*RAGHAVAN, CHAUDHURI & NARAYANAN*
*Chartered Accountants*

*Second Floor, Casa Capitol,*
*Wood Street, Ashoknagar,*
*Bengaluru - 560 025.*
*Phone : 2556 7578 /*
*2551 4771 / 4140 4830*

**Independent Auditor's Report**

**To the Members of VS Investments Private Limited**

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

**Opinion**

We have audited the accompanying standalone financial statements of **VS Investments Private Limited** ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March 2022, and its loss, total comprehensive loss , its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the 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 ('ICAI') 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.

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**
The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those charged with governance for the Standalone Financial Statements**
The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is 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 are 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

We also provide those charged with governance, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order

2. As required by section 143(3) of the Act, we report that

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the 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 Ind AS specified under section 133 of the Act;

   (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of section 164(2) of the Act.

   (f) With respect to the adequacy of the financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

   (g) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      (i) There are no pending litigations as at 31st March 2022;

      (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2022

      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has not declared any dividends during the year.

*for* **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
Firm's Registration No.: 007761S

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

**V. Sathiyanarayanan**
Partner
Membership No. 027716

Place : Bangalore
Date : 10th June 2022
UDIN : 22027716AOLEWZ5187

**Annexure 'A' to Independent Auditors' Report - 31st March 2022(Referred to in our report of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i (a to d) The Company does not own any property plant & equipment, Intangible assets & right to use assets. Accordingly, Clause 3(i)(a) to 3(i)(d);

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;

ii. (a) The Company does not have any inventory. Accordingly, Clause 3(ii)(a) of the Order is not applicable to the company;

(b) No working capital limit more than five crore in aggregate, from banks or financial institutions based on security of current assets has been sanctioned during any point of the year. Accordingly, Clause 3(ii)(b) of the Order is not applicable to the company;

iii. The Company has not made investments and has not provided any Guarantee or security or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties except loan given to a party as mentioned in clause (iii)(a) below:

(a) (A) The company has not granted any loans or advances and guarantees or security to subsidiaries, joint ventures and associates;

(B) The company has granted loan to a party, aggregate amount of loan granted during the year is Rs. 1650 crore and the loan Loan outstanding from that party as at 31st March 2022 is Rs. 1,649 crore:

(b) The terms and conditions of the grant of loan provided are not prejudicial to the company's interest;

(c) In respect of loan granted, the schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts are in accordance with repayments terms.

(d) to (f) There are no overdue amounts, there is no loan has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties and the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, Accordingly, Clause 3(iii)(d,e,f) of the Order is not applicable to the company

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Accordingly, the provisions of Clause 3(iv) of the Order are not applicable to the Company.

RAGHAVAN CHAUDHURI & NARAYANAN * Chartered Accountants

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;

vi. The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company;

vii. In respect of statutory dues:

(a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Custom duty, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities;

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);

ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year;

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;

(c) The Company has not obtained term loan during the year. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable;

(d) The Company has not raised any short-term funds during the year. Accordingly, the provisions of clause 3(ix)(d) of the Order are not applicable;

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;

xi. (a) No fraud by the Company and no material fraud on the Company has been noticed reported during the year

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;

xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act;

xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013 and hence reporting under clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable;

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the
(b) Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of
(c) the Order is not applicable;

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;

xvii. The Company has incurred cash losses during the financial year and in immediately preceding financial year amounting to Rs. 19,99,48,614 covered by our audit;

xviii. There has been no resignation of the statutory auditors of the Company during the year;

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;

xx. The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable;

*for* **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

**V. Sathyanarayanan**
Partner
Membership No. 027716
Place : Bangalore
Date : 10th June 2022
UDIN : 22027716AOLEWZ5187

## Annexure 'B' to the Independent Auditors' Report

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting **VS Investments Private Limited** ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, as of **31st March 2022** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and the its operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Limitations of Internal Financial Controls over Fiuancial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March 2022**, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

