

INDEPENDENT AUDITOR'S REPORT

To the Members of Volkswagen Finance Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Volkswagen Finance Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 47 of these consolidated Ind AS financial statements, which describes the management's assessment of the impact of uncertainty caused due to the COVID-19 pandemic and its consequential effects which could impact the Company's estimates of impairment of loans to customers. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial assets (expected credit losses) (as described in Note 5 of the consolidated Ind AS financial statements)	
<p>Ind AS 109 requires the Company to provide for impairment of its loans (designated at amortised cost) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances and investments.</p> <p>In the process, a significant degree of judgement has been applied by the management, including but not limited to the following matters:</p> <ul style="list-style-type: none">• Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);• Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis;• Determining effect of less frequent past events on future probability of default;• Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans.	<ul style="list-style-type: none">• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.• Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirements of Ind AS 109. Tested samples for staging of loans based on their past-due status to check compliance with requirements of Ind AS 109.• Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).

Key audit matters	How our audit addressed the key audit matter
<p>Additional considerations on account of COVID-19</p> <p>Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has maintained a management overlay of Rs. 1000 lakhs as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.</p> <p>In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.</p>	<ul style="list-style-type: none">• Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.• Assessed disclosures included in the Consolidated Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact COVID-19 on ECL estimation.
<p>b) IT systems and controls</p> <p>The financial accounting and reporting systems of the Group are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none">• The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs - to understand the design and test the operating effectiveness of such controls;• Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting;• Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.• Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system.• Tested the design and operating effectiveness of compensating controls, where deficiencies were

Key audit matters	How our audit addressed the key audit matter
	identified and, where necessary, extended the scope of our substantive audit procedures.
c) Acquisition of Kuwy Technology service Private Limited (as described in Note 46 of the consolidated Ind AS financial statements)	
<p>The Holding Company (the "acquirer") completed acquisition of controlling interests in Kuwy Technology service Private Limited (the "acquiree") on January 05, 2021 pursuant to share subscription agreements executed with the shareholders of acquiree.</p> <p>The Group has assessed "acquisition method", stipulated under Indian Accounting Standard (Ind AS) 103 - Business Combinations, as the appropriate method for accounting the aforesaid acquisition.</p> <p>The acquisition method requires the acquirer to recognise and measure all identifiable assets acquired and identifiable liabilities assumed at their fair value on the date of acquisition with a corresponding goodwill representing excess of fair value over consideration discharged thereon.</p> <p>Further, the acquisition method requires the acquirer to recognise intangible assets separately from goodwill which may not be recognised by the acquiree in its separate financial statements.</p> <p>The Group had engaged professional valuer to determine the fair values of the assets and liabilities acquired / assumed including intangible assets not recognised by the acquiree earlier for the purpose of measuring goodwill arising on acquisition, commonly referred as the purchase price allocation (the "PPA")</p> <p>As implementation of the above requirements involves application of significant judgements and estimates by the management and considering the materiality of the acquired business to the overall assets of the Group, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none">• Performed inquiries with the managements of the acquirer and acquiree to understand the business rationale for such acquisition and assessed whether application of acquisition method is appropriate.• Reviewed the share subscription agreements and other relevant documents provided to us by the Group to corroborate our understanding of the acquisition with the inquiries referred above and assessed whether all significant terms and conditions stipulated therein have been considered for accounting using acquisition method.• Compared the assets and liabilities considered for determining PPA by the professional valuer with those stated in the financial statements certified by the subsidiary as on the acquisition date.• Evaluated the competence, capability and objectivity of the professional valuer engaged by the Holding Company's management in accordance with Standard on Auditing (SA) 500.• Engaged our internal specialists to review the report specifically with respect to significant inputs, assumptions and underlying methodology for determining PPA by the professional valuer.• Reviewed calculations performed by the Holding Company's management to determine goodwill arising on acquisition, as stipulated under Ind AS 103, including arithmetical accuracy thereof.• Assessed whether the disclosures made in the consolidated Ind AS financial statements of the Group with respect to such acquisition are in accordance with the requirements of Ind AS.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

decisions of users taken on the basis of these consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial

year ended March 31, 2021 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.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs 3,267.91 lakhs as at March 31, 2021, and total revenues of 1,044.59 lakhs and net cash outflows of Rs 487.06 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report(s) of such other auditors.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 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 consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiary, incorporated in India for the year ended March 31, 2021;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us [and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 37 to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary, incorporated in India during the year ended March 31, 2021.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 21102102AAAAMO9624

Place of Signature: Mumbai

Date: June 28, 2021

Annexure 1 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

In conjunction with our audit of the consolidated Ind AS financial statements of Volkswagen Finance Private Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Volkswagen Finance Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), to the extent applicable, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS financial statements

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

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls with reference to consolidated financial statements in case of subsidiary, which is company incorporated in India, the following material weakness(es) have been identified as at March 31, 2021:

- a) The subsidiary's internal financial control system over recognition of revenue as per contractual terms and assessing the requirement for recording sales related adjustments in accordance with the requirement of Ind AS 115 'Revenue from contracts with customers' were not operating effectively, which could lead to a potential material misstatement in the value of the revenue, trade receivable, other current asset and its consequential impact on the earnings, reserves and related disclosures in the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria in respect of a subsidiary, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on, the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

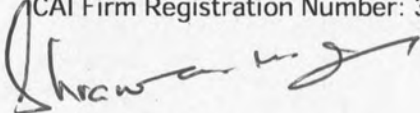
Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements insofar as it relates to these subsidiary company, which is a company incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated Ind AS financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated June 28, 2021 expressed an unqualified opinion thereon.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 21102102AAAAMO9624

Place: Mumbai

Date: June 28, 2021

Volkswagen Finance Private Limited
Consolidated Balance Sheet as at March 31, 2021

Particulars	Note	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
ASSETS			
Financial assets			
(a) Cash and cash equivalents	2	5,312.47	349.98
(b) Bank balances other than cash and cash equivalents	3	2,056.54	1.15
(c) Receivables	4		
(i) Trade receivables		830.14	730.57
(ii) Other receivables			
(d) Loans	5	250,602.55	343,901.53
(e) Investment	6	0.00	2,240.48
(f) Other Financial assets	7	645.71	600.36
Total financial assets		259,447.41	347,824.07
Non-financial assets			
(a) Deferred Tax Asset (net)		8,409.30	8,848.73
(b) Property, Plant and Equipments	8	642.00	672.33
(c) Right of use assets	8	1,925.06	674.60
(d) Goodwill on consolidation	46	4,753.42	
(e) Intangible Assets	8	2,693.89	240.61
(f) Capital work-in-progress	8		
(g) Intangible Assets under Development	8		7.00
(h) Other non financial assets	9	6,710.34	4,440.32
(i) Assets held for sale	9	130.41	134.30
Total non financial assets		25,264.42	15,017.89
TOTAL ASSETS		284,711.83	362,841.96
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
(a) Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	10	29.40	25.72
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	4,853.40	3,405.02
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	10		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10		
(b) Debt securities	11	15,732.33	152,048.12
(c) Borrowings (Other than debt securities)	12	122,250.00	70,670.82
(d) Lease liability	13	1,799.53	644.92
(e) Other financial liabilities	13	1,621.43	944.99
Total financial liabilities		146,280.09	227,739.59
Non-financial liabilities			
(a) Current Tax Liabilities (Net)	14	2,011.57	1,085.22
(b) Provision for Expenses	14	1,451.95	1,889.73
(c) Other Non Financial Liabilities	14	990.75	667.49
Total non financial liabilities		4,454.27	3,642.44
Equity			
(a) Equity Share Capital	15	116,880.42	116,880.21
(b) Other Equity	16	15,750.65	14,579.72
(c) Non-controlling interest	16	1,346.40	
Total equity		133,977.47	131,459.93
TOTAL LIABILITIES AND EQUITY		284,711.83	362,841.96

Significant Accounting Policies 1
The Notes to the Financial Statements form an integral part of the Financial Statements.
This is the Balance Sheet referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/300005

Shrawan Jalan
M

per Shrawan Jalan
Partner
Membership No. 102102
Mumbai

June 28, 2021



For and on behalf of the Board of Directors

Ashish Deshpande

Ashish Deshpande
Chief Executive Officer &
Managing Director
DIN No - 08314277
Mumbai

Jorg Thielemann

Jorg Thielemann
Additional Director
DIN No - 09037877
Braunschweig

Jinal Visrodia

Jinal Visrodia
Company Secretary
Membership No. AS3806
Mumbai



Volkswagen Finance Private Limited
Consolidated statement of profit and loss for the year ended March 31, 2021

Particulars	Note	Year Ended March 31, 2021 (Rs. in Lakhs)	Year Ended March 31, 2020 (Rs. in Lakhs)
Revenue From Operations			
(i) Interest income	17	30,304.61	42,183.85
(ii) Fees and commission income	18	3,822.64	4,512.84
(iii) Other operating income	19	763.38	918.78
(iv) Recoveries from financial assets written off		267.59	367.65
Total Revenue from operations		35,158.22	47,983.12
II Other income	20	1,750.54	246.28
III Total income (I + II)		36,908.76	48,229.40
IV Expenses			
(i) Finance Costs	21	13,116.10	22,595.23
(ii) Fees and Commissions expense	22	3,263.47	3,260.72
(iii) Impairment on financial instruments	23	6,205.43	5,166.86
(iv) Employee Benefits Expenses	24	4,242.88	4,972.70
(v) Depreciation and amortization expenses	8	892.45	854.30
(vi) Other Expenses	25	6,228.40	9,605.86
Total Expenses		33,948.73	46,455.67
V Profit before tax and share of profit of invested companies using equity method (III - IV)		2,960.03	1,773.73
VI Share of Profits of Investments accounted using equity method			(209.36)
VII Profit / (Loss) before Tax		2,960.03	1,564.37
VIII Tax Expense		914.78	4,220.16
(1) Current Tax		809.09	51.02
(2) Deferred Tax (Credit) / Charge		105.69	4,169.14
IX Profit / (Loss) after tax (VII-VIII)		2,045.25	(2,655.79)
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		1.03	(11.10)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.26)	2.79
Subtotal (A)		0.77	(8.31)
B (i) Items that will be reclassified to profit or (loss)		0	
(ii) Income tax relating to items that will be reclassified to profit or loss			
Subtotal (B)			
Other Comprehensive Income (A + B)		0.77	(8.31)
Total Comprehensive Income for the year (IX+X)		2,046.02	(2,664.10)
XI (Comprising Profit (Loss) and other Comprehensive Income for the year)			
XII Profit is attributable to:			
Owners of the Company		2,555.52	
Non-controlling interest		(510.27)	
XIII Other comprehensive income is attributable to:			
Owners of the Company		0.77	
Non-controlling interest			
XIV Total comprehensive income is attributable to:			
Owners of the Company		2,556.29	
Non-controlling interest		(510.27)	
XV Earnings per Equity Share of Rs.10 each	26		
Basic and Diluted			
Category 'A' Equity Shares of Rs.10 each		0.22	(0.23)
Category 'B' Equity Shares of Rs.10 each		0.22	(0.23)

Significant Accounting Policies
The Notes to the Financial Statements form an integral part of the Financial Statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/300005

Shrawan

per Shrawan Jalan
Partner
Membership No. 102102
Mumbai

June 28, 2021

For and on behalf of the Board of Directors

Ashish Deshpande
Ashish Deshpande
Chief Executive Officer &
Managing Director
DIN No. - 08314277
Mumbai

Jorg Thielemann

Jorg Thielemann
Additional Director
DIN No. -09037877
Braunschweig

J.A. Vistrodia
Jinal Vistrodia
Company Secretary
Membership No. A53806
Mumbai



Volkswagen Finance Private Limited
Consolidated statement of cash flow for the year ended March 31, 2021

Particulars	Year Ended March 31, 2021 (Rs. in Lakhs)	Year Ended March 31, 2020 (Rs. in Lakhs)
A. Cash flow from operating activities		
Net (Loss) / Profit before taxation	2,960.03	1,564.37
Adjustments for:		
Depreciation / Amortisation	892.45	854.30
Interest on Fixed Deposit	(212.84)	(4.57)
Loss on Sale of Fixed Assets (net)	8.37	8.80
Project scrapped		2,413.99
Expected credit loss on financial assets	662.27	(2,300.39)
Bad Debts Written Off	5,543.16	7,467.25
Provision for Gratuity	63.25	46.05
Provision for Leave Encashment	31.54	73.90
Interest on Debt Securities and Borrowings other than debt securities	12,808.64	22,118.29
Interest paid on Debt Securities and Borrowings other than debt securities	(19,124.43)	(23,971.13)
Operating Profit before working capital changes	3,632.44	8,290.66
Changes in working capital:		
(Decrease) in Payables	1,446.05	(15,294.21)
Increase in Other financial liabilities	1,832.15	301.04
Increase in Other non financial liabilities	(209.49)	(1,377.06)
Increase (decrease) in Receivable	(99.56)	1,855.87
(Increase) / decrease in Other non financial assets	(660.92)	472.09
(Increase) in Other financial assets	(45.35)	16.66
Other Adjustment:		
Increase/Decrease in Loans	87,093.55	142,255.35
Cash used in Operations	92,988.87	136,520.60
Taxes paid	(1,487.70)	(3,025.79)
Net cash inflow from operating activities	91,501.17	133,494.81
B. Cash flow from Investing Activities		
Purchase of tangible/intangible assets excluding Capital work-in-progress	(2,051.51)	(395.36)
Purchase of tangible/intangible assets under Capital work-in-progress	7.00	(470.56)
Sale of tangible/intangible assets	(332.59)	146.90
Investment in Fixed Deposits		
Proceeds from maturity of Fixed Deposits	212.84	4.57
Interest received on fixed deposit	(2,055.40)	
Investment in KUVV		(2,240.48)
Payment to Non-Controlling Interest	(3,989.53)	
Net cash outflow from investing activities	(8,209.19)	(2,954.93)
C. Cash flow from Financing Activities		
Proceeds from Non-Convertible Debentures		30,000.00
Repayment / Redemption of Non-convertible debentures	(130,000.00)	(25,000.00)
Repayment of Term loans	(6,300.00)	(20,000.00)
Net proceeds / (repayment) from / of Term loan	17,450.00	55,100.00
Proceeds from issue of Commercial Papers	89,380.46	158,069.19
Repayment of Commercial Papers	(89,380.46)	(259,916.87)
Proceeds from Working Capital Demand Loan	678,223.81	624,143.79
Repayment of Working Capital Demand Loan	(637,794.63)	(693,256.07)
Net cash outflow from financing activities	(78,420.82)	(130,859.97)
Net increase in Cash and cash equivalents (A)+(B)+(C)	4,871.16	(320.10)
Cash and cash equivalents, beginning of the year*	441.31	670.08
Cash and cash equivalents, end of the year	5,312.47	349.98

* Includes cash and cash equivalents of Kuvv Technology Private Limited as at the beginning of the year of Rs 91.33 lacs

Notes to the statement of cash flow:

1) Cash and cash equivalents comprise of:
Cash on hand
Balances with scheduled banks

TOTAL

12.43	0.01
5,300.04	349.97
5,312.47	349.98

The above statement of cash flow has been prepared under the 'indirect method' as set out in Ind AS 7 - Statement of Cash Flow

This is the statement of cash flow referred to in our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301000H/300005

per Shrawan Jalan
Partner
Membership No. 102102
Mumbai

June 28, 2021

For and on behalf of the Board of Directors

Ashish Datta
Chief Executive Officer &
Managing Director
DIN No. - 08314277
Mumbai

