JOHN DEERE
FINANCIAL

John Deere Financial India Private Limited
CIN – U65923PN2011PTC141149
Level 2, Tower XV, Cybercity, Magarpatta City,
Hadapsar, Pune- 411 013

Board No. – 020-6703 2000 / 020 – 6703 2001
Fax No. – 020 – 6703 2004

# DIRECTORS' REPORT

To
The Members,
**John Deere Financial India Private Limited**

Your Directors have great pleasure in presenting the 10th Board Report along with the Audited Statement of Accounts and the Auditors Report of the Company for the financial year ended 31st March 2021:

**Financial Summary:**
The Company sustained its good performance during FY 2020-21. The key highlights of the financial performance of the Company for the year, as stated in the audited financial statement, along with the corresponding performance for the previous year are as under:

**(Amount in Lakhs)**

| **Particulars** | **Year ended 31st March, 2021** | **Year ended 31st March, 2020** |
|---|---|---|
| Total Income | 45,614 | 33,094 |
| Finance Cost | 16,850 | 14,397 |
| Impairment of Financial Instruments | 6,166 | 3,924 |
| Depreciation | 243 | 205 |
| Operating expenses excluding depreciation and interest | 12,709 | 11,178 |
| Profit before depreciation and interest | 26,739 | 17,992 |
| Profit before taxes | 9,646 | 3,390 |
| Provision for taxation | 2,243 | 857 |
| **Profit after tax** | 7,403 | 2,533 |
| Retained Earnings* brought forward from prior year | 6,519 | 4,489 |
| Less: Adjustment for Other comprehensive Income | 42 | 5 |
| Less: Transfer to Statutory reserve | (1,489) | (508) |
| Retained Earnings* carried forward for following year | 12,475 | 6,519 |

*Including other comprehensive income

**State of Company’s affairs & changes in business**

During the year under review, the Company continued to increase its reach of financing tractors, road construction and other equipment manufactured or sold by John Deere India Private Limited and its subsidiary in India.

The Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board of Directors has established the Risk Management Committee and Asset Liability Committee (ALCO). The Risk Management committee and ALCO is responsible for developing and

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monitoring risk management policies for its business and ensuring compliance with the statutory/regulatory framework of the risk management process. Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the government lifted the national lockdown, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. Estimates and associated assumptions applied in preparing these financial results, especially for determining the impairment allowance for the financial assets (Loans), are based on historical experience and other emerging, forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The extent to which the current "second wave" has significantly increased the number of cases in India, will continue to impact the Company's performance, which will depend on ongoing as well as future developments and are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread.

As at 31st March 2021, JDF has a loan book of INR 333,712 lakh as against INR 233,045 lakh in the previous year. There is a growth of 43% in the portfolio. JDF portfolio has been growing at a rapid pace supporting the growth of equipment sales for John Deere India agricultural and Wirtgen road construction equipment's

The agriculture sector in India is expected to generate better momentum in the next few years due to increased investment in agricultural infrastructure such as irrigation facilities, warehousing, and cold storage.

The Government is continuing it's focus to boost the GDP levels by pushing infrastructure development primarily in road and mining segment. Government is also re-strategizing their approach in road development segment due to higher fund allocation to fight ongoing pandemic situation. This will support the road construction financing business.

The Company's main business is financing of the assets. The Company being NBFC-ND-SI (Systemically Important Non-Deposit taking Non-Banking Financial Company) has complied with and continues to comply with all the applicable regulations and guidelines specified by Reserve Bank of India.

During the year under review, the Company got its unsecured non-convertible debentures listed at BSE Limited.

There were no changes in the nature of the business of the Company during the year under review.

**Management Discussion & Analysis Report**

The Management Discussion & Analysis Report is enclosed as **Annexure 'I'** to this Report.

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**Dividend**

Your Directors have pleasure in recommending dividend of 1% (i.e. 10 paise) per equity share. The dividend of 1%, if approved, in the upcoming Annual General Meeting would result in payout of Rs. 536 Lakhs.

**Transfer to reserves**

The Company has created Statutory Reserve under 45IC of RBI Act 1934 and transferred Rs. 1,489 Lakhs.

**Material changes and commitments affecting financial position between the end of the financial year and date of the report**

The RBI has issued a circular dated April 7$^{th}$, 2021 for refund or adjustment of interest on interest/penal interest/compound interest charged during the moratorium. Accordingly the Company has provided an amount of INR 462.92 lakhs as of March 31, 2021. Other than this there has been no material changes and commitments affecting financial position of the Company between the end of the financial year and date of the report.

**Meetings of the Board of Directors**

During the Financial year under review Board of Directors met eight times to transact the business of the Company in accordance with the provisions of the Act and rules made there under and the dates on which they met during the financial year under review are as under:

| Sr. No | Date of the Board Meeting |
|---|---|
| 1 | 15 May 2020 |
| 2 | 19 June 2020 |
| 3 | 25 June 2020 |
| 4 | 16 July 2020 |
| 5 | 13 August 2020 |
| 6 | 08 October 2020 |
| 7 | 23 October 2020 |
| 8 | 13 January 2021 |

| Sr. No | Name of Directors | Number of Meeting Attended |
|---|---|---|
| 1 | Abhay Dhokte | 8 |
| 2 | Ajit Jain | 8 |
| 3 | Felix Frie | 6 |
| 4 | Manish Phalke | 8 |
| 5 | Pranjali Patil | 8 |

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**Meetings of the Board Committees**

During the financial year under review below committee meetings were held on periodical basis.

| SN | Committee Meetings | Apr -20 | May -20 | Jun -20 | Jul-20 | Aug -20 | Sep -20 | Oct -20 | Nov -20 | Dec -20 | Jan -21 | Feb -21 | Mar-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Nomination Committee | - | 05th | - | - | - | - | - | - | - | - | - | - |
| 2 | IT Committee | 30th | - | - | 24th | - | - | 30th | - | - | 15th | - | - |
| 3 | Risk Management Committee | - | 29th | - | - | - | 29th | - | - | 07th | - | - | 17th |
| 4 | ALCO Committee | 16th | - | - | 17th | - | 11th | - | - | 07th | - | 12th | - |
| 5 | Audit Committee | 27th | - | 18th | - | - | 23rd | 23rd | - | - | 21st | - | - |
| 6 | Customer Service Committee | 8th | 8th | 4th | 6th | 7th | 7th | 5th | 10th | 7th | 6th | 10th | 4th |
| 7 | CSR Committee | - | 5th | - | - | - | 3rd | - | - | 3rd | - | - | 25th |

**Directors' Responsibility Statement**

The Directors confirm that:

(i) In the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(ii) The Directors had selected such accounting policies and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year 31st March 2021 and of the profit and loss of the Company for that period.

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts for the year ended 31st March 2021 on a going concern basis.

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(v) 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.

**Directors and KMP**

During the year under review below were the changes related to directors and KMP:

| S. N | Name | Designation | Date of Appt/Resign | Status of Change | Remarks If any |
|---|---|---|---|---|---|
| 1 | Abhay Dhokte | Managing Director | 01/07/2019 | No Change | - |
| 2 | Felix Frie | Director | 01/12/2017 | No Change | - |
| 3 | Ajit Jain | Director | 28/01/2015 | No Change | - |
| 4 | Manish Phalke | Director | 11/07/2019 | No Change | - |
| 5 | Pranjali Rahul Patil | Director | 15/05/2020 | Appointed | - |
| 6 | Vaishnavi Suratwala | Company Secretary | 02/03/2020 | No Change | - |
| 7 | Girish Sivaramakrishnan | Chief Finance Officer | 16/05/2020 | Appointed | - |

**Credit Rating**

During the year under review, Rating Agencies issued ratings to JDFIPL as under:

| Rating Agency | Rating | Nature of Securities | Date of Rating | Amount (Rs. Lakhs) |
|---|---|---|---|---|
| ICRA | [ICRA] A1+ | Commercial Paper | 11-Jan-21 | 40,000 |
| ICRA | [ICRA] A1+ | Commercial Paper | 19-Mar-21 | 40,000 |
| ICRA | [ICRA]AAA (Stable) | Bank Loans | 19-Mar-21 | 20,000 |
| CRISIL | CRISIL A1+ | Commercial Paper | 4-Jan-21 | 60,000 |
| CRISIL | CRISIL A1+ | Commercial Paper | 30-Mar-21 | 60,000 |
| CRISIL | CRISIL AAA/Stable | Banks Loans | 30-Mar-21 | 27,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 4-Jan-21 | 40,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 4-Jan-21 | 40,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 4-Jan-21 | 50,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 30-Mar-21 | 20,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 30-Mar-21 | 40,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 30-Mar-21 | 50,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 30-Mar-21 | 10,000 |
| CRISIL | CRISIL A1+ | Commercial Paper | 7-May-20 | 60,000 |

| Rating Agency | Rating | Nature of Securities | Date of Rating | Amount (Rs. Lakhs) |
|---|---|---|---|---|
| CRISIL | CRISIL AAA/Stable | Banks Loans | 7-May-20 | 27,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 7-May-20 | 40,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 7-May-20 | 50,000 |
| CRISIL | CRISIL AAA/Stable | Non-Convertible Debentures | 7-May-20 | 40,000 |

**Particulars of the Employee under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Statement of employees drawing salary of more than Rs. 1.02 Crore if employed throughout the financial year and Rs. 8.50 lacs per month if employed for the part of the year is mentioned in extract to annual return attached to director report.

**Extract of the Annual Return**

The extract of Annual return as per Sec. 92(3) in format of MGT-9 as at 31st March 2021 has been included as Annexure II to this Board Report.

Details under Companies (Appointment and Remuneration of Managerial Personnel) Rules being confidential in nature will be shared with the members on request.

**Particulars of Loans, Guarantees or investments**

The Company is a Non-banking financial company registered with Reserve Bank of India under Section 45 IA of the Reserve Bank of India act 1934 and hence provisions of Section 186 are not applicable.

**Deposits, covered under Chapter V of Companies Act, 2013**

Apart from exempted category of deposits, company has not accepted any deposits covered under Chapter V of Companies Act.

**DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

The disclosures as required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms a part of this Report and the details are mentioned below:

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**Details under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 20-21 is given as Annexure 'III'.

(ii) The percentage increase in remuneration of Managing Director is 21.2% and Chief Financial Officer is NA*.

(*Managing Director has been appointed w.e.f. 1st June 2019. For purpose of computation increase in remuneration, his salary for initial three months of FY19-20 is considered as per his previous role. * The Chief Financial Officer has been appointed in the current year only.)

(iii) The percentage increase in the median remuneration of employees in the financial year is 8.05%.

(iv) The number of permanent employees on the rolls of Company as on March 31, 2021: 323

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration - The increase in managerial remuneration is higher due to additional share of bonus eligible to them. It also depends on the individual performance ratings of employees which may be driving some variations in the median salaries.

(vi) It is hereby confirmed that the remuneration paid to Directors and KMPs is as per the Remuneration Policy of the company

**Details under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

This disclosure is not applicable due to the limits mentioned in the Rule 5(2) as no employee other than Managing Director has been paid remuneration of more than 1.02 crores per annum

**Particulars of Contract and Arrangement with Related parties referred to in Sub Section (1) of Section 188**

All contract/arrangements/transactions entered by the Company during the financial year with related parties (Refer note 26.06 to the financial statement) were in ordinary course of business and on arm's length basis. The particulars of the material transactions as prescribed in Form AOC-2 of The Companies (Accounts) Rules, 2014 has been included as Annexure IV to this Board Report.

Furthermore, the company's related party policy has been enclosed in Annexure V to this Board Report.

**Subsidiary Company**

The Company does not have any subsidiary company. Hence, additional disclosures are not applicable.

**Details of conservation of energy, technology absorption, foreign exchange earnings and outgo**

**a. Conservation of Energy:**

The Company's business is not energy intensive. Company believes in prudent use of the scarce precious resources and is supportive of the energy saving mechanism.

| | | |
|---|---|---|
| (i) | the steps taken or impact on conservation of energy. | Not Applicable |
| (ii) | the steps taken by the company for utilizing alternate sources of energy. | Not Applicable |
| (iii) | the capital investment on energy conservation equipment. | Not Applicable |

**b. Technology Absorption:**

The Company has not incurred any expenditure towards research & development activities. Also the company has not laid any future plan of action towards research & development.

| | | |
|---|---|---|
| (i) | the efforts made towards technology absorption | Not Applicable |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution | Not Applicable |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | |
| | (a) the details of technology imported | Not Applicable |
| | (b) the year of import; | Not Applicable |
| | (c) whether the technology been fully absorbed | Not Applicable |
| | (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | Not Applicable |
| (iv) | the expenditure incurred on Research and Development | Not Applicable |

**c. Foreign Exchange Earnings and Outgo:**

During the year, the Company incurred Rs. 1,962 Lakhs as expenditure in foreign currency and earned Rs. 673 Lakhs in foreign currency. Further, interest expense on ECB for FY 2020-2021 amounts to Rs. 271 Lakhs.

**Risk Management Policy of the Company**

The primary purpose of the Company is to grow John Deere sales while managing risk effectively. To manage the risk effectively company have developed policies and processes to incorporate a consistent approach to risk management by developing culture at operational and strategic levels. In all cases, appropriate measures are put in place to address unfavorable impact from risk and favorable benefit from opportunities.
Company categorizes risk broadly in following six parameters:

1. Information risk: Risk that stems from either a lack of key, relevant information, or the dubious nature of the data that is available. One form of information risk is “accounting risk”, which is the risk associated with the reliance on questionable financial statement data. This type of risk is not measurable or manageable because the true facts are unknown.

2. Financial risk: Risk associated with the ongoing financial performance and condition of a company. Often measured by an assessment of liquidity, solvency, profitability, leverage, cash flow, credit history, etc. Company commercial risk rating system attempts to quantify financial risk.

3. Non-financial risk: Areas that influence the level of non-financial risk include the firm’s quality and depth of its management team, strategies, and the strength and direction of the market in which the business operates.

4. Transaction risk: Risk arising from the nature of the loan transaction itself. This risk can increase or decrease depending on the structure of the loan, the accuracy with which the repayment schedule matches borrower cash flow, the true protection provided by collateral among others. To some degree, your company structure rating system attempts to quantify transaction risk.

5. Behavioral risk: Risk that generally stems from internal control deficiencies or questionable character issues.

6. Environmental risk: Risks that are often not in one’s control, such as weather conditions and volatility of crop prices. Crop insurance, hedging strategies and other financial tools can be utilized to mitigate these risks.

Company does not seek to completely avoid all these risks. However, it strives to identify measures and manage these risks in prudent manner, through our policies and processes.

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Board No. – 020-6703 2000 / 020 – 6703 2001
Fax No. – 020 – 6703 2004

**Corporate Social Responsibility Policy**

Based on the profitability criteria for the year, Corporate Social responsibility requirements under section 135 of the Companies Act, 2013 are applicable to the Company for the year under review. Annual report on Corporate Social Responsibilities (CSR) activities has been included as Annexure VI to this Board Report.

**Auditors and its Report**

M/s. B S R & Associates LLP, Chartered Accountants, having registration number 116231W/ W-100024 were appointed as the Statutory Auditors of the Company at the AGM of the Company held on September 18, 2017 for a period of 5 years subject to RBI regulations prescribed in this behalf and ratification by members at each annual general meeting. Auditors have confirmed that they are not disqualified and confirmed their eligibility and willingness to be appointed as statutory auditor till ensuing annual general meeting.

**Qualifications, Reservations or Adverse Remark or Disclaimer, if any:**

There were no qualifications, reservation or adverse remarks provided by the statutory auditors in its report for the year ended 31st March 2021.

**Secretarial Audit Report**

Provisions of Section 204 read with Section 134(3) of the Act, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. M/s. DVD & Associates, Practicing Company Secretaries had been appointed to carry on the Secretarial Audit and provide a Secretarial Audit Report for the financial year 2020-21.

Secretarial Audit Report is issued by M/s. DVD & Associates, Practicing Company Secretaries in Form MR-3 (Attached in Annexure VII) for the financial year 2020-21 which forms part to this report.

There were no qualifications, reservation or adverse remarks provided by the Secretarial auditor in its report for the year ended 31st March 2021.

**Cost Records**

Maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013, is not required by the Company as the Company does not fall under the ambit of prescribed class of Companies who are required to make and maintain cost records.

**Significant or Material Orders passed by Regulator:**

During the year under review, there were no significant orders passed by the regulators or courts or tribunals impacting the going concern status of the company and its operations in future;

**Adequacy of Internal Financial Control with reference to Financial Statements**

The Company has in place robust internal financial controls. Company has Internal Audit conducted during the year to assess efficacy of control mechanism in its financial transactions.

Additionally, IT, Risk and Compliance audits are undertaken periodically to ensure effective monitoring. During the year under review there were no material reportable observations causing financial loss. Events indicating breach of 'Risk or Compliance' of the Company policies or guidelines has been discussed and acted upon.

**Vigil Mechanism**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages the employees to voice their genuine concerns without fear of censure; therefore Company's ultimate holding Company has built in and set up the Vigil Mechanism Policy applicable to all the group companies, associate companies, subsidiaries across the globe, according to which all the employees, Directors of the Company including third party, are eligible to make disclosures under the mechanism in relation to matters concerning the Company.

The link to access the said policy is https://s22.q4cdn.com/253594569/files/doc_downloads/2020/06/CodeofBusinessConduct_English.pdf

**Annual Evaluation of Directors, its Committees and Board**

The formal annual evaluation of the performance of the Board and that of its Committees has been carried out through a structured evaluation process covering various aspects of the Board's functioning such as the Board structure & composition, effectiveness of Board processes, information flow and functioning, quality of relationship between the Board and the Management, establishment and delineation of the responsibilities to Committees etc. The performance of individual Directors was evaluated on parameters such as professional conduct, performance of duties, role and function, contribution to the Board/Committees etc. by self-evaluation process. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

**Policy on Prevention, Prohibition and Redressal of sexual harassment at workplace**

Company has adopted a Policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. Company is committed to provide a safe and secure environment to its women employees across its functions and other women stakeholders, as they are considered as integral and important part of the Organization.

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An Internal Complaints Committee (ICC) with requisite number of representatives has been set up to redress complaints relating to sexual harassment, if any, received from women employees and other women associates. All employees (permanent, contractual, temporary, trainees) are covered under this policy, which also extends to cover all women stakeholders of the Company.

The following is a summary of sexual harassment complaints received and disposed off during the financial year ended March 31, 2021:

• No. of Complaints received: Nil

• No. of Complaints disposed off: Nil

• Number of cases pending for more than ninety days: Nil

• Number of workshop of awareness program against sexual harassment carried out:

a. Once in a year online training is been assigned to all employees.
b. Orientation program is conducted to the new employees on joining.
c. Online Investigation Process Training Program to IC members

• Nature of action taken by the employer or district Officer: Nil

**Acknowledgement**
The Directors would like to place on record its gratitude for valuable guidance and support received from Reserve Bank of India, central & state government departments/ agencies, bankers and wish to convey its appreciation to customers, dealers, vendors and all other business associates for their continuous support during the year. The Directors would also like to express their appreciation of the commitment and dedication of employees for significant contribution during the year.

**For and on behalf of the Board of Directors**

ABHAY DINKAR DHOKTE
Digitally signed by ABHAY DINKAR DHOKTE
Date: 2021.05.05 16:08:56 +05'30'

Abhay Dhokte
Chairman
Date: 05/05/2021
Place: Pune

**Enclosures**
- Annexure I- Management Discussion & Analysis Report
- Annexure II- Extract of Annual Return in MGT-9
- Annexure III- Ratio of the remuneration of each director for FY 20-21
- Annexure IV- AOC-2
- Annexure V- Related Party Policy
- Annexure VI- Annual Report on CSR activities
- Annexure VII- MR-3 Secretarial Audit Report

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# ANNEXURE I TO THE DIRECTORS' REPORT

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Since the Company is in captive finance segment catering to retail financing of equipment manufactured by John Deere India Private Limited and Wirtgen India Private Limited its progress is closely aligned to the sales and growth of its equipment business. During the year, the loan book of the company has grown from INR 233,045 lakhs in March 2020 to INR 333,712 lakhs in March 2021, net of impairment allowances reflecting a 43.2% growth.