*for* **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

**V. Sathyanarayanan**
Partner
Membership No. 027716
Place : Bangalore
Date : 10th June 2022
UDIN : 22027716AOLEWZ5187

**VS INVESTMENTS PRIVATE LTD**

**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

**Balance Sheet as at 31st March 2022**

*(Amount in Rs.)*

| | Particulars | Note No. | As at 31st Mar 2022 |
|---|---|---|---|
| I. | **ASSETS** | | |
| | **Non-current assets** | | |
| | Property, Plant & Equipment | | - |
| | Financial Assets | | |
| | (i) Investments | 2 | 49,99,96,800 |
| | Deferred Tax Assets(net) | 3 | 5,03,27,066 |
| | Other Non- current Assets | | - |
| | | | **55,03,23,866** |
| | **Current assets** | | |
| | Financial Assets | | |
| | (i) Trade Receivables | 4 | 37,00,602 |
| | (ii) Cash and cash equivalents | 5 | 1,24,50,838 |
| | (iii) Bank Balance other than (ii) above | | - |
| | (iv) Loans | 6 | 16,48,89,18,465 |
| | (v) Other financial Assets | 7 | 24,22,97,560 |
| | Other Current Assets | 8 | 3,22,56,141 |
| | | | **16,77,96,23,606** |
| | **TOTAL** | | **17,32,99,47,472** |
| II. | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| | (a) Share Capital | 9 | 1,00,000 |
| | (b) Other Equity | 10 | (14,96,21,548) |
| | | | **(14,95,21,548)** |
| | **Liabilities** | | |
| | **Non-Current Liabilities** | | - |
| | **Current Liabilities** | | |
| | Financial Liabilities | | |
| | (i) Borrowings | 11 | 17,20,00,00,000 |
| | (ii) Trade payables | 12 | |
| | a) Total outstanding to micro and small enterprises | | - |
| | b) Total outstanding to other than above (ii)(a) | | 33,79,295 |
| | (iii) Other Financial Liabilities | 13 | 24,84,80,752 |
| | Other Current Liabilities | 14 | 2,76,08,973 |
| | | | **17,47,94,69,020** |
| | **TOTAL** | | **17,32,99,47,472** |
| | Significant Accounting Policies | 1 | |

**The accompanying notes are an integral part of these financial statements**

**For VS Investments Private Limited**

**V N VENKATANATHAN**
Director
(DIN:00059273)

**N SRINIVASA RAMANUJAM**
Director
(DIN:07384809)

Place : Chennai
Date : 10th June 2022

As per our report of even date
**For RAGHAVAN, CHAUDHURI & NARAYANAN**
**Chartered Accountants**
**Firm Regn. No. 007761S**

**V SATHYANARAYANAN**
**PARTNER**
**Membership No. 027716**
Bengaluru

RAGHAVAN CHAUDHURI & NARAYANAN * Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**
**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

**Statement of Profit & Loss account for the period ended 31st Mar 2022**

*(Amount in Rs.)*

| | Particulars | Note No. | Period ended 31st Mar 2022 |
|---|---|---|---|
| I | **Income** | | |
| | Revenue from operations | 15 | 28,91,096 |
| | Other Income | 16 | 25,12,99,816 |
| | **Total Income** | | **25,41,90,912** |
| II | **Expenses:** | | |
| | Purchases of Stock in Trade | 17 | 26,27,652 |
| | Finance Costs | 18 | 45,14,46,508 |
| | Other expenses | 19 | 65,366 |
| | **Total expenses** | | **45,41,39,526** |
| III | **Profit before exceptional items and tax (I - II)** | | (19,99,48,614) |
| IV | **Exceptional items** | | - |
| V | **Profit before tax (III - IV)** | | (19,99,48,614) |
| VI | **Tax expense:** | 20 | |
| | Current tax | | - |
| | Deferred tax charge/ (credit) | | (5,03,27,066) |
| | | | (5,03,27,066) |
| VII | **Profit (Loss) for the period (V- VI)** | | **(14,96,21,548)** |
| VIII | **Other Comprehensive Income** | | |
| | Items that will not be reclassified to profit and loss | | |
| | Remeasurement of post employment benefit obligations | | - |
| | Change in fair value of equity instruments | | - |
| | Income tax relating to these items | | - |
| | Items that will be reclassified to profit and loss | | |
| | Transactions relating to Derivative instruments | | - |
| | Change in fair value of FVOCI debt instruments | | - |
| | Income tax relating to these items | | - |
| | **Other comprehensive income for the year, net of tax** | | - |
| IX | **Total comprehensive income for the year (VII+VIII)** | | **(14,96,21,548)** |
| X | **Earnings per equity share:** | | |
| | Basic & Diluted earnings per share | 21 | (1,496) |
| | Significant Accounting Policies | 1 | |