J. A. Muley
Jinal Visrodia
Company Secretary
Membership No. AS1806
Mumbai

Jorg Thielemann
Additional Director
DIN No. 09037877
Braunschweig



Equity Share Capital

Particulars	Amount
Opening balance as on April 1, 2019	116,880.21
Changes during the year	
Closing balance as on March 31, 2020	116,880.21
Changes during the year	
Closing balance as on March 31, 2021	116,880.21

Other equity

Particulars	Reserves and Surplus		Other comprehensive income	Non-Controlling Interest	Total
	Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.	Retained earnings	Actuarial Gain/loss for defined benefit plans		
Opening balance as on April 1, 2019	5,796.84	11,424.67	22.31		17,243.81
Profit / (loss) for the year		(2,446.43)			(2,446.43)
Other Comprehensive Income for the year			(8.31)		(8.31)
Total Comprehensive Income for the year		(2,446.43)	(8.31)		(2,454.74)
Transfer from Statement of Profit and Loss to Special Reserve to "Transfer from Statement of Profit and Loss to Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934"					
Share of Profits of Investments accounted using equity method		(209.36)			(209.36)
Changes during the year		(2,655.79)	(8.31)		(2,664.10)
Closing balance as on March 31, 2020	5,796.84	8,768.88	14.00		14,579.72
Opening balance as on April 1, 2020	5,796.84	8,768.88	14.00		14,579.72
Profit / (loss) for the year		2,045.25			2,045.25
Other Comprehensive Income for the year			0.77		0.77
Total Comprehensive Income for the year		2,045.25	0.77		2,046.02
Transfer from Statement of Profit and Loss to Special Reserve to "Transfer from Statement of Profit and Loss to Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934"					
Share of loss of Investments accounted using equity method	445.78	(445.78)			
Equity Adjustment on account of subsequent acquisition in subsidiary		(170.36)			(170.36)
Non-Controlling Interest on date of acquisition		(1,215.00)		1,624.38	1,624.38
Dilution on further purchase of shares from NCI				(354.40)	(354.40)
Changes on fresh issue of equity shares				586.69	586.69
Transfer of loss attributable to Non-controlling interest		510.27		(510.27)	
Changes during the year	445.78	724.38	0.77	1,346.40	2,517.33
Closing balance as on March 31, 2021	6,242.62	9,493.26	14.77	1,346.40	17,097.05

This is the Statement of changes in equity referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/300005

Shrawan. ugr

per Shrawan Jalan
Partner
Membership No. 102102
Mumbai

June 28, 2021



For and on behalf of the Board of Directors

Ashish Deshpande

Ashish Deshpande
Chief Executive Officer &
Managing Director
DIN 08314277
Mumbai

J. A. Visrodia

Jinal Visrodia
Company Secretary
Membership No. A53806
Mumbai

Jorg Thielemann

Jorg Thielemann
Additional Director

DIN No -09037877
Braunschweig



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

1.1. CORPORATE INFORMATION

Volkswagen Finance Private Limited (VWFPL), (the "Parent Company") has been incorporated on January 16, 2009. The Company received NBFC license from the Reserve Bank of India (RBI) on March 17, 2011 and commenced NBFC business from March 24, 2011. VWFPL is providing retail car financing, dealer car financing, term loans, used cars financing, operating lease and insurance solutions to the customers for purchase of VW Group brand vehicles i.e. Volkswagen, Skoda, Audi, Porsche, Lamborghini, MAN and Scania. The Parent Company together with its subsidiary (hereinafter collectively referred to as the 'Group') is engaged in the business of lending.

1.2. BASIS OF PREPARATION

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there under and other relevant provision of the act.

The financial statements have been prepared on a historical cost basis except for:

- Certain financial assets and liabilities - measured at fair value
- Assets held for sale- Measured at fair value less cost to sell.
- Defined benefit plans (Employee benefit provisions) – measured at fair value.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to the financial years presented in the financial statements, These financial statements were authorized for issue by the **Group's** Board of Directors on July 28, 2021.

B. Principles of Consolidation

The Consolidated Financial Statements relate to Volkswagen Finance Private Limited (the Company) and its subsidiary. The Company obtained a controlling share in its associate, Kuwy Technology Services Private Limited on January 5, 2021. The consolidated financial statement include the results of the subsidiary consolidated in accordance with IND AS 110 "Consolidated Financial Statements".

Name of the Company	Country of incorporation	Proportion of ownership as at reporting date	Consolidated as
Kuwy Technology Service Private Limited	India	67.73%	Subsidiary

- The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

- The carrying amount of the parent's investment in subsidiary is offset (eliminated) against the parent's portion of equity in subsidiary.
- Non-Controlling Interest's share of net assets of consolidated subsidiary is identified and presented in the Consolidated Balance Sheet.

C. Use of estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Judgement, estimates and assumptions are required in particular for:

I. Determination of estimated useful lives of property, plant, equipment

Useful lives of property, plant and equipment are based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

II. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 26.

III. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, depreciation carry-forwards and unused tax credits could be utilized.

IV. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

V. Discounting of long-term financial assets/liabilities

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.



VI. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 28.

VII. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

VIII. Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the contractual life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

IX. Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. At each reporting date, the Group assesses whether the above financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios and collateral values.

D. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs with two decimals, except when otherwise indicated.



1.3. SIGNIFICANT ACCOUNTING POLICIES

A. REVENUE RECOGNITION

- I. Interest income on financial assets is recognized on an accrual basis using effective interest method. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.
Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under stages 1 and 2 as against on amortised cost net of impairment allowance for the assets falling under impairment stage 3.
- II. Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Fees and commission that are not integral to effective interest rate are recognised on accrual basis over the life of instrument.
- III. All other fees, commissions and other income and expense are generally recognised on an accrual basis by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided except for penalty interest income and other service fee are recognized when there is reasonable certainty of receiving the same.
- IV. The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognises revenue from contracts with customers based on a five step model as set out below.



B. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The Group classifies its financial assets in the following measurement categories;

- those to be subsequently measured at (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

The Group recognises the financial assets at trade date on initial recognition.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

Assessment whether contractual cash flows are solely payments of principal and interest

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



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

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

- reset terms
- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and reported as part of interest income in the Statement of Profit and Loss. The losses if any, arising from impairment are recognised in the Statement of Profit and Loss.

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

Financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI. The impairment losses, if any, on such instrument is recognized through Statement of Profit and Loss.

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

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost except when designated to be measured at FVTPL.

C. IMPAIRMENT OF FINANCIAL ASSETS

The provision for credit risks, which is recognized in accordance with the expected credit loss model specified by Ind AS 109 and in accordance with uniform standards applied, encompasses all financial assets measured at amortized cost. The calculation of the provision for credit risks generally takes into account the exposure at default, the probability of default and the loss given default.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

Financial assets are subject to credit risks, which are taken into account by recognizing the amount of the expected loss; such allowances are recognized for both financial assets with objective evidence of impairment and non-impaired financial assets.

The general approach is used for financial assets measured at amortized cost on initial recognition. Financial assets are broken down into three stages in the general approach. Stage 1 consists of financial assets that are being recognized for the first time or that have not demonstrated any significant increase in probability of default since initial recognition. In this stage, the model requires the calculation of an expected credit loss for the next twelve months. Stage 2 consists of financial assets for which there is a significant increase in credit risk. Financial assets demonstrating objective indications of impairment are allocated to Stage 3. In Stages 2 and 3, an expected credit loss is calculated for the entire remaining maturity of the asset.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. For the wholesale portfolio, the credit risk is assumed to have been increased based on change in the risk class according to the master scale as of reporting date is compared with the risk class according to master scale as of initial recognition

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due
- For wholesale portfolio, it also depends on the risk class as per the master scale of the Group

In the case of financial assets already impaired on initial recognition and classified as purchase originated and impaired assets ("POCI") for the purposes of the disclosures, the provision for credit risks is recognized in subsequent measurement on the basis of the cumulative changes in the expected credit loss for the entire life of the asset concerned. Any financial instrument already classified as impaired on initial recognition remains in this stage until it is derecognized.

Both historical information, such as average historical default probabilities for each portfolio, and forward- looking information is used to determine the measurement parameters for calculating the provision for credit risks.

Impairment arises in a number of situations, such as delayed payment over a certain period, the initiation of enforcement measures, the threat of insolvency or over indebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures.

Reviews are regularly carried out to ensure that the allowances are appropriate. Uncollectible loans or receivables that are already subject to a workout process and for which all collateral has been recovered and all further options for recovering the loan or receivable have been exhausted are written off directly. Any valuation allowances previously recognized are utilized. Income subsequently collected in connection with loans or receivables already written off is recognized in profit or loss.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

Loans and receivables are reported in the balance sheet at the net carrying amount. The provision for credit risks relating to off-balance sheet irrevocable credit commitments is recognized with- in other liabilities.

D. WRITE-OFFS

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in Statement of Profit and Loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

E. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.



F. MODIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Statement of Profit and Loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses, in other cases, it is presented as interest income.

Financial liabilities

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

G. MEASUREMENT OF FAIR VALUES

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



H. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

I. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of foreign currency monetary assets and liabilities are recognized in the statement of profit and loss.

J. TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortised cost using the effective interest rate method, less allowance.

K. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

L. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Gain or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment and recognized as income or expense in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of property, plant and equipment. The estimates of useful lives of property, plant and



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

Asset Type	Useful life in years
Building	30
Leasehold Improvements	Over the lease period
Office Equipment	5
Computers - Servers and Networks	6
Computers - Laptops and Desktops	3
Furniture and Fixtures	10
Vehicles	8
Vehicles given on operating lease	Over the lease period

Used property, plant and equipment purchased are depreciated over the residual useful life from the date of original purchase. For property, plant and equipment purchased and sold during the year, depreciation is provided on pro rata basis by the Group.

Property, plant and equipment costing less than Rs.5,000 are fully depreciated in the year of purchase.

M. INTANGIBLE ASSETS AND IMPAIRMENT OF GOODWILL

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Intangible assets are amortized over their estimated useful lives on a straight line basis, from the date they are available for use. Estimated useful life over which intangible assets are amortised are as follows:

Asset Type	Useful life in years
Software (Holding Company)	4
Software-Mobile application	6
Software (Subsidiary Company)	3
Trade Name	10

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the groups cash generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

N. INTANGIBLE ASSETS UNDER DEVELOPMENT

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible assets under development include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

O. BORROWING COST

Borrowing costs other than those directly attributable to qualifying Property, Plant and Equipment are recognised as an expense in the period in which they are incurred.

P. INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (Continued)

will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if:

- a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Q. EMPLOYEE BENEFITS

- I. Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to the Statement of Profit and Loss when due.
- II. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Group accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Group's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.
- III. Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in other comprehensive income in the year they are incurred. Remeasurements are not reclassified to profit or loss in subsequent period. Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit or loss.
- IV. The Group accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Group's obligation is determined based on the projected unit credit method as at the Balance Sheet date.



R. SEGMENTAL REPORTING

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Managing Director (the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

Group has three principal operating and reporting segments viz

- Retail finance
- Dealer finance
- Platform for loan facilitation

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to the Group as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

S. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

T. PROVISIONS AND CONTINGENT LIABILITIES

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but disclosed in the notes. Contingent assets are neither recognised nor disclosed in financial statements.



U. OPERATING LEASES

The Group has applied IND AS 116 using the modified retrospective approach.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less.

i. Right to use of Asset

The Group recognises right-of-use assets at the commencement date (i.e., the date of adoption of Ind As 116). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the Ind As 116 adoption date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

V. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.



W. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying values of assets at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

X. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand and balances with banks. It also comprises of short-term deposits with an 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.

Y. CONTRIBUTED EQUITY

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

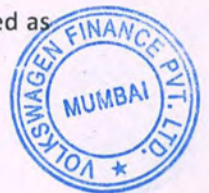
Z. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets that are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

2) Cash and Cash Equivalents

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Cash on Hand	12.43	0.01
Bank Balance in Current Account	5,300.04	349.97
Total	5,312.47	349.98

There are no repatriation restriction with regards to cash and cash equivalents as at the end of reporting period and prior periods.

3) Bank balances other than cash and cash equivalents

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Bank deposits (due to mature after 12 months from the reporting date) (Includes deposits held with Bank for issuing Bank Guarantee in favour of VAT authorities)	2,056.54	1.15
Total	2,056.54	1.15

4) Receivables

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Trade Receivables		
Unsecured, considered good	830.14	730.57
Sub total	830.14	730.57
Other Receivables		
Unsecured, considered good	-	-
Total	830.14	730.57



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

5) Loans

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
(A)		
Classification		
Amortised cost:		
(i) Vehicle Finance #	267,117.92	356,378.78
(ii) Term Loans	20,330.18	23,706.04
Fair Value:		
- through profit & Loss	-	-
- designated at fair value through OCI	-	-
Total Gross (A)	287,448.10	380,084.82
Less:		
Less: Impairment allowance	(36,845.56)	(36,183.28)
Total Net (A)	250,602.54	343,901.53
(B)		
(i) Secured by tangible assets*	180,364.33	265,403.66
(ii) Unsecured	107,083.77	114,681.16
Total Gross (B)	287,448.10	380,084.82
Less: Impairment allowance	(36,845.56)	(36,183.28)
Total Net (B)	250,602.54	343,901.53
(C)		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	287,448.10	380,084.82
Total Gross (C) (I)	287,448.10	380,084.82
Less: Impairment allowance	(36,845.56)	(36,183.28)
Total Net (C) (I)	250,602.54	343,901.53
(II) Loans outside India	-	-
Less: Impairment allowance	-	-
Total Net (C) (II)	-	-
Total (C) (I) and (II)	250,602.54	343,901.53

* Vehicle finance is secured by hypothecation of vehicles and / or undertaking to create security. Term Loans are secured against hypothecation of immovable properties

#Loans include repossessed cars having book value Rs. 2,951.76 Lakhs (March 31, 2020: Rs. 3,349.66 Lakhs)



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

6) Investment

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Investment in Associate (carried at cost)	-	-
Kuwy Technologies Services Private Limited	-	-
Fully paid equity shares (unquoted)	0.00	1,944.84
Compulsorily Convertible Preference Shares (unquoted)	-	505.00
Share of loss for the year	-	(209.36)
Total	0.00	2,240.48

7) Other Financial Assets

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Deposits	419.62	495.85
Advances recoverable in cash or in kind or for value to be received	28.46	104.51
Unbilled revenue	197.62	
Total	645.71	600.36



Note 8a : Property, Plant and Equipment and Intangibles Assets

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BOOK VALUE
	As at Apr 01, 2020	Additions during the year	Additions related to acquisition	Sales during the year	As at March 31, 2021	As at Apr 01, 2020	For the year	Deduction for the year	As at March 31, 2021	As at March 31, 2021
Tangible Assets										
<i>Own Assets</i>										
Office Equipment	129.20	4.40	0.83	4.94	129.49	80.17	21.99	9.43	92.73	36.75
Building*	24.83	-	-	-	24.83	2.94	0.98	-	3.92	20.91
Computers	403.17	97.13	33.62	62.66	471.26	222.63	64.61	62.69	224.55	246.71
Furniture and Fixtures	58.40	-	1.65	3.73	56.32	22.92	7.90	2.03	28.79	27.53
Leasehold Improvements	85.92	-	-	-	85.92	85.92	-	-	85.92	-
Vehicle	496.29	77.54	-	130.54	443.29	131.50	55.06	53.38	133.18	310.11
Right of Use Asset	1,195.94	1,808.20	89.30	946.86	2,146.58	521.34	537.78	837.60	221.52	1,925.06
<i>Assets given on Operating Lease</i>										
Vehicles on Lease	41.80	-	-	41.80	(0.00)	21.17	-	21.17	0.00	(0.00)
Total (A)	2,435.55	1,987.26	125.40	1,190.53	3,357.69	1,088.59	688.32	986.30	790.62	2,567.06
Intangible Assets										
Software	741.90	2,043.41	-	-	2,785.31	501.29	189.66	-	690.95	2,094.36
Trade Name	-	614.00	-	-	614.00	-	14.47	-	14.47	599.53
Total (B)	741.90	2,657.41	-	-	3,399.31	501.29	204.13	-	705.42	2,693.89
Total Fixed Assets (A+B)	3,177.45	4,644.67	125.40	1,190.53	6,757.00	1,589.88	892.45	986.30	1,496.04	5,260.95
Previous Year	2,830.23	598.23	-	251.01	3,177.45	830.91	854.30	95.31	1,068.57	1,587.54

*Building is mortgaged for the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs.250 (Previous Year Rs. 250) registered in the name of the Company. The depreciation for the year is Rs. 0.98 lakhs and the written down value of the asset as on 31st March, 2021 is Rs. 20.91 lakhs.

