## INDEPENDENT AUDITOR'S REPORT

**To the Members of Volkswagen Finance Private Limited**

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Volkswagen Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai



National Insurance Building, 2nd Floor, 204, Dr. D. N. Road, Fort, Mumbai - 400 001.
Tel.: +91-22-2207 7942 / 2201 4930 • Email: auditteam@bnpindia.in

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

**Other Matter**

The audit of the figures for the year ended March 31, 2021, was conducted by the predecessor auditors who had expressed an unmodified opinion in their report dated June 28, 2021. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

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

2. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the Act are not applicable to the Company.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.

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

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

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

v. The Company has not declared or paid any dividend during the year.

**For BATLIBOI & PUROHIT**
Chartered Accountants
ICAI Firm Reg. No.101048W

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**Janak Mehta**
Partner
Membership No. 116976

Place: Mumbai
Date: June 30, 2022
ICAI UDIN: 22116976AMAELZ8298

**Annexure - A to the Independent Auditors' Report**
(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Volkswagen Finance Private Limited** of even date)

i In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.

(e) According to the information and explanations given to us, no proceedings have been initiated, or were pending, during the year against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) During the year, the Company did not have existing sanctioned working capital limits in excess of Rs. 5 crore rupees, in aggregate, from banks on the basis of security of its current assets. Hence, reporting under clause 3(ii)(b) of the Order is not applicable.

iii The Company has granted unsecured / secured loans to its subsidiary company and other parties, during the year, in respect of which:

(a) The Company's principal business is to give loans therefore reporting under Clause 3(iii)(a) of the Order is not applicable.

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(b) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of loans, and investments made during the year, prima facie, are not prejudicial to the Company's interest.

(c) In respect of the loans/advances in the nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a Non-Banking Financial Company engaged in the business of granting loans, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported since it is not practicable to furnish such details owing to the voluminous nature of the data generated in the normal course of Company's business. Further except for the instances where there are delays or defaults in repayment of principal and/or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Ind AS and the guidelines issued by the RBI for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 40 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans/advances in nature of loans, the total amount overdue for more than 90 days as at March 31, 2022 is Rs 31,005.21 lakhs, in respect of 113 borrowers. In such instances, in our opinion, based on information and explanation provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon.

(e) The Company's principal business is to give Loans therefore reporting under Clause 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

iv In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

v According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

vi The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

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vii In Respect of Statutory Dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, income tax and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, the following dues of income tax and service tax have not been deposited on account of dispute:

| **Name of statute** | **Forum where the dispute is pending** | **Amount of dues (Rs. In lakhs)** | **Period to which amount relates** |
|---|---|---|---|
| The Income tax Act, 1961 | Bombay High Court | 89.20 | 2014-15 |
| The Income tax Act, 1961 | Commissioner of Income Tax (Appeals) | 266.21 | 2015-16 |
| The Income tax Act, 1961 | Commissioner of Income Tax (Appeals) | 318.14 | 2016-17 |
| The Central Excise Act, 1944 | The Customs, Excise and Service tax Appellate Tribunal (CESTAT) | 5,071.85 | April 2011 to March 2015<br>April 2015 to June 2017 |

*Amounts paid under dispute have not been included in the above table

viii According to the information and explanations given to us, no transactions have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which was not recorded in the books of account. Accordingly, paragraph 3(viii) of the Order is not applicable.

ix (a) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to banks or financial institutions or debenture holders. There were no outstanding loans from government during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans for the purposes for which they were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has not raised any funds for short term purpose in the current year. Accordingly, paragraph 3(ix)(d) of the Order is not applicable.

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(e) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary company.

(f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary company.

x (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally) during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable.

xi (a) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, in our opinion and based on the audit procedures performed by us, no report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was filed with the Central Government during the year or upto the date of this Report.

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

xii In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' company and it has not accepted any deposits. Accordingly, paragraph 3(xii)(a), paragraph 3(xii)(b) and paragraph 3(xii)(c) of the Order is not applicable.

xiii According to the information and explanations given to us and based on the audit procedures performed by us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued upto the date of this Report, for the period under audit.

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xv According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions of section 192 of the Act and paragraph 3(xv) of the Order is not applicable.

xvi (a) According to the information and explanations given to us, the Company has registered under section 45-IA of the Reserve Bank of India Act, 1934. However, the financial assets of the Company (excluding cash and bank balances) are less than 50% of the Total Assets of the Company and the Company has made an application to RBI for surrender of its NBFC license. (refer Note 47 in the financial statements).

(b) According to the information and explanations given to us and based on audit procedures performed by us, the Company has not conducted any Non-Banking Financial activities during the year without a valid certificate of registration (CoR) from the RBI. Further as represented by the Management, the Company has not engaged in Housing Finance Activities.

(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations given to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Direction 2016) does not have Core Investment Companies (CICs) as part of the Group.

xvii In our opinion and according to the information and explanations given to us, the Company has incurred cash losses amounting to Rs. 47,372.84 lakhs during the financial year. No cash losses were incurred in the immediately preceding financial year.

xviii There has been resignation of the statutory auditors during the year pursuant to RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021. According to the information and explanations given to us, there were no issues, objections or concerns raised by the outgoing auditors.

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xix On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due (Refer Note 46 in the financial statements).

xx (a) According to the information and explanations given to us and based on audit procedures performed by us, there were no unspent amounts in terms of sub-section (5) of Section 135 of the Act during the year. Accordingly, second proviso to sub-section (5) of section 135 of the said Act and paragraph 3(xx)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on audit procedures performed by us, the Company did not have any ongoing project in terms of Section 135 of the Act during the year. Accordingly, provision of sub-section (6) of section 135 of the said Act and paragraph 3(xx)(b) of the Order is not applicable.

**For BATLIBOI & PUROHIT**
Chartered Accountants
ICAI Firm Reg. No.101048W

**Janak Mehta**
Partner
Membership No. 116976
Place: Mumbai
Date: June 30, 2022
ICAI UDIN: 22116976AMAELZ8298

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**Annexure - B to the Auditors' Report**

(referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of the Company of even date)

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

We have audited the Internal Financial Controls over financial reporting of **Volkswagen Finance Private Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