### Business Environment for Tractor Industry

During the year the tractor industry and JDI domestic sales have grown as shown below:

| | Year ending March 2021 | Year ending March 2020 |
|---|---|---|
| Tractor industry sales no. | 8,99,109 | 7,09,456 |
| JDI domestic sales no. | 86,753 | 69,489 |

### Business Environment for Road Construction Industry

| | Year ending March 2021 | Year ending March 2020 |
|---|---|---|
| .Road Industry sales no. | 5,520 | 5,174 |
| .Wirtgen Domestic Sales no. | 1,169 | 1,233 |

### PRODUCT WISE PERFORMANCE

The company is primarily in the business of retail financing of agriculture and road construction equipment. During the year the company has portfolio for agricultural equipment's has grown from 229,446.92 lakhs in March 2020 to 323,204.88 lakhs in March 2021. The portfolio for road construction equipment has grown from 9,449.02 lakhs in March 2020 to 21,159.10 lakhs in March 2021.

### OUTLOOK, OPPORTUNITIES AND THREATS

Growth in India is projected to be higher in 2021-22 as compared to 2020-21, primarily on the back of good monsoon, increased MSP, and higher activity in agriculture sector. The extension of the lockdown by the government has very low effect on agriculture sector and current forecast shows positive growth for the sector despite, India's GDP forecast for this financial year is expected to show a contraction.

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Over the medium term, growth is expected to decline due to reduction in demand as an impact out of lockdown and then it is expected to re-bound for John Deere tractor from second half of 2021 on account of normal monsoon forecast.

The Company has adopted various digital modes for collections during the past financial year and is moving on its path of digitalization with good speed.

The Company has adequate funding lines in place to meet its business requirements and debt repayment obligations. As at 31st March 2021 the unutilized bank lines are INR 82,000 lakhs and Intercorporate Line from John Deere India Private Limited of INR 75,100 lakhs. The Company is also working on getting additional bank lines in place.

Your directors expect that with the Company's inherent strong business model with upcoming models, focus on digitalization and automation to provide enhanced customer experience, the continued confidence of investors and support of the lending institutions to the Company's fund mobilization activities on account of good track record of debt servicing, your Company should achieve satisfactory performance in the coming years.

**RISKS AND CONCERNS**

India is facing the 2nd wave of Covid19, which is resulting into partial or full lockdown in many geographies. This could create stress on overall economy; rural economy has shown resilience during the 1st wave, however with higher severity of 2nd wave we may see further adverse impact on rural economy as well. This could create potential risk in the collectability of instalments in near future

Market risk, Operational risk, Compliance Risk and Liquidity risk are the key risks inherent to the business of the Company. The Company has established a robust risk management framework to manage these risks and is continuously engaged in reinforcing risk management practices.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal control systems and their adequacy is more elaborately discussed in the Directors' Report.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Financial Performance and operational performance form part of the Directors' Report.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED**

There has been no material development in human resources front during the financial year apart from changes in Key Managerial Persons as stated in the Directors' Report.

John Deere Financial India Private Limited
CIN – U65923PN2011PTC141149
Level 2, Tower XV, Cybercity, Magarpatta City,
Hadapsar, Pune- 411 013

Board No. – 020-6703 2000 / 020 – 6703 2001
Fax No. – 020 – 6703 2004

# ANNEXURE IV TO THE DIRECTORS' REPORT

## FORM NO. AOC.2

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 arm's length transactions under third proviso thereto

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

| | | |
|---|---|---|
| (a) | Name(s) of the related party and nature of relationship | **Not Applicable** |
| (b) | Nature of contracts/arrangements/transactions | |
| (c) | Duration of the contracts / arrangements/transactions | |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| (e) | Justification for entering into such contracts or arrangements or transactions | |
| (f) | date(s) of approval by the Board | |
| (g) | Amount paid as advances, if any | |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | |

2. Details of material contracts or arrangement or transactions at arm's length basis INR lakhs

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements / transactions | Duration of the contracts/ arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any* | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|
| John Deere India Private Limited | Services Received for Support Charges and IPN | Ongoing | 1,227 | - | Nil |
| John Deere India Private Limited | Facility Cost | Ongoing | 76 | - | Nil |
| John Deere India Private Limited | Mfg. Subsidy | Ongoing | 1,459 | - | Nil |

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Fax No. – 020 – 6703 2004

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements / transactions | Duration of the contracts/ arrangements / transactions | Salient terms of the contracts or arrangements or transactions including the value, if any* | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|
| John Deere India Private Limited | Interest expense | Apr-20 to Mar-21 | 1,194 | - | Nil |
| John Deere India Private Limited | Inter Company deposit received | Apr-20 to Mar-21 | 84,400 | - | Nil |
| John Deere India Private Limited | Inter Company deposit paid | Apr-20 to Mar-21 | 59,500 | - | Nil |
| John Deere India Private Limited | Other reimburseme nt and maintenance charges | Ongoing | 208 | - | Nil |
| Deere & Company | Information System | Ongoing | 1,335 | - | Nil |

* The terms of contract with related party is based on transfer pricing guidelines.

**ANNEXURE V TO THE DIRECTORS' REPORT**

**RELATED PARTY POLICY**

## 1 Objectives

John Deere Financial India Private Limited ('JDFIPL') is a Non-Banking Financial Company ('NBFC') operating under Reserve Bank of India ('RBI') regulations/directions and its activities are governed by the various Indian laws and RBI regulations/directions.

The objective / purpose of this Policy is to lay down a formal process of undertaking related party transactions between JDFIPL and its associated entities (as defined under Companies Act, 2013) and reporting mechanisms thereof.

JDFIPL is committed to and conducts its business activities lawfully and in a manner that is consistent with its compliance obligations. Activities of JDFIPL are conducted in line with RBI / Company Law and prevailing local regulations/rules/laws/Acts.

In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to omissions or changes in regulations/rules /laws/Acts, the regulations/rules/laws/Acts shall prevail. If any clarifications are needed on these regulations/rules /laws/Acts, the same must be referred to Company Secretary for its final opinion on the issue.

## 2 References

| Document Number | Description | Revision/Date |
|---|---|---|
| JDF037 | New Document | 02nd March 2020 |

## 3 Applicability

This Policy applies to all the transactions of JDFIPL with its related parties including changes, if any, from time to time and are governed by Companies Act 2013 and rules framed thereunder.

JDFIPL has adopted Related Party Policy for the Related Party Transactions pursuant to the provisions of Sections 179, 188 and other applicable provisions of the Companies Act, 2013 ('the Companies Act') and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as updated from time to time).

## 4 Definitions

a) 'Related Party' will have the same meaning as defined under Section 2(76) of the Companies Act.

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b) 'Related party transaction ('**RPT'**)' mean all transactions between JDFIPL on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) clause (a) to (g) of the Companies Act.

c) 'Arm's Length Transaction ('**ALT**')' means a transaction between two related parties that is conducted as if they are unrelated, to ensure there is no conflict of interest.

d) 'Ordinary Course of Business ('**OCB**')' means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') and the Articles of Association ('**AoA**').

e) 'Relative' in relation to a related party shall have the same meaning as defined in Section 2(77) of the Companies Act read with clause 4 of the Companies (Specification of Definition details) Rules,2014 from time to time.

f) 'Board of Directors or Board' means the collective body of the Directors of JDFIPL constituted from time to time.

g) 'Audit Committee' means the Audit Committee constituted by the Board of Directors of JDFIPL in accordance with Section 177 of the Companies Act.

h) 'Company Secretary' means a Company Secretary as defined in Section 2 (24) of the Companies Act.

i) 'Key Managerial Personnel ('**KMP**')': shall mean-
   - The Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
   - The Company Secretary;
   - The Chief Financial Officer; and
   - Such other person as may be specified as KMP from time to time and defined under section 2(51) of the Companies Act 2013.

## 5 Policy

a) In terms of this Related Party Policy, JDFIPL may enter into any Related Party Transactions through its authorized officials or any persons authorized by the Board in accordance with this Policy;

b) The RPT Framework may include such details as may be considered appropriate including the persons authorized to initiate and / or execute the RPT, commercial justification, parameters for considering RPT to be at arm's length, monitoring and reporting mechanism;

c) All transactions by JDFIPL with related parties shall require approval / ratification of the Audit Committee and/or Board of Directors as specified in the Regulations;

d) The Audit Committee and/or Board of Directors shall review the RPTs during the course of review of results.

**6** All transactions with related parties must be entered into at arm's length basis. Borrowings and lending / investment transactions with related parties, if any, must necessarily be executed substantially at the same terms, including mark-up interest rates and collaterals, as those prevailing at the time of similar transactions with unrelated parties; and

All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both will additionally require prior approval of Board of Directors and Shareholders through special resolution as per the Companies Act (as amended from time to time)

## 7 Identification of Related Party Transaction

a) Related parties will be identified on an ongoing basis in line with Section 2(76) of the Companies Act and Accounting Standard issued by Institute of Chartered Accountants of India;

b) Directors and KMPs, would be responsible for promptly notifying (within a period of 30 days of his/her appointment, or relinquishment of his office in other Companies/Firms/bodies corporate, as the case may be) JDFIPL through Company Secretary in case of any changes / updates occurring in the related parties and in respect of details pertaining to such related parties declared by them. Such information should be notified well in time to enable review by Audit Committee / Board of Directors;

c) The Company Secretary shall be responsible to maintain the updated list of related parties based on the disclosures received from Directors / KMPs. The list may be maintained in the Register (physically or electronically, as may be decided by the Board of Directors), giving separately the particulars of all contracts or arrangements to which the Policy applies;

d) The RPT Register shall be preserved permanently and shall be kept in the custody of the Company Secretary/Chief Financial Officer of JDFIPL or any other person authorized by the Board for the purpose; and

e) Shareholders' approval will be required only when the limits prescribed under the Companies Act are likely to be exceeded.



## 8 Compliance & Disclosure:

a) This Policy will be hosted on the Company's website at of JDFIPL and shall be included in the Annual Report with a weblink. Further, details of all material transactions with related parties shall be disclosed in the annual report;

b) Every person associated with RPT shall be accountable for complying with the prevailing RPT Policy;

c) The Board's Report shall contain details of contracts or arrangement or transaction which are (i) not at arm's length basis and(ii) material contracts or arrangement or transactions at arm's length basis and/ or at ordinary course of business, along with justification for entering into such transaction as per the provisions of Companies Act, 2013 and rules mentioned therein;

d) Directors or KMP or any personnel as per authority matrix, who enter into or authorize any contract or arrangement in violation of the RPT Policy shall be responsible for non-compliance as provided under Section 188 (3) of the Companies Act; and

e) In case of breach of this Policy Audit Committee and/or Board of Directors may initiate appropriate action against the person/s responsible.

## 9 Review

This Policy shall be reviewed once in a year by the Board of Directors on the recommendations of the Audit Committee. The Audit Committee shall meet as and when any changes are required in the Policy. Any amendment /changes/deviations to this policy shall need approval of Board of Directors.

## 10 Records Management and Retention

a) Record Management and Retention

Finance Department shall assist in ensuring that all the matters enumerated in here are complied with.

There is no requirement for retention of records.

b) Document Change Records

| **Document Change Records** | | | | |
|---|---|---|---|---|
| **Sr. No.** | **Revision no./ date** | **Section Revised/ Page No.** | **Reason For change** | **Change Description** |
| | | | | |

| Need to know departments | | | | |
|---|---|---|---|---|
| Finance | Operations | IT | Legal | Credit |
| **Yes** | **No** | **No** | **Yes** | **No** |
| Sales | Collection | HR | Wholesale | Risk and Compliance |
| **No** | **No** | **No** | **No** | **Yes** |
| Bank Relationship | Shared services-Direct Tax | Shared services-In Direct Tax | Shared services-Treasury & payroll, Payables | |
| **No** | **Yes** | **Yes** | **No** | |

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End of document

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**John Deere Financial India Private Limited**
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Fax No. – 020 – 6703 2004

**[Annexure -VI]**

**Annual Report on CSR Activities**

1. Brief outline on CSR Policy of the Company.

   John Deere Financial India Private Limited (JDFIPL) aspires to be a catalyst for positive change by focusing our energy, intellect, and resources on providing solutions for world hunger, empowering others through education, and developing communities. JDFIPL will do this by investing purposefully and focusing our philanthropic and volunteerism efforts to achieve higher and sustainable living standards for people in India.

2. Composition of CSR Committee:

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Abhay Dhokte | Chairman | 4 | 3 |
| 2 | Ajit Jain | Member | 4 | 4 |
| 3 | Manish Phalke | Member | 4 | 3 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

   https://www.deere.com/assets/pdfs/region-1/finance/india-financing/JDFIPL_CSR_Committee.pdf
   https://www.deere.co.in/assets/pdfs/region-1/finance/india-financing/JDF031-CSR-Policy.pdf
   https://www.deere.com/assets/pdfs/region-1/finance/india-financing/JDFIPL_CSR_Project_Approved_After_1_April_2020_.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).
   **Not Applicable**

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

| Sr. No. | Financial Year | Amount available for set-off from preceding financial years (in Lakh) | Amount required to be set-off for the financial year, if any (in Lakh) |
|---|---|---|---|
| 1 | 2020-21 | 1.64 | 1.64 |
| | **Total** | 1.64 | 1.64 |

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6. Average net profit of the company as per section 135(5). – Rs 2690 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5) – Rs 53.81 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – Not Applicable

(c) Amount required to be set off for the financial year, if any – 1.64 Lakhs

(d) Total CSR obligation for the financial year (7a+7b-7c). – 55.45 Lakhs

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

| Total Amount Spent for the Financial Year. (in Rs. Lakhs) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| 55.45 | - | - | - | - | - |

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

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Project duration. | Amount allocated for the project (in Rs Lakhs). | Amount spent in the current financial Year (in Rs Lakhs). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. Lakhs). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1 | Unnati | Promotion of education and eradicating hunger | Yes | Maharashtra | Pune | April 20-March 21 | 55.45 | 55.45 | NA | NO | **Centre For Advanced Research & Development** | **CSR00000339** |
| | Total | | | | | | 55.45 | 55.45 | | | | |

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: Not Applicable

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| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | | | | | | | | | |
| | Total | | | | | | | | |

(d) Amount spent in Administrative Overheads – Not Applicable

(e) Amount spent on Impact Assessment, if applicable – Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Rs 55.45 Lakhs

(g) Excess amount for set off, if any

| Sr. No. | Particular | Amount (in Rs Lakhs.) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 53.81 |
| (ii) | Total amount spent for the Financial Year | 55.45 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 1.64 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Not Applicable |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 1.64 |

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

| Sr. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer. | |
| 1. | 2018-2019 | NIL | NIL | NIL | NIL | NIL | *NIL |
| | Total | | | | | | |

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**John Deere Financial India Private Limited**
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Board No. – 020-6703 2000 / 020 – 6703 2001
Fax No. – 020 – 6703 2004

* The disclosure regarding amount was provided in the Directors Report as per the provisions applicable at that time.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **(8)** | **(9)** |
|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Project ID.** | **Name of the Project.** | **Financial Year in which the project was commenced.** | **Project duration.** | **Total amount allocated for the project (in Rs.).** | **Amount spent on the project in the reporting Financial Year (in Rs).** | **Cumulative amount spent at the end of reporting Financial Year. (in Rs.)** | **Status of the project - Completed /Ongoing.** |
| 1 | | | | | | | | |
| | Total | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- **Not Applicable**

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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

The Company has spent INR 55.45 Lakhs as against the budget of INR 53.81 Lakhs during the financial year 2020-21 towards CSR activities i.e. 102% of the total amount prescribed was spent as per the calculation of CSR under the Companies Act, 2013.

**For John Deere Financial India Private Ltd,**

ABHAY DINKAR DHOKTE

Digitally signed by ABHAY DINKAR DHOKTE
Date: 2021.05.05 16:06:55 +05'30'

**Chairman**
**Place: Pune**
**Date : 05th May 2021**

**DVD & ASSOCIATES**
**Company Secretaries**
**+ 91 - 9823239397**
**devendracs@gmail.com**
**Pune I Mumbai I Kolhapur I Yavatmal I Dubai**

## FORM NO. MR-3
## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021

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

To,
The Members
JOHN DEERE FINANCIAL INDIA PRIVATE LIMITED
Tower XIV, Cybercity, Magarpatta City,
Hadapsar, Pune 411013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by M/s. JOHN DEERE FINANCIAL INDIA PRIVATE LIMITED (hereinafter called "the Company").

The Secretarial Audit was conducted for the period from 1st April 2020 to 31st March 2021, in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances of the Company and expressing our opinion thereon. We have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act and the laws specifically listed below.

Based on our verification of the Company's 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of the following list of laws and regulations. These documents were examined on computer using audio visual means because of the restrictions on travel as well as work from home at Registered Office of the Company. The documents provided to us were treated as final for verification purposes as per the declaration given by the Management of the Company. The physical verification of certain documents was not possible due to lockdown condition in India during the Audit period. The following are our observations on the same:

DVD & Associates Company Secretaries FCS:6099 CP:5515



Pune Office: 3rd Floor, Samarth Building, Plot 14, Pinak Colony, Near Bank of India, Karve Nagar, Pune - 411 052

**(i) The Companies Act, 2013 (the Act) and the Rules made there under:** The Company has satisfactorily complied with the provisions of the Companies Act, 2013 and the Rules made there under and there are no discrepancies observed by us during the period under review.

**(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under:** Not Applicable

**(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:**

The Company is a Debt listed private company the shares are in physical form, hence the Company was not required to comply with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under. In respect of Non Convertible Debentures, the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

(iv) The Company has satisfactorily complied with the provisions of the 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 and there are no discrepancies observed by us during the period under review.

(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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 : **(Not applicable for the period under review)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 : During the year under review, The Company has satisfactorily complied with the provisions of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 : **(Not applicable for the period under review)**

(d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 : **(Not applicable for the period under review)**

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : **(Not applicable for the period under review)**

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: The Company got listed at BSE Limited, in respect of Non Convertible Debentures issued by the Company on 13th July, 2020. The Company has satisfactorily complied with the provisions of The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; : **(Not applicable for the period under review)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 : **(Not applicable for the period under review)**

DVD & Associates FCS: 6099 CP: 6515 Company Secretaries

**(i)** Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015: The Company has satisfactorily complied with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 as applicable to the Company.

I further report that, as per the opinion of the officers of the Company and information provided by them there are following specific applicable laws on the basis of activities of the Company have been substantially complied with:

1. Reserve Bank of India Act, 1934 and the relevant Regulations framed there under applicable Non Banking Financial Company registered under the Act.

**We have also examined compliance with the applicable clauses of the following:**

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. The Company has duly complied with the Secretarial Standards for the period under review.

(ii) The Listing Agreement entered into by the Company with BSE Limited, in respect of Non Convertible Debentures issued by the Company and The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

During the period under review the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. which are mentioned above.

**We further report that:-**

There are adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law and environmental laws.

The Board of Directors of the Company is duly constituted as required under the provisions of the Companies Act, 2013.

Adequate notice is given to all directors about the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. All decisions at Board Meetings were carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors.

We further report that during the audit period no major decisions, specific events/ actions have occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except the followings:

1. The Company got listed on BSE Limited, in respect of Non Convertible Debentures issued by the Company on 13th July, 2020.

DVD & Associates Company Secretaries FCS:6099 CP:6515

2. The following securities were allotted during the year under review:

| Sr. No | Date of Allotment | Type of Security | Number of Securities issued and allotted. |
|---|---|---|---|
| 1 | 01/06/2020 | Unsecured Redeemable, non convertible Debentures | 1,000 |
| 2 | 07/07/2020 | Unsecured, rated, listed 6.20% Redeemable NCD | 2,000 |
| 3 | 23/07/2020 | Equity Shares | 42,000,000 |
| 4 | 23/10/2020 | Equity Shares | 50,000,000 |
| 5 | 10/02/2021 | Equity Shares | 50,000,000 |
| 6 | 28/01/2021 | Unsecured, rated, listed 5.75% Redeemable NCD | 3,000 |

**FOR DVD & ASSOCIATES**
**COMPANY SECRETARIES**

DVD & Associates
FCS:6099
CP:6515
Company Secretaries

**Devendra Deshpande**
**FCS No. 6099**
**CP No. 6515**
**PR No. 1164/2021**

**Place: Pune**
**Date: 05/05/2021**
**UDIN: F006099C000244084**

**ANNEXURE A**

To,
The Members
JOHN DEERE FINANCIAL INDIA PRIVATE LIMITED
Tower XIV, Cybercity, Magarpatta City,
Hadapsar, Pune 411013

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3.We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4.Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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

6.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.