Vehicle are leased to third parties under long term operating leases with rentals receivable monthly. The rental income recognized in the year is immaterial. There is no impairment loss on plant, property & equipment.

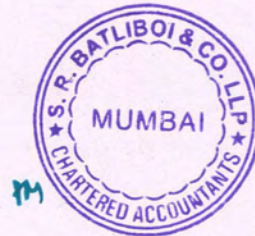


Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at Apr 01, 2019	Additions during the year	Sales during the year	As at March 31, 2020	As at Apr 01, 2019	For the year	Deduction for the year	As at March 31, 2020	As at March 31, 2020	
Tangible Assets										
<i>Own Assets</i>										
Office Equipment	119.57	9.63	-	129.20	58.71	21.46	-	80.17	49.03	
Building*	24.83	-	-	24.83	1.96	0.98	-	2.94	21.89	
Computers	323.15	80.32	0.31	403.17	162.39	60.54	0.31	222.63	180.54	
Furniture and Fixtures	62.27	1.82	5.70	58.40	17.20	7.95	2.22	22.93	35.47	
Leasehold Improvements	85.92	-	-	85.92	85.81	0.11	-	85.92	(0.00)	
Vehicle	447.01	143.14	93.86	496.29	112.59	55.56	36.66	131.50	364.79	
Right of Use Asset	993.07	202.87		1,195.94		521.34			674.60	
<i>Assets given on Operating Lease</i>										
Vehicles on Lease	122.44	70.52	151.15	41.80	40.33	36.97	56.12	21.17	20.63	
Total (A)	2,178.26	508.30	251.01	2,435.55	479.00	704.92	95.31	567.27	1,346.93	
Intangible Assets										
Software	651.97	89.93	-	741.90	351.91	149.38		501.29	240.61	
Total (B)	651.97	89.93	-	741.90	351.91	149.38	-	501.29	240.61	
Total Fixed Assets (A+B)	2,830.23	598.23	251.01	3,177.45	830.91	854.30	95.31	1,068.57	1,587.54	
Previous Year	1,712.86	230.92	106.63	1,837.15	471.91	364.36	5.36	830.91	1,006.24	

*Building is mortgaged for the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs.250 ,registered in the name of the Company. The depreciation for the year is Rs. 0.98 lakhs and the written down value of

Vehicle are leased to third parties under long term operating leases with rentals receivable monthly. The rental income recognized in the year is immaterial.

There is no impairment loss on plant, property & equipment.



8(b) Capital work in progress and Intangible Assets under Development

Particulars	Capital work-in-progress	Intangible Assets under Development
Opening balance as on April 01, 2019	28.46	1921.96
Additions during the year	182.01	611.37
Capitalized during the year	(210.48)	(112.35)
Expensed during the year*		(2,413.99)
Closing balance as on March 31, 2020	0.00	7.00
Opening balance as on April 01, 2020	0.00	7.00
Additions during the year	182.01	127.71
Capitalized during the year	(182.01)	(127.71)
Expensed during the year	-	(7.00)
Closing balance as on March 31, 2021	0.00	0.00

*During the previous year the Group had written off the expenditure incurred on the Casioappe project as the project has been discontinued.

9 (a) Other Non Financial Assets

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Advance Tax and TDS & TCS (Net of provision)	3,097.10	1,491.89
Service Tax Receivable	2,534.09	2,534.09
Other Current Assets (Other current assets includes advances to vendors and prepaid expenses)	1,079.15	414.34
Total	6,710.34	4,440.32

9(b) Assets held for sale

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Assets Held for Sale (Assets held for sale includes the properties acquired in settlement of loans. The asset is being actively marketed and is expected to be sold in a due course)	130.41	134.30
Total	130.41	134.30



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

10) Payables

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	23.40	25.72
Total (i)		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Vehicle Finance	4,408.12	1,900.46
-Other Trade Payables	445.28	1,504.56
Total (ii)		
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Total	4,876.80	3,430.75

Refer to note 36 for details for micro enterprises and small enterprises
(There are no amounts due for payment to the investor education and protection fund under Section 125 of the Companies Act 2013)



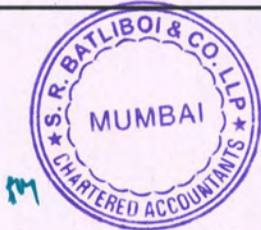
11) Debt Securities

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Classification:		
Amortised Cost		
Non Convertible Debentures	15,732.33	152,048.12
Fair Value:		
- through profit & Loss		
- designated at fair value through OCI		
Total (A)	15,732.33	152,048.12
Debt securities in India	15,732.33	152,048.12
Debt securities outside India	-	-
Total (B)	15,732.33	152,048.12

Non Convertible Debentures are secured by way of mortgage of specific immovable property of Rs. 20.91 Lakhs (March 31, 2020 - Rs.21.89 Lakhs) and specific receivables of the Company arising out of auto loan of Gross Book Value of Rs. 287,448.10 Lakhs and Net of ECL provision of Rs. 250,602.54 Lakhs (March 31, 2020 - Gross Book Value of Rs. 380,084.82 Lakhs and Net of ECL provision Rs.343,901.53 Lakhs)

Note 11 (a):NCDs repayment details

Debentures	Issue Date	Redemption Date	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
1500 units (Previous Year: 1500 units) VWFPL NCD F FY 2017-18, face value of Rs. 1,000,000 each	05-Dec-17	04-Dec-20		15,000.00
2500 units(Previous Year: 2500 units) VWFPL NCD D FY 2017-18, face value of Rs. 1,000,000 each	11-Sep-17	11-Sep-20		25,000.00
1500 units(Previous Year: 1500 units) VWFPL NCD E FY 2017-18, face value of Rs. 1,000,000 each	05-Dec-17	31-Aug-20		15,000.00
3000 units (Previous Year: 3000 units) VWFPL NCD C FY 2017-18, face value of Rs. 1,000,000 each	11-Jul-17	13-Jul-20		30,000.00
1000 units(Previous Year: 1000 units) VWFPL NCD B FY 2017-18, face value of Rs. 1,000,000 each	12-Jun-17	19-Jun-20		10,000.00
2000 units (Previous Year: 2000 units), VWFPL NCD A 02 FY 2015-16, face value of Rs. 1,000,000 each	29-May-15	29-May-20		20,000.00
1,500 units (Previous Year: Nil), VWFPL NCD A FY 2019-20, face value of Rs. 1,000,000 each	30-Aug-19	18-Feb-21		15,000.00
1,500 units (Previous Year: Nil), VWFPL NCD B FY 2019-20, face value of Rs. 1,000,000 each	30-Aug-19	27-May-21	15,000.00	15,000.00
(These debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of loan.)				
Add: Adjustment for interest accrued and transaction costs as per EIR			732.33	7,048.12
			15,732.33	152,048.12



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

12) Borrowings other than debt securities

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
(a) Term loans*	48,800.00	55,100.00
(b) Bank overdraft*	17,450.00	-
(c) Working capital demand loans*	56,000.00	15,570.82
(d) Commercial papers	-	-
Total (A)	122,250.00	70,670.82
Borrowings in India	122,250.00	70,670.82
Borrowings outside India	-	-
Total (B)	122,250.00	70,670.82
Secured Borrowings	-	-
Unsecured Borrowings	122,250.00	70,670.82
Total (C)	122,250.00	70,670.82

*These are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany, the holding company.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

Note 12 (a): Term loan details

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Term loans		
From Banks	48,800.00	55,100.00
From Financial Institutions	-	-
Add: Adjustment for interest accrued and transaction costs as per EIR		
(Terms loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany) (As per terms of agreement, loans from banks are repayable at maturity ranging between 15 to 33 months from the date of respective loans. Rate of interest payable on term loans varies between 7.37% to 7.99% (Previous Year: 7.37% to 7.99%))		
Total	48,800.00	55,100.00

Note 12 (b): Working capital details

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Working Capital Demand Loans from Banks	56,000.00	15,570.82
Add: Adjustment for interest accrued and transaction costs as per EIR		
Total Working Capital Demand Loans from Banks	56,000.00	15,570.82
(Working Capital Demand Loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany) (As per terms of agreement, loans from banks are repayable at maturity ranging between 12 days to 3 months from the date of respective loans. Rate of interest payable on working capital term loans varies between 3.80% to 5.72% (Previous Year: 5.80% to 6.01%))		



13) Other Financial Liabilities

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Dues to Employees	698.08	944.99
Lease Liabilities	1,799.53	644.92
Loans proceeds pending disbursement to dealers	456.84	
Others	466.51	
Total	3,420.96	1,589.91

14) Other non financial liabilities

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Employee Benefits		
Gratuity	193.39	206.97
Leave Encashment	125.80	145.74
Provision for Expenses	1,451.95	1,889.73
Other Liabilities (including statutory dues)	671.77	314.78
Provision for Tax (Net of Advance Tax and Tax Deducted at Source) (Refer Note 39)	2,011.57	1,085.22
Total	4,454.48	3,642.44



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

15) Equity Share Capital

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. In Lakhs)
Authorised:		
146,610,000 (Previous Year: 146,610,000) Category 'A' Equity Shares of Rs.10 each	14,661.00	14,661.00
1,482,390,000 (Previous Year: 1,482,390,000) Category 'B' Equity Shares of Rs.10 each	148,239.00	148,239.00
	162,900.00	162,900.00
Issued, Subscribed and Paid up		
105,192,207 (Previous Year: 105,192,207) Category 'A' Equity Shares of Rs.10 each, fully paid up	10,519.22	10,519.22
1,063,609,937 (Previous Year: 1,063,609,937) Category 'B' Equity Shares of Rs.10 each, fully paid up	106,360.99	106,360.99
Total	116,880.21	116,880.21

(a) Reconciliation of number of shares

Particulars	March 31, 2021		March 31, 2020	
	No of shares	Amount	No of shares	Amount
Balance at the beginning and end of the year				
Category 'A' Equity Shares	105,192,207	10,519.22	105,192,207	10,519.22
Category 'B' Equity Shares	1,063,609,937	106,360.99	1,063,609,937	106,360.99
Add: Shares Issued during the year				
Category 'A' Equity Shares	-	-	-	-
Category 'B' Equity Shares	-	-	-	-
Balance at the end of the year				
Category 'A' Equity Shares	105,192,207	10,519	105,192,207	10,519
Category 'B' Equity Shares	1,063,609,937	106,361	1,063,609,937	106,361

(b) Rights, preferences and restrictions attached to shares

The Company's authorised share capital is divided into Category 'A' equity shares and Category 'B' equity shares having par value of Rs. 10 each. Category 'A' equity shares carry voting rights and dividend rights. Type "B" Equity Shares of Rs.10/- carrying no voting rights and no dividend rights. Category 'B' equity shares are non participating, non-cumulative and shall not be entitled to any surplus on winding up or other distribution such as bonus shares etc. together with rights, privileges and conditions attaching thereto as may be determined by the Board of Directors from time to time.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)
(c) Shares held by holding company #

Particulars	March 31, 2021 (Rupees)	March 31, 2020 (Rupees)
Equity Shares:		
105,192,207 Category 'A' equity shares (Previous Year: 105,192,207) held by Volkswagen Finance Overseas B.V., Netherland, the subsidiary of Volkswagen Financial Services AG, Germany.	10,519.22	10,519.22
1,063,609,937 Category 'B ' equity shares (Previous Year: 1,063,609,937) held by Volkswagen Financial Services A.G., Germany.	106,360.99	106,360.99
# Based on the Companies (Amendment) Act, 2017, The Company has considered Volkswagen Finance Overseas B.V.,Netherlands as its Holding Company.		

(d) Details of shares held by each shareholders holding more than 5% shares in the Company

Particulars	March 31, 2021 (No. of shares)	Percentage holding
Equity Shares:		
105,192,207 Category 'A' equity shares (Previous Year 2020: 105,192,207) held by Volkswagen Finance Overseas B.V., Netherland, the subsidiary of Volkswagen Financial Services AG, Germany.	105,192,207	100%
1,063,609,937 Category 'B ' equity shares (Previous Year 2020: 1,063,609,937) held by Volkswagen Financial Services A.G., Germany.	1,063,609,937	100%

16) Other Equity

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Special Reserves under section 45-IC of the Reserve Bank of India	6,242.62	5,796.84
Retained earnings	9,493.26	8,782.88
Other Comprehensive Income	14.77	-
Non Controlling Interest	1,346.40	-
TOTAL RESERVES	17,097.05	14,579.73



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

Nature and purpose of other equity

(i) Special Reserve under section 45-IC(1) of the Reserve Bank of India Act, 1934

According to section 45-IC(1) of the Reserve Bank of India Act, 1934 every Non Banking Financial Company is to create a reserve fund and transfer a sum not less than 20% of the net profit every year before declaration of dividend. For preventing the defaults by the Non Banking Financial Companies, this is an added measure of protection created by the statute. It is created in order to give the entities and its creditors protection from the effect of losses.