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

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

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

**For BATLIBOI & PUROHIT**
Chartered Accountants
ICAI Firm Reg. No.101048W

**Janak Mehta**
Partner
Membership No. 116976

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

Place: Mumbai
Date: June 30, 2022
ICAI UDIN: 22116976AMAELZ8298

**Volkswagen Finance Private Limited**
**Standalone Balance Sheet as at March 31, 2022**

| | Particulars | Note | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|---|---|
| | **ASSETS** | | | |
| | **Financial assets** | | | |
| (a) | Cash and cash equivalents | 2 | 53,971.79 | 4,739.44 |
| (b) | Bank balances other than cash and cash equivalents | 3 | 7,501.41 | 1.47 |
| (c) | Receivables | 4 | | |
| | (I) Trade receivables | | 764.19 | 715.78 |
| | (II) Other receivables | | 1,400.35 | - |
| (d) | Loans | 5 | 19,096.96 | 250,602.54 |
| (e) | Investment | 6 | 9,019.71 | 9,019.71 |
| (f) | Other financial assets | 7 | 419.64 | 399.27 |
| | **Total financial assets** | | **92,174.05** | **265,478.21** |
| | **Non-financial assets** | | | |
| (a) | Deferred tax asset (net) | | - | 8,733.61 |
| (b) | Property, plant and equipments | 8 | 443.75 | 591.85 |
| (c) | Right of use assets | 8 | 1,525.44 | 1,855.63 |
| (d) | Intangible assets | 8 | 95.08 | 159.44 |
| (e) | Capital work-in-progress | 8 | - | - |
| (f) | Intangible assets under development | 8 | - | - |
| (g) | Other non financial assets | 9 | 5,392.05 | 6,551.88 |
| (h) | Assets held for sale | 9 | 130.41 | 130.41 |
| | **Total non financial assets** | | **7,586.73** | **18,022.83** |
| | **TOTAL ASSETS** | | **99,760.78** | **283,501.03** |
| | **LIABILITIES AND EQUITY** | | | |
| | **Liabilities** | | | |
| | **Financial liabilities** | | | |
| (a) | Payables | | | |
| | (I) Trade payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | 10 | 11.95 | 23.40 |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 10 | 1,136.32 | 4,797.81 |
| | (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 | 723.43 | - |
| (b) | Debt securities | 11 | - | 15,732.33 |
| (c) | Borrowings (Other than debt securities) | 12 | - | 122,250.00 |
| (d) | Lease liability | 13 | 1,474.54 | 1,722.10 |
| (e) | Other financial liabilities | 13 | 601.52 | 698.08 |
| | **Total financial liabilities** | | **3,947.76** | **145,223.72** |
| | **Non-financial liabilities** | | | |
| (a) | Current tax liabilities (net) | 14 | 1,997.48 | 2,011.57 |
| (b) | Provision for expenses | 14 | 1,530.95 | 1,451.94 |
| (c) | Other non financial liabilities | 14 | 748.13 | 914.83 |
| | **Total non financial liabilities** | | **4,276.56** | **4,378.34** |
| | **Equity** | | | |
| (a) | Equity share capital | 15 | 116,880.21 | 116,880.21 |
| (b) | Other equity | 16 | (25,343.75) | 17,018.76 |
| | **Total equity** | | **91,536.46** | **133,898.97** |
| | **TOTAL LIABILITIES AND EQUITY** | | **99,760.78** | **283,501.03** |
| | 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 Batliboi & Purohit**
Chartered Accountants
ICAI Firm Registration No. 101048W

**Janak Mehta**
Partner
Membership No. 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Mumbai
June 30, 2022

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

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

**Christian Rosswag**
Chief Financial Officer &
Managing Director
DIN No -09382572

VOLKSWAGEN FINANCE PVT. LTD.
MUMBAI

J.A. Visrodia

**Jinal Visrodia**
Company Secretary
Membership No. A53806

**Volkswagen Finance Private Limited**
**Statement of Standalone Profit and Loss for the year ended March 31, 2022**

| | Particulars | Note | Year Ended March 31, 2022 (Rs. In Lakhs) | Year Ended March 31, 2021 (Rs. In Lakhs) |
|---|---|---|---|---|
| I | **Revenue From Continuing Operations** | | - | - |
| II | **Revenue From Discontinued Operations** | | | |
| (i) | Interest income | 17 | 12,639.63 | 30,292.15 |
| (ii) | Fees and commission income | 18 | 3,950.49 | 3,532.00 |
| (iii) | Other operating income | 19 | 269.38 | 763.38 |
| (iv) | Recoveries from financial assets written off | | 60.34 | 267.59 |
| | **Total Revenue from Discontinued operations** | | **16,919.84** | **34,855.12** |
| III | Other income | 20 | 638.51 | 379.03 |
| IV | **Total Income from Discontinued operations ( II + III)** | | **17,558.35** | **35,234.15** |
| V | **Expenses from continuing operations** | | - | - |
| VI | **Expenses from Discontinued operations** | | | |
| (i) | Finance costs | 21 | 3,635.61 | 13,113.62 |
| (ii) | Fees and commissions expense | 22 | 3,088.86 | 2,389.43 |
| (iii) | Impairment on financial instruments | 23 | (13,957.05) | 6,205.43 |
| (iv) | Employee benefits expenses | 24 | 2,691.69 | 3,818.82 |
| (v) | Depreciation and amortization expenses | 8 | 682.48 | 775.29 |
| (vi) | Other expenses | 25 | 6,518.95 | 5,775.88 |
| | **Total Expenses from Discontinued Operations** | | **2,660.54** | **32,078.47** |
| VII | **Profit / (Loss) after tax for Continuing operations (I-V)** | | - | - |
| VIII | Profit before exceptional items and tax from Discontinued operations (III - IV) | | 14,897.81 | 3,155.68 |
| IX | Exceptional items from Discontinued operations (Loss) | 25 | (48,530.15) | - |
| X | Profit / (Loss) before tax from Discontinued operations | | (33,632.34) | 3,155.68 |
| XI | Tax expense from Discontinued operations | | 8,733.61 | 926.75 |
| | (1) Current tax | | - | 809.09 |
| | (2) Deferred tax (credit) / charge | | 8,733.61 | 117.66 |
| XII | **Profit / (Loss) after tax from Discontinued Operations (X-XI)** | | **(42,365.95)** | **2,228.93** |
| XIII | **Profit /(Loss) for the period (VII + XII)** | | **(42,365.95)** | **2,228.93** |
| XIV | **Other Comprehensive Income from Discontinued Operations** | | | |
| | A (i) Items that will not be reclassified to profit or loss | | 3.43 | 1.03 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | (0.26) |
| | Subtotal (A) | | 3.43 | 0.77 |
| | B (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| | Subtotal (B) | | - | - |
| | **Other Comprehensive Income (A + B)** | | 3.43 | 0.77 |
| XV | **Total Comprehensive Income for the year from Discontinued Operations (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the year)** | | **(42,362.52)** | **2,229.70** |
| XVI | Earnings per equity share of Rs.10 each from Continuing operations | | | |
| | Basic and Diluted | | | |
| | Category 'A' Equity Shares of Rs.10 each | | - | - |
| | Category 'B' Equity Shares of Rs.10 each | | - | - |
| | Earnings per equity share of Rs.10 each from Discontinued operations | 26 | | |
| | Basic and Diluted | | | |
| | Category 'A' Equity Shares of Rs.10 each | | (3.62) | 0.19 |
| | Category 'B' Equity Shares of Rs.10 each | | (3.62) | 0.19 |
| | Earnings per equity share of Rs.10 each for the period | 26 | | |
| | Basic and Diluted | | | |
| | Category 'A' Equity Shares of Rs.10 each | | (3.62) | 0.19 |
| | Category 'B' Equity Shares of Rs.10 each | | (3.62) | 0.19 |

Significant Accounting Policies 1
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 Batliboi & Purohit**
Chartered Accountants
ICAI Firm Registration No. 101048W