**The accompanying notes are an integral part of these financial statements**

**For VS Investments Private Limited**

**V N VENKATANATHAN**
Director
(DIN:00059273)

**N SRINIVASA RAMANUJAM**
Director
(DIN:07384809)

Place : Chennai
Date : 10th June 2022

As per our report of even date
**For RAGHAVAN, CHAUDHURI & NARAYANAN**
**Chartered Accountants**
**Firm Regn. No. 007761S**

RAGHAVAN CHAUDHURI & NARAYANAN Chartered Accountants

**V SATHYANARAYANAN**
**PARTNER**
**Membership No. 027716**
Bengaluru

**VS INVESTMENTS PRIVATE LTD**
**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

**Cash Flow Statement for the Period ended 31st Mar 2022**
**(All amounts in INR, unless otherwise stated)**

| Particulars | | As at 31st Mar 2022 |
|---|---|---|
| **A Cash Flow from Operating Activities** | | |
| Profit/(Loss) Before Tax | | (19,99,48,614) |
| **Adjustments For:** | | |
| a) Depreciation | - | |
| b) Interest Expense | 27,60,89,725 | |
| c) Interest income | (24,99,68,793) | |
| d) Gain on redemption of mutual funds | (13,31,023) | |
| | | 2,47,89,909 |
| **Operating Loss before Working Capital Changes** | | **(17,51,58,705)** |
| **Adjustments For:** | | |
| a) Inventory | - | |
| b) Trade Receivable | (37,00,602) | |
| c) Other Financial Asset | (24,22,97,560) | |
| d) Other Current Asset | (3,22,56,141) | |
| e) Trade Payable | 33,79,295 | |
| f) Other Financial Liabilities | 24,84,80,752 | |
| g) Other Current Liabilities | 2,76,08,973 | |
| Change in Working Capital | | **12,14,717** |
| Direct tax paid | | - |
| **Cash generated from Operations** | | **(17,39,43,988)** |
| Cash Flow from Investing Activities | | - |
| a) Purchase of Fixed Assets (including Capital W.I.P) | - | |
| b) Purchase of Mutual Fund Units | (50,13,31,023) | |
| c) Redemption of Mutual Fund Units | 50,26,62,046 | |
| d) Investment in TVS Credit Services | (49,99,96,800) | |
| **Net Cash from Investing Activities** | | **(49,86,65,777)** |
| Net Cash Flow from Financing Activities | | |
| Increase in Share Capital | 1,00,000 | |
| Borrowings availed | 17,20,00,00,000 | |
| Loan given | (16,48,89,18,465) | |
| Interest on Loans availed | (27,60,89,725) | |
| Interest on Fixed Deposit & Loan granted | 24,99,68,793 | |
| **Net Cash from Financing Activities** | | **68,50,60,603** |
| **Net increase/(Decrease) in Cash and Cash Equivalents** | | **1,24,50,838** |
| **Cash and Cash Equivalents at the end of the year** | | **1,24,50,838** |
| **Less: Cash and Cash Equivalents as at Beginning** | | - |
| | | **1,24,50,838** |

**Note: "The cash flow statement is prepared using the "Indirect Method" set out in Ind AS 7 Statement of Cash flows and presents the cash flows by Operating, Investing and Financing activity of the Company."**

**For VS Investments Private Limited**

**V N VENKATANATHAN**
Director
(DIN:00059273)

**N SRINIVASA RAMANUJAM**
Director
(DIN:07384809)

Place : Chennai
Date : 10th June 2022

**As per our report of even date**
**For RAGHAVAN, CHAUDHURI & NARAYANAN**
**Chartered Accountants**
**Firm Regn. No. 007761S**