(ii) Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

(iii) Retained earnings

Retained earnings represents the surplus/accumulated earnings of the Company and are available for distribution to shareholders.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

Other equity: Movement

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.		
Balance at the beginning of the year	5,796.84	5,796.84
Transferred from Surplus in the Statement of Profit and Loss	445.78	-
Balance at the end of the year	6,242.62	5,796.84
Surplus/(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	8,768.88	11,424.66
Equity Adjustment on account of subsequent acquisition in subsidiary	(1,215.00)	
Share of loss of Investments accounted using equity method	(170.37)	
Profit / (Loss) for the year	2,045.25	(2,446.42)
Share of Profits of Investments accounted using equity method		(209.36)
Less: Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934.	(445.78)	
Transfer of loss attributable to Non-controlling interest	510.27	
	9,493.26	8,768.88
Other Comprehensive Income		22.31
Balance at the beginning of the year	14.00	
Changes during the year	0.77	(8.31)
Balance at the end of the year	14.77	14.00
Non Controlling Interest		
On date of acquisition	1,624.38	-
Dilution on further purchase of shares from NCI	(354.40)	-
Changes on fresh issue of equity shares	586.69	-
Transfer of loss attributable to Non-controlling interest	(510.27)	-
	1,346.40	-
TOTAL RESERVES	17,097.05	14,579.73



17) Interest income using effective interest rate

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Classification:		
On Financial Assets measured:		
- at Amortised Cost		
(i) Interest on loans	30,091.77	42,179.28
(ii) Interest on deposits with banks	212.84	4.57
(iii) Other interest income		
- through profit and Loss		
- through OCI		
Total	30,304.61	42,183.85

18) Fees and commission income

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Processing Fees	543.17	461.22
Service Income	3,279.47	4,051.63
Total	3,822.64	4,512.84

19) Other operating income

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Operating Lease Income	-	43.88
Income from customer services	763.38	874.90
Total	763.38	918.78



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

20) Other Income

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Foreign Exchange Gain (net)	40.01	-
Miscellaneous Income	1,710.53	246.28
Total	1,750.54	246.28



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

21) Finance Cost

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Interest Expenses:		
Classification:		
On Financial Assets measured :		
- at Amortised Cost		
(i) Interest on debt securities	5,483.90	11,395.80
(ii) Interest on other than debt securities:		
-Bank Overdraft	268.08	833.65
-Commercial Papers	618.45	3,619.52
-Working Capital Demand Loan	2,301.88	4,087.00
-Term Loans	4,136.33	2,202.31
-Others	4.57	21.82
(iii) Other borrowing costs	302.89	435.12
- through profit and Loss	-	-
- through OCI	-	-
Total	13,116.10	22,595.23

22) Fees and Commission Expenses

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Commission to Dealers	895.47	357.99
Commission to Dealers - Insurance	2,368.00	2,902.73
Total	3,263.47	3,260.72



23) Impairment on financial instruments

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Classification:		
On Financial Assets measured at :		
- at Amortised Cost		
(i) Loans	662.27	(2,300.39)
(ii) Trade Receivables	-	-
- through profit and Loss	-	-
- through OCI	-	-
Expected credit loss - Loans	662.27	(2,300.39)
Expected credit loss - Others		
Bad Debts Written Off	5,543.16	7,467.25
Total	6,205.43	5,166.86

24) Employee Benefits Expenses

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Salaries, Bonus and Allowances	3,803.02	4,392.24
Contribution to Provident Fund and Other Funds	142.55	133.21
Expenses related to post-employment defined benefit plans - Gratuity	63.25	46.05
Expenses related to post-employment defined benefit plans - Leave Encashment	31.54	73.90
Staff Welfare	175.51	246.71
Training and Recruitment Expenses	27.01	80.59
Total	4,242.88	4,972.70



25) Other Expenses

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Rent	39.60	127.82
Legal, Professional and Consultancy Fees	1,287.27	1,341.95
Documentation Charges	98.91	
Loan Acquisition Expenses	-	74.82
Auditor's Remuneration	70.50	54.97
Information Technology Support Charges	2,368.21	4,442.98
Repairs and Maintenance - Others	329.08	326.02
Traveling and Conveyance	71.04	282.73
Printing and Stationery	7.64	44.15
Communication	62.65	92.35
Business Promotion	80.59	400.79
Facilities Management Charges	73.08	59.59
Electricity	28.55	53.25
Rates and Taxes	984.96	1,033.43
Foreign Exchange Loss (net)	-	58.21
Loss on Sale of Fixed Assets (net)	8.37	8.80
Directors Sitting Fees	23.00	24.00
Collection Agency Charges	436.75	689.45
Corporate Social Responsibility Spending	98.42	150.91
Fair value adjustment to borrowings	-	
Miscellaneous	159.77	339.64
Total	6,228.40	9,605.86

Note A: Auditor's remuneration

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. in Lakhs)
Split of audit remuneration		
- Statutory Audit	53.50	44.00
- Tax Audit	3.00	3.00
- Other Services*	19.00	7.68
- Reimbursement of expenses		0.29
* includes amounts debited to Professional and legal fees		
Total	75.50	54.97



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

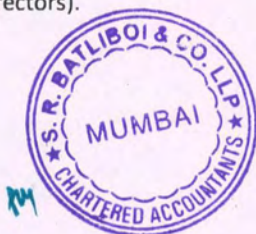
26) Earnings per share

Basic EPS amounts are calculated by dividing the profit / (loss) for the year attributable to equity holders of the Group by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit / (loss) attributable to equity holders of the Group by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Net (loss) / profit from continued operation attributable to equity holders	2,555.52	(2,655.78)
Category 'A' shares	230.00	(239.02)
Category 'B' shares	2,325.52	(2,416.76)
Category 'A' shares		
Weighted average number of ordinary shares		
Opening equity share	105,192,207	105,192,207
Weighted average number of shares at year end	105,192,207	105,192,207
Weighted average number of shares at year end adjusted for the effect of dilution	105,192,207	105,192,207
Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.22	(0.23)
Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.22	(0.23)
Category 'B' shares		
Weighted average number of ordinary shares		
Opening equity share	1,063,609,937	1,063,609,937
Weighted average number of shares at year end	1,063,609,937	1,063,609,937
Weighted average number of shares at year end adjusted for the effect of dilution	1,063,609,937	1,063,609,937
Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.22	(0.23)
Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.22	(0.23)
Face value per share (INR)	10	10

For the purpose of calculating Earnings per share, dividend upto 6% of the total capital belongs to both Category 'A' Equity shares and Category 'B' Equity shares proportionate to their weighted average share holding and dividend over and above 6% belongs to Category 'A' Equity shares only (subject to approval from Board of Directors).



27) Employee benefit obligations

The Company has following post-employment defined benefit plans in India.

A. Defined Contribution Plans:

In accordance with Indian regulations, employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Group contribute monthly at a determined rate. These contributions are made to a recognised provident fund. The employee contributes 12% of his or her basic salary and the Group contributes an equal amount. The Group recognized Rs. 142.55 Lakhs (Previous year. Rs. 133.21 Lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

B. Defined Benefit Plan:

The Group offers the following employee benefit schemes to its employees:

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of Rs. 20 lakhs. (Previous Year Rs. 20 lakhs).

The gratuity benefit of Parent Company is provided through unfunded plan and annual contributions are charged to the statement of profit and loss. Under the scheme, the settlement obligation remains with the Company. The gratuity benefit of the subsidiary is funded with an insurance company in the form of a qualifying insurance policy. Group accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Group's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

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

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Non Current		
Gratuity	162.15	167.77
Total Non Current	162.15	167.77
Current		
Gratuity	31.24	39.20
Total Current	31.24	39.20

Movement in net defined benefit (asset) liability

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

Particulars	(Rs. in Lakhs)	
	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Defined Benefit Obligation at the beginning of the year	209.93	180.81
Current service cost	51.33	34.68
Past service cost	-	-
Interest expense/(income)	11.92	11.37
Total amount recognised in profit and loss	63.25	46.05
Remeasurements		
Return on plan assets, excluding amount included in interest expense/(income)	-	-
(Gain)/loss from change in demographic assumptions		0.00
(Gain)/loss from change in financial assumptions	5.40	5.70
Experience (gains)/losses	(6.43)	5.40
Actual Return on Plan assets	-	-
Total amount recognised in other comprehensive income	(1.03)	11.10
Employer contributions	-	-
Benefit payments	(78.77)	(30.99)
Defined Benefit Obligations at the end of the year	193.39	206.97



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Surplus of funded plan	-	-
Unfunded plan	193.39	206.97
Surplus of gratuity plan	193.39	206.97

Expected Future Cashflows

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Year 1	32.04	39.20
Year 2	28.46	35.57
Year 3	27.68	31.84
Year 4	24.78	29.00
Year 5	22.93	24.75
Year 6-10	107.38	74.39

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	March 31, 2021		March 31, 2020
	Subsidiary	Parent	
Discount rate	7.19%	5.50%	6.25%
Salary escalation rate	7.00%	8.00%	8.00%
Mortality Rate	5%	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation			
	Increase in assumption (100 bps)		Decrease in assumption (100 bps)	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	171.41	198.92	186.67	215.71
Salary escalation rate	186.35	215.48	171.53	198.98
Expected Return on plan assets	-	-	-	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated .

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

C. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs. 31.54 Lakhs (Previous year. Rs.73.90 Lakhs) for Compensated Absences in the Statement of Profit and Loss.



28) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- (i) Market risk
- (ii) Credit risk
- (iii) Liquidity risk

Risk management framework

The Group’s board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the board of directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(i) Market risk

Market risk is the risk that changes in market prices and is exposed to risks such as

- a) Interest rate risk
- b) Currency risk
- c) Prepayment risk

which will affect the Group’s income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or cash flows of the financial assets and financial liabilities. Normally, the Group’s business is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance-sheet instruments that mature or reprice in a given period. The Group manages this risk by matching the assets and liabilities through risk management strategies.

The table below details the exposure of the Group to interest rate risk

(Rs. in Lakhs)		
Particulars	March 31, 2021	March 31, 2020
Fixed rate		
Financial assets	244,732.53	169,502.28
Financial liabilities	120,532.33	222,718.94
Floating rate instruments		
Financial assets	42,715.58	210,582.54
Financial liabilities	17,450.00	-

The interest rate sensitivity of the income statement measures the effect of assumed changes in interest rates on the net interest income for one year, based on the interest bearing financial assets and liabilities held at year end. The interest rate sensitivity in the income statement is the impact of changes in interest rates on the fair value of floating rate loans (working capital demand loan and bank overdraft) and floating rate loans given (dealer funding) as at the year end. The following table reflects the effects of 50 bps to 100 bps basis points change in interest rate curve on the income statement with all other variables held constant:

(Rs. in Lakhs)		
Particulars	March 31, 2021	March 31, 2020
Decrease by 50bps to 100 bps:		
- Impact on income statement	(253.74)	(59.08)
- Other Comprehensive Income		



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

b) Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange rates on account of payables outstanding in the financial statements. Outstanding positions are monitored on a periodical basis to ensure that the positions are within established limits.

The Group's exposure to foreign currency risk at the end of reporting period expressed are as follows:

(Rs. in Lakhs)		
Particulars	March 31, 2021	March 31, 2020
Financial Liabilities		
Payable to Related Parties		
EURO (net of receivables)	751.36	691.74
SEK	8.88	-
Other Payables		
GBP	-	3.49

The Sensitivity of Profit and Loss and OCI to changes in the exchange rates are as follows:

The Group has considered the maximum price movement in the respective currency during the year as sensitivity benchmark for the purpose of Foreign Currency Sensitivity Analysis

(Rs. in Lakhs)		
Particulars	March 31, 2021	March 31, 2020
Adverse change in foreign exchange rate based on previous 12 months movement in exchange rate		
- Impact on income statement		
EURO	(28.78)	(30.16)
SEK	(0.60)	
GBP		(0.15)
- Other Comprehensive Income		

c) Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected particularly in case of fixed rate loans when interest rates fall.

Most of the Group's interest-bearing financial assets are at fixed rates loans. In addition, majority of the interest-bearing financial liabilities have a maturity of less than one year and the Group also has a repayment option to prepay the liabilities. Accordingly, the Group is not exposed to significant prepayment risk since the financial liabilities can be paid in case of prepayments of financial assets.

ii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances. Credit risk encompasses both, direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

(a) Expected Credit Loss measurement

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition wherein if a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition and are taken to Stage 3.

The general approach is used for financial assets measured at amortized cost, financial assets (debt instruments) whose changes in fair value are recognized in other comprehensive income and for irrevocable credit commitments unless there is already objective evidence of impairment on initial recognition. Financial assets are broken down into three stages in the general approach. Stage 1 consists of financial assets that are being recognized for the first time or that have not demonstrated any significant increase in probability of default since initial recognition. In this stage, the model requires the calculation of an expected credit loss for the next twelve months. Stage 2 consists of financial assets for which there is an significant increase in credit risk. Financial assets demonstrating objective indications of impairment are allocated to Stage 3. In Stages 2 and 3, an expected credit loss is calculated for the entire remaining maturity of the asset.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. For the wholesale portfolio, the credit risk is assumed to have been increased based on change in the risk class according to the master scale as of reporting date is compared with the risk class according to master scale as of initial recognition



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial assets is 91 days or more past due
- For wholesale portfolio, it also depends on the risk class as per the master scale of the Group

In the case of financial assets already impaired on initial recognition and classified as purchase originated and impaired assets ("POCI") for the purposes of the disclosures, the provision for credit risks is recognized in subsequent measurement on the basis of the cumulative changes in the expected credit loss for the entire life of the asset concerned. Any financial instrument already classified as impaired on initial recognition remains in this stage until it is derecognized.

Both historical information, such as average historical default probabilities for each portfolio, and forward- looking information is used to determine the measurement parameters for calculating the provision for credit risks.

Reviews are regularly carried out to ensure that the credit risk provisions are appropriate. Uncollectible loans or receivables that are already subject to a workout process and for which all collateral has been recovered and all further options for recovering the loan or receivable have been exhausted are written off based on the management's decisions. Any provision allowances previously recognized are utilized. Income subsequently collected in connection with loans or receivables already written off is recognized in profit or loss.

Loans are reported in the balance sheet at the net carrying amount. The provision for credit risks relating to off-balance sheet revocable credit commitments is not recognized since the same are unconditionally cancellable commitments.

The Group does not recognize provision for credit risks for receivables and cash & cash equivalents since they carry low credit risk.

b) Collateral and other credit enhancements

The Group employs a range of tools to reduce credit risk. The Group seeks collateral coverage, assignment of contract proceeds and other forms of protection to secure lending and minimize credit risks wherever possible. The Group's borrowing agreements also include legally enforceable netting arrangements for loans and deposits enabling the Group to consolidate the customer's various accounts with the Group and either transfer credit balances to cover any outstanding borrowings or freeze the credit balances until the customer settles their outstanding obligations to the Group.

Collateral held varies, but may include:

- Underlying vehicles in case of retail portfolio
- Residential and commercial real estate property
- Land
- Bank guarantee

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

The below table provides quantitative information of collateral for credit impaired assets under Stage 3
(Collateral Coverage - Value of collateral available to mitigate the credit exposure)

Loan To Value (LTV) range	(Rs. in Lakhs)	
	Gross value of loan in stage 3	
	March 31, 2021	March 31, 2020
Upto 50% Coverage	39,160.22	31,040.05
51% - 70% Coverage	7,693.11	10,805.37
71% - 100% Coverage	3,065.75	6,372.21
Above 100% coverage	2,583.32	2,714.07
	52,502.40	50,931.70

c) Credit risk profile

March 31, 2021

(Rs. in Lakhs)				
Retail Portfolio				
Rating	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Gross carrying amount	140,681.21	11,134.86	17,299.92	169,115.98
Less: Loss allowance	1,691.05	2,917.67	11,019.24	15,627.95
Carrying amount	138,990.16	8,217.19	6,280.68	153,488.03

(Rs. in Lakhs)				
Wholesale Portfolio				
Category	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Gross carrying amount	63,045.76	20,083.89	35,202.48	118,332.12
Less: Loss allowance	524.07	680.42	20,013.12	21,217.60
Carrying amount	62,521.69	19,403.47	15,189.36	97,114.51

Movement in Gross Carrying Amount

(Rs. in Lakhs)				
Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Gross carrying amount as at March 31, 2020	277,150.13	52,002.98	50,931.70	380,084.82
Transfers:				
Transfer from Stage 1 to Stage 2	(10,159.59)	9,193.31	-	(966.27)
Transfer from Stage 2 to Stage 1	8,610.63	(11,861.78)	-	(3,251.16)
Transfer from Stage 2 to Stage 3	-	(9,346.10)	9,472.68	126.58
Transfer from Stage 3 to Stage 2	-	286.25	(363.80)	(77.55)
Transfer from Stage 1 to Stage 3	(5,362.82)	-	5,327.15	(35.67)
Transfer from Stage 3 to Stage 1	122.49	-	(237.00)	(114.50)
New facility added during the period	38,422.29	7,189.11	107.86	45,719.25
Increase in loan exposure in existing loan facility	21.80	-	1,450.04	1,471.84
Decrease in loan exposure in existing loan facility	(55,078.92)	(3,243.80)	(701.62)	(59,024.34)
Loans de-recognized during the period other than write-offs	(49,140.40)	(12,530.33)	(2,303.16)	(63,973.88)
Decrease in loan exposure due to write off	(858.67)	(470.89)	(11,181.46)	(12,511.02)
Gross carrying amount as at March 31, 2021	203,726.96	31,218.75	52,502.40	287,448.10