**Janak Mehta**
Partner
Membership No. 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Mumbai
June 30, 2022

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

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

VOLKSWAGEN FINANCE PVT. LTD.
MUMBAI

**Jinal Visrodia**
Company Secretary
Membership No. A53806

**Christian Rosswag**
Chief Financial Officer &
Managing Director
DIN No.-09382572

**Volkswagen Finance Private Limited**

**Statement of Standalone Cash Flow for the year ended March 31, 2022**

| Particulars | Year Ended March 31, 2022 (Rs. in Lakhs) | Year Ended March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| **A.Cash flow from operating activities from Continuing Operations** | - | - |
| **B.Cash flow from operating activities from Discontinued Operations** | | |
| Net (Loss) / Profit before taxation | (33,632.34) | 3,155.67 |
| **Adjustments for :** | | |
| Depreciation / amortisation | 682.48 | 775.29 |
| Interest on Fixed Deposit | (748.31) | (200.38) |
| Profit on Sale of Fixed Assets (net) | (10.31) | 5.17 |
| Expected credit loss on financial assets | (14,422.98) | 662.27 |
| Bad Debts Written Off | 465.93 | 5,543.16 |
| Provision for Gratuity | 38.47 | 49.51 |
| Provision for Leave Encashment | 79.60 | 31.54 |
| Payment for Gratuity & Leave Encashment | (211.79) | - |
| Interest on Debt Securities and Borrowings other than debt securities | 3,358.46 | 12,808.64 |
| Interest paid on Debt Securities and Borrowings other than debt securities | - | (19,124.43) |
| Interest on Lease liability | 112.73 | - |
| Loss on Sale of Financial Assets | (48,530.15) | |
| **Operating Profit before working capital changes** | **(92,818.21)** | **3,706.44** |
| **Changes in working capital :** | | |
| Decrease in Payables | (2,949.50) | 1,390.46 |
| (Decrease) in Other financial liabilities | (96.54) | 830.28 |
| Increase in Other non financial liabilities | 9.46 | (273.40) |
| Increase (decrease) in Receivable | (1,448.76) | 14.79 |
| (Increase) / decrease in Other non financial assets | (236.82) | (502.68) |
| (Increase) in Other Financial assets | (20.36) | 201.09 |
| (Increase)/Decrease in Bank balances other than cash and cash equivalents | (7,499.94) | - |
| Lease | 4.71 | |
| **Other Adjustment** | 1,382.56 | |
| Increase/Decrease in Loans | 293,992.78 | 87,093.56 |
| **Cash used in Operations** | **190,319.37** | **92,460.53** |
| Taxes paid | | (1,487.48) |
| **Net cash inflow from operating activities from Discontinued Operations** | **190,319.37** | **90,973.05** |
| **C.Cash flow from Investing Activities from Continuing Operations** | - | - |
| **D.Cash flow from Investing Activities from Discontinued Operations** | | |
| Purchase of tangible/intangible assets excluding Capital work-in-progress | (127.14) | (2,004.14) |
| Purchase of tangible/intangible assets under Capital work-in-progress | - | 7.00 |
| Sale of tangible/intangible assets | 112.63 | 203.85 |
| Interest received on fixed deposit | 748.31 | 200.38 |
| Investment In Subsidiary | - | (6,569.87) |
| **Net cash inflow from investing activities from Discontinued Operations** | **733.79** | **(8,162.78)** |
| **E.Cash flow from Financing Activities from Continuing Operations** | - | - |
| **F.Cash flow from Financing Activities from Discontinued Operations** | | |
| Interest on Debt Securities and Borrowings other than debt securities | (3,358.46) | - |
| Repayment / Redemption of Non convertible debentures | (15,732.33) | (130,000.00) |
| Repayment of Term loans | (122,250.00) | (6,300.00) |
| Repayment of Lease Liability | (480.02) | - |
| Net proceeds / (repayment ) from / of overdraft | - | 17,450.00 |
| Proceeds from issue of Commercial Papers | - | 89,380.46 |
| Repayment of Commercial Papers | - | (89,380.46) |
| Proceeds from Working Capital Demand Loan | - | 678,223.81 |
| Repayment of Working Capital Demand Loan | - | (637,794.63) |
| **Net cash outflow from financing activities from Discontinued Operations** | **(141,820.81)** | **(78,420.82)** |
| **Net Increase/(Decrease) in Cash and cash equivalents from Continuing Operations (A)+(C)+(E)** | - | - |
| **Net Increase in Cash and cash equivalents from Discontinued Operations (B)+(D)+(F)** | **49,232.35** | **4,389.45** |
| **Cash and cash equivalents, beginning of the year** | **4,739.44** | **349.98** |
| **Cash and cash equivalents, end of the year** | **53,971.79** | **4,739.44** |

**Notes to the statement of cash flow :**

1) Cash and cash equivalents comprise of:

| | | |
|---|---|---|
| Cash on hand | - | 12.43 |
| Deposits with original maturity of upto 3 months | 53,300.00 | - |
| Balances with scheduled banks | 671.79 | 4,727.01 |
| **TOTAL** | **53,971.79** | **4,739.44** |

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 Batliboi & Purohit**
Chartered Accountants
ICAI Firm Registration No. 101048W

**Janak Mehta**
Partner
Membership No. 116976

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

Mumbai
June 30, 2022

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

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

**Christian Rosswag**
Chief Financial Officer & Managing Director
DIN No -09382572

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

**Jinal Visrodia**
Company Secretary
Membership No. A53806

**Volkswagen Finance Private Limited**
**Statement of Changes in Equity for the year ended March 31, 2022**

(Rs. In Lakhs)

**Equity Share Capital**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 116,880.21 | - | 116,880.21 | - | 116,880.21 |
| | | | | |

| Balance at the beginning of the previous reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the previous reporting period | Changes in equity share capital during the previous year | Balance at the end of the previous reporting period |
|---|---|---|---|---|
| 116,880.21 | - | 116,880.21 | - | 116,880.21 |
| | | | | |

**Other equity**

| Particulars | Reserves and Surplus | | | Total |
|---|---|---|---|---|
| | Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934 | Retained Earnings | Other items of Other Comprehensive Income - Acturial Gain/loss for defined benefit plans | |
| Balance at the beginning of the current reporting period | 6,242.63 | 10,761.37 | 14.77 | 17,018.77 |
| Changes in accountin g policy or prior period errors | - | - | - | - |
| Restat ed balance at the beginn ing of the current reporti ng period | 6,242.63 | 10,761.37 | 14.77 | 17,018.77 |
| Total Comprehensive Income for the current year | - | (42,365.95) | 3.43 | (42,362.52) |
| Dividends | - | - | - | - |
| Transfer to retained earnings | - | - | - | - |
| Any other change (to be specified) | - | - | - | - |
| Balance at the end of the current reporting period | 6,242.63 | (31,604.58) | 18.20 | (25,343.75) |

| Particulars | Reserves and Surplus | | | Total |
|---|---|---|---|---|
| | Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934 | Retained Earnings | Other items of Other Comprehensive Income - Acturial Gain/loss for defined benefit plans | |
| Balance at the beginning of the previous reporting period | 5,796.84 | 8,978.24 | 14.00 | 14,789.08 |
| Changes in accounting policy or prior period errors | - | - | | - |
| Restated balance at the beginn ing of the previous reporting period | 5,796.84 | 8,978.24 | 14.00 | 14,789.08 |
| Total Comprehensive Income for the previous year | 445.78 | 2,228.91 | 0.77 | 2,675.46 |
| Dividends | - | - | - | - |
| Transfer to retained earnings | - | (445.78) | - | (445.78) |
| Any other change (to be specified) | - | - | - | - |
| Balance at the end of the previous reporting period | 6,242.62 | 10,761.37 | 14.77 | 17,018.76 |