**V SATHYANARAYANAN**
**PARTNER**
**Membership No. 027716**
**Bengaluru**

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

## VS INVESTMENTS PRIVATE LTD

### Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006

**Statement of Changes in Equity for the period ended 31st Mar 2022**

**A. Equity Share Capital**

| Particulars | Amount |
|---|---|
| **As at 29-09-2021** | - |
| Changes in equity share capital during the year | **1,00,000** |
| **As at 31-03-2022** | **1,00,000** |

**B. Other Equity**

| Retained Earnings | Amount |
|---|---|
| **Balance as at September 29, 2021** | - |
| Add : Profit for the period | (14,96,21,548) |
| Add : Other comprehensive income | - |
| Add / (Less) : Reclassified to retained earnings | - |
| **Total Comprehensive Income for the year** | **(14,96,21,548)** |
| Add/ (Less) : Change in fair value of equity instruments | - |
| **Balance as at March 31, 2022** | **(14,96,21,548)** |

**The accompanying notes are an integral part of these financial statements**

For VS Investments Private Limited

V N VENKATANATHAN
Director
(DIN:00059273)

N SRINIVASA RAMANUJAM
Director
(DIN:07384809)

Place : Chennai
Date : 10th June 2022

As per our report of even date
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V SATHYANARAYANAN
PARTNER
Membership No. 027716
Bengaluru

RAGHAVAN CHAUDHURI & NARAYANAN
Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**

**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

1 **Significant Accounting Policies and Notes forming part of Financial Statements:**

**Corporate Information**

VS Investments Pvt Ltd is a private limited company incorporated under the provisions of the Companies Act, 2013 on 29/09/2021

**Summary of Significant Accounting Policies:**

a) **Basis of Preparation**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.
The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

These financial statements for the year ended 31st March 2022 have been approved and authorised for issue by the Board of Directors at its meeting held on 1st June 2022.

b) **Use of Estimates**

The preparation of financial statements requires the management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The Management believes that these estimates and assumptions are reasonable and prudent.

c) **Taxation**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses

d) **Earning Per Share**

The basic and diluted earning per share is computed by dividing the net profit / loss attributable to equity share holders for the year by the weighted average number of equity shares outstanding during the year.

e) **Provisions & Contingencies**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated.

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.

1 **Significant Accounting Policies and Notes forming part of Financial Statements:**

f) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

Sale of products:
Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

g) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

h) **Investments and Other financial assets**

i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement :
At initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset.Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

(i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance using the effective interest rate method.

(ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which arises. Interest income from these financial assets is included in other income.

RAGHAVAN CHAUDHURI & NARAYANAN * Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**

**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

1 **Significant Accounting Policies and Notes forming part of Financial Statements:**

i) **Current and non-current classification**

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

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

•expected to be realised or intended to be sold or consumed in the normal operating cycle

•held primarily for the purpose of trading

•expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

•It is expected to be settled in the normal operating cycle

•it is held primarily for the purpose of trading

•it is due to be settled within twelve months after the reporting period, or

•there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

j) **Borrowings:**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

**VS INVESTMENTS PRIVATE LTD**

**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

**Notes to balance sheet for period ended 31st March 22**

| | Particulars | 31st March 2022 |
|---|---|---|
| 2 | **Investments** | |
| | Investment in Equity Shares at Cost- Unquoted | |
| | TVS Credit Services Ltd | 49,99,96,800 |
| | (30,86,400 shares of FV Rs 10/- acquired @ Rs.162/share) | |
| | **Total Investments** | **49,99,96,800** |
| 3 | **Deferred Tax Asset** | |
| | Opening balance | - |
| | Credited/(Debited) to P&L: | |
| | - On account carried forward business loss | 5,03,27,066 |
| | **Total Deferred Tax Asset** | **5,03,27,066** |
| 4 | **Trade Receivables** | |
| | Unsecured, considered good | 37,00,602 |
| | Less: Loss Allowance | - |
| | **Total Trade Receivables** | **37,00,602** |