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

Movement in Provision

Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Provision amount as at March 31, 2020	3,510.96	3,697.39	28,974.94	36,183.28
Transfers:				-
Transfer from Stage 1 to Stage 2	(399.27)	2,222.95	-	1,823.68
Transfer from Stage 2 to Stage 1	120.78	(518.78)	-	(398.00)
Transfer from Stage 2 to Stage 3	-	(1,360.62)	3,263.57	1,902.95
Transfer from Stage 3 to Stage 2	-	80.92	(144.47)	(63.55)
Transfer from Stage 1 to Stage 3	(201.81)	-	2,337.12	2,135.31
Transfer from Stage 3 to Stage 1	7.12	-	(105.50)	(98.38)
New facility added during the period	304.53	283.20	38.28	626.02
Increase in loan exposure in existing loan facility	436.75	81.32	3,541.85	4,059.92
Decrease in loan exposure in existing loan facility	(794.13)	(397.94)	(606.69)	(1,798.76)
Loans de-recognized during the period other than write-offs	(741.05)	(357.17)	(447.33)	(1,545.55)
Decrease in loan exposure due to write off	(28.76)	(133.18)	(5,819.43)	(5,981.37)
Provision amount as at March 31, 2021	2,215.12	3,598.09	31,032.35	36,845.56

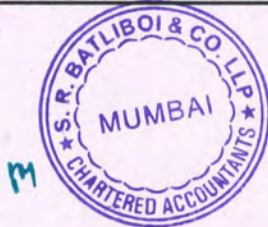
March 31, 2020

(Rs. in Lakhs)				
Retail Portfolio				
Rating	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Gross carrying amount	234,288.57	7,904.75	15,279.13	257,472.45
Less: Loss allowance	2,661.25	2,165.47	9,749.16	14,575.87
Carrying amount	231,627.32	5,739.28	5,529.97	242,896.57

(Rs. in Lakhs)				
Wholesale Portfolio				
Category	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Gross carrying amount	42,861.56	44,098.23	35,652.58	122,612.37
Less: Loss allowance	849.71	1,531.92	19,225.78	21,607.41
Carrying amount	42,011.85	42,566.31	16,426.80	101,004.96

Movement in Gross Carrying Amount

Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Gross carrying amount as at March 31, 2019	396,969.81	86,648.13	46,189.48	529,807.42
Transfers:				-
Transfer from Stage 1 to Stage 2	(5,926.29)	4,679.29	-	(1,247.00)
Transfer from Stage 2 to Stage 1	9,224.14	(13,817.78)	-	(4,593.64)
Transfer from Stage 2 to Stage 3	-	(16,291.25)	12,812.11	(3,479.14)
Transfer from Stage 3 to Stage 2	-	1,008.69	(1,353.19)	(344.50)
Transfer from Stage 1 to Stage 3	(2,112.08)	-	1,743.46	(368.62)
Transfer from Stage 3 to Stage 1	139.00	-	(269.07)	(130.07)
New facility added during the period	100,455.73	18,284.44	4,305.78	123,045.95
Increase in loan exposure in existing loan facility	8.42	-	1,044.51	1,052.93
Decrease in loan exposure in existing loan facility	(75,067.46)	(10,284.80)	(1,294.43)	(86,646.69)
Loans de-recognized during the period other than write-offs	(145,835.72)	(16,607.22)	(2,494.54)	(164,937.47)
Decrease in loan exposure due to write off	(705.42)	(1,616.51)	(9,752.42)	(12,074.35)
Gross carrying amount as at March 31, 2020	277,150.13	52,002.98	50,931.70	380,084.82



Movement in Provision

(Rs. in Lakhs)

Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Provision amount as at March 31, 2019	2,536.18	6,861.94	29,097.41	38,495.52
Transfers:				
Transfer from Stage 1 to Stage 2	(44.67)	831.69	-	787.02
Transfer from Stage 2 to Stage 1	361.58	(2,144.38)	-	(1,782.80)
Transfer from Stage 2 to Stage 3	-	(1,695.63)	4,127.98	2,432.35
Transfer from Stage 3 to Stage 2	-	119.36	(587.34)	(467.98)
Transfer from Stage 1 to Stage 3	(20.55)	-	761.16	740.61
Transfer from Stage 3 to Stage 1	2.81	-	(134.10)	(131.29)
New facility added during the period	1,416.76	863.21	1,754.83	4,034.80
Increase in loan exposure in existing loan facility	829.30	530.82	3,922.51	5,282.62
Decrease in loan exposure in existing loan facility	(48.65)	(503.33)	(711.70)	(1,263.68)
Loans de-recognized during the period other than write-offs	(1,519.13)	(763.94)	(1,639.75)	(3,922.82)
Decrease in loan exposure due to write off	(2.67)	(402.35)	(7,616.05)	(8,021.07)
Provision amount as at March 31, 2020	3,510.96	3,697.39	28,974.94	36,183.28



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

(iii) Liquidity risk

Liquidity Risk is the risk arising from the inability of the Group to meet its financial obligations on time without incurring significant costs. Liquidity risk is a sequential risk that may be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against the risk, management has diversified funding sources & assets are managed with liquidity in mind, maintaining sufficient un-utilised bank limits. Liquidity risk arises in the general funding of the company activities. Under the guidance of the Asset Liability Committee (ALCO), the Treasury manages the liquidity and funding of the Group to ensure that sufficient funds are available to meet the Group's known cash funding requirements and unanticipated needs that may arise. At all times, the Group holds what it considers to be adequate levels of liquidity to repay borrowings and fund new loans, even under stressed conditions.

The Operational Liquidity Committee (OLC) holds meeting once in a fortnight wherein it closely assesses the current liquidity conditions and the liquidity requirements to support repayment & business growth.

At glance FY 2021,

The Group liquidity is well managed. As of March 31, 2021, the Group has funding lines INR 3,489 Crores, Commercial Papers limits of INR 3,000 Crores and ability to further issue bonds of INR 200 Crores based on the ratings for the issue available at hand. NCD further issuance can be done, if required. It is the endeavor of VWFPL to ensure sufficient free/vacant lines to be able to manage debt capital market obligations and smooth payout of bank loans. BNP Paribas has enhanced the credit facility from INR 169 Crores to INR 550 Crores, which is not considered in the available funding lines as on 31st March 2021. The bank agreement has been executed before 31st March 2021 but corporate guarantee issued in the month of May 2021. As on 31st May 2021, the funding lines are Rs. 3,825 Crores.

The Parent Company enjoys top credit rating for its CP and NCD instruments. Even during the ongoing pandemic of COVID-19, the Group has managed its liquidity smoothly. Reasonably high concentration in long term instruments such as NCD and long term bank term loans ensured less stress. Further, to safeguard the position on liquidity risk, the Group created liquidity buffer of INR 15 Crores in terms of fixed deposits with Banks.

The Group has support from its parent. The bank borrowings are guaranteed by the Group's Parent Company.

The table below summarizes the maturity profile of the assets & liabilities at the year and based on residual contractual repayment arrangements (assets & liabilities without a contractual maturity are based on management expectations).

March 31, 2021

(Rs. in Lakhs)

Particulars	Upto 30/31 days (one month)	Over 1 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
Financial assets									
Cash and cash equivalents	5,312.47								5,312.47
Bank balances other than cash and cash equivalents						2,055.07	1.47		2,056.54
Receivables	830.14								830.14
Loans	40,593.56	6,863.41	6,786.13	19,895.62	38,004.13	88,058.54	48,420.42	38,826.29	287,448.10
Investment									-
Other Financial assets				223.14	6.88	94.52	318.20	2.97	645.71
Total financial assets	46,736.17	6,863.41	6,786.13	20,118.76	38,011.01	90,208.13	48,740.09	38,829.26	296,292.96
Financial liabilities #									
Payables	4,876.80								4,876.80
Debt securities		15,732.33							15,732.33
Borrowings (Other than debt securities)	59,450.00	18,500.00	-	11,100.00	26,800.00	6,400.00	-	-	122,250.00
Other financial liabilities	1,223.62				397.81				1,621.43
Total Financial Liabilities	65,550.42	34,232.33	-	11,100.00	27,197.81	6,400.00	-	-	144,480.56

For financial liabilities, undiscounted cashflows have been provided in the above maturity bucketing



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

March 31, 2020

(Rs. in Lakhs)

Particulars	Upto 30/31 days (one month)	Over 1 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
Financial assets									
Cash and cash equivalents	349.98	-	-	-	-	-	-	-	349.98
Bank balances other than cash and cash equivalents	-	-	-	-	-	-	1.15	-	1.15
Receivables	730.57	-	-	-	-	-	-	-	730.57
Loans	32,068.63	9,413.16	9,304.16	32,465.92	51,804.34	136,847.12	57,249.77	50,931.70	380,084.82
Investment	-	-	-	-	-	-	-	2,449.84	2,449.85
Other Financial assets	0.56	8.71	-	85.87	-	100.96	403.74	0.54	600.36
Total financial assets	33,149.76	9,421.87	9,390.03	32,551.79	51,804.34	136,948.08	57,654.66	53,172.72	384,093.24
Financial liabilities #									
Payables	3,430.75	-	-	-	-	-	-	-	3,430.75
Debt securities	-	21,459.84	10,648.41	74,939.87	30,000.00	15,000.00	-	-	152,048.12
Borrowings (Other than debt securities)	15,570.82	-	-	-	6,300.00	48,800.00	-	-	70,670.82
Other financial liabilities	437.70	190.00	-	-	-	317.29	-	-	944.99
Total Financial Liabilities	19,439.26	21,649.84	10,648.41	74,939.87	36,300.00	64,117.29	-	-	227,094.67

For financial liabilities, undiscounted cashflows have been provided in the above maturity bucketing



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

29) Financial instruments - Fair value measurement

The fair value is the amount at which financial instruments could be sold on fair terms as of the reporting date. Where market prices (e.g. for marketable securities) were available, we have used these prices without modification for measuring fair value. If no market prices were available, the fair values for loans/receivables and liabilities were calculated by discounting using a maturity-matched discount rate appropriate to the risk.

29.1) Carrying amounts of the financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below:

(Rs. in Lakhs)

Particulars	March 31, 2021			March 31, 2020		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets						
Cash and cash equivalents	5,312.47	-	-	349.98	-	-
Bank balances other than cash and cash equivalents	2,056.54	-	-	1.15	-	-
Receivables						
(I) Trade receivables	830.14	-	-	730.57	-	-
(II) Other receivables	-	-	-	-	-	-
Loans	250,602.54	-	-	343,901.53	-	-
Investment	-	-	-	2,240.48	-	-
Other Financial assets	645.71	-	-	600.36	-	-
Total financial assets	259,447.40	-	-	347,824.07	-	-
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	23.40	-	-	25.72	-	-
(ii) total outstanding dues of creditors	4,853.40	-	-	3,405.02	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	15,732.33	-	-	152,048.12	-	-
Borrowings (Other than debt	122,250.00	-	-	70,670.82	-	-
Other financial liabilities	1,621.43	-	-	944.99	-	-
Total financial liabilities	144,480.56	-	-	227,094.68	-	-



29.2) Fair Value:

The Group does not have any financial assets and financial liabilities which are valued at fair value. Fair value of the the financial assets and financial liabilities which are not measured at fair value (including their levels in their fair value hierarchy, are presented below). When the carrying amount is a reasonable approximation of fair value, the fair value of the financial assets or liabilities have been not disclosed. For all financial instruments other than Loans, Investment and Debt securities, the carrying value and fair value are approximately close to each other.

(i) Fair value of financials assets and liabilities

March 31, 2021

(Rs. in Lakhs)

Particulars	Carrying amount			Fair value		
	Amotised Cost	FVTOCI	FVTPL	Level 1	Level 2	Level 3
Loans	287,448.10	-	-	-	-	280,847.31
Debt securities (Non convertible debentures)	15,732.33	-	-	-	15,732.33	-

March 31, 2020

(Rs. in Lakhs)

Particulars	Carrying amount			Fair value		
	Amotised Cost	FVTOCI	FVTPL	Level 1	Level 2	Level 3
Loans	380,084.82	-	-	-	-	372,394.16
Debt securities (Non convertible debentures)	152,048.12	-	-	-	153,204.10	-
Investment	2,240.48	-	-	-	-	2,450.00



(i) Fair value of Statement of Financial Position is presented below:

(Rs. in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	5,312.47	5,312.47	349.98	349.98
Bank balances other than cash and cash equivalents	2,056.54	2,056.54	1.15	1.15
Receivables				
(I) Trade receivables	830.14	830.14	730.57	730.57
(II) Other receivables	-	-	-	-
Loans	250,602.54	280,847.31	343,901.53	372,394.16
Investments			2,240.48	2,450.00
Other Financial assets	645.71	645.71	600.36	600.36
Total financial assets	259,447.40	289,692.17	347,824.07	376,526.22
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	23.40	23.40	25.72	25.72
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,853.40	4,853.40	3,405.02	3,405.02
(II) Other payables	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
Debt securities	15,732.33	15,732.33	152,048.12	153,204.10
Borrowings (Other than debt securities)	122,250.00	122,250.00	70,670.82	70,670.82
Other financial liabilities	1,621.43	1,621.43	944.99	944.99
Total financial liabilities	144,480.56	144,480.56	227,094.68	228,250.66



Valuation techniques used to determine fair value:

The Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a risk team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Financial instruments measured using quoted prices and that are traded in active market are categorized under level 1. The company has no financial instruments which are categorized as level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using observable market data and not the entity specific estimates. The Non Convertible debentures which are classified as debt securities have been categorized as level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The instruments are valued based on quoted prices for the similar instruments but for which significant observables adjustments are required to reflect the difference between the instruments. Loans have been included in level 3 category.

Loans

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal estimation and consequently for the purposes of level disclosures categorized under Level 3. The discount factor used for fair valuation is derived using a combination of interpolated risk-free interest rates, risk premium, service fee and interpolated funding spreads as on valuation date. Input data used to carry out the fair valuation covers portfolio data, expected future cashflows, provision data and live LAN level data for each product in the portfolio.

The Group has granted loans to certain borrowers which is secured by the guarantee/loss sharing arrangement with Scania Commercial Vehicles India Private Limited (Scania India). The Group has evaluated the worldwide financial strength of the Scania Group and the comfort imparted by the parent company to Scania India. Accordingly, the provision for expected credit loss on such loans has been carried out after considering expected recovery on account of such guarantee/loss sharing arrangement.

Debt securities

The fair values of the Group's non convertible debentures are calculated based on a discounted cash flow model. The discount factor used for fair valuation is derived using a combination of interpolated risk-free interest rates and credit-spreads of the Group as on valuation date. Input data used to carry out the fair valuation covers portfolio data and expected future cashflows for each product in the portfolio.

Transfers between Levels

There are no transfers between Level 1, 2 and 3 since there are no financial instruments at fair value under the category



30) Capital

Capital management

The primary objectives of the capital management policy is to ensure that the Group continuously complies with capital requirements required by regulator, maintains strong credit ratings and healthy debt to equity ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to fund growth or comply with regulatory capital requirement, Company depends on internal accrual or may raise additional capital. Group may adjust the amount of dividend payment to shareholders, return capital to shareholders.