For Batliboi & Purohit
Chartered Accountants
ICAI Firm Registration No. 101048W

Janak Mehta
Partner
Membership No: 116976

Mumbai
June 30, 2022

For and on behalf of the Board of Directors

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

Christian Rosswag
Chief Financial Officer &
Managing Director
DIN No.-09382572

J.A. Mistry

Jinal Visrodia
Company Secretary
Membership No. A53806

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

## 2) Cash and cash equivalents

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Cash on Hand | - | 12.43 |
| Bank Balance in | | |
| Current Account | 671.79 | 4,727.01 |
| Deposits with original maturity of upto 3 months | 53,300.00 | - |
| **Total** | **53,971.79** | **4,739.44** |

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

## 3) Bank balances other than cash and cash equivalents

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Bank deposits (with maturity upto 12 months from the reporting date) | 7,500.00 | - |
| Deposits for issuing Bank Guarantee in favour of VAT authorities | 1.41 | 1.47 |
| **Total** | **7,501.41** | **1.47** |

## 4) Receivables

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Trade Receivables** | | |
| Unsecured, considered good | 764.19 | 436.86 |
| **Other receivables** | | |
| Unsecured, considered good | 1,400.35 | 278.92 |
| **Total** | **2,164.54** | **715.78** |

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Ageing of trade receivables** | | |
| i) Undisputed trade receivables – considered good | | |
| Less than 6 months | 734.32 | 433.16 |
| 6 Months to 1 year | 29.87 | 3.70 |
| 1 year to 2 years | - | - |
| 2 year to 3 years | - | - |
| More than 3 years | - | - |
| **Total** | **764.19** | **436.86** |

BATLIBOI & PUROHIT Mumbai

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

5) Loans

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **(A)** | | |
| **Classification** | | |
| **Amortised cost:** | | |
| (i) Vehicle Finance # | 28,126.32 | 267,117.92 |
| (ii) Term Loans | 13,393.22 | 20,330.18 |
| **Fair Value:** | | |
| - through profit & Loss | - | - |
| - designated at fair value through OCI | - | - |
| **Total Gross (A)** | 41,519.54 | 287,448.10 |
| **Less:** | | |
| Less: Impairment allowance | (22,422.58) | (36,845.56) |
| **Total Net (A)** | **19,096.96** | **250,602.54** |
| **(B)** | | |
| (i) Secured by tangible assets* | 10,786.00 | 180,364.33 |
| (ii) Unsecured | 30,733.54 | 107,083.77 |
| **Total Gross (B)** | **41,519.54** | **287,448.10** |
| Less: Impairment allowance | (22,422.58) | (36,845.56) |
| **Total Net (B)** | **19,096.96** | **250,602.54** |
| **(C)** | | |
| **(I) Loans in India** | | |
| (i) Public Sector | - | - |
| (ii) Others | 41,519.54 | 287,448.10 |
| **Total Gross (C) (I)** | **41,519.54** | **287,448.10** |
| Less: Impairment allowance | (22,422.58) | (36,845.56) |
| **Total Net (C) (I)** | **19,096.96** | **250,602.54** |
| **(II) Loans outside India** | - | - |
| Less: Impairment allowance | - | - |
| **Total Net (C) (II)** | | |
| **Total (C) (I) and (II)** | **19,096.96** | **250,602.54** |

* 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. 1,746.14 Lakhs (March 31, 2021: Rs. 2,951.76 Lakhs)

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

## 6) Investment

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| ***At Cost*** | | |
| Investment in Subsidiary* | | |
| Fully paid equity shares (unquoted) | 8,514.71 | 8,514.71 |
| Compulsorily Convertible Preference Shares (unquoted) | 505.00 | 505.00 |
| **Total** | **9,019.71** | **9,019.71** |
| **In India** | **9,019.71** | **9,019.71** |
| **Outside India** | - | - |
| **Total** | **9,019.71** | **9,019.71** |

*As per IND-AS 27 the option to record investment in subsidary at cost has been taken.

## 7) Other Financial Assets

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Deposits | 419.58 | 392.90 |
| Advances recoverable in cash or in kind or for value to be received | 0.06 | 6.37 |
| **Total** | **419.64** | **399.27** |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN F... MUMBAI LTD.

8 (a) Property, Plant and Equipment and Intangibles Assets

| Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BOOK VALUE |
|---|---|---|---|---|---|---|---|---|---|
| | As at Apr 01, 2021 | Additions during the year | Sales during the year | As at March 31, 2022 | As at Apr 01, 2021 | For the year | Deduction for the year | As at March 31, 2022 | As at March 31, 2022 |
| **Tangible Assets** | | | | | | | | | |
| ***Own Assets*** | | | | | | | | | |
| Office Equipment | 129.85 | 6.74 | (29.44) | 107.15 | 94.97 | 18.67 | (26.26) | 87.38 | 19.76 |
| Building | 24.83 | - | - | 24.83 | 3.92 | 0.98 | - | 4.90 | 19.93 |
| Computers | 437.19 | 8.10 | (195.69) | 249.60 | 238.80 | 60.67 | (190.35) | 109.13 | 140.47 |
| Furniture and Fixtures | 56.32 | - | - | 56.32 | 28.77 | 7.86 | - | 36.63 | 19.69 |
| Vehicle | 443.29 | 71.32 | (180.88) | 333.74 | 133.17 | 43.75 | (87.09) | 89.83 | 243.90 |
| Leasehold Improvements | 85.92 | - | - | 85.92 | 85.92 | - | - | 85.92 | - |
| Right of Use Asset | 2,057.28 | 126.47 | (11.45) | 2,172.30 | 201.65 | 445.21 | - | 646.86 | 1,525.44 |
| ***Assets given on Operating Lease*** | | | | | | | | | |
| Vehicles on Lease | - | - | - | - | - | - | - | - | - |
| **Total (A)** | **3,234.68** | **212.63** | **(417.46)** | **3,029.87** | **787.20** | **577.14** | **(303.71)** | **1,060.67** | **1,969.19** |
| **Intangible Assets** | | | | | | | | | |
| Software | 771.31 | 40.98 | (26.49) | 785.80 | 611.87 | 105.34 | (26.49) | 690.72 | 95.08 |
| **Total (B)** | **771.31** | **40.98** | **(26.49)** | **785.80** | **611.87** | **105.34** | **(26.49)** | **690.72** | **95.08** |
| **Total Fixed Assets (A+B)** | **4,005.99** | **253.61** | **(443.95)** | **3,815.67** | **1,399.08** | **682.48** | **(330.20)** | **1,751.40** | **2,064.27** |