**FOR DVD & ASSOCIATES**
**COMPANY SECRETARIES**

DVD & Associates Company Secretaries FCS:6099 CP:6515

**DEVENDRA DESHPANDE**
**FCS No. 6099**
**CP No. 6515**
**PR No. 1164/2021**

**Place: Pune**
**Date: 05/05/2021**

Building No.10,12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

# INDEPENDENT AUDITOR'S REPORT

## To the Members of John Deere Financial India Private Limited

## Report on the Audit of the Financial Statements

### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive 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 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 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 financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

**Impairment of loans to customers**

**Charge: INR (in lakhs) 4,801.07 for the year ended 31 March 2021**
**Provision: INR (in lakhs) 10,651.55 as at 31 March 2021**

*Refer to the accounting policies in "Note [2.9] to the Financial Statements: Impairment", "Note [2.4] to the Financial Statements: Significant Accounting Policies- use of estimates" and "Note [2.9] to the Financial Statements: Loans and advances"*

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| **Subjective estimate**<br><br>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:<br><br>· Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.<br><br>· Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.<br><br>· Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when | **Design/Controls**<br><br>We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.<br><br>*Key aspects of our controls testing involved the following:*<br><br>- Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.<br>- Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with the RBI guidance.<br>- Testing the design and operating effectiveness of the key controls over the application of the staging criteria.<br>- Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.<br>- Testing management's controls over authorisation of management overlays, if any.<br>- Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.<br>- Testing key controls operating over the information technology in relation to loan management systems, including system |

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|---|---|
| considering the current uncertain economic environment arising from COVID-19.<br><br>· .The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, including off balance sheet elements, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.<br><br>Disclosures<br><br>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus | access and system change management, program development and computer operations.<br><br>Involvement of specialists - we involved financial risk modelling specialists for the following:<br><br>- Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays).<br><br>- The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.<br><br>**Test of details**<br><br>Key aspects of our testing included:<br><br>- Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.<br>- Model calculations testing through re-performance, where possible.<br><br>Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear. |
| **Key audit matter**<br>**Information Technology**<br><br>**IT systems and controls** | **How the matter was addressed in our audit** |
| The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses Oracle IT | We involved our IT Specialist to:<br>- Understand General IT Control (GITC) i.e. Access Controls, Program/ System Change, Program Development, Computer Operations (i.e. Job Processing, Data/System Backup Incident Management) over key financial |

| | |
|---|---|
| application for managing its loan transactions and also for overall financial reporting.<br><br>Further, the prevailing COVID-19 situation, has caused the required IT applications to be made accessible on a remote basis.<br>We have identified 'IT systems and Controls' as key audit matter because of the level of automation of the IT architecture and the risks associated with remote access of key applications at the year end. | accounting and reporting systems, and supporting control systems (referred to as in-scope systems);<br>- Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems;<br>- Understand IT application controls covering:<br>o user access and roles, segregation of duties; and<br>o reports, reconciliations and system processing.<br>- Test the IT application controls for design and operating effectiveness for the audit period;<br>- Test the controls to determine whether these controls remained unchanged during the audit period or were changed following the standard change management process;<br>- Understand IT infrastructure i.e. operating systems and databases supporting the in-scope systems;<br>- Test the controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches). |

## 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.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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

In preparing the 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 the Board of Directors 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements, including the disclosures, and whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the 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 financial statements comply with the Ind AS specified under section 133 of the Act.

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

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 26.01 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 11 to the financial statements;

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

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

(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, the provisions of Section 197 read with Schedule V of the Act are not applicable to the Company as it is a 'private limited company'.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

ANANT MARWAH

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Date: 2021.05.05 19:34:53 +05'30'

Anant Marwah
Partner
Membership No. 510549
UDIN: 21510549AAAADG5210

Place: New Delhi
Date: 05 May 2021

## Annexure A to the Independent Auditor's Report on the Financial Statements

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2021 of even date, we report that:

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

(b) According to the information and explanations given to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties in the name of the Company. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

ii. The Company is a non-banking financial company engaged in lending activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has not advanced any loans, given any guarantee or provided any security in connection with loans to any of its directors or to any person in whom the director is interested. Thus, provisions of section 185 are not applicable to the Company. Pursuant to provisions of sub section 11 of section 186 of the Act, the Company is exempted from provisions of section 186 of the Act, with respect to the loans given.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to section 76 or any other relevant provisions of the Act and the rules framed there under apply.

vi. The Central Government has not prescribed the maintenance of cost records for any of the services provided by the Company under section 148(1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

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, Income Tax, Goods and Services Tax and other material statutory dues have generally been regularly deposited during the year by the Company. As explained to us, the Company did not have any dues on account of Employees' State Insurance and Cess, Duty of Customs and Duty of Excise.

## Annexure A to the Independent Auditor's Report on the Financial Statements *(continued)*

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Goods and Services Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax and Value Added Tax which have not been deposited by the Company with appropriate authorities on account of any disputes except for dues of service tax as disclosed below:

| Name of statute | Nature of the dues | Amount demanded (INR) | Period to which the amount relates | Forum where the dispute is pending | Amount paid under protest |
|---|---|---|---|---|---|
| Finance Act, 1994 | Service tax on late interest and non - sufficient funding charges | 4,257,423 | 2016-2017 | Assistant Commissioner, Central GST, Pune | - |
| Central Goods and Services Tax (CGST) Act 2017 | Rejection of GST refund of Oct 2018 to Jan 2019 | 1,159,621 | Oct 18 to Jan 19 | Joint Commissioner, SGST, Pune | INR 69,578 |

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

ix. In our opinion and according to the information and explanation given to us, the Company has utilized the money raised by way of term loans and non-convertible debentures during the year for the purpose for which they were raised. The Company has not raised money by way of initial public offer or further public offer during the year.

x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the provision of managerial remuneration of section 197 read with Schedule V to the Act are not applicable on the Company, hence paragraph 3(xi) of the order is not applicable to the Company.

xii. In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

### Annexure A to the Independent Auditor's Report on the Financial Statements *(continued)*

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable Indian Accounting Standard.

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, the provision of clause 3(xiv) of the Order is not applicable

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

xvi. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated September 6, 2012.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

ANANT MARWAH
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Date: 2021.05.05 19:35:28 +05'30'

Anant Marwah
Partner
Membership No. 510549
UDIN: 21510549AAAADG5210

Place: New Delhi
Date: 05 May 2021

**Annexure B to the Independent Auditor's Report on the Financial Statements of John Deere Financial India Private Limited for the period ended 31 March 2021**

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

**Referred to in paragraph 2A(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 financial statements of John Deere Financial India Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

## Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to 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").

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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

**Auditor's Responsibility *(continued)***

selected depend on the auditor's judgement, 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 with reference to financial statements.

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

A company's internal financial controls with reference to 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 financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 No. 116231W/W-100024

ANANT MARWAH
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Date: 2021.05.05 19:35:56 +05'30'

Anant Marwah
Partner
Membership No. 510549
UDIN: 21510549AAAADG5210

Place: New Delhi
Date: 05 May 2021

John Deere Financial India Private Limited

Balance Sheet as at March 31, 2021

Rs. In Lakhs

| | | Particulars | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|---|
| A | | ASSETS | | | |
| | 1 | Financial Assets | | | |
| | | (a) Cash and cash equivalents | 4 | 6,493.73 | 8,024.42 |
| | | (b) Bank balance other than (a) above | 5 | 0.62 | 0.59 |
| | | (c) Receivables- Trade receivables | 6 | 518.62 | 266.44 |
| | | (d) Loans | 7 | 333,712.45 | 233,045.48 |
| | | (e) Other financial assets | 8 | 70.08 | 66.62 |
| | | Total financial assets | | 340,795.50 | 241,403.55 |
| | 2 | Non-financial Assets | | | |
| | | (a) Current tax asset (net) | | 391.40 | 415.16 |
| | | (b) Deferred tax assets (net) | 26.11 | 3,947.47 | 2,111.36 |
| | | (c) Property, plant and equipment | 9 (a) | 302.84 | 186.20 |
| | | (d) Capital work-in-progress | | 0.13 | 36.72 |
| | | (e) Right of use assets | 9 (c) | 232.59 | 260.05 |
| | | (f) Other intangible assets | 9 (b) | 24.86 | - |
| | | (g) Other non financial assets | 10 | 719.77 | 711.12 |
| | | Total non-financial assets | | 5,619.06 | 3,720.61 |
| | | Total assets | | 346,414.56 | 245,124.16 |
| B | | Liabilities | | | |
| | 1 | Financial liabilities | | | |
| | | (a) Derivative financial Instruments | 11 | 1,300.89 | 154.45 |
| | | (b) Payables | 12 | | |
| | | Trade payables | | | |
| | | -total outstanding dues of micro enterprises and small enterprises | | 0.10 | 0.01 |
| | | -total outstanding dues of creditors other than micro enterprises and small enterprises | | 5,250.52 | 1,143.59 |
| | | (c) Debt securities | 13 | 122,996.80 | 109,119.70 |
| | | (d) Borrowings (Other than debt securities) | 14 | 143,575.42 | 85,507.90 |
| | | (e) Lease liabilities | | 254.85 | 270.98 |
| | | (f) Other financial liabilities | 15 | 710.08 | 467.28 |
| | | Total financial liabilities | | 274,088.66 | 196,663.91 |
| | 2 | Non-financial liabilities | | | |
| | | (a) Provisions | 16 | 572.87 | 554.11 |
| | | (b) Other Non financial liabilities | 17 | 242.19 | 98.95 |
| | | Total non financial liabilities | | 815.06 | 653.06 |
| | 3 | EQUITY | | | |
| | | (a) Equity share capital | 18 | 53,590.00 | 39,390.00 |
| | | (b) Other equity | 19 | 17,920.84 | 8,417.19 |
| | | Total equity | | 71,510.84 | 47,807.19 |
| | | Total liabilities and equity | | 346,414.56 | 245,124.16 |

Significant accounting policies 2

Notes to the financial statements 1- 26

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No. 116231W/W-100024

ANANT MARWAH Digitally signed by ANANT MARWAH Date: 2021.05.05 19:36:36 +05'30'

Anant Marwah
Partner
Membership No. 510549

Place : New Delhi
Date : 05 May 2021

For and on behalf of the Board of Directors
John Deere Financial India Private Limited
CIN: U65923PN2011PTC141149

ABHAY DINKAR DHOKTE Digitally signed by ABHAY DINKAR DHOKTE Date: 2021.05.05 15:59:54 +05'30'

Abhay Dhokte
Managing Director
(DIN 08481252)

AJIT PRAKASH JAIN Digitally signed by AJIT PRAKASH JAIN Date: 2021.05.05 16:35:05 +05'30'

Ajit Jain
Director
(DIN 07021106 )

VAISHNAVI BHUPENDRA SURATWALA Digitally signed by VAISHNAVI BHUPENDRA SURATWALA Date: 2021.05.05 16:13:37 +05'30'

Vaishnavi Suratwala
Company Secretary

Place : Pune
Date : 05 May 2021

Digitally signed by GIRISH SIVARAMAKRISHNAN DN: cn=GIRISH SIVARAMAKRISHNAN, c=IN, o=Personal, email=sivaramakrishnangirish@gmail.com Date: 2021.05.05 16:49:47 +05'30'

Girish Sivaramakrishnan
Chief Financial Officer

Place : Pune
Date : 05 May 2021

John Deere Financial India Private Limited

Statement of Profit and Loss for the year ended March 31, 2021

Rs. In Lakhs

| | Particulars | Note No. | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|---|
| I | Revenue from operations | | | |
| | (a) Interest income | 20 | 44,246.27 | 32,069.00 |
| | (b) Other operating income | 20 | 326.52 | 208.97 |
| | Total revenue from operations | | 44,572.79 | 32,277.97 |
| II | Other income | 21 | 1,041.26 | 816.22 |
| III | Total Income (I+II) | | 45,614.05 | 33,094.19 |
| IV | Expenses | | | |
| | (a) Finance cost | 22 | 16,850.05 | 14,397.14 |
| | (b) Net loss on fair value changes on financial instruments at FVTPL | 26.15 | 1,163.18 | 154.45 |
| | (c) Impairment on financial instruments | 23 | 6,165.66 | 3,923.99 |
| | (d) Employee benefits expense | 24 | 4,670.36 | 4,196.06 |
| | (e) Depreciation and amortization expense | 9 | 243.04 | 205.12 |
| | (f) Other expenses | 25 | 6,875.59 | 6,827.46 |
| V | Total expenses | | 35,967.88 | 29,704.22 |
| VI | Profit before tax (III - V) | | 9,646.17 | 3,389.97 |
| VII | Tax expense: | | | |
| | Current tax | 26.11 | 4,079.24 | 1,641.00 |
| | Deferred tax | 26.11 | (1,836.10) | (784.25) |
| VIII | Net profit after tax for the period (VI - VII) | | 7,403.03 | 2,533.22 |
| IX | Other comprehensive income | | | |
| | (A) Items that will not be reclassified to profit or loss | | | |
| | (i) Remeasurement of Defined benefit liability/(asset) | 26.04 | 55.62 | 6.32 |
| | (ii)Income tax relating to items that will not be reclassified to profit or loss | 26.11 | (14.00) | (1.59) |
| | Total Other Comprehensive Income/(Loss) | | 41.62 | 4.73 |
| X | Total Comprehensive Income (VIII + IX) | | 7,444.65 | 2,537.95 |
| XI | Earnings per equity share (face value of Rs.10 each) | | | |
| | Basic and Diluted (face value of Rs.10 each) | 26.08 | 1.64 | 0.73 |

| | |
|---|---|
| Significant accounting policies | 2 |
| Notes to the financial statements | 1- 26 |

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No. 116231W/W-100024

ANANT MARWAH
Digitally signed by ANANT MARWAH
Date: 2021.05.05 19:37:53 +05'30'

Anant Marwah
Partner
Membership No. 510549

Place : New Delhi
Date : 05 May 2021

For and on behalf of the Board of Directors
John Deere Financial India Private Limited
CIN: U65923PN2011PTC141149

ABHAY DINKAR DHOKTE
Digitally signed by ABHAY DINKAR DHOKTE
Date: 2021.05.05 16:01:25 +05'30'

Abhay Dhokte
Managing Director
(DIN 08481252)

AJIT PRAKASH JAIN
Digitally signed by AJIT PRAKASH JAIN
Date: 2021.05.05 16:36:18 +05'30'

Ajit Jain
Director
(DIN 07021106 )

VAISHNAVI BHUPENDRA SURATWALA
Digitally signed by VAISHNAVI BHUPENDRA SURATWALA
Date: 2021.05.05 16:15:12 +05'30'

Vaishnavi Suratwala
Company Secretary

Digitally signed by GIRISH SIVARAMAKRISHNAN
DN: cn=GIRISH SIVARAMAKRISHNAN, c=IN, o=Personal, email=sivaramakrishnangirish@gmail.com
Date: 2021.05.05 16:54:51 +05'30'

Girish Sivaramakrishnan
Chief Financial Officer

Place : Pune
Date : 05 May 2021

Place : Pune
Date : 05 May 2021

John Deere Financial India Private Limited
Cash Flow Statement for the year ended 31st March 2021

Rs. in Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| I. Operating Activities | | |
| Profit before tax | 9,646.17 | 3,389.97 |
| Adjustments for: | | |
| Depreciation and amortization | 243.04 | 205.13 |
| Interest Income on loans | (44,246.27) | (32,069.00) |
| Interest Income on fixed deposits | (35.01) | (41.72) |
| Finance cost | 16,850.04 | 14,422.47 |
| Insurance claim received | (0.17) | (1.89) |
| (Profit) / loss on sale of assets | 0.16 | 1.13 |
| Unrealized forex gain on borrowings | (320.45) | - |
| Unrealized forex loss on borrowings | - | 65.60 |
| Unrealized forex loss on trade payables | - | 16.60 |
| Unrealized forex loss on derivative instrument | 1,146.44 | 154.45 |
| Impairment on financial instruments | 6,165.66 | 3,923.99 |
| | (10,550.39) | (9,933.27) |
| Cash inflow from interest on loans | 41,087.91 | 30,671.06 |
| Cash outflow towards finance cost | (14,568.00) | (14,199.06) |
| Cash Generated from Operation before working capital changes | 15,969.52 | 6,538.73 |
| Working capital changes | | |
| Adjustments for : | | |
| (Increase) / Decrease in Loans | (97,508.60) | (64,038.31) |
| (Increase) / Decrease in Other Financial Assets | (3.46) | (28.79) |
| (Increase) / Decrease in Non-Financial Assets | (8.65) | (363.57) |
| (Increase) / Decrease in Trade Receivables | (252.18) | (77.15) |
| Increase / (Decrease) in Provision | (6,091.27) | (3,818.14) |
| Increase / (Decrease) in Trade and Other payables | 4,107.02 | 127.83 |
| Increase / (Decrease) in Other Financial Liabilities | 242.80 | (38.29) |
| Increase / (Decrease) in Other Non- Financial Liabilities | 143.24 | 25.19 |
| | (83,401.58) | (61,672.50) |
| Taxes paid | (4,069.49) | (1,827.28) |
| Net Cash used in Operating activities (A) | (87,471.07) | (63,499.78) |
| II. Investing activities | | |
| Purchase of fixed assets and intangible assets | (212.39) | (166.70) |
| Insurance claim received | 0.17 | 1.89 |
| Interest received | 34.98 | 41.75 |
| Net cash used in Investing activities (B) | (177.24) | (123.06) |
| III. Financing activities | | |
| Proceeds from Issue of share capital | 14,200.00 | 5,000.00 |
| Proceeds from Securities premium | 2,059.00 | 165.00 |
| Proceeds from Borrowings (other than debt securities) | 112,500.00 | 155,249.85 |
| Proceeds from Debt Securities | 71,703.14 | 58,476.13 |
| Repayment of Borrowings (other than debt securities) | (79,100.00) | (124,730.00) |
| Repayment of Debt Securities | (60,000.00) | (30,000.00) |
| Proceeds from Inter corporate deposits | 84,400.00 | 77,000.00 |
| Repayment of Inter corporate deposits | (59,500.00) | (77,000.00) |
| Repayment of lease liabilities | (144.53) | (142.76) |
| Net cash generated from Financing activities (C) | 86,117.61 | 64,018.21 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (1,530.69) | 395.37 |
| Cash and cash equivalents at the beginning of the year | 8,024.42 | 7,629.05 |
| Cash and cash equivalents at the end of the year* | 6,493.73 | 8,024.42 |
| Notes: | | |
| * Comprises: | | |
| (a) Remittance in transit (Refer note 4) | 67.69 | 22.18 |
| (b) Balances with bank (Refer note 4) | | |
| (i) In current accounts | 6,426.04 | 8,002.24 |
| | 6,493.73 | 8,024.42 |

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No. 116231W/W-100024

ANANT MARWAH Digitally signed by ANANT MARWAH Date: 2021.05.05 19:39:09 +05'30'

Anant Marwah
Partner
Membership No. 510549

Place : New Delhi
Date : 05 May 2021

For and on behalf of the Board of Directors
John Deere Financial India Private Limited
CIN: U65923PN2011PTC141149

ABHAY DINKAR DHOKTE Digitally signed by ABHAY DINKAR DHOKTE Date: 2021.05.05 16:02:16 +05'30'

Abhay Dhokte
Managing Director
(DIN 08481252)

AJIT PRAKASH JAIN Digitally signed by AJIT PRAKASH JAIN Date: 2021.05.05 16:37:26 +05'30'

Ajit Jain
Director
(DIN 07021106 )

VAISHNAVI BHUPENDRA SURATWALA Digitally signed by VAISHNAVI BHUPENDRA SURATWALA Date: 2021.05.05 16:16:03 +05'30'

Vaishnavi Suratwala
Company Secretary

Digitally signed by GIRISH SIVARAMAKRISHNAN
DN: cn=GIRISH SIVARAMAKRISHNAN, c=IN, o=Personal, email=sivaramakrishnangirish@gmail.com
Date: 2021.05.05 16:55:28 +05'30'

Girish Sivaramakrishnan
Chief Financial Officer

Place : Pune
Date : 05 May 2021

Place : Pune
Date : 05 May 2021

John Deere Financial India Private Limited
Statement of Changes in Equity for year ended 31 March 2021

a. Equity share capital

Rs. in Lakhs

| Particulars | Rs. |
|---|---|
| Balance at March 31, 2019 | 34,390 |
| Changes in equity share capital during the year | 5,000 |
| Balance at March 31, 2020 | 39,390 |
| Changes in equity share capital during the year | 14,200 |
| Balance at March 31, 2021 | 53,590 |

b. Other equity

Rs. in Lakhs

| Particulars | Reserves and Surplus | | | Items of OCI | Total other equity |
|---|---|---|---|---|---|
| | Securities Premium | Statutory Reserve Account | Retained earnings | Remeasurement of net defined benefit plans | |
| | | | | | |
| Balance at April 01, 2019 | - | 1,224.95 | 4,527.16 | (37.87) | 5,714.24 |
| | | | | | |
| Profit for the year | - | - | 2,533.22 | - | 2,533.22 |
| Other comprehensive income for the year, net of income tax | - | - | - | 4.73 | 4.73 |
| Total comprehensive income for the year | - | - | 2,533.22 | 4.73 | 2,537.95 |
| | | | | | |
| Premium on issue of Equity Shares | 165.00 | - | - | - | 165.00 |
| Transfer to Statutory Reserve | - | 508.00 | (508.00) | - | - |
| | | | | | |
| Balance at March 31, 2020 | 165.00 | 1,732.95 | 6,552.38 | (33.14) | 8,417.19 |
| | | | | | |
| Profit for the year | - | - | 7,403.03 | - | 7,403.03 |
| Other comprehensive income for the year, net of income tax | - | - | - | 41.62 | 41.62 |
| Total comprehensive income for the year | - | - | 7,403.03 | 41.62 | 7,444.65 |
| | | | | | |
| Premium on issue of Equity Shares | 2,059.00 | - | - | - | 2,059.00 |
| Transfer to Statutory Reserve | - | 1,488.93 | (1,488.93) | - | - |
| | | | | | |
| Balance at March 31, 2021 | 2,224.00 | 3,221.88 | 12,466.48 | 8.48 | 17,920.84 |