**Ageing for trade receivables as on 31.03.2022**

| Particulars | Outstanding for following periods from due date of payment | | |
|---|---|---|---|
| | Less than 6 months | 6 months - 1 year | Total |
| (i) Undisputed trade receivables - Considered good | 37,00,602 | - | 37,00,602 |
| (ii) Undisputed trade receivables - Which have significant increase in credit risk | - | - | - |
| (iii) Undisputed trade receivables - Credit impaired | - | - | - |
| (iv) Disputed trade receivables - Considered good | - | - | - |
| (v) Disputed trade receivables - Which have significant increase in credit risk | - | - | - |
| (vi) Disputed trade receivables - Credit impaired | - | - | - |
| **Total** | **37,00,602** | - | **37,00,602** |

| | | |
|---|---|---|
| 5 | **Cash and Cash Equivalents** | |
| | Balance with Banks | 1,24,50,838 |
| | Cash on Hand | - |
| | **Total Cash and cash equivalents** | **1,24,50,838** |
| 6 | **Loans** | |
| | Loans and advances | 16,48,89,18,465 |
| | **Total Loans** | **16,48,89,18,465** |
| 7 | **Other Financial Assets** | |
| | Interest Accrued but not due | 24,22,97,560 |
| | **Total Other Financial Assets** | **24,22,97,560** |
| 8 | **Other Current Assets** | |
| | Balance with Govt. Authorities | 3,22,56,141 |
| | **Total Other Current Assets** | **3,22,56,141** |

RAGHAVAN CHAUDHURI & NARAYANAN Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**
**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**
**Notes to balance sheet for period ended 31st March 22**

**9 Share Capital**

(a) **Details of authorised, issued and subscribed share capital**

| Particulars | As at 31-03-2022 | |
|---|---|---|
| | Number of Shares | Amount in Rs |
| Authorised Capital<br>Equity Shares of Rs.1/- each | 1,00,000 | 1,00,000 |
| Issued, Subscribed & Paid up Capital<br>Equity Shares of Rs.1/- each fully paid | 1,00,000 | 1,00,000 |
| | **1,00,000** | **1,00,000** |

(b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

| Particulars | As at 31-03-2022 | |
|---|---|---|
| | Number | Amount in Rs |
| Shares outstanding at the beginning of the year | - | - |
| Shares issued during the year | 1,00,000 | 1,00,000 |
| Shares outstanding at the end of the year | **1,00,000** | **1,00,000** |

(c) **i) Rights and preferences attached to equity share:**

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

ii) There are no restrictions attached to equity shares.

(d) **Details of shareholders holding more than five percent at the end of 31st March 2022**

| Name of Shareholder | Class of Share | As at 31-03-2022 | |
|---|---|---|---|
| | | No. of Shares held | % of Holding |
| VS Trust | Equity | 99,999 | 99.99% |
| Venu Srinivasan | Equity | 1 | 0.01% |

**10 Other Equity**

| Reserves and surplus | March 31, 2022 |
|---|---|
| Retained earnings | (1,49,62,155) |
| **Total reserves and surplus** | **(1,49,62,155)** |

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**

**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

**Notes to balance sheet for period ended 31st March 22**

| | | |
|---|---|---|
| 11 | **Financial Liabilities - Borrowings (Current)** | |
| | Short term borrowings | |
| | Secured | 16,00,00,00,000 |
| | Unsecured | 1,20,00,00,000 |
| | **Total Current Borrowings** | **17,20,00,00,000** |
| 12 | **Trade Payables** | |
| | Current | |
| | Dues to Micro and Small Enterprises | - |
| | Dues to enterprises other than Micro and Small Enterprises | 33,79,295 |
| | **Total Trade Payables** | **33,79,295** |

**Ageing for Trade Payables as on 31.03.2022**

| Particulars | Outstanding for following period from due date of payment |
|---|---|
| | Less than 1 year |
| MSME | - |
| Others | 33,79,295 |
| Disputed Dues - MSME | - |
| Disputed Dues - Others | - |
| **Total** | **33,79,295** |

| | | |
|---|---|---|
| 13 | **Other Financial Liabilities** | |
| | Current | |
| | Accrued interest on loan | 24,84,80,752 |
| | **Total Other Current Financial Liabilities** | **24,84,80,752** |
| 14 | **Other Current Liabilities** | |
| | Statutory Dues | 2,76,08,973 |
| | **Total Other Current Liabilities** | **2,76,08,973** |