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. ★ MUMBAI

| Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BOOK VALUE |
|---|---|---|---|---|---|---|---|---|---|
| | As at Apr 01, 2020 | Additions during the year | 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** | | | | | | | | | |
| ***Own Assets*** | | | | | | | | | |
| Office Equipment | 129.20 | 9.63 | (4.57) | 129.85 | 80.17 | 21.95 | (7.15) | 94.97 | 34.88 |
| Building | 24.83 | - | - | 24.83 | 2.94 | 0.98 | | 3.92 | 20.91 |
| Computers | 403.17 | 80.34 | (49.36) | 437.19 | 222.63 | 60.96 | (44.79) | 238.80 | 198.39 |
| Furniture and Fixtures | 58.40 | 1.32 | (2.08) | 56.32 | 22.93 | 7.86 | (2.08) | 28.77 | 27.55 |
| Leasehold Improvements | 85.92 | - | - | 443.29 | 85.92 | - | - | 133.17 | 310.12 |
| Vehicle | 496.29 | 143.14 | (130.54) | 85.92 | 131.50 | 55.05 | (53.38) | 85.92 | 310.12 |
| Right of Use Asset | 1,195.94 | 202.87 | 946.86 | 2,057.28 | 521.34 | 517.91 | (837.60) | 201.65 | 1,855.63 |
| ***Assets given on Operating Lease*** | | | | | | | | | |
| Vehicles on Lease | 41.80 | | (41.80) | (0.00) | 21.17 | - | (21.17) | 0.00 | (0.00) |
| **Total (A)** | **2,435.55** | **437.30** | **718.51** | **3,234.68** | **1,088.61** | **664.72** | **(966.17)** | **787.20** | **2,757.60** |
| **Intangible Assets** | | | | | | | | | |
| Software | 741.90 | 29.41 | - | 771.31 | 501.29 | 110.58 | - | 611.87 | 159.44 |
| **Total (B)** | **741.90** | **29.41** | **-** | **771.31** | **501.29** | **110.58** | **-** | **611.87** | **159.44** |
| **Total Fixed Assets (A+B)** | **3,177.45** | **466.71** | **718.51** | **4,005.99** | **1,589.91** | **775.29** | **(966.17)** | **1,399.08** | **2,917.04** |

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI *

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

## 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, 2020** | - | 7.00 |
| Additions during the year | 68.24 | 127.71 |
| Capitalized during the year | (68.24) | (127.71) |
| Expensed during the year | | (7.00) |
| **Closing balance as on March 31, 2021** | - | **0.00** |
| **Opening balance as on April 01, 2021** | - | - |
| Additions during the year | - | - |
| Capitalized during the year | - | - |
| Expensed during the year | - | - |
| **Closing balance as on March 31, 2022** | - | - |

## 9 (a) Other non financial assets

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Advance Tax,TDS & TCS (Net of provision) | 1,700.23 | 3,096.88 |
| Service Tax Receivable | 2,534.09 | 2,534.09 |
| Other Current Assets<br>(Other current assets includes advances to vendors and prepaid expenses) | 1,157.73 | 920.91 |
| Total | **5,392.05** | **6,551.88** |

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**9(b) Assets held for sale**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Assets Held for Sale<br>(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 | 130.41 |
| **Total** | **130.41** | **130.41** |

**10) Payables**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| (I) Trade payables | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 11.95 | 23.40 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| -Payable for Vehicle Finance | 448.02 | 4,408.12 |
| -Other Trade Payables | 688.30 | 389.69 |
| **Total (i)** | **1,148.26** | **4,821.21** |
| (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 | 723.43 | - |
| **Total (ii)** | **723.43** | **-** |
| **Total** | **1,871.70** | **4,821.21** |

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

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Ageing of Trade Payables** | | |
| i) Undisputed trade payables – considered good | | |
| less than 1 year | 1,148.26 | 4,728.92 |
| 1 year to 2 years | - | 81.43 |
| 2 year to 3 years | | 10.86 |
| More than 3 years | | - |
| **Total** | **1,148.26** | **4,821.21** |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

**11) Debt Securities**

| | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Classification:** | | |
| **Amortised Cost** | | |
| Non Convertible Debentures | - | 15,732.33 |
| **Fair Value:** | | |
| - through profit & Loss | | |
| - designated at fair value through OCI | | |
| **Total (A)** | - | **15,732.33** |
| Debt securities in India | - | 15,732.33 |
| Debt securities outside India | - | - |
| **Total (B)** | - | **15,732.33** |

**Note 11 (a):NCDs repayment details**

| Debenture | Issue Date | Redemption Date | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|---|---|
| 1500 units (Previous Year: 1500 units) VWFPL NCD F FY 2017-18, face value of Rs. 1,000,000 each | 5-Dec-17 | 4-Dec-20 | | |
| 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 | | |
| 1500 units(Previous Year: 1500 units) VWFPL NCD E FY 2017-18, face value of Rs. 1,000,000 each | 5-Dec-17 | 31-Aug-20 | | |
| 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 | | |
| 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 | | |
| 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 | | |
| 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 | | |
| 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 |
| (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 accured and transaction costs as per EIR | | | - | 732.33 |
| | | | - | **15,732.33** |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

**12) Borrowings other than debt securities**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Amortised Cost** | | |
| (a) Term loans* | - | 48,800.00 |
| (b) Bank overdraft* | - | 17,450.00 |
| (c) Working capital demand loans* | - | 56,000.00 |
| (d) Commercial papers | - | - |
| **Total (A)** | - | **122,250.00** |
| Borrowings in India | - | 122,250.00 |
| Borrowings outside India | - | - |
| **Total (B)** | - | **122,250.00** |
| Secured Borrowings | - | - |
| Unsecured Borrowings | - | 122,250.00 |
| **Total (C)** | - | **122,250.00** |

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

**Note 12 (a): Term loan details**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Term loans** | | |
| From Banks | - | 48,800.00 |
| From Financial Institutions | - | - |
| **Add:** Adjustment for interest accured and transaction costs as per EIR | | |
| (Terms loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany)<br>(As per terms of agreement, loans from banks are repayable at maturity ranging between 19 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** |
| | - | - |

**Note 12 (b): Working capital details**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Working Capital Demand Loans from Banks | - | 56,000.00 |
| **Total Working Capital Demand Loans from Banks** | - | **56,000.00** |
| (Working Capital Demand Loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany)<br>(As per terms of agreement, loans from banks are repayable at maturity ranging between 7 – 92 days from the date of respective loans. Rate of interest payable on working capital term loans varies between 3.60% to 6% (Previous Year: 3.80% to 5.72%)) | | |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**13) Other Financial Liabilities**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Dues to Employees | 601.52 | 698.08 |
| Lease Liabilities | 1,474.54 | 1,722.10 |
| Total | **2,076.06** | **2,420.18** |

**14) Other non financial liabilities**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Employee Benefits | | |
| Gratuity | 108.85 | 176.68 |
| Leave Encashment | 96.48 | 125.80 |
| Other Liabilities (including statutory dues) | 542.80 | 612.35 |
| Subtotal | 748.13 | 914.83 |
| Provision for Expenses | 1,530.95 | 1,451.94 |
| Provision for Tax (Net of Advance Tax and Tax Deducted at Source) (Refer Note 39) | 1,997.48 | 2,011.57 |
| Total | **4,276.56** | **4,378.34** |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

**15) Equity Share Capital**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (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** |

**15 (a) Reconciliation of number of shares**

| Particulars | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | No of shares | Amount | No of shares | Amount |
| **Balance at the beginning** | | | | |
| 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** |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**15 (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.