For B S R & Associates LLP
Chartered Accountants
Firm Reg. No. 116231W/W-100024

ANANT MARWAH Digitally signed by ANANT MARWAH Date: 2021.05.05 19:40:25 +05'30'

Anant Marwah
Partner

Place : New Delhi
Date : 05 May 2021

For and on behalf of the Board of Directors
John Deere Financial India Private Limited
CIN: U65923PN2011PTC141149

ABHAY DINKAR DHOKTE Digitally signed by ABHAY DINKAR DHOKTE Date: 2021.05.05 16:02:49 +05'30'

Abhay Dhokte
Managing Director
(DIN 08481252)

AJIT PRAKASH JAIN Digitally signed by AJIT PRAKASH JAIN Date: 2021.05.05 16:38:27 +05'30'

Ajit Jain
Director
(DIN 07021106 )

VAISHNAVI BHUPENDRA SURATWALA Digitally signed by VAISHNAVI BHUPENDRA SURATWALA Date: 2021.05.05 16:16:49 +05'30'

Vaishnavi Suratwala
Company Secretary

Digitally signed by GIRISH SIVARAMAKRISHNAN DN: cn=GIRISH SIVARAMAKRISHNAN, c=IN, o=Personal, email=sivaramakrishnangirish@gmail.com Date: 2021.05.05 16:56:06 +05'30'

Girish Sivaramakrishnan
Chief Financial Officer

Place : Pune
Date : 05 May 2021

1. Corporate Information

John Deere Financial India Private Limited (the Company) was incorporated on 21 October 2011. The Company is registered with the Reserve Bank of India (RBI) as a Non-deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934, holding a Certificate of Registration from the Reserve Bank of India ("RBI") dated 6 September, 2012.
The principal business of the Company is providing finance for the purchase of farm equipment manufactured, sold and traded by John Deere India Private Limited and for the construction equipment manufactured and sold by Wirtgen India Private Limited.
John Deere Financial India Private Limited has become a Systemically Important Non- Deposit taking Non-Banking Financial Company with effect from June 2016, vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016 updated as on 17 February 2020 issued by the Reserve Bank of India (RBI).

The registered office of the Company is located at Tower 14, Magarpatta City, Hadapsar, Pune India.

2. Significant Accounting Policies

2.1 Statement of compliance and basis for preparation and presentation of financial statements

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2.2 Basis for measurement of financial statements:

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that are measured at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2.3 Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act") The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Amounts in the financial statements are presented in Indian Rupees in Lakh.

2.4 Use of Estimates

The preparation of the financial statements, in conformity with IND AS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liability) at the date of the financial statements and the reported amounts of revenues and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates and the difference between actual results are recognized in the periods in which the estimate is revised, or the results are known/materialize.
In particular, information about significant areas of estimation that have most significant effect on amounts recognized in the financial statements are given below:

i. Note 2.5 – Fair value measurement
ii. Note 2.9 – impairment of financial instruments based on expected credit losses
iii. Note 2.15 - measurement of assets and obligations for defined benefit plans
iv. Note 2.19 - recognition of deferred tax assets
v. Note 2.20 – measurement of provision and contingencies
vi. Note 26.01 – Disclosure of contingent liabilities

2.5 Measurement of Fair Values

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
ii. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
iii. Level 3 inputs are unobservable inputs for the asset or liability.

2.6 Revenue Recognition

Interest income is recognized using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset. The calculation of the EIR includes all fees paid or received that are incremental and directly attributable to the acquisition or issue of a financial asset.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets {i.e. at the amortized cost of the financial asset after adjusting for any expected credit loss allowance (ECLs). The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the Interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

Management fees income are the charges for the services provided during the year on cost plus mark up as per the service agreement.

2.7 Finance Cost

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.8 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

According to ITFG issued by ICAI, where lease agreement can be extended by lessee only with the consent of lessor, the lessee does not have the right to use the asset beyond the non-cancellable period. Based on which the Company restricts lease term to Agreement period and cannot extend it further to reasonably certain period for which there is no agreement as of now.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Company as a lessee

Operating leases

The Company recognized a right to use asset for all leases. Lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at it carrying amount as if the standard had been applied for remaining period of the lease.,

2.9 Financial Instruments:

Financial assets and financial liabilities are recognized in the Company's balance sheet on settlement date when the Company becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial Liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit or Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

i. If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in profit or loss on initial recognition (i.e. day 1 profit or loss);
ii. In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.
Financial assets

Classification

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

i. Amortized cost;
ii. Fair value through other comprehensive income (FVTOCI); or
iii. Fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial asset is recognized on trade date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortized cost and Financial measured at fair value through other comprehensive income is presented at gross carrying value in the Financial statements.

Assessment of Business model

The company is required to classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

i. The entity's business model for managing the financial assets and
ii. The contractual cash flow characteristics of the financial asset.

An assessment of the applicable business model for managing financial assets was carried out for the classification of a financial asset. The company is primarily in the business of providing retail loans to its end customers. The business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

A financial asset is measured at amortized cost if both of the following conditions are met:
i. business model objective is to hold financial assets in order to collect contractual cash flows and
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount.

As the company is in the business of retail loans the financial asset gives rise on cash flows that are solely payments of interest and principal. The company's business model refers to how the company manages its financial assets in order to generate cash flows. That is, the business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Financial asset at amortized cost

Amortized cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR (Effective Interest Rates). For the purpose of SPPI (Solely payment of Principal and Interest) test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or commodity prices and are related to a basic lending arrangement, do give rise to SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form. The EIR amortization is included in finance income in the profit and loss statement. The losses arising from impairment are recognized in the profit and loss statement.

Accordingly, the Company measures bank balances, loans, trade receivables and other financial instruments at amortized cost.

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

Unamortized transaction cost and incomes and impairment allowance on Financial asset is included in the under the head "Loans". The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as "Contractual cash flows of Asset collected through hold and sell model and SPPI", such financial assets are classified to be measured at FVOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortization is included in finance income in the profit and loss statement. The losses arising from impairment are recognized in the profit and loss statement. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealized gain/loss is recorded in other comprehensive income (OCI). Where such a similar product is not originated in the month of reporting, the closest product origination is used as a proxy. Upon sale of the financial asset, actual the gain/loss realized is recorded in the profit and loss statement and the unrealized/gain losses recorded in OCI are recycled to the statement of profit and loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortized cost or FVOCI, is classified as at FVTPL. In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment of Financial Asset

Impairment Approach

In accordance with Ind AS 109, an entity shall recognize a loss allowance for expected credit losses on a financial asset that is measured for a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply.

An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

Where the credit risk has not increased significantly, the company shall measure the loss allowance equal to 12- month expected credit losses.

Adoption of ECL

John Deere Financial has adopted expected credit losses on its portfolio based on the forward-looking information and historical data for all its financial assets.

The measurement of ECL is calculated using three main components:
i. Probability of default (PD)
ii. Loss given default (LGD) and
iii. Exposure at default (EAD).

The stage defined by the company are as given below
i. Stage 1: 0-29 days
ii. Stage 2: 30-89 days
iii. Stage 3: 90 days and above

The measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk.

Assessment of significant increase in credit risk:

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors.

Key macro-economic indicators include industry specific macro economic factors that would determine or have a better correlation to the default rate.

Techniques for determining LGD:

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received, assets received in lieu of settlement of loan and collateral available for subsequent recovery that is integral to the financial asset.

As Company has observed challenges in the resolution of defaulted accounts with aging more than one year and accordingly a higher LGD estimate is applied.

The Company has in recently entered into the business of financing of Road Construction equipment's and hence there is limited historical data available to determine the quality of portfolio. Currently proxy LGD of Agricultural equipment is used.

Financial liabilities

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. 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 Statement of profit and loss. Any gain or loss on derecognition is also recognized in Statement of profit and loss.

Derecognition

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.

A financial liability is derecognized when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognized in Statement of profit and loss.

2.10 Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its borrowing exposure to foreign exchange. Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

2.11 Repossessed assets

In the normal course of business, the Company repossess assets in its loan portfolio to settle outstanding debt and does not change ownership title. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets / properties under legal repossession processes are not separately recorded on the balance sheet.

2.12 Write offs

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/ borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in Statement of profit and loss

2.13 Property, plant and equipment and Other intangible assets:

Property, plant and equipment

Tangible

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation/amortization less accumulated impairment, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital Work-in-progress:

Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete, and the asset is ready for its intended use.

Depreciation and Amortization:

Depreciation is recognized (other than on capital work-in-progress) on a straight-line basis over the estimated useful lives of assets. Depreciation on assets acquired/ purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition till the date of sale/retirement. The estimated useful lives of assets are stated below:

| Particulars | Useful Life (in years) |
|---|---|
| Furniture and Fixtures | 8 |
| Computer and Networking Equipment | 3 – 5 |
| Software | 3 |

*Estimated useful life of assets consistent with the useful life specified in the Schedule II of the Companies Act, 2013.

Fixed assets individually costing Rs. 10,000 or less depreciated fully in the year of acquisition except tablets.

The economic useful lives of assets are assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc. The estimated useful life is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

Where the cost of part of the asset is significant to the total cost of the assets and the useful life of that part is different from the useful of the remaining asset, useful life of that significant part is determined separately. Depreciation of such significant part, if any, is based on the useful life of that part.

Impairment of fixed assets

At the end of each year, the management reviews the carrying values of assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of individual asset, the management estimates the recoverable amount of the cash generating unit to which the asset belongs. Intangible assets are also tested for impairment every financial year even if there is no indication that the asset is impaired.

If the recoverable amount of an asset of cash generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or the cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset of cash generating unit is increased to the revised estimate of a recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of impairment loss is recognized immediately in the Statement of Profit and Loss.

Derecognition of assets

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

Intangible assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful lives of 3 years, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life, the amortization method and the amortization period is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of profit and loss when the asset is derecognized.

2.14 Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and unencumbered, highly liquid bank and other balances (with original maturity of three months or less) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

2.15 Employee Benefits:

Short-term Employee Benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period in which the related service is rendered at the undiscounted amount of the benefit that is expected to be paid in exchange for that service.

Other long-term employee benefits

The liability for earned leave is not expected to be settled wholly within twelve months after the end of the period in which the employees render the related services. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in Statement of profit and loss.

Share based payment transactions

Cash settled share based payments: The fair value of the amount payable to employees in respect of Stock Options and Stock Appreciation Rights (SARS) which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the stock. Any changes in the fair value of the liability are recognized in the Statement of Profit and Loss.

Equity settled share-based payments: The shares (net of tax) are credited into the brokerage account of the respective employee. The liability of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

Post-employment benefits

i. Defined contribution plans

Payments to defined contribution retirement benefit plans are recognized as an expense when the employees have rendered the service entitling them to the contribution.

Provident fund: The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the provident fund and pension fund administered by the Regional Provident Fund Commissioner. The Company recognizes such contributions as an expense when incurred.

ii. Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit and loss. Past service cost is recognized in the Statement of Profit and Loss in the period of plan amendment.

Defined benefit costs comprising service cost (including current and past service cost and gains and losses on curtailments and settlements) and net interest expense or income is recognized in Statement of profit and loss.

The defined benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation carried out at each Balance Sheet date using the projected unit credit method.

2.16 Foreign currencies transactions:

Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value). Foreign exchange differences are recognized in Statement of profit and loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.17 Operating Segments

The primary business of the company is financing of retail loans to end customers for purchase of equipment financed by its parent company. This forms the major part of the income and business performed by the company. The Company also provides services to its overseas units; however, it is not of significant value.

2.18 Earnings per share:

The Company reports basic and diluted earnings per share (EPS) in accordance with Ind AS 36 "Earnings per Share". Basic EPS is computed by dividing the net profit and loss attributable to ordinary equity holders of the parent entity by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit and loss attributable to ordinary equity holders of the parent entity by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential ordinary shares (except where the results are anti-dilutive).

2.19 Taxation:

Income tax expense represents the sum of tax currently payable and deferred tax. The Company elected to exercise the option permitted under Section I15BAA on the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 in FY 2019-20. Accordingly, the Company has recognized Provision for Income tax for the year ended March 31, 2021 and remeasured its deferred tax assets /liabilities basis the rate prescribed in the said section.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of Statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on net basis.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax taxes (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.20 Provisions and Contingent liabilities:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it’s carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Standards issued but not yet effective:

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 01 April 2021.

3. Standards issued but not yet effective:

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 01 April 2021.

John Deere Financial India Private Limited

Notes forming part of the financial statements

Note 4: Cash and cash equivalents

Rs. in Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a)Balances with banks in current accounts | 6,426.04 | 8,002.24 |
| (b) Remittance in transit | 67.69 | 22.18 |
| Total | 6,493.73 | 8,024.42 |

Note 5: Bank balances other than cash and cash equivalents

Rs. in Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a) Deposit with bank for VAT purposes | 0.62 | 0.59 |
| Total | 0.62 | 0.59 |

Note 6 : Receivables - Trade Receivables

Rs. in Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Receivables considered good - unsecured | 518.62 | 266.44 |
| Less : Impairment loss allowance | - | - |
| Total | 518.62 | 266.44 |

Note 7: Loans

Rs. in Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Secured Term Loans at Amortized cost within India | | |
| Secured Term Loans to customers by Tangible assets | 335,385.63 | 233,075.95 |
| Interest accrued but not due on loans to customers | 8,978.37 | 5,820.01 |
| Total (Gross) | 344,364.00 | 238,895.96 |
| Less : Impairment loss allowance (Refer Note No.26.09 and 26.17) | (10,651.55) | (5,850.48) |
| Total | 333,712.45 | 233,045.48 |

* There are no loans outside India

Note 8: Other financial assets

Rs. in Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Security Deposits | 70.08 | 66.62 |
| Total | 70.08 | 66.62 |

John Deere Financial India Private Limited

Notes forming part of the financial statements

Note 9 (a): Property, plant and equipment

Rs. In Lakhs

| Description | Computers and Networking Equipment | Furniture and Fittings | Total |
|---|---|---|---|
| Cost | | | |
| Balance as at April 1, 2019 | 168.63 | 21.91 | 190.54 |
| Additions | 117.06 | 14.27 | 131.33 |
| Disposals | 3.08 | - | 3.08 |
| Balance as at March 31, 2020 | 282.61 | 36.18 | 318.79 |
| | | | |
| Accumulated depreciation | | | |
| Balance as at April 1, 2019 | 53.85 | 3.93 | 57.78 |
| Depreciation for the year | 70.29 | 6.47 | 76.76 |
| Eliminated on disposal of assets | 1.95 | - | 1.95 |
| Balance as at March 31, 2020 | 122.19 | 10.40 | 132.59 |
| Net carrying amount as on March 31, 2020 | 160.42 | 25.78 | 186.20 |

Rs. In Lakhs

| Description | Computers and Networking Equipment | Furniture and Fittings | Total |
|---|---|---|---|
| Cost | | | |
| Balance as at April 1, 2020 | 282.61 | 36.18 | 318.79 |
| Additions | 223.45 | - | 223.45 |
| Disposals | 6.51 | - | 6.51 |
| Balance as at March 31, 2021 | 499.55 | 36.18 | 535.73 |
| | | | |
| Accumulated depreciation | | | |
| Balance as at April 1, 2020 | 122.19 | 10.40 | 132.59 |
| Depreciation for the year | 100.06 | 6.55 | 106.61 |
| Eliminated on disposal of assets | 6.31 | - | 6.31 |
| Balance as at March 31, 2021 | 215.94 | 16.95 | 232.89 |
| Net carrying amount as on March 31, 2021 | 283.61 | 19.23 | 302.84 |

Note 9 (b): Intangible assets

| Description | Software |
|---|---|
| Cost | |
| Balance as at April 1, 2020 | - |
| Additions | 25.57 |
| Disposals | - |
| Balance as at March 31, 2021 | 25.57 |
| | |
| Accumulated depreciation | |
| Balance as at April 1, 2020 | - |
| Depreciation for the year | 0.71 |
| Eliminated on disposal of assets | - |
| Balance as at March 31, 2021 | 0.71 |
| Net carrying amount as on March 31, 2021 | 24.86 |

Note 9 (c): Right of Use Asset

Rs. In Lakhs

| Description | Total |
|---|---|
| Cost | |
| Balance as at April 1, 2019 | 353.34 |
| Additions | 35.07 |
| Disposals | - |
| Balance as at March 31, 2020 | 388.41 |
| | |
| Accumulated depreciation | |
| Balance as at April 1, 2019 | - |
| Depreciation for the year | 128.36 |
| Balance as at March 31, 2020 | 128.36 |
| Net carrying amount as on March 31, 2020 | 260.05 |

Rs. In Lakhs

| Description | Total |
|---|---|
| Cost | |
| Balance as at April 1, 2020 | 388.41 |
| Additions | 108.25 |
| Disposals | - |
| Balance as at March 31, 2021 | 496.66 |
| | |
| Accumulated depreciation | |
| Balance as at April 1, 2020 | 128.36 |
| Depreciation for the year | 135.71 |
| Eliminated on disposal of assets | - |
| Balance as at March 31, 2021 | 264.07 |
| Net carrying amount as on March 31, 2021 | 232.59 |

Note 10: Other non-financial assets-unsecured considered good

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a)Balances with Government authorities- | | |
| (i) Goods and Service tax | 459.49 | 351.68 |
| (b) Prepaid expenses | 75.95 | 71.41 |
| (c) Advance to suppliers | 156.68 | 182.21 |
| (d) Employee advances | 22.15 | 105.81 |
| (e) Prepaid Pension | 5.50 | - |
| Total | 719.77 | 711.12 |

Note:

No advances are due from directors or other officers of the company either severally or jointly with any other person. Nor any advances are due from firms or private companies respectively in which any director is a partner, a director or a member.