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**
**Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006**

**Notes to Profit & Loss Account for the period ended 31st March 22**

| | Particulars | March 31, 2022 |
|---|---|---|
| 15 | **Revenue from Operations** | |
| | Sale of auto parts | 28,91,096 |
| | **Total Revenue** | **28,91,096** |
| 16 | **Other Income** | |
| | Interest on Fixed Deposits | 76,71,233 |
| | Interest on Loan | 24,22,97,560 |
| | Gain on Mutual Funds redemption | 13,31,023 |
| | **Total Other Income** | **25,12,99,816** |
| 17 | **Purchases of Stock in Trade** | |
| | Purchase of auto parts | 26,27,652 |
| | **Total** | **26,27,652** |
| 18 | **Finance Costs** | |
| | Interest Cost | 27,60,89,725 |
| | Other borrowing cost- Loan Facilitation Fee | 17,53,56,783 |
| | **Total Finance Costs** | **45,14,46,508** |
| 19 | **Other expenses** | |
| | Demat Charges - NSDL & CSDL | 38,842 |
| | Audit Fee (Paid in the capacity as statutory auditors) | 10,000 |
| | Rate & Taxes | 10,080 |
| | Bank Charges & others | 6,444 |
| | **Total Other expenses** | **65,366** |
| 20 | **Tax expenses** | |
| | Current tax | - |
| | **Deferred tax** | |
| | Decrease (increase) in deferred tax assets | 5,03,27,066 |
| | **Total Deferred tax** | 5,03,27,066 |
| | Total tax expenses | **5,03,27,066** |
| | Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | |
| | Profit before tax expense | (19,99,48,614) |
| | Tax at the Indian tax rate of 25.17% (2020-2021 – 25.17%) | 5,03,27,066 |
| | Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | - |
| | Total tax expenses | 5,03,27,066 |

| 21 | **Earnings per share** | **March 31, 2022** |
|---|---|---|
| | **(a) Basic and diluted earnings per share** | |
| | Basic and diluted earnings per share attributable to the equity holders of the Company (Rs.) | -1,496 |
| | **(b) Earnings used in calculating earnings per share** | |
| | Basic and diluted earnings per share | |
| | Profit attributable to equity holders of the company used in calculating basic earnings per share | -14,96,21,548 |
| | **(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share** | 1,00,000 |

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

## 22 Fair value measurements

**Financial instruments by category**

| | March 31, 2022 | | |
|---|---|---|---|
| | FVTPL | FVOCI | Amortised cost |
| **Financial assets** | | | |
| Investments | | | |
| - Equity instruments | - | - | 49,99,96,800 |
| - Preference shares | - | - | |
| - Others | - | - | |
| Trade receivables | - | - | 37,00,602 |
| Balances with Banks | - | - | 1,24,50,838 |
| Derivative financial assets | - | - | |
| Loans | - | - | 16,48,89,18,465 |
| Other financial assets | - | - | 24,22,97,560 |
| **Total financial assets** | - | - | **17,24,73,64,265** |
| **Financial liabilities** | | | |
| Trade payables | - | - | 33,79,295 |
| Borrowings - Current | - | - | 17,20,00,00,000 |
| **Total financial liabilities** | - | - | **17,20,33,79,295** |

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

| At 31 March 2022 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| Borrowings | 11 | - | - | 17,20,00,00,000 | **17,20,00,00,000** |
| **Total financial liabilities** | | - | - | **17,20,00,00,000** | **17,20,00,00,000** |

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.
The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

**VS INVESTMENTS PRIVATE LTD**
**Notes To Financial Statements For The Period Ended 31.03.2022**
**Financial Instruments And Risk Management**