The Parent Company uses the capital adequacy requirement as prescribed by the regulator as benchmark to monitor its capital requirements. The status of capital adequacy requirements are mentioned below:

Regulatory capital

(Information provided pertaining to the Parent Company)

Particulars	(Rs. in Lakhs)	
	As on March 31, 2021	As on March 31, 2020
Net Own Fund (Tier I)	124,708.74	122,384.95
Tier II	3,421.23	4,525.54
Total capital	128,129.97	126,910.49
Risk weighted assets	273,698.76	362,043.37
Tier I Capital ratio	45.56%	33.80%
Tier II Capital ratio	1.25%	1.25%



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

31) Lease

Right to use of Asset

(Rs. in Lakhs)

Particulars	Property
	Rent
As at 1 April 2019	993.06
Additions (Note 8)	202.88
Depreciation expense	521.34
As at 31 March 2020	674.60
As at 1 April 2020	674.60
Additions (Note 8) (net)	1,808.20
Additions related to acquisition	89.30
Depreciation expense	537.78
Deletion	109.25
As at 31 March 2021	1,925.06

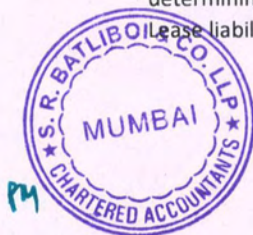
Lease Liability

(Rs. in Lakhs)

Particulars	Amount
As at 1 April 2019	886.15
Additions	202.88
Accretion of interest	71.42
Payments	515.52
As at 31 March 2020	644.92
As at 1 April 2020	792.86
Additions	1,665.91
Accretion of interest	45.53
Payments	597.23
Deletion	107.55
As at 31 March 2021	1,799.53

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	537.78	521.34
Interest expense on lease liabilities	45.53	71.42
Expense relating to short-term leases (included in other expenses)	-	-
Expense relating to leases of low-value assets (included in other expenses)	-	-
Variable lease payments (included in other expenses)	-	-
Total amount recognised in profit or loss	583.31	592.76

Some of the leases contain extension and termination options. Such options are considered while determining the lease term only. On this basis no such amounts included in the measurement of Lease liabilities as at 31 March 2021.



32) Foreign Currency transactions

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
(a) Reimbursement of Expatriate Salaries	216.55	375.08
(b) Information Technology Support Charges	2,092.03	2,704.00
(c) Stock Audit Charges	33.68	16.53
(d) Corporate Gaurantee Fee	114.39	89.88
(e) Treasury Support Service	31.14	88.31
(f) Travelling Expenses	-	12.55
(g) Services/Consultancy Fees	87.40	37.25
(h) Purchase of software	-	-
(i) Investment expense	-	7.24
(j) Reimbursement of Impat Salaries	(55.01)	-

The details of unhedged foreign currency exposure as at the year-end are as follows:

A) Payable

(Rs. in Lakhs)

Foreign Currency	March 31, 2021		March 31, 2020	
	Indian Rupees equivalent	Amount in Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
EURO	806.36	9.27	730.14	8.84
GBP	-	-	3.49	0.04
SEK	8.88	1.06		

B) Receivable

Foreign Currency	March 31, 2021		March 31, 2020	
	Indian Rupees equivalent	Amount in Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
EURO	55.01	0.64	38.40	0.46

* Note: The details of unhedged foreign currency exposure includes year end provisions



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

33) Related Party Disclosures

I Related Parties and nature of relationship	
i. Where control exists	
a. Ultimate Holding Company	Volkswagen AG, Germany
b. Holding Company	Volkswagen Finance Overseas B.V.,Netherland
c. Intermediate Holding Company	Volkswagen Financial Services A.G, Germany
ii. Other Related Parties with whom transactions have taken place during the year	
a. Fellow Subsidiaries	Skoda Auto Volkswagen India Private Limited, India Volkswagen Pon Financial Services B.V., Netherlands Scania Commercial Vehicles India Pvt. Ltd Volkswagen IT Services India Private Limited Volkswagen Bank GMBH VWFS Digital Solutions GMBH Volkswagen Finans Sverige AB VW Software Asset Management GMBH Volkswagen Dogus Finansman, Turkey
b. Directors and Key Management Personnel (KMP)	Mr. Gokhan Cinar, Chief Finance Office and Managing Director (till February 28, 2021) Mr. Ashish Deshpande, Managing Director and Chief Executive Officer Mr. Jorg Thielemann, Additional Director(wef March 1, 2021) Mr. Nobert Dorn, Non Executive Director Mr. Subramanian Jambunathan, Independent Director Mr. Rupa Rajul Vora, Independent Director Mr. S Yogeshwaran, Director Mr. B Ganesh Kumar, Director
c Entities controlled by KMP	Avejana Management And Advisory Services Private Limited MatexNet Private Limited



ii) Transactions with related parties as mentioned above:

(Rs. in Lakhs)

Particulars	Holding Company@		Fellow Subsidiaries		Total	
	April 1 2020 to March 31, 2021	April 1 2019 to March 31, 2020	April 1 2020 to March 31, 2021	April 1 2019 to March 31, 2020	April 1 2020 to March 31, 2021	April 1 2019 to March 31, 2020
1. Expenditure						
a) Purchase of goods / receiving of services						
Volkswagen Financial Services A.G	246.78	335.10	-	-	246.78	335.10
Volkswagen Pon Financials Services	-	-	-	41.25	-	41.25
Skoda Auto Volkswagen India Private Limited	-	-	46.75	119.17	46.75	119.17
Volkswagen Dogus Finansman, Turkey	-	-	129.68	186.60	129.68	186.60
Volkswagen IT Services India Private Limited	-	-	18.83	59.41	18.83	59.41
VWFS Digital Solutions GMBH	-	-	1,922.28	2,333.25	1,922.28	2,333.25
Volkswagen Finans Sverige AB	-	-	8.94	54.68	8.94	54.68
Volkswagen Bank GmbH	-	-	31.14	88.31	31.14	88.31
Volkswagen AG	2.06	2.13	-	-	2.06	2.13
Volkswagen Software Asset Management	-	-	167.68	-	167.68	-
Total	248.84	337.23	2,325.31	2,882.66	2,574.15	3,219.89
b) Purchase of Assets						
Skoda Auto Volkswagen India Private Limited	-	-	38.48	50.57	38.48	50.57
VWFS Digital Solutions GMBH	-	-	-	133.26	-	133.26
Total	-	-	38.48	183.82	38.48	183.82
2. Income						
a) Pre Received Interest Subvention Income						
Skoda Auto Volkswagen India Private Limited	-	-	72.25	299.72	72.25	299.72
Total	-	-	72.25	299.72	72.25	299.72
b) Brand Support Fees						
Skoda Auto Volkswagen India Private Limited	-	-	1,532.37	2,777.07	1,532.37	2,777.07
Total	-	-	1,532.37	2,777.07	1,532.37	2,777.06



c) Other sale of goods / rendering of services						
Skoda Auto Volkswagen India Private Limited	-	-	57.82	81.48	57.82	81.48
Volkswagen IT Services India Private Limited	-	-	-	12.23	-	12.23
Scania Commercial Vehicles India Private Limited	-	-	25.95	-	25.95	-
VW Credit Canada, Inc	-	-	55.01	-	55.01	-
Total	-	-	138.78	93.70	138.78	93.70
d) Leasing Income						
Volkswagen IT Services India Private Limited	-	-	-	43.88	-	43.88
Total	-	-	-	43.88	-	43.88
3. Managerial Remuneration \$						
Gokhan Cinar	-	-	-	-	237.94	315.91
Ashish Deshpande	-	-	-	-	108.71	77.80
B Ganesh Kumar	-	-	-	-	114.46	-
Total	-	-	-	-	461.11	393.71
4. Director's Fees						
Rupa Vora	-	-	-	-	13.00	13.00
Jambunathan Subramanian	-	-	-	-	10.00	7.00
Mrinal Chandran	-	-	-	-	-	4.00
Total	-	-	-	-	23.00	24.00

\$ Incentives are considered on payment basis

@ Includes Parent Company of Holding Company



The Group has paid INR 25.57 lakhs to MatexNet Private Limited, a Company in which a Director is interested. (March 2020: INR 24.78 lakhs)
During the year the Parent Company purchased shares from the following:

Name of related party	Amount in lakhs
Mr. S Yogeshwaran	221.99
Mr. B Ganesh Kumar	267.00
Avejana Management And Advisory Services Private Limited	1,212.54
MatexNet Private Limited	385.90
Total	2,087.43

iii) Year end balances of related parties as mentioned above:

Particulars	Holding Company@		Fellow Subsidiaries		Total	
	As on March 31, 2021	As on March 31, 2020	As on March 31, 2021	As on March 31, 2020	As on March 31, 2021	As on March 31, 2020
Payables						
Volkswagen Financial Services A.G.	149.08	480.65	-	-	149.08	480.65
Skoda Auto Volkswagen India Private Limited			3,007.34		3,007.34	-
Volkswagen Pon Financials Services	-	-	-	42.64	-	42.64
Volkswagen Dogus Finansman	-	-	144.72	223.58	144.72	223.58
VW Financial Services Digital Solutions GMBH	-	-	387.61	719.46	387.61	719.46
Volkswagen Finans Sverige AB	-	-	8.88	-	8.88	-
Volkswagen Bank GmbH	-	-	12.39		12.39	-
Volkswagen IT Services India Private Limited			12.66	3.74	12.66	3.74
Volkswagen Software Asset Management			110.51		110.51	-
Volkswagen AG	2.06		-	-	2.06	-
Receivables						
Skoda Auto Volkswagen India Private Limited			182.68	232.47	182.68	232.47
Volkswagen Financial Services A.G.	9.36	38.40		-	9.36	38.40
Scania Commercial Vehicles India Pvt. Ltd			23.14		23.14	-
VW Credit Canada, Inc			55.01		55.01	-

Volkswagen Financial Services A.G., Germany has given corporate guarantee for credit lines availed by the Parent Company from various banks. The outstanding amount against such credit lines as at year end is Rs. 122,250 lakhs (Previous Year: Rs. 70,670.82 lakhs). For this guarantee, the Parent Company has paid commission to Volkswagen Financial Services A.G.,



As part of wholesale funding arrangement with dealer, the Parent Company makes payment to related parties on behalf of dealers. Accordingly, the amount of these transaction during the year has not been shown under the category of 'Transaction during the year'.

@ Includes Parent Company of Holding Company

During the year the Company received INR 4,579.23 lakh (Previous year: 356.64) from Scania Commercial Vehicles India Private Limited towards the guaranty on the borrowers.



34) Segment Reporting

For management purposes, the Company is organised into business units based on its type of products and has two reportable segments, as follows:

- Retail Finance
- Dealer Finance

The Chief Operating Decision Maker ("CODM"), is the managing director of the Company who evaluates the performance and allocates resources based on an analysis of various performance indicators by operating segments. Operating profit or loss is reported as the primary key performance indicator to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

Retail Finance: Providing loans to customers for purchase of VW Group brand vehicles i.e. Volkswagen, Skoda, Audi, Porsche, Lambhorgini MAN and Scania.

Dealer Finance: providing New Car Unit Funding, Term Loans and Used Cars funding to the dealers of VW Group brand i.e. Volkswagen, Skoda, Audi,Porsche, Lamborghini and MAN .

Particulars	March 31, 2021			
	Retail Finance	Dealer Finance	Unallocated	Total
Revenue				
External	19,801.74	11,792.20	5,314.82	36,908.76
Inter segment				
Total	19,801.74	11,792.20	5,314.82	36,908.76
Segment Expenses	19,290.13	8,467.35	6,191.25	33,948.73
Segment Result - profit / (loss)	511.61	3,324.84	(876.44)	2,960.03
Profit/(Loss) before Tax	-	-	-	2,960.03
Tax Expense (Including Deferred Tax)	-	-	-	914.78
Profit/(Loss) After Tax before extraordinary Items	-	-	-	2,045.25
Extraordinary Items	-	-	-	-
Profit/(Loss) After Tax	-	-	-	2,045.25
Other Information				
Carrying Amount of Segment Assets	154,971.73	98,159.85	31,580.26	284,711.83
Carrying Amount of Segment Liabilities	82,223.79	60,216.58	8,293.99	150,734.36
Capital Expenditure	1,179.11	825.03	2,675.37	4,679.51
Depreciation / Amortisation	456.13	319.16	117.16	892.45



Particulars	March 31, 2020			
	Retail Finance	Dealer Finance	Unallocated	Total
Revenue				
External	27,243.30	16,739.14	4,246.97	48,229.41
Inter segment	-	-	-	-
Total	27,243.30	16,739.14	4,246.97	48,229.41
Segment Expenses	25,570.59	15,441.79	5,443.28	46,455.66
Segment Result - profit / (loss)	1,672.71	1,297.35	(1,196.32)	1,773.74
Share of Profits of Investments accounted using equity method				(209.36)
Profit/(Loss) before Tax	-	-	-	1,564.38
Tax Expense (Including Deferred Tax)	-	-	-	4,220.16
Profit/(Loss) After Tax before extraordinary Items	-	-	-	(2,655.78)
Extraordinary Items	-	-	-	-
Profit/(Loss) After Tax	-	-	-	(2,655.78)
Other Information				
Carrying Amount of Segment Assets	244,148.09	101,676.28	17,226.94	363,051.31
Carrying Amount of Segment Liabilities	152,097.39	72,381.25	6,903.40	231,382.04
Capital Expenditure	272.60	129.76	-	402.36
Depreciation / Amortisation	578.80	275.51	-	854.30

(i) Unallocated revenue mainly consists of Income from Insurance business.

(ii) Unallocated expenses comprise of expenses towards corporate social responsibility, directors sitting fees, conveyance expenses, foreign expense loss and other administrative expenses.

(iii) Segment assets comprise mainly of retail loans, dealer finance loans, interest accrued on retail loans and dealer finance loans, receivable from interest subvention. Unallocated assets represent mainly other loans and advances, deferred tax assets cash and cash equivalents, advance tax & TDS and security deposits. Segment liabilities include payable for retail finance and dealer finance, trade and other payables and borrowings. Unallocated liabilities mainly include outstanding expenses and statutory liabilities. Carrying value of Segment assets includes Asset held for sale of Rs. 130.41 Lakhs (Previous year: Rs. 134.29 Lakhs) under Dealer Finance segment.

(iv) The Company does not have revenue from its customer who individually contributes more than 10 percent of the Company's revenue.



35) Disclosure on Restructured Advances

Year ended March 2021

Sl No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	-	3	1	4	8
		Amount outstanding	-	1,031.39	753.03	3,373.80	5,158.22
		Provision thereon	-	580.55	281.94	1,216.19	2,078.68
2	Fresh restructuring during the year	No. of borrowers	44	1	-	-	45
		Amount outstanding	3,584.78	10.12	-	-	3,594.89
		Provision thereon	166.17	4.33	-	-	170.49
3	Recovery	No. of borrowers	-	-	-	-	-
		Amount outstanding	(5.16)	(13.35)	-	(2,495.51)	(2,514.02)
		Provision thereon	-	10.01	-	(370.71)	(360.70)
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year and hence need not be shown as restructured standard advances at the beginning of the next Financial Year	No. of borrowers	-	(1)	-	(1)	-2
		Amount outstanding	-	(209.63)	-	(9.08)	(218.71)
		Provision thereon	-	(64.38)	-	(9.02)	(73.40)
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	53.08	1.60	54.68
		Provision thereon	-	-	16.82	1.60	18.42
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	(36.77)	-	(770.80)	(807.58)
		Provision thereon	-	(36.77)	-	(770.80)	(807.58)
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers	44	3	1	3	51
		Amount outstanding	3,579.61	781.76	806.11	100.00	5,267.49
		Provision thereon	166.17	493.73	298.77	67.26	1,025.92

Note: Since the disclosure of restructured advance accounts pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.