John Deere Financial India Private Limited

Notes forming part of the financial statements

Note 11 : Derivative financial Instrument

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Foreign currency forward Contract not designated in hedge accounting relationship (Refer note no. 26.17C) | 1,300.89 | 154.45 |
| Total | 1,300.89 | 154.45 |

Note 12:Payables

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Trade Payable | | |
| -total outstanding dues of micro enterprises and small enterprises (Refer note no. 26.10) | 0.10 | 0.01 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 5,250.52 | 1,143.59 |
| Total | 5,250.62 | 1,143.60 |

Note 13 : Debt Securities

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| At amortized cost | | |
| Unsecured | | |
| (a) Privately placed non-convertible debentures | 122,996.80 | 80,783.49 |
| (b) Commercial papers | - | 28,336.21 |
| Total (a+b) | 122,996.80 | 109,119.70 |

Particulars of Privately Placed Unsecured Non-Convertible Debentures ("NCDs")

| Description of NCDs | Number of | Rs. in Lakhs | Redemption Date |
|---|---|---|---|
| As at March 31, 2021 | | | |
| 9.45% Non-Convertible Debentures (Privately Placed) | 5,000 | 50,000 | 10-Jan-22 |
| 7.1% Non-Convertible Debentures (Privately Placed) | 1,000 | 10,000 | 1-Jun-23 |
| 6.2% Non-Convertible Debentures (Privately Placed) | 2,000 | 20,000 | 15-Sep-21 |
| 6.4% Non-Convertible Debentures (Privately Placed) | 1,000 | 10,000 | 15-Sep-22 |
| 5.75% Non-Convertible Debentures (Privately Placed) | 3,000 | 30,000 | 20-Jan-23 |
| As at March 31, 2020 | | | |
| 9.45% Non Convertible Debentures (Privately Placed) | 5,000 | 50,000 | 10-Jan-22 |
| 9.30% Non Convertible Debentures (Privately Placed) | 3,000 | 30,000 | 25-Sep-20 |

Particulars of Commercial papers outstanding as on March 31, 2020

| Description of CPs | Number of CPs | Rs. in Lakhs | Redemption Date |
|---|---|---|---|
| Commercial papers | 6,000 | 30,000 | 29-Jan-21 |

John Deere Financial India Private Limited

Notes forming part of the financial statements

Note 14: Borrowings (Other than debt securities)

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| At amortized cost | | |
| (a) Term loans | | |
| Unsecured Loans from banks | 101,091.56 | 73,981.29 |
| (b) Loans repayable on demand | | |
| Unsecured Loans from banks-working Capital Demand Loan | 17,537.70 | 11,526.61 |
| (c) Intercorporate Loan - John Deere India Private Limited | 24,946.16 | - |
| Total | 143,575.42 | 85,507.90 |
| Borrowings in India | 131,073.97 | 72,680.24 |
| Borrowings outside India | 12,501.45 | 12,827.66 |
| Total | 143,575.42 | 85,507.90 |

Term Loan Repayment

Rs. in Lakhs

| Particulars | Year of repayment | | | |
|---|---|---|---|---|
| | FY-2024-25 | FY-2023-24 | FY-2022-23 | FY-2021-22 |
| Standard Chartered Bank<br>Term loan commencing from 23rd May 2017<br>(Note i & ii) | - | - | 31,500 | 4,550 |
| The Bank of Tokyo Mitsubishi UFJ Ltd., India<br>Term loan commencing from 20th January 2016<br>(Note i) | 1,050 | 3,450 | 1,000 | 2,100 |
| HDFC Bank<br>Term loan commencing from 23rd March 2021<br>(Note i) | 4,375 | 2,500 | 2,375 | 750 |
| Axis Bank<br>Term loan commencing from 22nd January 2021<br>(Note i) | 9,000 | 6,200 | 2,400 | 2,400 |
| Bank of America<br>Term loan commencing from 24th Sept 2020<br>(Note i) | - | 4,650 | 3,950 | 6,100 |
| HSBC Loan<br>Term loan commencing from 4th and 24th March 2020<br>(Note iii) | - | - | 12,495 | - |
| Total | 14,425.00 | 16,800.00 | 53,720.00 | 15,900.00 |

i) Of the above , term loans of amount Rs. 56,850 lakhs are repayable in quarterly installments

ii) Term loans of amount Rs.31,500 lakhs are repayable in five monthly installments starting from 33rd month to the 37th month from the date of commencement.

iii) Term loan of amount Rs.12,495 lakhs is repayable in FY 2022-23

iv) Working capital demand loan of Rs.17,500 lakhs is repayable on demand

v) Term Loan of Rs. 101,091.56 lakhs includes Principal amount of Rs. 100,845 lakhs and Interest accrued but not due of Rs. 246.56 lakhs.

vi) Term loan and Working capital loan interest rate ranges from 4.65% to 10.25%, Intercorporate loan interest rate is 5.55%.

Note 15 : Other financial liabilities

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a) Accrued employee cost | 496.39 | 365.53 |
| (b) Payable to customers | 213.69 | 101.75 |
| Total | 710.08 | 467.28 |

Note 16: Provisions

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a) Provision for compensated absence | 556.01 | 518.59 |
| (b) Provision for gratuity<br>(Refer note no. 26.04) | 16.86 | 35.52 |
| Total | 572.87 | 554.11 |

John Deere Financial India Private Limited

Notes forming part of the financial statements

Note 17 : Other Non financial Liabilities

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a) Statutory dues | 242.19 | 98.95 |
| Total | 242.19 | 98.95 |

John Deere Financial India Private Limited
Notes forming part of the financial statements

Note 18 : Equity Share Capital

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| | | |
| Authorized: | | |
| 800,000,000 Equity shares of Rs. 10 (31 March 2020: 800,000,000) | 80,000.00 | 80,000.00 |
| Issued, Subscribed and Fully Paid: | | |
| 535,900,000 Equity shares of Rs. 10 fully paid-up (31 March 2020: 393,900,000) | 53,590.00 | 39,390.00 |
| Total | 53,590.00 | 39,390.00 |

Note

i. The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

ii. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Rs. In Lakhs

| Particulars | Number of Shares | Amount |
|---|---|---|
| Balance as on March 31, 2019 | 343,900,000 | 34,390.00 |
| Add: Equity shares issued during the year | 50,000,000 | 5,000.00 |
| Balance as on March 31, 2020 | 393,900,000 | 39,390.00 |
| Balance as on March 31, 2020 | 393,900,000 | 39,390.00 |
| Add: Equity shares issued during the year | 142,000,000 | 14,200.00 |
| Balance as on March 31, 2021 | 535,900,000 | 53,590.00 |

iv. Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

| Particulars | No of Equity Shares with Voting rights |
|---|---|
| As at March 31, 2021 | |
| - held by John Deere Luxembourg Investment SARL (Subsidiary of Ultimate Holding Company) | 10 |
| - held by John Deere India Private Limited (a wholly owned subsidiary of John Deere Asia (Singapore) Pte Limited and the Holding Company) | 535,899,990 |
| As at March 31, 2020 | |
| - held by John Deere Holdings SARL (Subsidiary of Ultimate Holding Company) | 10 |
| - held by John Deere India Private Limited (a wholly owned subsidiary of John Deere Asia (Singapore) Pte Limited and the Holding Company) | 393,899,990 |

Note 18 : Equity Share Capital (continued)

v. Details of shares held by each shareholder holding more than 5% shares:

| Particulars | Number of shares held | % holding in that class of shares |
|---|---|---|
| As at March 31, 2021 | | |
| John Deere India Private Limited (the Holding Company) | 535,899,990 | 100.00 |
| As at March 31, 2020 | | |
| John Deere India Private Limited (the Holding Company) | 393,899,990 | 100.00 |

Note 19: Other Equity

Rs. In Lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a) Statutory Reserve u/s 45IC of RBI Act, 1934 | 3,221.88 | 1,732.95 |
| (b) Retained earnings | | |
| Balance at the beginning of the year | 6,552.38 | 4,527.16 |
| Add: Profit for the year | 7,403.03 | 2,533.22 |
| Less: Transfer to Statutory Reserve | (1,488.93) | (508.00) |
| Closing balance at the end of the year | 12,466.48 | 6,552.38 |
| (c )Other comprehensive income arising from remeasurement of defined employee benefit plans (net of deferred tax) | 8.48 | (33.14) |
| (d) Securities Premium | 2,224.00 | 165.00 |
| Total | 17,920.84 | 8,417.19 |

Nature and Purpose of Reserves :

| Particulars | Nature & Purpose of Reserves |
|---|---|
| Securities Premium Account | Premium received upon issuance of equity shares |
| Statutory Reserve | As prescribed by section 45-IC of the Reserve Bank of India Act, 1934 every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India |
| Retained earnings | Retained earnings are the profits that the Company has earned till date. |
| Other Comprehensive Income | Created on account of items measured through other comprehensive income |

Note 20: Revenue from operations

Rs. In Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Revenue from operations | | |
| (i) Interest income | 44,246.27 | 32,069.00 |
| (ii) Other operating income | 326.52 | 208.97 |
| Total | 44,572.79 | 32,277.97 |

Note 21 : Other income

Rs. In Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Interest on fixed deposits with bank | 35.01 | 41.72 |
| Management fees income | 678.18 | 769.52 |
| Insurance claim received | 0.17 | 1.89 |
| Miscellaneous Income | - | 3.09 |
| Foreign exchange Gain (Net) | 327.90 | - |
| Total | 1,041.26 | 816.22 |

Note 22: Finance Cost

Rs. In Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| At amortized cost | | |
| (i) Interest on borrowings from banks | 5,169.47 | 5,046.30 |
| (ii) Interest on debt securities | 8,582.01 | 7,674.86 |
| (iii) Inter corporate deposit | 1,194.48 | 391.65 |
| (iv) Discounting charges on commercial paper | 1,663.79 | 1,192.22 |
| (v) Interest expenses on Lease | 20.13 | 25.32 |
| (vi) Other issuance cost | 220.17 | 66.79 |
| Total | 16,850.05 | 14,397.14 |

Note 23: Impairment on financial instruments

Rs. In Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| On Financial instruments measured at Amortized Cost (Refer note no. 26.09) | | |
| Write off (net of recoveries) | 1,364.59 | 878.59 |
| Allowance for loan losses | 4,801.07 | 3,045.40 |
| Total | 6,165.66 | 3,923.99 |

Note 24: Employee benefits expense

Rs. In Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Salaries and wages | 4,461.23 | 4,058.86 |
| Contributions to provident and other funds (Refer note no. 26.04) | 165.51 | 149.22 |
| Share Based Payments to employees (Refer note no. 26.13) (Net of reversal of excess liability) | 27.85 | -31.12 |
| Staff welfare expenses | 15.77 | 19.10 |
| Total | 4,670.36 | 4,196.06 |

Note 25: Other expenses

Rs. In Lakhs

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Facility cost | 235.96 | 201.71 |
| Repairs and maintenance - others | - | 2.23 |
| Insurance | 47.79 | 45.66 |
| Communication expenses | 33.20 | 36.66 |
| Travelling and conveyance | 647.76 | 895.10 |
| Marketing expenses | 19.30 | 18.50 |
| Legal and professional | 277.34 | 278.91 |
| Outsourcing Cost | 245.85 | 175.94 |
| Payment to Auditors (Refer note no. 26.02) | 24.61 | 17.56 |
| Foreign exchange loss (net) | - | 70.32 |
| Fixed assets written off | 0.16 | 1.04 |
| Management fees expense | 1,343.06 | 1,307.51 |
| Contract labor expenses | 1,390.24 | 1,055.75 |
| Information system expenses | 2,131.72 | 2,202.90 |
| Recruitment and training expenses | 21.45 | 87.61 |
| CSR Expenses (Refer note no. 26.12) | 55.45 | 41.76 |
| Bank charges | 87.64 | 81.25 |
| Printing and Stationery | 61.03 | 67.60 |
| Courier Services | 82.20 | 63.40 |
| Meeting expenses | 26.96 | 90.73 |
| Document storage cost | 18.52 | 22.69 |
| Miscellaneous expenses | 125.35 | 62.63 |
| Total | 6,875.59 | 6,827.46 |

26.01 Contingent liabilities and Commitments :-

Contingent liabilities

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Consumer Redressal Matters* | 1.00 | 1.00 |
| GST matters | 11.60 | - |
| Total | 12.60 | 1.00 |

*Company has received a notice from the District Consumer Redressal Forum in lieu of a case filed by a customer. Based on legal confirmation obtained, the management believes that all these contingencies are possible cash outflows and not probable.

Commitments

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Estimated amount of capital contracts to be executed on capital account and not provided for (net of advance) | 5.40 | 34.53 |
| Loan to customer under financing activities | 2,138.30 | 1,936.24 |

26.02 Payment to Auditors :

Rs in lakhs

| Particulars | | 31-Mar-21 | 31-Mar-20 |
|---|---|---|---|
| | As Auditors | | |
| a) | Statutory audit | 21.03 | 13.00 |
| b) | Tax Audit | 1.06 | 1.00 |
| | In other capacity - | | |
| | Certification | 1.54 | 0.50 |
| | For reimbursement of expenses | 0.24 | 1.61 |
| Total* | | 23.87 | 16.11 |

*Exclusive of taxes

26.03 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Amount receivable/payable in foreign currency on account of the following:

Rs in lakhs

| Particulars | | 31-Mar-21 | | 31-Mar-20 | |
|---|---|---|---|---|---|
| | | Amount in original currency | Amount in INR | Amount in original currency | Amount in INR |
| Receivables | | | | | |
| a) | USD | 2.95 | 216.79 | 3.61 | 271.94 |
| b) | THB | 3.57 | 8.37 | 22.10 | 51.01 |
| Payables | | | | | |
| a) | USD | 7.16 | 525.53 | 5.29 | 398.42 |
| b) | EURO | 0.09 | 7.59 | 0.06 | 5.16 |
| c) | AUD | 0.15 | 8.56 | 0.44 | 20.31 |

26.04 Employee benefits:

A. Defined Contribution Plan

The Company makes provident fund contribution to a defined contribution plan administered by Regional Provident fund Commissioner. Under the scheme the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The Company has recognized contribution to provident fund of Rs.154.73 lakhs in the Statement of Profit and Loss for the year ended 31 March 2021 (31 March 2020: Rs.137.20 lakhs). The contribution paid by the Company is in accordance with the rules framed by government from time to time.

B. Defined Benefit Plan

The Company makes contributions towards gratuity to fund defined benefit plan for qualifying employees. The plan provides for a lump sum payment to employees, at retirement, death while in service or on termination of employment of an amount equivalent to 15 days salary for every completed year of service or a part there of in excess of six months. Vesting occurs upon completion of five years of continuous service. The scheme is administered by Kotak Life Insurance Limited and is funded based on demand received from the fund.

Employee benefits (Continued):

Amount recognized in the Balance Sheet and movement in the net defined benefit obligation for the year are as follows:

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| i) Reconciliation of defined benefit obligation | | |
| Liability at the beginning of the year | 426.62 | 340.72 |
| Current Service Cost | 71.36 | 54.66 |
| Interest cost | 27.41 | 25.20 |
| Demographic Gain/(Loss) on Plan Liabilities | - | 0.17 |
| Financial Gain/(Loss) on Plan Liabilities | (60.83) | 11.02 |
| Experience Gain/(Loss) on Plan Assets | 10.61 | 5.10 |
| Benefits Paid | (21.96) | (10.24) |
| Projected benefit obligation at the end of the year | 453.22 | 426.62 |
| | | |
| ii) Reconciliation of Fair Value of Plan Asset | | |
| Fair value of the Plan assets at the beginning of the year | 391.10 | 282.28 |
| Expected return on plan Assets | 25.81 | 21.45 |
| Contribution | 36.00 | 75.00 |
| Benefits Paid | (21.96) | (10.24) |
| Actuarial Gain/ (Loss) on plan assets | 5.41 | 22.61 |
| Fair value of plan asset at the end of the year | 436.36 | 391.10 |
| | | |
| iii) Amount recognized in Balance Sheet | | |
| Defined Benefit Obligation | (453.22) | (426.62) |
| Fair value of plan assets | 436.36 | 391.10 |
| Net (Liability)/ Asset recognized in the Balance Sheet | (16.86) | (35.52) |

Rs in Lakhs

| iv) Expenses recognized in statement of profit or loss under the head employee benefit expenses | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Current Service Cost | 71.36 | 54.66 |
| Interest Expense on DBO | 27.41 | 25.20 |
| Interest (Income) on plan assets | (25.81) | (21.45) |
| Net Interest Cost | 1.60 | 3.75 |
| Expenses recognized in Statement of Profit or Loss | 72.96 | 58.41 |
| | | |
| v) Re-measurement for the period in OCI | | |
| Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO | - | 0.17 |
| Actuarial (Gain) / Loss due to Financial Assumption changes in DBO | (60.82) | 11.02 |
| Actuarial (Gain) / Loss due to Experience on DBO | 10.61 | 5.10 |
| Return on Plan Assets (Greater) / Less than Discount rate | (5.41) | (22.61) |
| Total Actuarial (Gain) /Loss included in OCI | (55.62) | (6.32) |
| | | |
| vi) Principal Actuarial Assumptions | 31-Mar-21 | 31-Mar-20 |
| Financial Assumptions | | |
| Discount Rate | 6.75% | 6.60% |
| Salary Escalation | 7.30% | 8.20% |

Employee benefits (Continued):

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Demographic Assumptions | | |
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |
| Withdrawal Rate | 21-30yrs-10%, | 21-30yrs-10%, |
| | 31-34yrs-12%, | 31-34yrs-12%, |
| | 35-44yrs-7% | 35-44yrs-7% |
| | 45-50yrs-3%, | 45-50yrs-3%, |
| | 51-54yrs-2%, | 51-54yrs-2%, |
| | 55yrs & above-1% | 55yrs & above-1% |
| Retirement age | 60 years | 60 years |

(i) As per para 83 of Ind AS 19, the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on government bonds

(ii) Disclosure related to indication of effect of the defined benefit plan on entity's future cash flows –

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Year 1 | 25.80 | 22.50 |
| Year 2 | 24.78 | 22.13 |
| Year 3 | 25.02 | 21.36 |
| Year 4 | 24.69 | 20.97 |
| Year 5 | 23.00 | 20.79 |
| Year 6 to 10 | 149.90 | 86.17 |

(vii) Sensitivity Analysis:

Rs in lakhs

| Defined Benefit Obligation | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Discount rate | | |
| - Discount rate - 100 basis points | 511.70 | 482.16 |
| - Discount rate + 100 basis points | 403.97 | 377.21 |
| Salary increase rate | | |
| - Rate - 100 basis points | 403.78 | 419.43 |
| - Rate + 100 basis points | 510.79 | 480.68 |

26.05 The Company is engaged in primarily financing equipment manufactured and sold in India by its holding company and its affiliates which, in the context of IND AS 108 – "Operating Segment" constitute majorly single reportable business segment.

26.06 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures

A. Names of related parties and description of relationship:

| Sr No. | Names of Related party | Nature of Relationship |
|---|---|---|
| 1 | Mr. Abhay Dinkar Dhokte - Managing Director (Date from 1 July 2019) | Key Management Personnel (KMP) |
| 2 | Mr. Satyen Suhas Shah- Managing Director- (Date upto- 30 June 2019) | Key Management Personnel (KMP) |
| 3 | Mr. Ajit Jain- Director | Key Management Personnel (KMP) |
| 4 | Mr. Felix Frie- Director | Key Management Personnel (KMP) |
| 5 | Mr. Manish Madhav Phalke - Director (Date from - 11 July 2019) | Key Management Personnel (KMP) |
| 6 | Mrs. Pranjali Rahul Patil - Director (Date from- 15 May 2020) | Key Management Personnel (KMP) |
| 7 | Mr. Girish Sivaramakrishnan - CFO (Date from- 16 May 2020) | Key Management Personnel (KMP) |
| 8 | Miss. Vaishnavi Bhupendra Suratwala - Company Secretary (Date from - 2 March 2020) | Key Management Personnel (KMP) |
| 9 | Mr. Sudhir Thite – Company Secretary (Date upto- 19 August 2019) | Key Management Personnel (KMP) |
| 10 | Mr. Bhushan Manoj Kotecha -Company Secretary (Date from 19 August 2019 upto- 2 March 2020) | Key Management Personnel (KMP) |
| 11 | Deere & Company | Ultimate Holding Company |
| 12 | John Deere India Private Limited | Holding Company |
| 13 | John Deere Asia Singapore Pte Limited | Intermediate Holding Company |
| 14 | Deere Credit Services Inc | Fellow Subsidiary (where transaction exist) |
| 15 | John Deere GMBH & Company | Fellow Subsidiary (where transaction exist) |
| 16 | John Deere Brasil Ltda. | Fellow Subsidiary (where transaction exist) |
| 17 | John Deere Leasing (Thailand) Limited | Fellow Subsidiary (where transaction exist) |
| 18 | John Deere Finance Lease Co Ltd (China) | Fellow Subsidiary (where transaction exist) |
| 19 | Banco John Deere S.A. | Fellow Subsidiary (where transaction exist) |
| 20 | John Deere Financial Limited (Australia) | Fellow Subsidiary (where transaction exist) |
| 21 | Wirtgen India Private Limited | Fellow Subsidiary (where transaction exist) |

Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures- (Continued)

B. Payments made to Key Managerial Personnel:

| Particulars | Year ended 31st March | Rs. in Lakhs |
|---|---|---|
| a. Short term benefits | 2021 | 200.55 |
| | 2020 | 167.66 |
| | | |
| b. Post-employment benefits | 2021 | 20.13 |
| | 2020 | 16.59 |
| | | |
| c. Share based payment | 2021 | 18.13 |
| | 2020 | 19.60 |
| | | |
| Payable at the end of the year | 2021 | 3.91 |
| | 2020 | 1.40 |

C. Transaction with other related parties:

| Nature of Transaction | For the Year Ended 31st March | Ultimate Holding Company | Holding Company | Intermediate Holding Company | Fellow Subsidiaries | Total |
|---|---|---|---|---|---|---|
| Services received | | | | | | |
| | 2021 | - | 1,226.55 | 386.01 | 247.03 | 1,859.59 |
| | 2020 | - | 1,506.39 | 473.00 | 237.22 | 2,216.61 |
| Recovery / Reimbursement of Salaries | | | | | | |
| | 2021 | - | - | - | - | - |
| | 2020 | - | - | - | 53.69 | 53.69 |
| Interest expense on Intercorporate deposit | | | | | | |
| | 2021 | - | 1,194.48 | - | - | 1,194.48 |
| | 2020 | - | 391.65 | - | - | 391.65 |
| Reimbursement of expenses (Net) | | - | - | - | - | |
| | 2021 | 1,334.55 | 208.98 | - | 4.77 | 1,548.30 |
| | 2020 | 1,027.59 | 388.03 | - | 4.52 | 1,420.14 |
| Income from Operations – Service Charges | | | | | | |
| | 2021 | - | (2.80) | - | (672.99) | (675.79) |
| | 2020 | - | (24.36) | - | (742.77) | (767.13) |
| Allotment of Equity Shares and Share Premium | | | | | | |
| | 2021 | - | 16,259.00 | - | - | 16,259.00 |
| | 2020 | - | 5,165.00 | - | - | 5,165.00 |
| Mfg. Subsidy \ Incentives | | | | | | |
| | 2021 | - | 1,458.60 | - | 218.47 | 1,677.07 |
| | 2020 | - | 573.53 | - | 161.71 | 735.24 |
| Leases | | | | | | |
| | 2021 | - | 75.51 | - | - | 75.51 |
| | 2020 | - | 68.67 | - | - | 68.67 |
| Intercorporate deposits given - Paid | | | | | | |
| | 2021 | - | 59,500.00 | - | - | 59,500.00 |
| | 2020 | - | 77,000.00 | - | - | 77,000.00 |
| Intercorporate deposits received back - Taken | | | | | | |
| | 2021 | - | 84,400.00 | - | - | 84,400.00 |
| | 2020 | - | 77,000.00 | - | - | 77,000.00 |
| Receivables at the end of the year | | | | | | |
| | 2021 | 208.84 | 406.05 | - | 16.32 | 631.21 |
| | 2020 | 140.78 | 114.15 | - | 182.96 | 437.89 |
| Payables at the end of the year | | | | | | |
| | 2021 | 224.36 | 283.57 | 72.79 | 244.54 | 825.26 |
| | 2020 | 155.14 | 146.21 | 118.61 | 150.13 | 570.09 |

Notes:

i) The amounts are excluding indirect taxes.

ii) There are no amounts written off or written back during the year in respect of debts due from related party.

iii) Remuneration excludes provision for Leave encashment as separate actuarial valuation for KMP is not available.

iv) Remuneration to KMP for current year includes payment to Mr. Abhay Dinkar Dhokte and Mr. Girish Sivaramakrishnan.

v) Remuneration to KMP includes Share based payment (Refer Note no. 26.13)

26.07 Operating Leases:

Brief description of nature and type of lease assets.