**23 Financial risk management**

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Risk Parameters and Mitigation |
|---|---|---|
| | | |
| Market Risk - Foreign exchange | | i) The Company has not transacted in foreign currency, hence it is not exposed to foreign exchange risk arising from foreign currency transactions |
| Market Risk - Interest risk | Borrowings | i) All the borrowings of the company are fixed rate borrowings and is at amortised cost, hence movement in interest rate doesn't impact cash flow or value of the borrowings. |
| Liquidity risk | Borrowings | i) The company's liquidity management policy involves projecting cash flows in considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.<br>ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.<br>iii) For long term fund requirements, Company targets various funding options |
| Credit Risk | | i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.<br>ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.<br>iii) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. |
| a. | Cash and Cash Equivalents | Surplus cash is deposited only with banks / financial institutions with a high external credit rating. |
| b. | Domestic Trade Receivables | i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record.<br>ii) The Company has extensive reporting systems and review to constantly monitor the receivables. |

RAGHAVAN CHAUDHURI & NARAYANAN ★ Chartered Accountants

VS INVESTMENTS PRIVATE LTD
Notes To Financial Statements For The Period Ended 31.03.2022
Financial Instruments And Risk Management

23 Financial Risk Management - (Continued)

(A) Credit risk

Basis of recognition of expected credit loss & providing for such loss

| Rating | Category | Description of category | Investments | Loans and deposits | Trade receivables |
|---|---|---|---|---|---|
| 1 | High Quality assets, negligible credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. | 12 month expected credit losses | 12 month expected credit losses | Life time expected credit losses (simplified approach) |
| 2 | Quality assets, low credit risk | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past. | | | |
| 3 | Standard Assets, moderate credit risk | Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong. | | | |
| 4 | Substandard Assets, relatively high credit risk | Assets where there has been a significant increase in credit risk since initial recognition. | Life time expected credit losses | | |
| 5 | Low quality assets, very high credit risk | Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due. | | | |
| 6 | Doubtful assets, credit impaired | Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss. | Asset is written off | | |

31-Mar-22

a). Expected credit loss for investments, loans and other financial assets

| Particulars | Internal rating | Assets/Asset group | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|---|---|---|---|---|---|---|
| Loss allowance measured at 12 month expected credit loss | 1 | Investments at amortised cost | 16,48,89,18,465.00 | - | - | 16,48,89,18,465.00 |
| | 1 | Other financial assets | 24,22,97,560.00 | - | - | 24,22,97,560.00 |

b). Expected credit loss for trade receivables under simplified approach

| Particulars | 0 to 180 days past due | More than 180 days past due | Total |
|---|---|---|---|
| Gross carrying amount | 37,00,602.00 | - | 37,00,602.00 |
| Expected loss rate | 0% | 0% | - |
| Expected credit losses | - | - | - |
| Carrying amount of trade receivables | 37,00,602.00 | - | 37,00,602.00 |

(B) Liquidity risk

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:
a) all non-derivative financial liabilities, and
b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-22

| Contractual Maturities of Financial Liabilities | Less than 1 Year | More than 1 year | Total |
|---|---|---|---|
| Borrowings | 17,20,00,00,000.00 | - | 17,20,00,00,000.00 |
| Trade payables | 33,79,295.00 | - | 33,79,295.00 |

24 Capital management

The Company's objectives in regard to managing capital are
- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may
- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
Net debt (borrowings less cash and cash equivalents) divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

| | 31-Mar-22 |
|---|---|
| Net Debt | 17,18,75,49,162.00 |
| Total equity | (14,95,21,548.00) |
| Net Debt to equity ratio | (114.95) |

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23 Financial Risk Management - (Continued)