Year ended March 2020

Sl No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	-	2	1	3	6
		Amount outstanding	-	3,823.31	1.15	66.99	3,891.45
		Provision thereon	-	824.73	1.15	22.14	848.01
2	Fresh restructuring during the year	No. of borrowers	-	3	-	-	3
		Amount outstanding	-	1,031.39	-	-	1,031.39
		Provision thereon	-	580.55	-	-	580.55
3	Recovery	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	(17.99)	-
		Provision thereon	-	-	-	26.79	-
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year and hence need not be shown as restructured standard advances at the beginning of the next Financial Year	No. of borrowers	-	-	-1	-	-1
		Amount outstanding	-	-	(1.15)	-	(1.15)
		Provision thereon	-	-	(1.15)	-	(1.15)
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	(2)	1	1	-
		Amount outstanding	-	(3,823.31)	753.03	3,324.79	254.51
		Provision thereon	-	(824.73)	281.94	1,167.26	624.48
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers	-	3	1	4	8
		Amount outstanding	-	1,031.39	753.03	3,373.80	5,158.22
		Provision thereon	-	580.55	281.94	1,216.19	2,078.68

Note: Since the disclosure of restructured advance accounts pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

- 36) The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	(Rs. in Lakhs)	
	March 31, 2021	March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	23.40	25.72
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding small scale industrial undertakings and micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

37) Contingent Liabilities and other Capital Commitments

a. Contingent liabilities not provided for in respect of

Particulars	(Rs. in Lakhs)	
	March 31, 2021	March 31, 2020
Disputed claims not acknowledged as debt	196.56	156.72
Service tax matters under appeal	5,071.85	5,071.85
Income tax matters under appeal	673.55	89.20

- i. The Company is of the opinion that the above demands are not tenable and expects to succeed in its appeals/defense

ii. Service Tax Matter

Group received show cause notice from Office of the Assistant Commissioner of Service Tax demanding service tax of Rs. 2,537.76, Lakhs on certain transactions. The Group has disputed the said show cause notice and started paying the service tax on those transactions under protest. The Commissioner of Service Tax had passed order dated February 20, 2017 confirming the stand taken by the department to pay service tax along with interest and penalty.

The Group has disputed the order passed by the Commissioner of Service Tax and has filed appeal before The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) in the financial year 2017-18.

Accordingly, service tax matter in respect of which assessment pending is Rs. 5,071.85 Lakhs (March 31, 2020 Rs. 5,071.85 Lakhs) and the amount paid under protest Rs. 2,534.08 Lakhs (March 31, 2020 Rs. 2,534.08 Lakhs). This is being disputed by the Company and not provided for.



iii. **Income Tax Matter**

In respect of Income Tax matter, in FY 2015-16 the Company had received show cause notice for non deduction of withholding tax on payment to non-residents. The company has disputed the said show cause notice and paid the disputed liability under protest. The Income Tax Appellate Tribunal (ITAT) has passed order confirming the stand taken by the department to pay withholding tax along with interest and penalty. The Company is disputing the said order and has filed an appeal with the High Court. The Company has also received penalty order under section 271C of The Income Tax Act, 1961 which has been disputed by the Company and the appeal against the same has been filed with Commissioner of Income Tax (Appeal).

For FY 2015-16 and FY 2016-17, Transfer Pricing Officer / Assessing Officer had made an adjustment for Information Technology Support Services (ITSS) availed from its Associated Enterprise (AE). The assessment orders were passed for both years treating the arm's length price of ITSS transaction as Nil. The TPO / AO replying on OECD guidelines on Intra Group Services stated in the order that assessee did not satisfy the Need-Evidence-Benefit test and the arm's length price (ALP) was determined to be Nil. The Company is disputing the said order and has filed an appeal with the Commission of Income Tax (Appeals).

For FY 2015-16 and FY 2016-17, the Company has paid 20% of the total demand tax raised for each of the years. The tax on IT Support Services adjustment of Rs. 266.21 Lakhs (March 31, 2020 Rs. Nil) and Rs. 318.14 Lakhs (March 31, 2020 Rs. Nil) for FY 2015-16 and FY 2016-17 respectively are disputed by Company and hence not provided for.

Accordingly, Income tax matter in respect of which appeals have been filed is Rs. 673.55 Lakhs (March 31, 2020 Rs. 89.20 Lakhs) and Rs. 44.60 Lakhs (March 31, 2020 Rs. 44.60 Lakhs) had been paid under protest. This is being disputed by the Company and hence not provided for.

b. **Capital Commitments :**

Estimated value of contracts in capital account remaining to be executed is INR 40.38 lakhs (March 31, 2020: NIL)

Amounts sanctioned but not disbursed: Rs. Nil Lakhs (March 31, 2020: Rs. 1,997.78 Lakhs)

38) **Corporate social responsibility expenses**

(i) Gross amount required to be spent by the Company during the year: (Rs in Lakhs)

72.13

(ii) Amount spent during the year on: (Rs. In Lakhs)

Particulars	Paid	Yet to be paid	Total
Construction, acquisition of any asset	Nil	Nil	Nil
On purposes other than the above*	75.00	-	75.00

* Excludes Rs. 23.42 lacs was spent during the year pertaining to CSR budget for the year ended 31 March 2020.

Eligible excess spend on CSR of INR 1.74 lakhs during the year 2020 -21 to be carried forward to Year 2021-22



39) Tax expense

(i) Amounts recognised in profit and loss

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Current tax expense		
Current period	809.09	3.20
Changes in estimated related to prior years	-	47.82
Total current tax expense (A)	809.09	51.02
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	105.69	527.23
Reduction in tax rate	-	3,641.90
Recognition of previously unrecognised tax losses	-	-
Change in recognised deductible temporary differences	-	-
Deferred tax expense (B)	105.69	4,169.13
Tax expense for the year (A)+(B)	914.78	4,220.15

(ii) Amounts recognised in other comprehensive income

Particulars	Year ended March 31, 2021			Year ended March 31, 2020		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
(a) Remeasurements of defined benefit liability (asset)	1.03	(0.26)	0.77	(11.10)	2.79	(8.31)
Total	1.03	(0.26)	0.77	(11.10)	2.79	(8.31)

(iii) Movement in deferred tax balances

Particulars	March 31, 2021					
	Opening balance March 31, 2020	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Property, plant and equipment	92.64	(4.83)	-	(4.83)	87.80	-
Loans	307.84	(107.41)	-	(107.41)	200.42	-
Security deposits	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-
Employee benefits	320.33	(209.01)	-	(209.01)	111.32	-
Equity-settled share-based payments	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-
Provisions	9,106.61	166.68	-	166.68	9,273.29	-
Unabsorbed Depreciation	-	-	-	-	-	-
Other items	(978.68)	(284.85)	-	(284.85)	-	(1,263.53)
Total	8,848.73	(439.43)	-	(439.43)	9,672.83	(1,263.53)



Particulars	(Rs. in Lakhs)					
	Opening balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Property, plant and equipment	114.77	(22.13)	-	(22.13)	92.64	-
Indexation benefit on land and shares	-	-	-	-	-	-
Loans	400.77	(400.77)	-	(400.77)	307.84	-
Security deposits	48.81	(48.81)	-	(48.81)	-	-
Borrowings	-	-	-	-	-	-
Employee benefits	367.21	(46.88)	10.78	(46.88)	320.33	-
Equity-settled share-based payments	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-
Provisions	13,451.88	(4,345.27)	-	(4,345.27)	9,106.61	-
Unabsorbed Depreciation	-	-	-	-	-	-
Other items	(1,365.57)	386.89	-	386.89	-	(978.68)
Total	13,017.87	(4,476.97)	10.78	(4,476.97)	9,827.41	(978.68)

(iv) Effective Tax Rate

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Profit before tax		
Profit Before Tax	2,960.02	1,774.00
Tax rate	25.168%	25.168%
Tax on profits	744.98	446.00
Tax effect of:		
CSR expenses	24.77	36.70
Interest on Late Payment of TDS	1.15	9.40
Prior Period Expenses	-	-
tax on perquisites u/s 10(10CC)	3.58	19.75
Others	140.30	11.09
Total income tax expenses	914.78	523.36
Effective tax rate	30.90%	29.51%

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(v) Tax Balances

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Assets (Net)	3,097.10	1,491.89
Current Tax Liabilities (Net)	2,011.57	1,085.22
Total	(1,085.54)	(406.66)



40) Calculation of Impairment Reserve as per RBI Notification No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

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	203,726.96	2,215.12	201,511.84	814.91	1,400.21
Standard	Stage 2	31,218.75	3,598.09	27,620.66	124.87	3,473.21
Subtotal		234,945.71	5,813.20	229,132.50	939.78	4,873.42
Non-Performing Assets (NPA)						
Sub Standard	Stage 3	16,235.79	6,098.12	10,137.68	1,623.58	4,474.54
Doubtful 1	Stage 3	15,385.48	8,149.94	7,235.54	12,296.07	(4,146.13)
Doubtful 2	Stage 3	16,171.47	13,549.36	2,622.11	13,754.66	(205.30)
Doubtful 3	Stage 3	1,976.90	1,659.21	317.69	1,829.26	(170.05)
Subtotal		33,533.85	23,358.51	10,175.34	27,879.99	(4,521.48)
Loss	Stage 3	2,732.76	1,575.73	1,157.03	2,732.76	(1,157.03)
Subtotal for NPA		52,502.40	31,032.35	21,470.04	32,236.33	(1,203.98)
Total	Stage 1	203,726.96	2,215.12	201,511.84	814.91	1,400.21
	Stage 2	31,218.75	3,598.09	27,620.66	124.87	3,473.21
	Stage 3	52,502.40	31,032.35	21,470.04	32,236.33	(1,203.98)
	Total	287,448.10	36,845.56	250,602.54	33,176.11	3,669.45



otes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

41) Disclosures under Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015
Information provided pertaining to the Parent Company

i. Capital

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
a) CRAR (%)	46.81%	35.05%
b) CRAR – Tier I Capital (%)	45.56%	33.80%
c) CRAR – Tier II Capital (%)	1.25%	1.25%
d) Amount of subordinated debt raised as Tier-II capital	-	-
e) Amount raised by issue of Perpetual Debt Instrument	-	-

The Company has applied zero risk weight to the un-drawn credit facility in computation of the Capital Adequacy Ratio considering the same is unconditionally cancellable by the Company at any point of time.

ii Additional Disclosures

Provisions and Contingencies

Under the head Expenditure in Statement of Profit and Loss	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
a) Provisions for depreciation on Investment	-	-
b) Expected Credit Loss	662.27	(2,300.39)
c) Provision made towards Income tax (including Deferred Tax)	914.78	4,220.16
d) Other Provision and Contingencies	94.80	119.95

Concentration of Advances, Exposures and NPAs

Concentration of Advances

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Total Advances to twenty largest borrowers	68,522.99	74,693.27
Total Outstanding Advances	287,448.10	380,084.82
Percentage to Total Advances	23.84%	19.65%

Concentration of Exposures

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Total Exposure to twenty largest borrowers / customers	92,346.39	102,778.35
Total Exposure to Customers	357,598.24	493,079.35
Percentage to Total Exposure	25.82%	20.84%

Concentration of NPAs

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Total Outstanding to four largest borrowers / customers	17,198.64	18,237.63
Total Outstanding Advances	287,448.10	380,084.82
Percentage to Total Advances	5.98%	4.80%



Sector-wise NPAs

Sector		March 31, 2021 (Rs. in Lakhs)		March 31, 2020 (Rs. in Lakhs)	
		Amount	Percentage to Total Advances	Amount	Percentage to Total Advances
a)	Agriculture & allied activities	-		-	
b)	MSME	-		-	
c)	Corporate borrowers	-		-	
d)	Services	-		-	
e)	Unsecured personal loans	-		-	
f)	Auto loans and other related loans	52,502.40	18.26%	50,931.70	13.40%
g)	Other personal loans	-		-	

Movement of NPAs

Particulars		March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
a)	Net NPAs to Net Advances (%)	8.37%	6.25%
b)	Movement of NPAs (Gross)		
i)	Opening balance	50,931.70	46,189.48
ii)	Additions during the year	16,524.51	20,196.00
iii)	Reduction during the year	(14,953.81)	(15,453.78)
iv)	Closing balance	52,502.40	50,931.70
b)	Movement of Net NPAs		
i)	Opening balance	21,956.77	17,092.07
ii)	Additions during the year	7,052.64	9,539.57
iii)	Reduction during the year	(7,539.37)	(4,674.88)
iv)	Closing balance	21,470.04	21,956.77
c)	Movement of provisions for NPAs (excluding provisions on standard assets)		
i)	Opening balance	28,974.94	29,097.41
ii)	Provisions made during the year	9,471.86	10,656.42
iii)	Write-off	(5,542.99)	(7,467.76)
iv)	write-back of excess provisions	(1,871.45)	(3,311.13)
v)	Closing balance	31,032.35	28,974.94

iii Customer Complaints

Particulars		March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
a)	No. of complaints pending at the beginning of the	1	-
b)	No. of complaints received during the year	703	777
c)	No. of complaints redressed during the year	704	776
d)	No. of complaints pending at the end of the year	0	1



otes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

- iv

Registration obtained from other financial sector regulators

The Company has obtained Registration No. CA0142 to act as a Corporate Agent under the Insurance Act 1938 (IV of 1938) from Insurance Regulatory and Development Authority (IRDA).
- v

Disclosure of Penalties imposed by the Reserve Bank of India (RBI) and other regulators

No penalties imposed by RBI or any other Regulator.
- vi

Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency: India Ratings & Reaserch Private Limited

During the year, Company has obtained below mentioned credit rating on different dates for different products.