A. Right of use assets

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| | Premises | Premises |
| Balance as at April 01 | 260.05 | 353.34 |
| Add: Initial direct cost | - | - |
| Add: Addition during the year | 108.25 | 35.07 |
| On account of remeasurement of lease liability | - | - |
| Less: depreciation charged for the period | (135.71) | (128.36) |
| Balance as at March 31 | 232.59 | 260.05 |

B. Lease liabilities

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Lease liabilities | 254.85 | 270.98 |

C. Interest expenses on lease liabilities

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Interest on lease liabilities | 20.13 | 25.32 |

D. Expenses on short term leases / low value assets

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Short term lease | - | - |
| Low value assets | - | - |

E. Amounts recognized in the statement of cash flow

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Total cash outflow for leases | 140.08 | 142.76 |

F. Maturity analysis – contractual undiscounted cash flows

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Less than one year | 173.50 | 127.65 |
| One to five years | 131.05 | 149.28 |
| More than five years | 22.27 | 36.39 |
| Total undiscounted lease liabilities | 326.82 | 313.32 |

26.08 Earnings Per Share is calculated as follows:

Rs in lakhs

| Sr No. | Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|---|
| i) | Net Profit attributable to shareholders | 7,403.03 | 2,533.22 |
| ii) | Weighted average number of Equity Shares | 4,517 | 3,485 |
| iii) | Nominal value of equity share | 10.00 | 10.00 |
| iv) | Basic and Diluted | 1.64 | 0.73 |

Note: There is no dilution to basic EPS since there are no outstanding potentially dilutive equity shares.

26.09 Provision for contingency and losses on loans given to customers (financing activities)

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Opening balance | 5,850.48 | 2,805.08 |
| Provided during the year | 6,165.66 | 3,923.99 |
| Provision utilized during the year | (1,364.59) | (878.59) |
| Closing balance | 10,651.55 | 5,850.48 |

(Refer significant accounting policies for brief description of the nature of the provision)

26.10 Compliance with Micro, Small and Medium Enterprises Development Act, 2006

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act. 2006 (MSMED Act) | - | - |
| The disclosure pursuant to the said Act is as under: | - | - |
| Principal amount due to suppliers under MSMED Act , 2006 | - | - |
| Interest accrued and due to suppliers under MSMED Act on the above amount, unpaid | - | - |
| Payments made to suppliers (other than interest ) beyond the appointed date, during the year | 18.87 | 6.62 |
| Interest paid to suppliers under MSMED Act (other than section 16) | - | - |
| Interest paid to suppliers under MSMED Act ( section 16) | - | - |
| Interest due and payable to suppliers under MSMED Act for payments already made beyond the appointed date during the current year | 0.10 | 0.01 |
| Interest accrued and remaining unpaid to suppliers under MSMED as at year end | 0.10 | 0.01 |
| 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 MSMED Act, 2006 | 0.10 | 0.01 |

26.11 Income Taxes:

(A) The reconciliation of estimated income tax expense at statutory income tax rate :

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| | | |
| Profit before income taxes | 9,646.17 | 3,389.97 |
| Indian statutory income tax rate | 25.17% | 25.17% |
| Expected income tax expense | 2,427.94 | 853.26 |
| | | |
| Tax effect of adjustments to reconcile expected income tax expense to : | | |
| Income exempt from tax | - | (91.50) |
| Non deductible expenses | 19.52 | 12.09 |
| Education cess | (39.17) | - |
| Rate change Impact | - | 180.25 |
| Reversal of Deferred tax on Unearned income | (198.04) | - |
| Total income tax expense | 2,210.25 | 954.10 |
| Taxes effects for earlier years | 32.89 | (97.35) |
| Total income tax expense recognized in Profit and Loss Account | 2,243.14 | 856.75 |

Note: The Company's reconciliation of the effective tax rate is based on its domestic tax rate applicable to respective financial years

(B) The income tax expense charge to Profit and Loss account:

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| | | |
| Current tax: | | |
| Current tax expense for the period | 4,046.36 | 1,738.35 |
| Current tax expense / (benefit) pertaining to prior years | 32.88 | (97.35) |
| | | |
| Deferred tax benefit | - | |
| Origination and reversal of temporary differences | (1,836.10) | (784.25) |
| | | |
| Total income tax expense recognized in the year | 2,243.14 | 856.75 |

(C) Amounts recognized in Other Comprehensive Income (OCI)

Rs in lakhs

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit liability (asset) | (14.00) | (1.59) |
| Items that are or may be reclassified subsequently to profit or loss | | |
| Net amount transferred to profit or loss | - | - |

(D) The major components of deferred tax assets and liabilities for the year ended March 31, 2021 are as follows:

Rs in lakhs

| Particulars | 1st April 2020 | Recognized / reversed through profit and loss | Recognized in OCI | 31st March 2021 |
|---|---|---|---|---|
| | | | | |
| Deferred Tax Assets : | | | | |
| (a) Impairment loss allowance | 1,472.57 | 1,208.22 | - | 2,680.79 |
| (b) Employee benefit | 217.45 | 49.10 | (14.00) | 252.55 |
| (c) Deferred income | 470.18 | 576.63 | - | 1,046.81 |
| (f) Other deferred tax assets | - | 10.56 | - | 10.56 |
| | | | | |
| Deferred Tax Liabilities | | | | |
| (a) Debenture issue expenses | (43.76) | 9.91 | - | (33.85) |
| (b) Depreciation on property, plant, equipment | (5.08) | (4.31) | - | (9.39) |
| | | | | |
| Net Deferred Tax Asset | 2,111.36 | 1,850.11 | (14.00) | 3,947.47 |

The major components of deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

| Particulars | 1st April 2019 | Recognized / reversed through profit and loss | Recognized in OCI | 31st March 2020 |
|---|---|---|---|---|
| | | | | |
| Deferred Tax Assets : | | | | |
| (a) Impairment loss allowance | 816.84 | 655.73 | - | 1,472.57 |
| (b) Employee benefit | 245.00 | (25.96) | (1.59) | 217.45 |
| (c) Deferred income | 361.06 | 109.12 | - | 470.18 |
| | | | | |
| Deferred Tax Liabilities | | | | |
| (a) Debenture issue expenses | (91.37) | 47.61 | - | (43.76) |
| (b) Depreciation on property, plant, equipment | (4.42) | (0.66) | - | (5.08) |
| | | | | |
| Net Deferred Tax Asset | 1,327.11 | 785.84 | (1.59) | 2,111.36 |

26.12 Corporate Social Responsibility

As per provisions of section 135 of Companies Act 2013, the Company was required to spend 2% of average net profits earned during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act.

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Gross amount required to be spent by the Company during the year | 53.81 | 41.10 |
| Amount spent during the year* : | 55.45 | 41.76 |

*The above expenses are for a purpose other than construction or acquisition of any asset

26.13 Employee share-based payment plans

Deere and Company, the ultimate holding Company issues stock options and restricted stock awards to key employees of the Company and its subsidiaries. Options are awarded with the exercise price equal to the market price and become exercisable in 1 to 3 years after grant. Options expire 10 years after the date of grant. Restricted stock awards generally vests after 3 years. The details of the plan are as under:

Share-based payment arrangement that existed at any time during the period:

| Particulars | STOCK OPTIONS | | RESTRICTED STOCK UNITS (RSUs) | |
|---|---|---|---|---|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| (A) Share-based payment arrangement that existed at any time during the period: | | | | |
| (i) Description of each type of such payment | Stock Options | Stock Options | RSUs | RSUs |
| (ii) General terms of options granted | Vesting for stock options: 34% on year 1, 33% on year 2 and 33% on year 3 | Vesting for stock options: 34% in year 1, 33% in year 2 and 33% in year 3 | RSUs convert to shares on 3rd anniversary of the award | RSUs convert to shares on 3rd anniversary of the award |
| (iii) Method of settlement (e.g., whether in cash or equity) | Stock Options can settle in equity or cash. All exercises during this period were settled in cash | Stock Options can settle in equity or cash. All exercises during this period were settled in cash | RSUs settle in shares only | RSUs settle in shares only |

Employee share-based payment plans: (Continued)

| Particulars | STOCK OPTIONS | | | | RESTRICTED STOCK UNITS (RSUs) | | | |
|---|---|---|---|---|---|---|---|---|
| This table includes both stock options only | 31-Mar-21 | | 31-Mar-20 | | 31-Mar-21 | | 31-Mar-20 | |
| (B) Number and weighted average exercise prices of share options for each of the following groups of options: | No. | Rs. (Per Unit) | No. | Rs. (Per Unit) | No. | Rs. (Per Unit) | No. | Rs. (Per Unit) |
| (i) outstanding at the beginning of the period | - | - | 2,862 | 5,866.54 | 344 | 11,952.33 | 436 | 9,157.68 |
| (ii)transferred out during the period | - | - | 2,862 | 6,392.32 | - | - | 436 | 9,670.28 |
| (iii)transferred in during the period | - | - | - | - | - | - | 348 | 9,670.28 |
| (iv) granted during the period | - | - | - | - | 103 | 18,715.99 | 149 | 12,793.68 |
| (v) forfeited during the period | - | - | - | - | - | - | - | - |
| (vi) exercised during the period | - | - | - | - | 96 | 18,785.03 | 153 | 13,004.78 |
| (vii) expired during the period | - | - | - | - | - | - | - | - |
| (viii) outstanding at the end of the period | - | - | - | - | 351 | 13,851.73 | 344 | 11,952.33 |
| (ix) exercisable at the end of the period | - | - | - | - | - | - | - | - |
| (C) (i) For share options exercised during the period, disclose the weighted average share price at the date of exercise | - | - | - | - | 96 | 18,785.03 | 153.00 | 13,004.78 |
| (ii) If options were exercised on a regular basis throughout the period, disclose the weighted average share price during the period | - | - | - | - | - | - | - | - |
| (D) For share options outstanding at the end of the period: | - | - | - | - | - | - | - | - |
| (i) The range of exercise prices and weighted average price for remaining contractual life | - | - | - | - | 351 | 13,851.73 | 344 | 11,952.33 |
| (ii) If the range of exercise price is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options | - | - | - | - | - | - | - | - |

For convenience, amounts in Indian Rupees in Note 26.13 represents US dollar amount translated at March 31, 2021 rate of Rs. 73.44 = US dollar 1.00 and at March 31, 2020 Rs. 75.39 = US dollar 1.00. Amount represents per share value.

Share based payments expenditure:

Share based payments expense (included in Note 26.13: Employee Benefit Expense) recognized during the year represents the difference between market value of equity shares as at the grant date and market value of equity shares as at the exercise date.

26.14 The Board in its meeting held on 5th May 2021 has proposed a dividend of Re. 0.10 per share on a share of Rs. 10 each to the shareholders of the Company. The payment of dividend is subject to final approval from shareholders in the annual general meeting.

26.15 Net Gain / (Loss) On Fair Value Changes

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| | | |
| (A)Net Gain / (loss) on financial instruments at fair value through profit or loss | | |
| | | |
| (i) On trading portfolio | | |
| - Investments | - | - |
| - Derivatives | - | - |
| - Others | - | - |
| | | |
| (ii)On financial instruments designated at fair value through profit or loss | (1,163.18) | (154.45) |
| | | |
| (B) Others | - | - |
| | | |
| (C) Total Net gain/(loss) on fair value changes | (1,163.18) | (154.45) |
| | | |
| (D) Fair value changes : | | |
| (i) Realized | - | - |
| (ii) Unrealized | (1,163.18) | (154.45) |
| Total Net gain/(loss) on fair value changes | (1,163.18) | (154.45) |

26.16 Financial assets and liabilities by category

(i) The carrying value of financial instruments by categories as at March 31, 2021 is as follows:

Rs in lakhs

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehens ive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortized cost | Total Carrying Value |
|---|---|---|---|---|---|---|
| Financial Assets: | | | | | | |
| Cash and cash equivalents | - | - | - | - | 6,493.73 | 6,493.73 |
| Bank balance other than (a) above | - | - | - | - | 0.62 | 0.62 |
| Receivables- Trade receivables | - | - | - | - | 518.62 | 518.62 |
| Loans | - | - | - | - | 333,712.45 | 333,712.45 |
| Other financial assets | - | - | - | - | 70.08 | 70.08 |
| Total | - | - | - | - | 340,795.50 | 340,795.50 |
| | | | | | | |
| Financial Liabilities: | | | | | | |
| Derivative financial Instrument | 1,300.89 | - | - | - | - | 1,300.89 |
| Payables | | | | | | |
| -Trade Payable | - | - | - | - | 5,250.62 | 5,250.62 |
| Debt Securities | - | - | - | - | 122,996.80 | 122,996.80 |
| Borrowings (Other than Debt securities) | - | - | - | - | 143,575.42 | 143,575.42 |
| Lease liabilities | - | - | - | - | 254.85 | 254.85 |
| Other financial liabilities | - | - | - | - | 710.08 | 710.08 |
| Total | 1,300.89 | - | - | - | 272,787.77 | 274,088.66 |

Financial assets and liabilities by category: (Continued)

The carrying value of financial instruments by categories as at March 31, 2020 is as follows :

Rs in lakhs

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehens ive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortized cost | Total Carrying Value |
|---|---|---|---|---|---|---|
| Financial Assets: | | | | | | |
| Cash and cash equivalents | - | - | - | - | 8,024.42 | 8,024.42 |
| Bank balance other than (a) above | - | - | - | - | 0.59 | 0.59 |
| Receivables- Trade receivables | - | - | - | - | 266.44 | 266.44 |
| Loans | - | - | - | - | 233,045.48 | 233,045.48 |
| Other financial assets | - | - | - | - | 66.62 | 66.62 |
| Total | - | - | - | - | 241,403.55 | 241,403.55 |
| | | | | | | |
| Financial Liabilities: | | | | | | |
| Derivative financial Instrument | 154.45 | - | - | - | - | 154.45 |
| Payables | | | | | | |
| Trade Payables | - | - | - | - | 1,143.60 | 1,143.60 |
| Debt Securities | - | - | - | - | 109,119.70 | 109,119.70 |
| Borrowings (Other than Debt securities) | - | - | - | - | 85,507.90 | 85,507.90 |
| Lease liabilities | - | - | - | - | 270.98 | 270.98 |
| Other financial liabilities | - | - | - | - | 467.28 | 467.28 |
| Total | 154.45 | - | - | - | 196,509.46 | 196,663.91 |

(ii) Fair Value hierarchy :

Rs in lakhs

| As at March 31, 2021 | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Financial Assets: | | | | | |
| Loans | 333,712.45 | - | - | 337,086.34 | 337,086.34 |
| Total | 333,712.45 | - | - | 337,086.34 | 337,086.34 |
| | | | | | |
| Financial Liabilities: | | | | | |
| Derivative financial Instrument | 1,300.89 | - | 1,300.89 | - | 1,300.89 |
| Debt Securities | 122,996.80 | - | 130,853.10 | - | 130,853.10 |
| Borrowings (Other than Debt securities) | 143,575.42 | - | 145,910.95 | - | 145,910.95 |
| Total | 267,873.11 | - | 278,064.94 | - | 278,064.94 |

| As at March 31, 2020 | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| Financial Assets: | | | | | |
| Loans | 233,045.48 | - | - | 240,161.62 | 240,161.62 |
| Total | 233,045.48 | - | - | 240,161.62 | 240,161.62 |
| | | | | | |
| Financial Liabilities: | | | | | |
| Derivative financial Instrument | 154.45 | | 154.45 | | 154.45 |
| Debt Securities | 109,119.70 | - | 112,500.21 | - | 112,500.21 |
| Borrowings (Other than Debt securities) | 85,507.90 | - | 86,911.31 | - | 86,911.31 |
| Total | 194,782.05 | - | 199,565.97 | - | 199,565.97 |

Financial assets and liabilities by category: (Continued)

Quoted prices in an active market (Level 1) : This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation technique with observable inputs (Level 2) : This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level of hierarchy include Company's over the counter (OTC) derivative contracts.

Valuation technique with significant unobservable inputs (Level 3) : This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are measured in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.
There has been no transfer between level 1, level 2 and level 3 for the year ended March 31, 2021 and March 31, 2020.

Valuation technique used to determine fair value of financial instruments

(a) Derivatives are fair valued using fair values obtained from banks and where applicable, are classified in Level 2.

(b) The fair value of loans arising from financing activities has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value for repossessed vehicles as at March 31, 2021 and 2020. Since significant unobservable inputs are applied in measuring the fair value of loans arising from financing activities, they are classified in Level 3.

(c) The fair value of borrowings and debt securities has been estimated by discounting the expected cash flow using the rate at which the last borrowings during the current financial year has been made and are classified in Level 2.

Fair value of financial assets/ liabilities measured at amortized cost

The carrying amounts of other financial assets and other financial liabilities other than those disclosed in the table above valued at level 2 and level 3 are considered to be the same as their fair values due to the short term maturities of instruments and no material differences in the fair value.

26.17 Financial Risk Review

The Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee and Asset Liability Committee (ALCO). The Risk Management committee and ALCO is responsible for developing and monitoring risk management policies for its business and ensuring compliance with the statutory/regulatory framework of the risk management process.
Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the government lifted the national lockdown, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. Estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the financial assets (Loans), are based on historical experience and other emerging, forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The extent to which the current "second wave" has significantly increased the number of cases in India, will continue to impact the Company's performance, which will depend on ongoing as well as future developments and are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread.

A Credit risk

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Exposure to Credit Risk

The carrying amount of the financial assets represents the maximum credit exposure, being the total of the carrying amount of balances with banks, time deposits with banks, loans arising from financing activities, derivative financial instruments, trade receivables and other financials assets.