**15 (c) Shares held by holding company #**

| Particulars | March 31, 2022 (Rupees) | March 31, 2021 (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. | | |

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

| Particulars | March 31, 2022 (No. of shares) | Percentage holding |
|---|---|---|
| **Equity Shares:** | | |
| 105,192,207 Category 'A' equity shares (Previous Year 2021: 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 2021: 1,063,609,937) held by Volkswagen Financial Services A.G., Germany. | 1,063,609,937 | 100% |

**15 (e) Details of shares held by promoters**

| Shares held by promoters at the end of the year | | | | % Change during the year |
|---|---|---|---|---|
| S. No | Promotername | No. of Shares | %of total shares | |
| 1 | Volkswagen Finance Overseas B.V., Netherland, | 105,192,207 | 100% | Nil |
| 2 | Volkswagen Financial Services A.G., Germany | 1,063,609,937 | 100% | Nil |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**
**15(f) For the period of five years immediately preceding 31.03.2022**

| Particulars | No of shares |
|---|---|
| Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash | - |
| Aggregate number and class of shares allotted as fully paid up by way of bonus shares | - |
| Aggregate number and class of shares bought back | - |

**16) Other Equity**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934. | 6,242.63 | 6,242.62 |
| Retained earnings | (31,604.58) | 10,761.37 |
| Other Comprehensive Income | 18.20 | 14.77 |
| **TOTAL RESERVES** | **(25,343.75)** | **17,018.75** |

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

**16 (a) Other equity: Movement**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.** | | |
| Balance at the beginning of the year | 6,242.63 | 5,796.84 |
| Transfered from Surplus in the Statement of Profit and Loss | - | 445.78 |
| Balance at the end of the year | **6,242.63** | **6,242.63** |
| **Surplus/(Deficit) in Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 10,761.37 | 8,978.23 |
| Profit / (Loss) for the year | (42,365.95) | 2,228.92 |
| Less: Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934. | | (445.78) |
| | **(31,604.58)** | **10,761.37** |
| **Other Comprehensive Income** | | |
| Balance at the beginning of the year | 14.77 | 14.00 |
| Changes during the year | 3.43 | 0.77 |
| Balance at the end of the year | **18.20** | **14.77** |
| **TOTAL RESERVES** | **(25,343.75)** | **17,018.76** |

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

**Volkswagen Finance Private Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**17) Interest income**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Classification:** | | |
| On Financial Assets measured: | | |
| - at Amortised Cost | | |
| (i) Interest on loans | 11,891.32 | 30,091.77 |
| (ii) Interest on deposits with banks | 748.31 | 200.38 |
| (iii) Other interest income | - | - |
| - through profit and Loss | - | - |
| - through OCI | - | - |
| **Total** | **12,639.63** | **30,292.15** |

**18) Fees and commission income**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Processing Fees | 346.31 | 543.17 |
| (Processing fees pertains to working capital loans of upto one year) | | |
| Service Income | 3,604.18 | 2,988.83 |
| **Total** | **3,950.49** | **3,532.00** |

**19) Other operating income**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Income from customer services | 269.38 | 763.38 |
| **Total** | **269.38** | **763.38** |

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

VOLKSWAGEN FINANCE PVT. LTD. * MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**20) Other Income**

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Foreign Exchange Gain (net) | 18.20 | 40.01 |
| Excess provision no longer required | - | - |
| Miscellaneous Income | 592.17 | 339.01 |
| Interest Income on Security Deposits | 28.14 | - |
| **Total** | **638.51** | **379.02** |

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VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

## 21) Finance Cost

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Interest Expenses:** | | |
| **Classification:** | | |
| On Financial Assets measured : | | |
| - at Amortised Cost | | |
| (i) Interest on debt securities | 189.86 | 5,483.90 |
| (ii) Interest on other than debt securities: | | |
| -Bank Overdraft | 167.91 | 268.08 |
| -Commercial Papers | - | 618.45 |
| -Working Capital Demand Loan | 1,129.98 | 2,301.88 |
| -Term Loans | 1,870.71 | 4,136.33 |
| -Others | - | 4.57 |
| (iii) Other borrowing costs | 277.15 | 300.41 |
| - through profit and Loss | - | - |
| - through OCI | - | - |
| **Total** | **3,635.61** | **13,113.62** |

## 22) Fees and Commission Expenses

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Commission to Dealers | - | 21.43 |
| Commission to Dealers - Insurance | 3,088.86 | 2,368.00 |
| | - | - |
| **Total** | **3,088.86** | **2,389.43** |

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VOLKSWAGEN FINANCE PVT. LTD. * MUMBAI

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

### 23) Impairment on financial instruments

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Classification:** | | |
| On Financial Assets measured at : | | |
| - at Amortised Cost | | |
| (i) Loans | (14,422.98) | 662.27 |
| (ii) Trade Receivables | - | - |
| - through profit and Loss | - | - |
| - through OCI | - | - |
| Expected credit loss - Loans | (14,422.98) | 662.27 |
| Expected credit loss - Others | - | - |
| Bad Debts Written Off | 465.93 | 5,543.16 |
| **Total** | **(13,957.05)** | **6,205.43** |

### 24) Employee Benefits Expenses

| | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Salaries, Bonus and Allowances | 2,434.62 | 3,433.32 |
| Contribution to Provident Fund and Other Funds | 78.04 | 112.61 |
| Expenses related to post-employment defined benefit plans - Gratuity | 38.47 | 49.51 |
| Expenses related to post-employment defined benefit plans - Leave Encashment | 79.60 | 31.54 |
| Staff Welfare | 58.59 | 172.02 |
| Training and Recruitment Expenses | 2.37 | 19.82 |
| **Total** | **2,691.69** | **3,818.82** |

## 25) Other Expenses

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Rent | | |
| -Building | 0.13 | 37.45 |
| -IT Equipment Lease Rent | 8.10 | 42.11 |
| -Others | - | - |
| Legal, Professional and Consultancy Fees | 1,370.05 | 1,123.23 |
| Auditor's Remuneration | 24.00 | 69.00 |
| Information Technology Support Charges | 1,844.31 | 2,287.67 |
| Repairs and Maintenance - Others | 451.57 | 326.76 |
| Traveling and Conveyance | 2.99 | 46.09 |
| Printing and Stationery | 5.48 | 6.18 |
| Communication | 38.62 | 57.86 |
| Business Promotion | - | - |
| Facilities Management Charges | 58.15 | 73.08 |
| Electricity | 32.92 | 28.60 |
| Rates and Taxes | 2,270.79 | 971.37 |
| Foreign Exchange Loss (net) | - | - |
| Loss on Sale of Fixed Assets | - | 5.17 |
| Directors Sitting Fees | 31.00 | 23.00 |
| Collection Agency Charges | 170.87 | 436.75 |
| Corporate Social Responsibility Spending | 32.88 | 98.42 |
| Miscellaneous | 177.11 | 143.14 |
| **Total** | **6,518.95** | **5,775.88** |

