss recognised/ (reversed)	(33.95)	(20.88)
Balance at the end	51.81	48.14

No single customer accounted for more than 10% of the revenue. There is no significant concentration of credit risk.

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

iii) **Liquidity risk**

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

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

Particulars	Payable within 1 year	More than 1 year	Total
Trade payables	1,334.08	-	1,334.08
Borrowings #	3,017.93	472.99	3,490.92
Lease liabilities	304.94	2,656.52	2,961.46
Other financial liabilities	442.15	-	442.15

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	745.42	-	745.42
Borrowings #	5,121.33	462.62	5,583.95
Other financial liabilities	565.35	-	565.35

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

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

iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which transactions are denominated and the functional currency of the Group. The functional currency of the Group is INR and the Group does not have any material foreign currency transactions during the years ended 31 March 2020 and 31 March 2019

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The interest rate on the Group's financial instruments is based on market rates. The Group monitors the movement in interest rates on an 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	
	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)	(0.09)	(0.96)
1% decrease in variable rate	0.09	1.00	0.09	0.96

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

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.

Popular Vehicles and Services Limited
Notes to the consolidated financial statements (continued)
(All amounts in INR millions)

34 Leases

The Company has taken showrooms and service centres on lease from various parties from where business operations are performed. The leases typically run for a period of 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 1,904.66 million of right-of use assets and INR 2,385.76 million of lease liabilities, recognising the difference of INR 445.10 million net of deferred tax of INR 143.38 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 IBR%.

(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)	2,385.76
Additions	774.43
Finance cost accrued during the period	268.83
Payment of lease liabilities	(467.56)
Balance as at 31 March 2020	2,961.46
Non-current lease liabilities	2,656.52
Current lease liabilities	304.94

(ii) Maturity analysis – contractual undiscounted cash flows

Particulars	As at 31 March 2020
Less than one year	304.94
One to five years	1,561.31
More than five years	1,095.21
Total undiscounted lease liabilities at 31 March 2020	2,961.46

(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	1,940.66
Addition to right-of-use assets	779.88
Depreciation for the year	(319.30)
Balance at 31 March 2020	2,401.24

(iv) Amounts recognised in statement of profit or loss

Particulars	Year ended 31 March 2020
Interest on lease liabilities	268.83
Depreciation on right-of-use assets	319.30

(v) Amounts recognised in statement of cash flows

Particulars	Year ended 31 March 2020
Total cash outflow for leases	(467.56)

(vi) Operating leases

- (a) The Group is obligated under cancellable operating leases for its certain office premises which are renewable at the option of both the lessor and lessee. The Group is obligated under non-cancellable operating leases for its certain office premises. Future minimum lease payments due under non-cancellable operating leases are as follows:

(i) Future minimum lease payments

As at 31 March, 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	-	291.38
Payable between one to five years	-	1,134.58
Payable after more than five years	-	1,083.99

(ii) Amounts recognised in the consolidated statement of profit and loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Non cancellable	-	291.38
Cancellable	103.12	208.23

* 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)

34 Leases (Continued**(b) Operating lease as a lessor**

The Group has leased out buildings under operating lease. There is no escalation or renewal clause in the lease agreements, sub-letting is not permitted and the leases are cancellable .

35 Capital Management

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

Particulars	As at	As at
	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	2,127.71	2,280.20
As a percentage of total capital	37.87%	28.99%
Long-term borrowings including current maturities	724.46	756.23
Short-term borrowings	2,766.46	4,827.72
Total borrowings	3,490.92	5,583.95
As a percentage of total capital	62.13%	71.01%
Total capital (equity and borrowings)	5,618.63	7,864.15

Popular Vehicles and Services Limited

Notes to the consolidated financial statements (continued)

(All amounts in Indian rupees million)

36 Non-controlling interest

Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013 - 'General instructions for the preparation of consolidated financial statements'.

Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive (income)/ loss		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of other comprehensive (income)/ expense	Amount	As a % of total comprehensive income	Amount
Parent								
Popular Vehicles and Services Limited	85.31%	1,815.08	107.69%	134.51	109.41%	(26.62)	107.97%	161.13
Subsidiaries								
Popular Auto Dealers Private Limited	7.18%	152.84	13.07%	16.33	(2.51%)	0.61	10.53%	15.72
Kuttukaran Pre Owned Cars Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Popular AutoWorks Private Limited	8.53%	181.60	(12.78%)	(15.96)	2.18%	(0.53)	(10.34%)	(15.43)
Vision Motors Private Limited	6.23%	132.64	2.18%	2.72	4.36%	(1.06)	2.53%	3.78
Kuttukaran Cars Private Limited	(0.01%)	(0.25)	(0.07%)	(0.09)	0.00%	-	(0.06%)	(0.09)
Popular Mega Motors (India) Private Limited	32.77%	697.35	32.37%	40.43	(13.44%)	3.27	24.90%	37.16
Avita Insurance Broking LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
		2,979.26		177.94		(24.33)		202.27
Adjustment arising out of consolidation	(40.01%)	(851.55)	(42.46%)	(53.04)	-	-	(35.53%)	(53.04)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Consolidated net assets/ Profit after tax	100.00%	2,127.71	100.00%	124.90	100.00%	(24.33)	100.00%	149.23
As at / For the year ended 31 March 2019								
Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive loss		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of other comprehensive (income)/ expense	Amount	As a % of total comprehensive income	Amount
Parent								
Popular Vehicles and Services Limited	79.95%	1,822.99	45.28%	122.76	99.13%	3.43	44.59%	119.33
Subsidiaries								
Popular Auto Dealers Private Limited	6.20%	141.45	7.30%	19.78	1.45%	0.05	7.37%	19.73
Kuttukaran Pre Owned Cars Private Limited	0.00%	(0.03)	(0.01%)	(0.04)	0.00%	-	(0.01%)	(0.04)
Popular AutoWorks Private Limited	10.81%	246.42	2.20%	5.96	(6.07%)	(0.21)	2.31%	6.17
Vision Motors Private Limited	1.91%	43.59	1.86%	5.05	33.24%	1.15	1.46%	3.90
Kuttukaran Cars Private Limited	(0.01%)	(0.14)	(0.05%)	(0.14)	0.00%	-	(0.06%)	(0.14)
Popular Mega Motors (India) Private Limited	27.88%	635.67	41.89%	113.58	(27.75%)	(0.96)	42.79%	114.54
Avita Insurance Broking LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
		2,889.95		266.95		3.46		263.49
Adjustment arising out of consolidation	(26.74%)	(609.75)	1.53%	4.15	-	-	1.55%	4.15
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Consolidated net assets/ Profit after tax	100.00%	2,280.20	100.00%	271.10	100.00%	3.46	100.00%	267.64