Financial assets that are neither past due or impaired

Credit risk on cash and cash equivalents and deposits with banks/ financial institutions is generally low as the said deposits have been made with banks/ financial institution who have been assigned high credit rating by international/ domestic rating agencies. Credit risk on derivative instruments is generally low as the company enters into derivative contracts with reputed banks. None of the company's cash equivalents, including time deposits with banks are past due or impaired. Regarding the derivative contracts, trade receivables and other financial assets are neither impaired nor past due. There were no indications as at March 31, 2021, that defaults in payment obligations will occur.

i) Loans arising from financing activities - Credit quality of financial assets and impairment loss

The carrying amount of loans represent the maximum credit exposure net of provision for impairment. Loans are derived from financing activities to customers. The Company mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Credit risk for loans is managed by the Company through credit approvals, establishing credit limits and periodic monitoring of the credit worthiness of its customers to which the Company grants credit terms in the normal course of business. Credit risk is monitored by the credit risk department of the Company's independent risk department/ function who have the responsibility for reviewing and managing credit risk.
For the loans financed to customers, the Company covers/secures the credit risk associated with the loans lended to customers by creating charge/ hypothecation/ security on the assets as mentioned/ specified in the loan agreement with the customers. The Company does not have a high concentration of credit risk to a single customer exceeding 10% of the Company revenue. The Company makes the allowance for losses on its portfolio of loans on the basis of expected future collection from receivables. The future collections are estimated on the basis of past collection trend which are adjusted for changes in current circumstances as well as expected changes in collection on account of future with respect to certain macro economic factor.

Credit Risk (Continued)

The following table sets out information about the credit quality of financial assets measured at amortized cost. The amounts in the table represent gross carrying amounts for financial assets.

(i) Loans exposure by Sector

Rs in lakhs

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Loans by Sector | | |
| i) Agricultural Sector | 327,082.34 | 231,948.16 |
| ii) Construction equipments | 21,411.05 | 9,582.30 |
| Total - Gross | 348,493.39 | 241,530.46 |
| Less: Impairment allowance | 10,651.55 | 5,850.48 |
| Total Net Loans* | 337,841.84 | 235,679.98 |

* Net Loans excludes revenue received in advance INR 4,129.38 lakhs for March 2021 and INR 2,634.50 lakhs for March 2020.

(ii) Days past due method for credit quality analysis of Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the days past due and year-end stage classification of gross carrying value of loans. The amounts presented are gross of impairment allowances.

Rs in lakhs

| Outstanding Gross loans | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Days Past due | | | | | | |
| Current (Not past due) | 288,196.37 | - | 433.69 | 186,982.26 | - | 137.78 |
| 1- 29 days | 21,848.19 | - | 316.66 | 22,067.50 | - | 151.83 |
| 30- 89 days | - | 18,944.11 | 1,120.81 | - | 16,852.31 | 809.59 |
| 90 or more days | - | - | 17,633.56 | - | - | 14,529.19 |
| Gross Exposure | 310,044.56 | 18,944.11 | 19,504.72 | 209,049.76 | 16,852.31 | 15,628.39 |

Rs in lakhs

| Impairment allowance on loans | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Days Past due | | | | | | |
| Current (Not past due) | 2,287.15 | - | 151.07 | 741.39 | | 54.11 |
| 1- 29 days | 530.23 | - | 78.80 | 169.23 | | 46.99 |
| 30- 89 days | - | 1,087.37 | 275.81 | | 355.71 | 233.47 |
| 90 or more days | | | 6,241.13 | | | 4,249.58 |
| Total | 2,817.38 | 1,087.37 | 6,746.81 | 910.62 | 355.71 | 4,584.15 |
| Net Exposure* | 307,227.18 | 17,856.74 | 12,757.91 | 208,139.14 | 16,496.60 | 11,044.24 |

* Net Exposure excludes revenue received in advance INR 4,129.38 lakhs for March 2021 and INR 2,634.50 lakhs for March 2020.

Days past due method for credit quality analysis of Loans: (Continued)

Rs in lakhs

(iii)

| As at March 31, 2021 | | Asset Group | Days Past due | Estimated gross carrying amount at default* | Expected probability of default | Expected credit losses | Carrying amount net of impairment |
|---|---|---|---|---|---|---|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | Loans | Current | 288,196.37 | 0.79% | 2,287.15 | 285,909.22 |
| | | | 1-29 days | 21,848.19 | 2.43% | 530.23 | 21,317.96 |
| | | | Total | 310,044.56 | 0.91% | 2,817.38 | 307,227.18 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly and not credit-impaired | Loans | 30 - 89 days | 18,944.11 | 5.74% | 1,087.37 | 17,856.74 |
| | | | Total | 18,944.11 | 5.74% | 1,087.37 | 17,856.74 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans | Current | 433.69 | 34.83% | 151.07 | 282.61 |
| | | | 1-29 days | 316.66 | 24.88% | 78.80 | 237.86 |
| | | | 30 - 89 days | 1,120.81 | 24.61% | 275.81 | 845.00 |
| | | | 90 days and above | 17,633.56 | 35.39% | 6,241.13 | 11,392.44 |
| | | | Total | 19,504.72 | 34.59% | 6,746.81 | 12,757.91 |
| | | | Grand Total | 348,493.39 | 3.06% | 10,651.55 | 337,841.84 |

Rs in lakhs

| As at March 31, 2020 | | Asset Group | Days Past due | Estimated gross carrying amount at default* | Expected probability of default | Expected credit losses | Carrying amount net of impairment |
|---|---|---|---|---|---|---|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | Loans | Current | 186,982.26 | 0.40% | 741.39 | 186,240.87 |
| | | | 1-29 days | 22,067.50 | 0.77% | 169.23 | 21,898.27 |
| | | | Total | 209,049.76 | 0.44% | 910.62 | 208,139.14 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly and not credit-impaired | Loans | 30 - 89 days | 16,852.31 | 2.11% | 355.71 | 16,496.60 |
| | | | Total | 16,852.31 | 2.11% | 355.71 | 16,496.60 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans | Current | 137.78 | 39.27% | 54.11 | 83.67 |
| | | | 1-29 days | 151.83 | 30.95% | 46.99 | 104.83 |
| | | | 30 - 89 days | 809.59 | 28.84% | 233.47 | 576.13 |
| | | | 90 days and above | 14,529.19 | 29.25% | 4,249.58 | 10,279.61 |
| | | | Total | 15,628.39 | 29.33% | 4,584.15 | 11,044.24 |
| | | | Grand Total | 241,530.46 | 2.42% | 5,850.48 | 235,679.98 |

* Carrying amount excludes revenue received in advance INR 4,129.38 lakhs for March 2021 and INR 2,634.50 lakhs for March 2020.

B Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(i) Maturity analysis of liabilities

The table below set out carrying amount of financial liability according to when they are expected to be settled.

As on March 31, 2021

Rs in lakhs

| Particulars | Less than 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| Financial liabilities | | | | | | | |
| (i) Derivative financial Instrument | - | - | - | 1,300.89 | - | - | 1,300.89 |
| (a) Trade payables | - | - | - | | - | - | |
| -total outstanding dues of micro enterprises and small enterprises | 0.10 | - | - | - | - | - | 0.10 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 5,250.52 | - | - | - | - | - | 5,250.52 |
| | | | | | | | |
| (iii) Debt securities | 508.81 | 22,251.16 | 50,257.07 | 49,979.76 | - | - | 122,996.80 |
| (iv) Borrowings (Other than Debt securities) | 50,061.47 | 4,093.95 | 4,475.00 | 70,520.00 | 14,425.00 | - | 143,575.42 |
| (v) Lease liabilities | - | - | 119.25 | 135.60 | - | - | 254.85 |
| (vi) Other financial liabilities | 213.69 | - | 496.39 | - | - | - | 710.08 |
| | | | | | | | |
| Total Financial liabilities | 56,034.59 | 26,345.11 | 55,347.71 | 121,936.25 | 14,425.00 | - | 274,088.66 |

As on March 31, 2020

Rs in lakhs

| Particulars | Less than 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|
| Financial liabilities | | | | | | | |
| (a) Derivative financial Instrument | - | - | - | 154.45 | - | - | 154.45 |
| (i) Trade payables | | | | | | | |
| -total outstanding dues of micro enterprises and small enterprises | 0.01 | - | - | - | - | - | 0.01 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 1,143.59 | - | - | - | - | - | 1,143.59 |
| | | | | | | | |
| (iii) Debt securities | (33.86) | 30,923.02 | 28,295.29 | 49,935.25 | - | - | 109,119.70 |
| (iv) Borrowings (Other than Debt securities) | 16,957.90 | 4,100.00 | 5,650.00 | 58,800.00 | - | - | 85,507.90 |
| (e) Deferred tax liabilities (Net) | - | - | - | - | - | - | |
| (v) Lease liabilities | - | - | 110.71 | 160.27 | - | - | 270.98 |
| (vi) Other financial liabilities | 101.75 | - | 365.53 | - | - | - | 467.28 |
| | | | | | | | |
| Total Financial liabilities | 18,169.39 | 35,023.02 | 34,421.53 | 109,049.97 | - | - | 196,663.91 |

(ii) Maturity Analysis of Assets and Liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled

Rs. In lakhs

| Particulars | 31-Mar-21 | | | 31-Mar-20 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non- Current | Total |
| ASSETS | | | | | | |
| Financial Assets | | | | | | |
| (i) Cash and cash equivalents | 6,493.73 | - | 6,493.73 | 8,024.42 | - | 8,024.42 |
| (ii) Bank balance other than (a) above | 0.62 | - | 0.62 | 0.59 | - | 0.59 |
| (iii) Receivables- Trade receivables | 518.62 | - | 518.62 | 266.44 | - | 266.44 |
| (iv) Loans | 130,626.34 | 203,086.11 | 333,712.45 | 94,135.02 | 138,910.46 | 233,045.48 |
| (v) Other financial assets | 2.00 | 68.08 | 70.08 | 38.81 | 27.81 | 66.62 |
| Total financial assets | 137,641.31 | 203,154.19 | 340,795.50 | 102,465.27 | 138,938.27 | 241,403.55 |
| | | | | | | |
| Non-financial Assets | | | | | | |
| (i) Current tax (Net) | - | 391.40 | 391.40 | - | 415.16 | 415.16 |
| (ii) Deferred tax assets (net) | - | 3,947.47 | 3,947.47 | - | 2,111.36 | 2,111.36 |
| (iii) Property, Plant and Equipment | - | 302.84 | 302.84 | - | 186.20 | 186.20 |
| (iv) Capital work-in-progress | - | 0.13 | 0.13 | - | 36.72 | 36.72 |
| (v) Right of Use Assets | - | 232.59 | 232.59 | - | 260.05 | 260.05 |
| (vi) Intangible Assets | - | 24.86 | 24.86 | - | - | |
| (vii) Other Non financial assets | 719.77 | - | 719.77 | 711.12 | - | 711.12 |
| | | | | | | |
| Total Non-financial assets | 719.77 | 4,899.29 | 5,619.06 | 711.12 | 3,009.49 | 3,720.61 |
| | | | | | | |
| Total Assets | 138,361.07 | 208,053.48 | 346,414.56 | 103,176.39 | 141,947.76 | 245,124.16 |
| | | | | | | |
| Liabilities | | | | | | |
| Financial liabilities | | | | | | |
| (i) Derivative financial Instrument | - | 1,300.89 | 1,300.89 | - | 154.45 | 154.45 |
| (ii) Payables | | | | | | - |
| (a) Trade payables | | | | - | - | - |
| -total outstanding dues of micro enterprises and small enterprises | 0.10 | - | 0.10 | 0.01 | - | 0.01 |
| -total outstanding dues of creditors other than micro enterprises and small enterpris | 5,250.52 | - | 5,250.52 | 1,143.59 | - | 1,143.59 |
| (iii) Debt securities | 73,017.04 | 49,979.76 | 122,996.80 | 59,184.44 | 49,935.26 | 109,119.70 |
| (iv) Borrowings (Other than Debt securities) | 58,630.42 | 84,945.00 | 143,575.42 | 26,707.90 | 58,800.00 | 85,507.90 |
| (v) Lease liabilities | 119.25 | 135.60 | 254.85 | 110.71 | 160.27 | 270.98 |
| (vi) Other financial liabilities | 710.08 | - | 710.08 | 467.28 | - | 467.28 |
| Total Financial liabilities | 137,727.41 | 136,361.25 | 274,088.66 | 87,613.93 | 109,049.98 | 196,663.91 |
| | | | | | | |
| Non-financial liabilities | | | | | | |
| (i) Provisions | 96.04 | 476.83 | 572.87 | 81.88 | 472.23 | 554.11 |
| (ii) Other Non financial liabilities | 242.19 | - | 242.19 | 98.95 | - | 98.95 |
| Total Non financial liabilities | 338.23 | 476.83 | 815.06 | 180.83 | 472.23 | 653.06 |
| | | | | | | |
| Total Liabilities | 138,065.64 | 136,838.08 | 274,903.72 | 87,794.76 | 109,522.21 | 197,316.97 |
| Net | | | 71,510.84 | | | 47,807.19 |

C Market Risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

(i) Exposure to Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company loans and borrowings are at fixed interest rate hence any change in market interest rate will not have impact on statement of profit and loss.

(ii) Exposure to Foreign currency risk

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's intercompany transactions denominated in a different currency from the Company's functional currency

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, AUD and THB exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to other foreign currencies is not material.

The carrying amount of Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows :

Rs in lakhs

| | As on March 31, 2021 Amounts outstanding in INR | | | | As on March 31, 2020 Amounts outstanding in INR | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | EUR | TBH | AUD | USD | EUR | TBH | AUD |
| Trade Payables | (525.53) | (7.59) | - | (8.56) | (398.42) | (5.16) | | (20.31) |
| Trade Receivables | 216.79 | - | 8.37 | - | 271.94 | - | 51.01 | |

Rs in lakhs

| | Currency | Change in rate | Effect on profit before tax |
|---|---|---|---|
| 31-Mar-21 | USD | 10% / -10% | (30.87) |
| | EUR | | (0.76) |
| | THB | | 0.84 |
| | AUD | | (0.86) |
| 31-Mar-20 | USD | 10% / -10% | (12.65) |
| | EUR | | (0.52) |
| | THB | | 5.10 |
| | AUD | | (2.03) |

In management's opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

(iii) Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts:

Rs in lakhs

| Derivatives held for Risk management | As at March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Notional amount | Fair value- assets | Fair value- liabilities | Change in rate | Effect on profit before tax |
| | | | | | |
| Forward Contracts | USD 177.46 | - | INR 1,300.89 | 10% / -10% | 130.09 |
| Total | USD 177.46 | - | INR 1,300.89 | | |

Rs in lakhs

| Derivatives held for Risk management | As at March 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Notional amount | Fair value- assets | Fair value- liabilities | Change in rate | Effect on profit before tax |
| | | | | | |
| Forward Contracts | USD 181.20 | - | INR 154.45 | 10% / -10% | 15.45 |
| Total | USD 181.20 | - | INR 154.45 | | |

D Capital Management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or combination of short term/long term debt as may be appropriate.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital.

The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Disclosures as required in terms of Annex I in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 updated as on 17th Feb 2020 issued by Reserve Bank of India (RBI) (Annex II)

26.18 Capital to Risk Assets Ratio (CRAR)

| | | As per IND AS | |
|---|---|---|---|
| Sr. No. | Particulars | 31-Mar-21 | 31-Mar-20 |
| 1 | CRAR (%) | 20.38% | 19.31% |
| 2 | CRAR - Tier I capital (%) | 19.55% | 18.92% |
| 3 | CRAR - Tier II Capital (%) | 0.83% | 0.39% |

*General reserve includes interest of INR 1378.60 lakhs for March 2021 and INR 1327.75 lakhs for March 2020 accrued in books of accounts as per IND AS requirements on Stage III loan contracts. It has been excluded in the above calculation as a matter of abundant caution.

26.19 Investments

This section is Not applicable to the Company since there are no investments.

26.20 Derivatives

A) Forward Rate Agreement / Interest Rate Swap

Rs in lakhs

| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| (i) | The notional principal of swap agreements | - | - |
| (ii) | Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements | - | - |
| (iii) | Collateral required by the applicable NBFC upon entering into swaps | - | - |
| (iv) | Concentration of credit risk arising from the swaps $ | - | - |
| (v) | The fair value of the swap book @ | - | - |

B) Exchange Traded Interest Rate (IR) Derivatives

This section is Not applicable to the Company

C) Disclosures on Risk Exposure in Derivatives

Quantitative Disclosure

Rs in lakhs

| | Particulars | Currency Derivatives | Interest Rate Derivatives |
|---|---|---|---|
| (i) | Derivatives (Notional Principal Amount) | 15,686.81 | - |
| | For hedging | - | |
| (ii) | Marked to Market Positions [1] | - | - |
| | Asset (+) | - | |
| | Liability (-) | 1,300.89 | |
| (iii) | Credit Exposure [2] | - | - |
| (iv) | Unhedged Exposures | - | - |

26.21 Disclosures relating to Securitization

This section is Not applicable to the Company

26.22 Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction

This section is Not applicable to the Company

26.23 Details of Assignment transactions undertaken by applicable NBFCs

This section is Not applicable to the Company

26.24 Details of non-performing financial assets purchased / sold

This section is Not applicable to the Company

26.25 Asset Liability Management Maturity pattern of certain items of assets and liabilities

As on March 31, 2021

Rs in lakhs

| | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Liabilities | | | | | | | | | |
| Borrowings from banks | 18,077.81 | 5,650.00 | 1,387.50 | 4,087.50 | 4,475.00 | 58,025.00 | 14,425.00 | - | 106,127.81 |
| Borrowings in Foreign currency | - | - | - | 6.45 | - | 12,495.00 | - | - | 12,501.45 |
| Intercorporate borrowings | 24,946.16 | - | - | - | - | - | - | - | 24,946.16 |
| Market Borrowings | - | - | 508.81 | 22,251.16 | 50,257.07 | 49,979.76 | - | - | 122,996.80 |
| Assets | | | | | | | | | |
| Advances * | 6,882.42 | 10,415.23 | 19,039.89 | 35,513.72 | 60,216.72 | 167,699.72 | 37,849.50 | - | 337,617.20 |
| Investments | - | - | - | - | - | - | - | - | - |

* Advances include amount shown in Note 7 excluding stage I and stage II provision

As on March 31, 2020

Rs in lakhs

| | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Liabilities | | | | | | | | | |
| Borrowings from banks | 13,107.90 | 1,550.00 | 2,300.00 | 4,100.00 | 5,650.00 | 58,800.00 | - | - | 85,507.90 |
| Market Borrowings | - | - | - | 30,957.33 | 28,336.21 | 49,826.16 | - | - | 109,119.70 |
| Assets | | | | | | | | | |
| Advances | 3,235.56 | 4,492.09 | 14,820.62 | 27,670.43 | 44,412.33 | 115,275.01 | 24,405.77 | - | 234,311.81 |
| Investments | - | - | - | - | - | - | - | - | - |

* Advances include amount shown in Note 7 excluding stage I and stage II provision

26.26 Exposures :

There are no exposure to capital market and real estate sector during the year ended 31 March 2021 and 31 March 2020.

26.27 Details of financing of parent company products

The principal business of the Company is providing finance for the purchase of farm equipment manufactured and sold by John Deere India Private Limited and for the construction equipment manufactured and sold by Wirtgen India Private Limited.

26.28 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC :

During the year ended 31 March 2021 and 31 March 2020, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

26.29 Registration obtained from other financial sector regulators :

| Regulators | Registration Number |
|---|---|
| Financial Intelligence Unit - (Operating under Economic Intelligence Council) | FINBF12765 |
| Central Registry of Securitisation Asset Reconstruction and Security Interest of India (Central KYC) | 20192000001626 |

26.30 Disclosure of Penalties imposed by RBI and other regulators :

There has been no penalty imposed by RBI and other regulators during the financial year ended 31 March 2021 and 31 March 2020.