### Note 25A: Auditor's remuneration

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| **Split of audit remuneration** | | |
| - Statutory Audit | 20.00 | 42.00 |
| - Tax Audit | 2.50 | 3.00 |
| - Other Services | 1.50 | 24.00 |
| - Reimbursement of expenses | - | - |
| **Total** | **24.00** | **69.00** |

### Note 25B: Exceptional Items

| Particulars | March 31, 2022 (Rs. In Lakhs) | March 31, 2021 (Rs. In Lakhs) |
|---|---|---|
| Total Sale Consideration | 112,327.64 | - |
| Net Sale Consideration forgone | 29.54 | - |
| Net Sale Consideration | 112,298.10 | - |
| Less: Book Value of Portfolio on the date of sale | 160,828.25 | - |
| Gross (Loss) from the sale of portfolio | (48,530.15) | - |

*During the year the retail loan portfolio was sold to Kotak Mahindra Prime Ltd. and Kotak Mahindra Bank Ltd. vide agreement dated September 15,2021 as a strategic decision. The sale proceeds were used to repay borrowings and surplus funds were parked in Fixed Deposits in Banks.

Details of Sale Consideration:- (Rs. in Crores)

| Particulars | | Kotak Bank | Kotak Prime |
|---|---|---|---|
| | To ARCs | To permitted transferees | To other transferees |
| No: of accounts | | 213 | 3574 |
| Aggregate principal outstanding of loans transferred | | 62.44 | 203.18 |
| Weighted average residual tenor of the loans transferred | | 30 (Months ) | 23 Months |
| Net book value of loans transferred (at the time of transfer) | | 7.5 | 97.13 |
| Aggregate consideration | | 1.82 | 17.43 |

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## 26) Earnings per share

Basic EPS amounts are calculated by dividing the profit / (loss) for the year attributable to equity holders of the Company 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 Company 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, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Net (loss) / profit from continuing operation attributable to equity holders | - | - |
| Weighted average number of ordinary shares | - | - |
| 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) | - | - |
| Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share) | - | - |

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Net (loss) / profit from Discontinued operation attributable to equity holders | (42,365.95) | 2,228.92 |
| Category 'A' shares | (3,812.94) | 200.60 |
| Category 'B' shares | (38,553.02) | 2,028.31 |
| **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) | (3.62) | 0.19 |
| Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share) | (3.62) | 0.19 |
| **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) | (3.62) | 0.19 |
| Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share) | (3.62) | 0.19 |
| 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).

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**27) Employee benefit obligations**

**The Company has following post-employment plans in India.**

**A. Defined Contribution Plans:**

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company 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 Company contributes an equal amount. The Company recognized Rs. 78.04 Lakhs (Previous year. Rs.112.61 Lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

**B. Defined Benefit Plan:**

The Company 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 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. Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Company'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 Company's financial statements as at balance sheet date:

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| **Non Current** | | |
| Gratuity | 86.42 | 145.44 |
| **Total Non Current** | **86.42** | **145.44** |
| **Current** | | |
| Gratuity | 22.43 | 31.24 |
| **Total Current** | **22.43** | **31.24** |

**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 | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| **Defined Benefit Obligation at the beginning of the year** | 176.68 | 206.97 |
| Current service cost | 30.26 | 37.79 |
| Past service cost | - | - |
| (Gain)/ Loss on settlements / curtailments | (0.65) | |
| Interest expense/(income) | 8.86 | 11.71 |
| **Total amount recognised in profit and loss** | **38.47** | **49.51** |
| *Remeasurements* | | |
| Return on plan assets, excluding amount included in interest expense/(income) | - | - |
| (Gain )/loss from change in demographic assumptions | | |
| (Gain )/loss from change in financial assumptions | (1.72) | 5.40 |
| Experience (gains)/losses | (1.71) | (6.43) |
| Actual Return on Plan assets | - | - |
| **Total amount recognised in other comprehensive income** | (3.43) | (1.03) |
| Employer contributions | - | - |
| Benefit payments | (102.87) | (78.77) |
| **Defined Benefit Obligations at the end of the year** | **108.85** | **176.68** |

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| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Present value of funded obligations | - | - |
| Fair value of plan assets | - | - |
| **Surplus of funded plan** | - | - |
| Unfunded plan | 108.85 | 176.68 |
| **Surplus of gratuity plan** | **108.85** | **176.68** |

**Expected Future Cashflows**

| | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| **Year 1** | 22.42 | 31.24 |
| **Year 2** | 18.90 | 28.42 |
| **Year 3** | 17.36 | 27.68 |
| **Year 4** | 14.58 | 24.64 |
| **Year 5** | 12.10 | 21.24 |
| **Year 6-10** | 36.06 | 61.71 |

**Significant estimates: Actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Discount rate | 5.90% | 5.50% |
| Salary escalation rate | 8.00% | 8.00% |
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |

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

| | Impact on defined benefit obligation | | | |
|---|---|---|---|---|
| | *Increase in assumption (100 bps)* | | *Decrease in assumption (100 bps)* | |
| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
| Discount rate | 104.08 | 169.56 | 112.26 | 184.42 |
| Salary escalation rate | 112.42 | 184.17 | 104.12 | 169.66 |
| 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. 79.60 Lakhs (Previous year. Rs.31.54 Lakhs) for Compensated Absences in the Statement of Profit and Loss.

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**28) Financial risk management**

**As Non- Deposit NBFC having asset size of less than 5000 CR-The Leverage Coverage Ratio (LCR) and disclosures are not applicable.**
**Famework and Porcedures on liquidy risk are provided below**

The Company has exposure to the following risks arising from financial instruments:
(i) Market risk
(ii) Credit risk
(iii) Liquidity risk

**Risk management framework**

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, 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 Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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 will affect the company's income and is exposed to risk such as-
a) Interest rate risk
b) Currency risk
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 Company'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 Company manages this risk by matching the assets and liabilities through risk management strategies.