Date of Rating	Rating Agency	Commercial Paper	Others
23-Jul-20	India Ratings & Research Private Limited	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
07-Aug-20	ICRA Limited	ICRA A1+	NA
27-Aug-20	India Ratings & Research Private Limited	IND A1+	NA
08-Sep-20	ICRA Limited	ICRA A1+	NA
18-Nov-20	ICRA Limited	ICRA A1+	NA
18-Nov-20	India Ratings & Research Private Limited	IND A1+	NA
22-Jan-21	ICRA Limited	ICRA A1+	NA
22-Jan-21	India Ratings & Research Private Limited	IND A1+	NA
18-Mar-21	India Ratings & Research Private Limited	IND A1+	NA
19-Mar-21	ICRA Limited	ICRA A1+	NA

Date of Rating	Rating Agency	Non Convertible Debentures	Others
23-Jul-20	India Ratings & Research Private Limited	IND AAA/STABLE	IND AAA (Long Term) & IND A1+ (Short Term)

Date of Rating	Rating Agency	Bank Rating	Others
23-Jul-20	India Ratings & Research Private Limited	Long term Loan rating (IND AAA/STABLE)	IND AAA/STABLE
23-Jul-20	India Ratings & Research Private Limited	Short term loan rating (IND A1+)	IND A1+

vii Extent of financing of parent company products

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Loan outstanding as at year end out of the amount financed to parent company products	281,531.78	369,876.19
Company Portfolio	287,448.10	380,084.82
Percentage of financing for parent product upon Company's portfolio	97.94%	97.31%

viii Investments

Particulars	March 31, 2021 (Rs. in Lakhs)	March 31, 2020 (Rs. in Lakhs)
Gross Value of Investments	9,019.71	2449.84
Provision for Depreciation on Investments	-	-
Net Value of Investments	9,019.71	2449.84
Movement of provisions held towards depreciation on investments	-	-

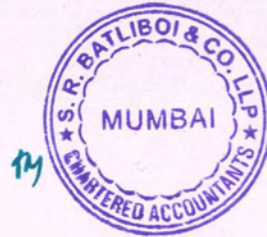


Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

ix. Maturity pattern of certain items of assets and liabilities

As on March 31, 2021

Particulars	(Rs. in Lakhs)								Total
	Upto 30/31 days (one month)	Over 1 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	
Liabilities									
Borrowings from banks									
Working capital Demand Loans	37,500.00	18,500.00	-	-	-	-	-	-	56,000.00
Bank Overdraft	17,450.00								17,450.00
Long Term Loans	4,500.00	-	-	11,100.00	26,800.00	6,400.00	-	-	48,800.00
Market borrowings									
Commercial Papers	-	-	-	-	-	-	-	-	-
Non Convertible Debentures	-	15,732.33	-	-	-	-	-	-	15,732.33
Assets									
Loans									
Advances* @ - Retail Std Asset	5,459.66	5,371.67	5,296.04	15,409.86	26,308.85	65,683.79	21,851.98	3,215.82	148,597.66
Advances* - Retail Sub Std Asset							3,576.95	-	3,576.95
Advances* - Retail Doubtful and Loss							9,023.85	2,412.64	11,436.49
Advances*# - Wholesale Std	35,133.90	1,491.75	1,490.09	4,485.76	11,695.28	22,374.75	3,819.06	2,219.67	82,710.25
Advances* - Wholesale Sub Std							10,148.58	1,625.65	11,774.23
Advances* - Wholesale Doubtful and							-	29,352.52	29,352.52
Investments - Fixed Deposits	1,500.00					1.47			1,501.47
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-



As on March 31, 2020

(Rs. in Lakhs)

Particulars	Upto 30/31 days (one month)	Over 1 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									
Working capital Demand Loans	15,570.82	-	-	-	-	-	-	-	15,570.82
Bank Overdraft	-	-	-	-	-	-	-	-	-
Long Term Loans	-	-	-	-	6,300.00	48,800.00	-	-	55,100.00
Market borrowings	15,570.82	-	-	-	6,300.00	48,800.00	-	-	
Commercial Papers									-
Non Convertible Debentures	-	21,459.84	10,648.41	74,939.87	30,000.00	15,000.00	-	-	152,048.12
Assets									
Loans									0.01
Advances* @ - Retail Std Asset	7,363.37	7,165.17	7,047.05	25,100.92	40,447.40	105,762.93	37,929.43	9,328.96	240,145.23
Advances* - Retail Sub Std Asset	-	-	-	-	-	-	3,779.40	328.69	4,108.09
Advances* - Retail Doubtful and Loss	-	-	-	-	-	-	-	8.49	8.49
Advances*# - Wholesale Std	24,109.46	1,647.99	1,657.10	7,365.00	11,356.94	31,084.19	7,263.17	1,791.81	86,275.67
Advances* - Wholesale Sub Std	-	-	-	-	-	-	6,359.88	779.67	7,139.55
Advances* - Wholesale Doubtful and	-	-	-	-	-	-	-	6,475.41	6,475.41
Investments - Fixed Deposits	-	-	-	-	-	1.00	-	-	1.00
Foreign Currency Assets									-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-



x. The Company has no disclosures to make in respect of the following items as the relevant items are either NIL or Not Applicable

Derivatives:	<p>Forward Rate Agreement / Interest Rate Swaps Notional Principal of Swap Agreements Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements Collateral required by the NBFC upon entering into swaps Concentration of credit risk arising from the swaps The fair value of the swap book</p> <p>Exchange Traded Interest Rate Derivatives Notional Principal amount of exchange traded interest rate derivatives undertaken during the year Notional Principal amount of exchange traded interest rate derivatives outstanding as at March 31, 2018 Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"</p> <p>Quantitative Disclosures Derivative (Notional Principal Amount) Marked to Market Positions Credit Exposure Unhedged Exposure</p>
Securitisation:	<p>No of SPVs sponsored by the NBFC for securitisation transactions Total amount of securitised assets as per books of the SPVs sponsored Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet Amount of exposures to securitisation transactions other than MRR</p> <p>Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction No. of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value</p> <p>Assignment transactions undertaken No. of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value</p> <p>Details of non-performing financial assets purchased No. of accounts purchased during the year Aggregate outstanding</p> <p>Of these, number of accounts restructured during the year Aggregate outstanding</p> <p>Details of non-performing financial assets sold No. of accounts sold Aggregate outstanding Aggregate consideration received</p>
Exposure to Real Estate Sector	Residential Mortgages Commercial Real Estate Investments in Mortgage Backed Securities (MBS) and other securitised exposures
Exposure to Capital Market	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances; Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; Bridge loans to companies against expected equity flows / issues; All exposures to Venture Capital Funds (both registered and unregistered)



Concentration of Deposits	Total Deposits of twenty largest depositors Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC
Other Disclosure	During the year, there are no penalties levied by RBI / other regulators During the year, Company has not postponed revenue recognition on account of pending uncertainties. During the year, Company has not made any draw down of reserves. Company does not have any overseas joint venture / subsidiary. There are no SPVs sponsored by the Company

- 42a) Disclosures required by paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure I. Information provided pertaining to the Parent Company
- 42b) Disclosure pursuant to Circular No. DNBS.PD.CC.No 256 /03.10.42 / 2011-12 dated March 02, 2012 on Monitoring of frauds, the frauds detected and reported for the year amounted to Rs. 341 Lakhs (Previous year Rs. 897.54 Lakhs). Information provided pertaining to the Parent Company.
- 43) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts.
- 44) The auditors have qualified the Report on Reporting on subsidiary's internal financial control system over recognition of revenue as per contractual terms and assessing the requirement for recording sales related adjustments in accordance with the requirement of Ind AS 115 'Revenue from contracts with customers' were not operating effectively. In this regard, the subsidiary company has been consistently following the practice of booking the commission revenue upon confirmation from lenders though accrual of commission receivable was being accounted on the basis of best estimate. Due to ongoing pandemic and disturbed logistics at the end of the subsidiary and lenders, availability of lender's confirmation was delayed and thus forced to defer the revenue recognition as on March 31, 2021. This situation has been remedied by speeding up the follow up with lenders on obtaining lender's confirmation. Subsequent to 31st March, 2021, most of the lender's confirmations were obtained and reconciliations were done to effectively raise invoices and recognise revenues. The necessary processes have been established to ensure effective internal and operational control.



Volkswagen Finance Private Limited
ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2021

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company

(as required in terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

(All amounts in Lakhs)

Liabilities Side			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	Particulars	Amount outstanding	Amount overdue
	(a) Debentures : Secured	15,732.33	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits)#	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	48,800.00	-
	(d) Intercompany loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits#	-	-
	(g) Other Loans - Working Capital Demand Loan	56,000.00	-
	- Bank Overdraft	17,450.00	-
	# Refer to note 1 below		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	Particulars	Amount outstanding	Amount overdue
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the	-	-
	(c) Other public deposits	-	-
Asset Side			
		Amount Outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured		180,364.33
	(b) Unsecured*		107,083.77
(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		-
	(b) Operating lease		(0.00)
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(5)	Break-up of Investments :		
	Current investments:		
	1. Quoted		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of Mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-
	2. Unquoted		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of Mutual funds		-
	(iv) Government Securities		-
	(v) Others (Certificate of Deposits, Commercial Paper & PTC)		-

* Excludes advance income tax/tax deducted at source (net of provisions) and other advances (not related to lending activity)



Break-up of Investments (continued)...		Amount Outstanding		
Long Term investments				
1. Quoted				
(i) Shares: (a) Equity				
(b) Preference				
(ii) Debentures and Bonds				
(iii) Units of Mutual funds				
(iv) Government Securities				
(v) Others (please specify)				
2. Unquoted				
(i) Shares: (a) Equity		8,514.71		
(b) Preference		505.00		
(ii) Debentures and Bonds				
(iii) Units of Mutual funds				
(iv) Government Securities				
(v) Others (please specify)				
Value of Investments				
1. Gross Value of Investment				
In India		9,019.71		
Outside India				
2. Provision for Investment				
In India				
Outside India				
3. Net Value of Investment				
In India		9,019.71		
Outside India				
(6)	Borrower group-wise classification of assets financed as in (2) and (3) above: (Refer note 2 below)			
	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	180,364.33	107,083.77	287,448.10
	Total	180,364.33	107,083.77	287,448.10
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Refer note 3 below)			
	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	-		-
	** As per Accounting Standard issued by ICAI (Refer note 3 below)			
	2. Other than related parties			-
	Total			-
(8)	Other Information			
	Particulars	Amount		
(i)	Gross Non Performing Assets			
	(a) Related Parties			
	(b) Other than related parties	52,502.40		
(ii)	Net Non-Performing Assets			
	(a) Related Parties			
	(b) Other than related parties	21,470.04		
(iii)	Assets acquired in satisfaction of debt	130.40		

Notes:

- As defined in point xxvii of paragraph 3 of Chapter -2 of these Directions.
- Provisioning norms shall be applicable as prescribed in these Directions.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

45) SEBI Disclosure

Information provided pertaining to the Parent Company

(a) Initial Disclosure in terms of Para 4.1 of circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018

Particulars	Details
1 Name of the company	Volkswagen Finance Private Limited
2 CIN	U65999MH2009FTC189640
3 Outstanding borrowing of company as on March 31st, 2021 (Rs. in lakhs)	137,982.33
4 Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	ICRA Limited - A1+ for Short Term Rating India Ratings and Research Private Limited - IND A1+ Short Term Rating & IND AAA/Stable for Long Term Rating
5 Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

The Company confirms that it is a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

45 (b) Disclosure under Regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Debenture Trustees:

Vistra ITCL (India) Limited
The IL&FS Financial Centre,
Plot C- 22, G Block, 7th Floor
Bandra Kurla Complex, Bandra (East),
Mumbai 400051

Tel: +91 022 2659 3602

Email: itclcomplianceofficer@vistra.com

Website: www.vistraitcl.com

(c) Disclosure under Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Related Party transactions

Particulars	March 31, 2021 (Rs. In Lakhs)	March 31, 2020 (Rs. In Lakhs)
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-
(Refer Related party disclosure Note 33)	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

(d) Disclosure under Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Asset cover

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of Rs. 20.91 lakhs and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of auto loan.

46

A Summary of acquisition

VWFPL has acquired 67.7% stake on 5th January 2021 from existing shareholders of Kuwy at Rs.820.84 per share by discharging Rs.3006.82 lakhs cash consideration. The acquisition will provide access to a large and unique client base of the Kuwy and would result in the digital presence of group and strengthens its leadership position in the digital auto car loans market.

B Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Particulars	Amount (Rs. In Lakhs)
Cash paid to existing equity shareholder	3,006.82
Fair Value of previously acquired shares	3,426.39
Total Purchase consideration as per Ind AS 103	6,433.21

C The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	Fair Value (Rs.in Lakhs)
Non-current assets	
Property, plant and equipment	
Furniture and fixtures	1.40
Office equipment	0.56
Computer	18.41
Trade Name	614.00
Software Platform	2,014.00
Right-of-use assets	89.30
Financial assets	
-Other financial assets	20.67
Current assets	
Financial assets	
- Trade receivables	137.36
- Cash and cash equivalents	17.78
- Bank balances other than cash and cash equivalents	522.38
- Other financial assets	4.68
Other current assets	1,177.85
	4,618.39
Non-current liabilities	
Financial liabilities	
-Lease liabilities	67.50
Provisions	2.96
Current liabilities	
Financial liabilities	
- Payables to the loan amount recipient	502.96
- Other financial liabilities	404.52
Total Liabilities	977.94
Net Assets	3,640.45
Deferred Tax Liabilities	(336.28)
Net identifiable assets acquired	3,304.17



D Calculation of Goodwill

Particulars	Amount (Rs. In Lakhs)
Purchase consideration (Refer Note 46B)	6,433.21
Non-controlling interest in the acquired entity	1,624.38
Less: Net identifiable assets acquired	(3,304.17)
Goodwill	4,753.42

E Goodwill on consolidation

Particulars	March 31, 2021 (Rs. In Lakhs)
Cost as at beginning of the year	-
Addition relating to acquisition of subsidiary	4,753.42
Cost as at end of the year	4,753.42
Impairment as at beginning of year	-
Charge for the year	-
Impairment as at end of the year	-
Net carrying value as at beginning of the year	-
Net carrying value as at end of the year	4,753.42

Goodwill recognized during the year ended March 31, 2021 relates to the acquisition of the 67.7% equity stake by the Company in Kuwy Technology Services Private Limited (Kuwy). The goodwill relates to synergies from combining the acquiree activities with those of the Group including its software platform. The goodwill is attributable to the software platform and the synergy benefits of the acquired business.

F Significant judgement**Accounting policy choice for non-controlling interests**

The group recognises non-controlling interests in the acquired entity either at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets.

Revenue and profit contribution

The acquired business contributed revenues of Rs.260.80 lakhs and net loss of Rs. 1711.87 lakhs to the group for the period from 5 January to 31 March 2021. If the acquisition had occurred on 1 April 2020, consolidated pro-forma revenue and profit for the year ended 31 March 2021 would have been Rs.31,293.15 and Rs.1367.27 lakhs respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from Jan 5, 2021, together with the consequential tax effects.

G**Acquisition related costs**

Acquisition-related costs of Rs.6.48 lacs are included in other expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows.



Volkswagen Finance Private Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2021 (continued)

H Additional Information as required under Schedule III of Companies Act, 2013, of enterprises consolidated as subsidiary

Particulars	Net assets, i.e total assets minus total liabilities	
	As % of consolidated net assets	Amount
Parent - Volkswagen Finance Private Limited	99.94%	133,898.97
Subsidiary- Kuwy Technology Services Private Limited	0.06%	78.50
		133,977.47

Particulars	Share in profit or loss	
	As % of consolidated profit or loss	Amount
Parent - Volkswagen Finance Private Limited	109%	2,228.92
Subsidiary- Kuwy Technology Services Private Limited	-9%	(183.67)
		2,045.25

Particulars	Share in other	
	As % of consolidated profit or loss	Amount
Parent - Volkswagen Finance Private Limited	100.00%	0.77
Subsidiary- Kuwy Technology Services Private Limited	0%	-
		0.77

I Pursuant to the acquisition of controlling stake in Kuwy, the Parent Company has prepared these consolidated financial results for the first time. Accordingly, figures for the corresponding periods represent the consolidated financial results of the Parent Company and its associate and are not comparable.



The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government considerably impacted the Company's business operations during the year ended 31 March 2021. Apart from other adverse effects, the pandemic resulted in a significantly lower business acquisition and constrained recovery of overdues from customers for the large part of the year.

In accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium to its customers based on requests as well as on suo-moto for EMIs falling due between 1 March 2020 to 31 August 2020. Further, the Company offered resolution plan to its customers pursuant to the RBI's guideline 'Resolution framework for COVID-19 related stress' dated 6 August 2020.

The Company holds a management overlay of Rs 1000 lakhs as at 31 March 2021.

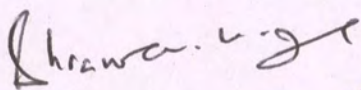
In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Company has carried out provisions for ECL after factoring management overlay allowance, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used indicators of moratorium, delayed payment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on loans. Given the unique nature and scale of the economic impact of this pandemic, these estimates are subject to uncertainty and may be affected by the severity and duration of pandemic.

Notes to the Financial Statements referred to herein above form an integral part of the financial statements.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/300005



per Shrawan Jalan

Partner

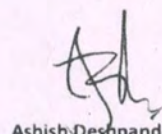
Membership No. 102102

Mumbai

June 28, 2021



For and on behalf of the Board of Directors



Ashish Deshpande

Chief Executive Officer &

Managing Director

DIN 08314277

Mumbai

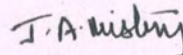


Jorg Thielemann

Additional Director

DIN No -09037877

Braunschweig



Jinal Visrodia

Company Secretary

Membership No. A53806

Mumbai