Popular Vehicles and Services Limited

Notes to the consolidated financial statements (continued)

(All amounts in INR millions)

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) 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 Trading Ventures, India
Kuttukaran Institute for Human Resource Development, India
Keracon Equipment Private Limited, India

II. Related party transactions:

(a) The Group has entered into the following transactions with related parties during the year ended 31 March 2020.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations		
Kuttukaran Institute for Human Resource Development	0.01	-
Keracon Equipments Private Limited	37.17	-
Kuttukaran Trading Ventures	0.02	-
Expense reimbursed by the Company		
Keracon Equipments Private Limited	0.67	-
Kuttukaran Institute for Human Resource Development	-	0.01
Expense reimbursed on behalf of the Company		
Kuttukaran Homes LLP	0.08	-
Prabal Motors Private Limited	2.03	0.19
Repairs and maintenances		
Kuttukaran Trading Ventures	0.21	-
Guarantee Commission Received		
Prabal Motors Private Limited	-	0.85
Rent paid		
Francis K Paul	6.32	6.14
John K Paul	0.77	0.71
Naveen Philip	3.06	2.68
Leela Philip	0.6	0.60
Kuttukaran Homes LLP	9.71	0.00
Sale of asset		
Prabal Motors Private Limited	-	0.64
Kuttukaran Homes LLP	300.5	0.00
Loan (availed)/ repaid from directors		
Francis K Paul	-	35.14
John K Paul	-	35.79
Commission and incentive to KMP		
Francis K Paul	-	9.00
John K Paul	-	9.00
Remuneration to KMP*		
Francis K Paul	7.26	6.60
John K Paul	7.26	6.60
Naveen Philip	8.31	9.15
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) Balance receivable from/ (payable) to related parties as at the balance sheet date:

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables		
Prabal Motors Private Limited	0.36	2.09
Kuttukaran Institute for Human Resource Development	0.27	0.27
Dues to creditors for expenses and others		
Kuttukaran Homes LLP	(0.80)	-
Trade Payables		
Kuttukaran Trading Ventures	(0.09)	-
Keracon Equipments Private Limited	(4.44)	-
Commission and incentive payable to KMP		
John K Paul	-	(1.50)
Francis K Paul	-	(1.50)
Loan from director		
John K Paul	(16.95)	(16.95)
Francis K Paul	(17.55)	(17.55)
Navin Philip	(30.00)	(109.91)
Corporate guarantees given		
Prabal Motors Private Limited	-	112.84

*The amounts does not include provision for gratuity and compensated absences as the same is determined for the Company as a whole based on an actuarial valuation.

38 Asset held for sale

i) The Board of directors has obtained the approval to sell the below listed land and building belonging to the group on Extraordinary General Meeting held during the year. Asset held for sale as on 31 March 2020 has been stated at carrying value (being lower of their fair value less cost to sell).

Particulars of land and building	Assets held by	As at	As at
		31 March 2020	31 March 2019
Service Centre, Edapally, Ernakulam	Holding Company	-	9.47
Service Centre, Killipalam, Thiruvananthapuram	Holding Company	-	16.95
Showroom, Killipalam, Thiruvananthapuram	Holding Company	-	6.04
Showroom, Thiruvananthapuram	Popular Mega Motors (India) Private Limited	24.00	24.00
		24.00	56.46

The sale has been completed during the year ended 31 March 2020 for three locations. The net gain on account of these transactions have been disclosed as an exceptional item (refer note 27). The sale of remaining location is expected to be completed within a period of one year.

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

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

Baby Paul
Partner
Membership No.: 218255

John K Paul
Managing Director
DIN: 00016513

Francis K Paul
Whole Time Director
DIN: 00018825

Kochi
22 September 2020

John Verghese
Chief Financial Officer

Varun T V
Company Secretary
Membership no. 22044

Philip Chacko M
Chief Executive Officer

Kochi
22 September 2020