25 Key Financial ratios:

| S.No | Details | 31-Mar-22 |
|---|---|---|
| 1 | Current Ratio (Times)<br>(Current Assets/ Current liabilities) | 0.96 |
| 2 | Net Debt / Equity Ratio (Times)<br>[ Total borrowings - Cash and cash equivalents) / Equity | (114.95) |
| 3 | Debt Service Coverage Ratio (Times)<br>(Earnings before Tax , Exceptional item, Depreciation and Interest on non current borrowings) / ( Interest on non current borrowings + Principal repayment of Long term borrowings made during the period excluding prepayments)* | 0.56 |
| 4 | Return on Equity (%)<br>(Net Profit after Tax / Closing equity)* | -100% |
| 5 | Inventory Turnover Ratio (Times)<br>(Annualised Cost of Goods Sold / Closing Inventory)* | NA |
| 6 | Debtors Turnover Ratio (Times)<br>(Annualised turnover/ Clsing Debtors)* | 0.78 |
| 7 | Trade Payables Turnover Ratio (Times)<br>[(Purchases & Other Expenses) / Closing Trade Payables]* | 0.80 |
| 8 | Net Capital Turnover Ratio (Times)<br>[Net Sales/ (Current Assets (-) Current Liabilities excluding current maturities of long term debt) ]* | (0.00) |
| 9 | Net Profit Ratio (%)<br>(Profit after tax / Turnover)* | -5175% |
| 10 | Return on Capital Employed (%)<br>[ Earnings before interest , tax , depreciation , other income and exceptional items / (Capital employed ]* | (0.00) |
| 11 | Return on Investment (%)<br>[Income generated from invested funds / Average invested funds]# | - |

#Significant investments held by the Company is for strategic purposes. Benchmarking the return on annual basis will not reflect yield from such investments.

RAGHAVAN CHAUDHURI & NARAYANAN
Chartered Accountants

**26 Capital and Other Commitments - NIL**

**27 Contingent Liabilities - NIL**

**28 Auditors' remuneration (included under other expenses)**

| Particulars | As at 31st Mar 2022 |
|---|---|
| Payments to Auditors as | |
| - Audit Fees | 10,000 |
| - Expenes | - |
| **Total** | **10,000** |

**29 Composite scheme of arrangement:**

On 9th February 2022, the Board of directors of the Company approved a composite scheme of arrangement (the Scheme) of Sundaram-Clayton Limited ("Transferee Company" or "Demerged Company") and TVS Holdings Private Limited ("Transferor Company 1") and VS Investments Private Limited ("Transferor Company 2") and Sundaram-Clayton DCD Limited ("Resulting Company") subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, National Company Law Tribunal, Chennai, (NCLT), other governmental authorities and third parties as may be required.

**The scheme provides for :**
(1) The Transferee Company shall issue 116 NCRPS of face value of INR 10 each fully paid up, for every 1 equity share of INR 5 each fully paid up held by equity shareholder of the Company by way of bonus, which will be listed on both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited.
(2) The Transferor Company 1, the holding company will merge with the Transferee Company. The Transferee Company shall issue equivalent equity shares of INR 5 each fully paid up and corresponding number of NCRPS of INR 10 each fully paid up to the shareholders of the Transferor Company 1, on respective record dates as mentioned in the Scheme. Both equity shares and NCRPS will be listed on both the Stock Exchanges.
(3) The Transferee Company shall issue 19 equity shares of INR 5 each fully paid up, to the shareholders of the Transferor Company 2, in the proportion of the number of equity shares held by the shareholders in Transferor Company 2.
(4) The demerger, transfer and vesting of the Die Cast Division from the Demerged Company into the Resulting Company. The shareholders of the Demerged Company will get 1 equity share of INR 5 each fully paid up of the Resulting Company, for every 1 equity share of INR 5 each held by such shareholder; and 1 NCRPS of INR 10 each fully paid up of Resulting Company, for every 1,000 NCRPS held by such shareholder.

During the year, Sundaram-Clayton Limited has filed an Application with both the stock exchanges viz., BSE Limited and National Stock Exchange of India Limited for obtaining no objection. Post receipt of no objection, the Company will file necessary application with NCLT, Chennai. Appropriate accounting treatment of the Scheme will be done post receipt of NCLT approval.

**30** In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or atleast equal to the amount at which they are stated in the balance sheet.

**For VS Investments Private Limited**

**V N VENKATANATHAN**
Director
(DIN:00059273)

**N SRINIVASA RAMANUJAM**
Director
(DIN:07384809)

Place : Chennai
Date : 10th June 2022

**As per our report annexed**
**For RAGHAVAN, CHAUDHURI & NARAYANAN**
**Chartered Accountants**
**Firm Regn. No. 007761S**

**V SATHYANARAYANAN**
**PARTNER**
**Membership No. 027716**
Bengaluru

RAGHAVAN CHAUDHURI & NARAYANAN * Chartered Accountants