26.31 Ratings assigned by credit rating agencies and migration of ratings :

During the year 2020-21

| Particulars | Rating Assigned | Date of Rating | Rating Valid up to | Name of the Rating Agency | Amount |
|---|---|---|---|---|---|
| Commercial paper | CRISIL A1+ | 07-May-20 | 60 Calendar days | CRISIL Ltd | INR 60,000 lakhs |
| | CRISIL A1+ | 04-Jan-21 | 60 Calendar Days | CRISIL Ltd | INR 60,000 lakhs |
| | [ICRA] A1+ | 11-Jan-21 | 60 Calendar Days | ICRA Ltd | INR 40,000 lakhs |
| | [ICRA] A1+ | 19-Mar-21 | 60 Calendar Days | ICRA Ltd | INR 40,000 lakhs |
| | CRISIL A1+ | 30-Mar-21 | 60 Calendar Days | CRISIL Ltd | INR 60,000 lakhs |
| Term Loans | CRISIL AAA/Stable (Reaffirmed) | 7-May-20 | 180 Days | CRISIL Ltd | INR 27,000 lakhs |
| | [ICRA] AAA (Stable) | 19-Mar-21 | 1 Year | ICRA Ltd | INR 20,000 lakhs |
| | CRISIL AAA/Stable (Reaffirmed) | 30-Mar-21 | 180 Days | CRISIL Ltd | INR 27,000 lakhs |
| NCD | CRISIL AAA/Stable | 7-May-20 | 180 Days | CRISIL Ltd | INR 40,000 lakhs |
| | CRISIL AAA/Stable | 7-May-20 | 180 Days | CRISIL Ltd | INR 50,000 lakhs |
| | CRISIL AAA/Stable | 7-May-20 | 180 Days | CRISIL Ltd | INR 40,000 lakhs |
| | CRISIL AAA/Stable | 4-Jan-21 | 180 Days | CRISIL Ltd | INR 40,000 lakhs |
| | CRISIL AAA/Stable | 4-Jan-21 | 180 Days | CRISIL Ltd | INR 40,000 lakhs |
| | CRISIL AAA/Stable | 4-Jan-21 | 180 Days | CRISIL Ltd | INR 50,000 lakhs |
| | CRISIL AAA/Stable | 30-Mar-21 | 180 Days | CRISIL Ltd | INR 20,000 lakhs |
| | CRISIL AAA/Stable | 30-Mar-21 | 180 Days | CRISIL Ltd | INR 40,000 lakhs |
| | CRISIL AAA/Stable | 30-Mar-21 | 180 Days | CRISIL Ltd | INR 50,000 lakhs |
| | CRISIL AAA/Stable | 30-Mar-21 | 180 Days | CRISIL Ltd | INR 10,000 lakhs |

During the year 2019-20

| Particulars | Rating Assigned | Date of Rating | Rating Valid up to | Name of the Rating Agency | Amount |
|---|---|---|---|---|---|
| Commercial paper | CRISIL A1+ | 5-Feb-20 | 60 Calendar Days | CRISIL Ltd | Rs.60,000 lakhs |
| | [ICRA] A1+ | 7-Feb-20 | 90 Days | ICRA Ltd | Rs.30,000 lakhs |
| | CRISIL A1+ | 2-Mar-20 | 60 Calendar Days | CRISIL Ltd | Rs.60,000 lakhs |
| Term Loans | CRISIL AAA/Stable (Reaffirmed) | 2-Mar-20 | 180 Days | CRISIL Ltd | Rs.27,000 lakhs |
| | CRISIL AAA/Stable | 2-Mar-20 | 180 Days | CRISIL Ltd | Rs.50,000 lakhs |
| NCD | CRISIL AAA/Stable | 2-Mar-20 | 180 Days | CRISIL Ltd | Rs.40,000 lakhs |

26.32 Remuneration of Directors

The Non- Executive directors are employees of the Deere & Company group and the company does not have transaction with them.

26.33 Net Profit or Loss for the period, prior period items and changes in accounting policies :- NIL

26.34 Revenue Recognition - Please refer Significant accounting policies no. 2.6

26.35 Ind AS 110 -Consolidated Financial Statements (CFS)

This section is Not applicable to the Company

26.36 Provision for Contingencies:-

Rs in lakhs

| Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| Breakup of Provision and contingencies shown under the head Expenditure in Profit and loss Account | | |
| Provision for Depreciation on Investment | (-) | (-) |
| Provision towards NPA | 2,162.66 | 2,087.00 |
| Provision made towards Income tax | 4,079.24 | 1,641.00 |
| Other provision and contingencies – | | |
| Leave encashment | 7.03 | 118.23 |
| Gratuity | 72.96 | 58.41 |
| Provision for Standard Assets | 2,638.41 | 958.40 |

26.37 Draw Down from Reserves

There has been no draw down from the Statutory Reserves under section 45-IC of The Reserve Bank of India Act, 1934, for the year ended 31 March 2021 and 2020.

26.38 Concentration of Deposits, Advances. Exposure and NPA's

Concentration of Advances:

(A)

Rs in lakhs

| Particulars | 31-Mar-21 |
|---|---|
| Total Advances to twenty largest borrowers | 12,966.14 |
| Percentage of Advances to twenty largest borrowers to Total advances | 3.77% |

Concentration of Exposures:

(B)

Rs in lakhs

| Particulars | 31-Mar-21 |
|---|---|
| Total Exposure to twenty largest borrowers / customers | 12,966.14 |
| Percentage of Advances to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrower/Customers | 3.77% |

Concentration of NPAs

(C)

Rs in lakhs

| Particulars | 31-Mar-21 |
|---|---|
| Total Exposure to top four NPA accounts | 163.69 |

(D) Sector- wise NPAs

Rs in lakhs

| Sr No. | Sector | Percentage of NPAs to Total Advances in that Sector |
|---|---|---|
| 1 | Agriculture & allied activities | 5.98% |
| 2 | MSME | - |
| 3 | Corporate Borrowers | - |
| 4 | Services | - |
| 5 | Unsecured personal Loans | - |
| 6 | Auto Loans | - |
| 7 | Other personal loans | - |

Movement of NPAs

Rs in lakhs

| | Particulars | 31-Mar-21 | 31-Mar-20 |
|---|---|---|---|
| (i) | Net NPAs to Net Advances (%) | 3.78% | 4.69% |
| (ii) | Movement of NPAs (Gross) | | |
| a) | Opening balance | 15,628.39 | 9,088.11 |
| b) | Additions during the year | 10,451.52 | 11,318.62 |
| c) | Reductions during the year | (6,575.19) | (4,778.34) |
| d) | Closing balance | 19,504.72 | 15,628.39 |
| (iii) | Movement of Net NPAs | | |
| a) | Opening balance | 11,044.24 | 6,590.97 |
| b) | Additions during the year | 5,308.59 | 7,902.00 |
| c) | Reductions during the year | (3,594.92) | (3,448.73) |
| d) | Closing balance | 12,757.91 | 11,044.24 |
| (iv) | Movement of provisions for NPAs (excluding provisions on standard Assets) | | |
| a) | Opening balance | 4,584.15 | 2,497.14 |
| b) | Provisions made during the Year | 5,142.92 | 3,416.62 |
| c) | Write-off/ write-back of Excess provision | (2,980.27) | (1,329.61) |
| d) | Closing balance | 6,746.81 | 4,584.15 |
| | | | |

26.39 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

This section is Not applicable to the Company

26.40 Off-balance Sheet SPVs sponsored

This section is Not applicable to the Company

26.41 Disclosures of Complaints:

Customer Complaints

| Sr.No | Particulars | 31-Mar-21 |
|---|---|---|
| a) | No. Of Complaints pending at the beginning of the year | 3 |
| b) | No. of complaints received during the year | 36 |
| c) | No. of complaints redressed during the year | 38 |
| d) | No. of complaints pending at the end of the year | 1 |

26.42 Disclosures as required in terms of Annex I in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 updated as on 17th Feb 2020 issued by Reserve Bank of India (RBI)

| Liabilities side : | | | Rs in lakhs |
|---|---|---|---|
| Particulars | | Amount Outstanding as at 31 March 2021 | Amount Overdue as of 31st March 2021 |
| 1 | Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | | |
| (a) | Debentures : Secured | -<br>(-) | -<br>(-) |
| | : Unsecured* | 123,131.28<br>(80,957.33) | -<br>(-) |
| | (other than falling within the meaning of public deposits) | -<br>(-) | -<br>(-) |
| (b) | Deferred Credits | -<br>(-) | -<br>(-) |
| (c) | Term Loans | 88,590.10<br>(61,153.63) | -<br>(-) |
| (d) | Inter-corporate loans and borrowing | 24,946.16<br>(-) | (-)<br>- |
| (e) | Commercial Paper** | -<br>(30,000.00) | -<br>(-) |
| (f) | Public Deposits | - | - |
| (g) | Other Loans | - | - |
| | -ECB | 12,501.45<br>(12,827.66) | -<br>(-) |
| | - Working capital loan | 17,537.70<br>(11,526.61) | -<br>(-) |

* Loan amount is excluding unamortized debt cost
** Commercial papers at gross value

| | | | |
|---|---|---|---|
| 2 | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued there on but not paid): | | |
| (a) | In the form of Unsecured debentures | -<br>(-) | -<br>(-) |
| | In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | -<br>(-) | -<br>(-) |
| (c ) | Other public deposits | -<br>(-) | -<br>(-) |

Note: Figures in the brackets represents figures for previous year.

| Assets side : | | |
|---|---|---|
| Particulars | | Amount outstanding as at 31 March 2021 |
| 3 | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : | |
| (a) | Secured | -<br>(-) |
| (b) | Unsecured | -<br>(-) |

Disclosures in terms of Annex I in accordance with Master Direction issued by Reserve Bank of India (RBI) (continued)

| | | |
|---|---|---|
| 4 | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | |
| (i) | Lease assets including lease rentals under sundry debtors : | |
| (a) | Financial lease | -<br>(-) |
| (b) | Operating lease | -<br>(-) |
| (ii) | Stock on hire including hire charges under sundry debtors: | |
| (a) | Assets on hire | -<br>(-) |
| (b) | Repossessed Assets | -<br>(-) |
| (iii) | Other loans counting towards AFC activities | |
| (a) | Loans where assets have been repossessed | 1,192.29<br>(943.20) |
| (b) | Loans other than (a) above | 343,171.71<br>(237,952.76) |

| | | |
|---|---|---|
| 5 | Break-up of Investments: | |
| | Current Investments: | |
| 1) | Quoted : | |
| (i) | Shares | -<br>(-) |
| (a) | Equity | -<br>(-) |
| (b) | Preference | |
| (ii) | Debentures and Bonds | -<br>(-) |
| (iii) | Units of mutual funds | -<br>(-) |
| (iv) | Government Securities | -<br>(-) |
| (v) | Others (please specify) | -<br>(-) |
| 2) | Unquoted : | |
| (i) | Shares | -<br>(-) |
| (a) | Equity | -<br>(-) |
| (b) | Preference | -<br>(-) |
| (ii) | Debentures and Bonds | -<br>(-) |
| (iii) | Units of mutual funds | -<br>(-) |
| (iv) | Government Securities | -<br>(-) |
| (v) | Others (please specify) | -<br>(-) |
| | Long Term investments : | |
| 1) | Quoted : | |
| (i) | Shares | -<br>(-) |
| (a) | Equity | -<br>(-) |
| (b) | Preference | -<br>(-) |
| (ii) | Debentures and Bonds | -<br>(-) |
| (iii) | Units of mutual funds | -<br>(-) |
| (iv) | Government Securities | -<br>(-) |
| (v) | Others (please specify) | -<br>(-) |

Disclosures in terms of Annex I in accordance with Master Direction issued by Reserve Bank of India (RBI) (continued)

| | | |
|---|---|---|
| 5 | Break-up of Investments: | |
| | Long Term investments : | |
| 2) | Unquoted : | |
| (i) | Shares | - (-) |
| (a) | Equity | - (-) |
| (b) | Preference | - (-) |
| (ii) | Debentures and Bonds | - (-) |
| (iii) | Units of mutual funds | - (-) |
| (iv) | Government Securities | - (-) |
| (v) | Others (please specify) | - (-) |

| 6 | Borrower group-wise classification of assets financed as in (3) and (4) above: | | | Rs in lakhs |
|---|---|---|---|---|
| | Category | Amount net of provisions | | |
| | | Secured | Unsecured | Total |
| 1) | Related Parties | | | |
| (a) | Subsidiaries | - (-) | - (-) | - (-) |
| (b) | Companies in the same group | - (-) | - (-) | - (-) |
| (c) | Other related parties | - (-) | - (-) | - (-) |
| 2) | Other than related parties | 344,364.00 (238,895.96) | - (-) | 344,364.00 (238,895.96) |
| | Total | 344,364.00 (238,895.96) | - (-) | 344,364.00 (238,895.96) |

Note: Figures in the brackets represents figures for previous year

| 7 | Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | | Rs in lakhs |
|---|---|---|---|
| | Category | Market Value/Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1) | Related Parties | | |
| (a) | Subsidiaries | - (-) | - (-) |
| (b) | Companies in the same group | - (-) | - (-) |
| (c) | Other related parties | - (-) | - (-) |
| 2) | Other than related parties | - (-) | - (-) |
| Total | | - (-) | - (-) |

Note: Figures in the brackets represents figures for previous year

Disclosures in terms of Annex I in accordance with Master Direction issued by Reserve Bank of India (RBI) (continued)

| 8 | Other information | Rs. in lakhs |
|---|---|---|
| | Particulars | Amount |
| (i) | Gross Non-Performing Assets | |
| (a) | Related parties | -<br>(-) |
| (b) | Other than related parties | 19,504.72<br>(15,628.39) |
| (ii) | Net Non-Performing Assets | |
| (a) | Related parties | -<br>(-) |
| (b) | Other than related parties | 12,757.91<br>(11,044.24) |
| (iii) | Assets acquired in satisfaction of debt | -<br>(-) |

Note: Figures in the brackets represents figures for previous year

26.43 Liquidity risk framework as per Appendix I of DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4th November 2019

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Rs in lakhs

| Sr. No. | Number of Significant Counterparties | Amount | % of Total deposits | % of Total Liabilities (i.e. excluding Eq. and Reserve) |
|---|---|---|---|---|
| 1 | 11 | 263,245 | - | 95.76% |

*Borrowings exclude accrued interest, unamortized debt issuance cost

(ii) Top 20 large deposits (amount in ₹ Lakhs and % of total deposits) : Not Applicable

(iii) Top 10 borrowings (amount in ₹ Lakhs and % of total borrowings)

Rs in lakhs

| Amount | % of Total Borrowings |
|---|---|
| 253,245.00 | 96.20% |

(iv) Funding Concentration based on significant instrument/product

Rs in lakhs

| Sr.no | Name of the instrument/product | Amount | % of Total Liabilities (i.e. excluding Eq. and Reserve) |
|---|---|---|---|
| 1 | Non-convertible debentures | 120,000 | 43.65% |
| 2 | Term Loan | 100,845 | 36.68% |
| 3 | Inter Corporate Deposits | 24,900 | 9.06% |
| 5 | Working capital loan | 17,500 | 6.37% |
| | Total | 263,245 | |

(v) Stock Ratios:

Commercial papers as a % of total public funds, total liabilities and total assets

Rs in lakhs

| Sr.no | Name of the instrument/product | Amount | % of Total Public Funds | % of Total Liabilities | % of Total Liabilities (excluding Eq. and Reserve) | % of Total Assets |
|---|---|---|---|---|---|---|
| 1 | Commercial papers (Gross of unamortized discount) | - | - | - | - | - |

Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets

Rs in lakhs

| Sr.no | Name of the instrument/product | Amount | % of Total Public Funds | % of Total Liabilities | % of Total Liabilities (excluding Eq. and Reserve) | % of Total Assets |
|---|---|---|---|---|---|---|
| 1 | Non-convertible debentures | - | - | - | - | - |

Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

Rs in lakhs

| Sr.no | Name of the instrument/product | Amount | % of Total Public Funds | % of Total Liabilities | % of Total Liabilities (excluding Eq. and Reserve) | % of Total Assets |
|---|---|---|---|---|---|---|
| 1 | Non-convertible debentures- becoming due within next 1 year | 70,000 | 26.59% | 20.21% | 25.46% | 20.21% |
| 2 | Inter Corporate Deposits | 24,900 | 9.46% | 7.19% | 9.06% | 7.19% |
| 3 | Working Capital Loan | 17,500 | 6.65% | 5.05% | 6.37% | 5.05% |
| 4 | Term Loans-becoming due within next 1 year | 15,900 | 6.04% | 4.59% | 5.78% | 4.59% |

(vi) Institutional set-up for liquidity risk management :ALCO committee, ALCO support committee meets periodically to review cash position and take necessary actions .

26.44 Template for Disclosure in Notes to Financial Statements with reference to circular no.RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2021

Rs in lakhs

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS * | Loss Allowances (Provisions) as required under Ind AS 109 | Net carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) = (3) - (4) | (6) | (7) = (4)- (6) |
| Performing Assets | | | | | | |
| Standard | Stage 1 | 310,044.56 | 2,817.38 | 307,227.18 | 1,225.07 | 1,592.31 |
| | Stage 2 | 18,944.11 | 1,087.37 | 17,856.74 | 75.09 | 1,012.28 |
| Sub-total | | 328,988.67 | 3,904.75 | 325,083.92 | 1,300.16 | 2,604.59 |
| | | | | | | |
| Non-Performing Assets (NPA) | | | | | | |
| Substandard | Stage 3 | 14,977.26 | 3,990.81 | 10,986.45 | 1,484.49 | 2,506.32 |
| | | | | | | |
| Doubtful - up to 1 year | Stage 3 | 3,207.20 | 1,936.26 | 1,270.94 | 634.61 | 1,301.65 |
| 1 to 3 years | Stage 3 | 1,320.26 | 819.73 | 500.53 | 391.75 | 427.98 |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for doubtful | | 4,527.46 | 2,755.99 | 1,771.47 | 1,026.36 | 1,729.63 |
| | | | | | | |
| Loss | Stage 3 | - | | | | |
| Subtotal for NPA | | 19,504.72 | 6,746.81 | 12,757.91 | 2,510.85 | 4,235.95 |
| | | | | | | |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage 1 | 310,044.56 | 2,817.38 | 307,227.18 | 1,225.07 | 1,592.31 |
| | Stage 2 | 18,944.11 | 1,087.37 | 17,856.74 | 75.09 | 1,012.28 |
| | Stage 3 | 19,504.72 | 6,746.81 | 12,757.91 | 2,510.85 | 4,235.95 |
| | Total | 348,493.39 | 10,651.55 | 337,841.83 | 3,811.01 | 6,840.54 |

* The gross carrying amount excludes revenue received in advance INR 4,129.38 lakhs as on March 2021

26.45 Disclosure in Notes to Financial Statements with reference to Para 10 of circular no.RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

A. Amounts in overdue categories, where the moratorium/deferment was extended:

Rs in Lakhs

| Particulars | Amounts |
|---|---|
| Installment amount for which moratorium is extended | 14,102.68 |
| Outstanding Loan | 56,893.36 |

B. Respective amount where asset classification benefits is extended :

Rs in Lakhs

| Particulars | Number of contracts | Outstanding Loan |
|---|---|---|
| Classification benefit extended* | NIL | NIL |

*As per RBI circular RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7th April 2021, asset classification for the period commencing September 1, 2020 shall be as per IRAC norms in respect of account where moratorium was granted.

C. Provisions made during the Q4FY2020 in terms of paragraph 5 of circular :

Rs in Lakhs

| Particulars | Amount |
|---|---|
| Provision held for Substandard assets | 487.57 |

D. Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of circular :

Rs in Lakhs

| Particulars | Amount |
|---|---|
| Provision Adjusted during the accounting period | NIL |

26.46 The amount to be refunded/adjusted in respect of the borrowers based on the reliefs for the year ending March 31, 2021 as per RBI circular no.RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7 April 2021 is provisionally estimated to be INR 462.92 Lakhs. This amount has been provided as on 31st March 2021.

26.47 In accordance with the RBI notification No. DNBS.PD.CC. No. 256/03.10.042/2011-12 dated March 2, 2012, No fraud was detected and reported during the financial year ended 31 March 2021 (31 March 2020 -Nil)

26.48 The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act, 1961. The Company is in the process of updating the documentation for the financial year 2020-21. The management is of the opinion that its international transactions are at arm's length and accordingly the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

In terms of our report attached
For B S R & Associates LLP
Chartered Accountants
Firm Reg. No. 116231W/W-100024

ANANT MARWAH
Digitally signed by ANANT MARWAH
Date: 2021.05.05 19:43:21 +05'30'

Anant Marwah
Partner
Membership No. 510549

Place: New Delhi
Date: 05 May 21

For and on behalf of the Board of Directors
John Deere Financial India Private Limited
CIN: U65923PN2011PTC141149

ABHAY DINKAR DHOKTE
Digitally signed by ABHAY DINKAR DHOKTE
Date: 2021.05.05 16:05:44 +05'30'

Abhay Dhokte
Managing Director
(DIN 08481252)

AJIT PRAKASH JAIN
Digitally signed by AJIT PRAKASH JAIN
Date: 2021.05.05 16:40:04 +05'30'

Ajit Jain
Director
(DIN 07021106 )

VAISHNAVI BHUPENDRA SURATWALA
Digitally signed by VAISHNAVI BHUPENDRA SURATWALA
Date: 2021.05.05 16:11:52 +05'30'

Vaishnavi Suratwala
Company Secretary

Digitally signed by GIRISH SIVARAMAKRISHNAN
DN: cn=GIRISH SIVARAMAKRISHNAN, c=IN, o=Personal, email=sivaramakrishnangirish@gmail.com
Date: 2021.05.05 16:57:13 +05'30'

Girish Sivaramakrishnan
Chief Financial Officer

Place: Pune
Date: 05 May 21