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

**(Rs. in Lakhs)**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Fixed rate** | | |
| Financial assets | 16,715.89 | 244,732.53 |
| Financial liabilties | - | 120,532.33 |
| **Floating rate instruments** | | |
| Financial assets | 24,803.65 | 42,715.58 |
| Financial liabilties | - | 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, 2022 | March 31, 2021 |
|---|---|---|
| Decrease by 50bps to 100 bps: | | |
| - Impact on income statement | (246.73) | (253.74) |
| - Other Comprehensive Income | | |

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**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 Company 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 company's exposure to foreign currency risk at the end of reporting period expressed are as follows:

( in Lakhs)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Financial Liabilities** | | |
| *Payable to Related Parties* | | |
| EURO (net of receivables) | 820.12 | 751.36 |
| SEK | - | 8.88 |
| *Other Payables* | | |
| Euro | 14.74 | |

The Sensitivity of Profit and Loss and OCI to changes in the exchange rates are as follows:
The Company has considered the maximum price movement in the respective currency during the year as sentivity benchmark for the purpose of Foreign Currency Sensitivity Analysis

( in Lakhs)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Adverse change in foreign exchange rate based on previous 12 months movement in exchange rate | | |
| - Impact on income statement | | |
| EURO | (46.31) | (28.78) |
| SEK | | (0.60) |
| GBP | | |
| - Other Comprehensive Income | | |

**ii) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company'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 Company 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

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The Company considers a financial asset to be in default when:
-the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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 company

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

Collateral held varies, but may include:
- Underlying vehicles in case of retail portfolio
- Residential and commercial real estate property
- Land
- Bank guarantee

The Company'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 Company since the prior period.

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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)

(Rs. in Lakhs)

| Loan To Value (LTV) range | Gross value of loan in stage 3 | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| Upto 50% Coverage | 29,800.56 | 39,160.22 |
| 51% - 70% Coverage | 1,199.93 | 7,693.11 |
| 71% - 100% Coverage | 4.71 | 3,065.75 |
| Above 100% coverage | - | 2,583.32 |
| | 31,005.20 | 52,502.40 |

c) Credit risk profile

March 31, 2022

(Rs. in Lakhs)

| Retail Portfolio | | | | |
|---|---|---|---|---|
| Rating | ECL staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount | 298.58 | - | 3,024.09 | 3,322.67 |
| Less: Loss allowance | 9.19 | - | 2,510.13 | 2,519.32 |
| Carrying amount | 289.39 | - | 513.96 | 803.35 |

(Rs. in Lakhs)

| Wholesale Portfolio | | | | |
|---|---|---|---|---|
| Category | ECL staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount | 7,212.77 | 3,002.99 | 27,981.11 | 38,196.87 |
| Less: Loss allowance | 171.69 | 76.29 | 19,655.28 | 19,903.26 |
| Carrying amount | 7,041.08 | 2,926.70 | 8,325.83 | 18,293.61 |

Movement in Gross Carrying Amount

(Rs. in Lakhs)

| Particulars | ECL staging | | | Total |
|---|---|---|---|---|
| | Stage 1 12-month Exposure | Stage 2 Lifetime Exposure | Stage 3 Lifetime Exposure | |
| Gross carrying amount as at March 31, 2021 | 203,726.96 | 31,218.75 | 52,502.40 | 287,448.10 |
| *Transfers:* | | | | - |
| Transfer from Stage 1 to Stage 2 | (451.75) | 451.75 | - | - |
| Transfer from Stage 2 to Stage 1 | 1,542.37 | (1,542.37) | - | - |
| Transfer from Stage 2 to Stage 3 | - | (240.94) | 240.94 | - |
| Transfer from Stage 3 to Stage 2 | - | - | - | - |
| Transfer from Stage 1 to Stage 3 | (948.87) | - | 948.87 | - |
| Transfer from Stage 3 to Stage 1 | - | - | - | - |
| New facility added during the period | 3,629.78 | - | | 3,629.78 |
| Increase in loan exposure in existing loan facility | - | - | | - |
| Decrease in loan exposure in existing loan facility | (199,987.15) | (26,884.18) | (22,221.07) | (249,092.41) |
| Loans de-recognized during the period other than write-offs | - | - | | - |
| Decrease in loan exposure due to write off | - | - | (465.93) | (465.93) |
| **Gross carrying amount as at March 31, 2022** | 7,511.34 | 3,002.99 | 31,005.21 | 41,519.55 |

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Movement in Provision

(Rs. in Lakhs)

| Particulars | ECL staging | | | |
|---|---|---|---|---|
| | Stage 1 12-month Exposure | Stage 2 Lifetime Exposure | Stage 3 Lifetime Exposure | Total |
| Gross carrying amount as at March 31, 2021 | 2,215.12 | 3,598.09 | 31,032.35 | 36,845.56 |
| *Transfers:* | | | | - |
| Transfer from Stage 1 to Stage 2 | (23.15) | 23.15 | - | - |
| Transfer from Stage 2 to Stage 1 | 3.87 | (3.87) | - | - |
| Transfer from Stage 2 to Stage 3 | - | (110.67) | 110.67 | - |
| Transfer from Stage 3 to Stage 2 | - | - | - | - |
| Transfer from Stage 1 to Stage 3 | (83.67) | - | 83.67 | - |
| Transfer from Stage 3 to Stage 1 | - | - | - | - |
| New facility added during the period | - | 162.39 | | 162.39 |
| Increase in loan exposure in existing loan facility | - | - | | - |
| Decrease in loan exposure in existing loan facility | (1,931.29) | (3,590.20) | (8,597.96) | (14,119.44) |
| Loans de-recognized during the period other than write-offs | | | | - |
| Decrease in loan exposure due to write off | | | (465.93) | (465.93) |
| **Gross carrying amount as at March 31, 2022** | 180.88 | 78.90 | 22,162.80 | 22,422.58 |

March 31, 2021

(Rs. in Lakhs)

| Retail Portfolio | | | | |
|---|---|---|---|---|
| Rating | ECL staging | | | |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| 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 | | | |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| Gross carrying amount | 63,045.75 | 20,083.89 | 35,202.48 | 118,332.11 |
| Less: Loss allowance | 524.07 | 680.42 | 20,013.12 | 21,217.60 |
| Carrying amount | 42,011.85 | 42,566.31 | 16,426.80 | 97,114.51 |

Movement in Gross Carrying Amount

(Rs. in Lakhs)

| Particulars | ECL staging | | | |
|---|---|---|---|---|
| | Stage 1 12-month Exposure | Stage 2 Lifetime Exposure | Stage 3 Lifetime Exposure | Total |
| 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 |

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**Movement in Provision**

(Rs. in Lakhs)

| Particulars | ECL staging | | | |
|---|---|---|---|---|
| | Stage 1 12-month Exposure | Stage 2 Lifetime Exposure | Stage 3 Lifetime Exposure | Total |
| 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 |

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**(iii) Liquidity risk**

Liquidity Risk is the risk arising from the inability of the Company 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 Company to ensure that sufficient funds are available to meet the Company's known cash funding requirements and unanticipated needs that may arise. At all times, the Company holds what it considers to be adequate levels of liquidity to repay borrowings and fund new loans, even under stressed conditions.

March 31, 2022

(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 | 53,971.79 | | | | | | | | 53,971.79 |
| Bank balances other than cash and cash equivalents | | | | 7,501.41 | | | | | 7,501.41 |
| Receivables | 2,164.54 | | | | | | | | 2,164.54 |
| Loans | 2,128.83 | 353.96 | 304.56 | 1,252.37 | 2,845.55 | 3,439.69 | 5,071.22 | 26,123.35 | 41,519.54 |
| Investment | | | | | | | | 9,019.71 | 9,019.71 |
| Other Financial assets | | | | | | 419.64 | | | 419.64 |
| **Total financial assets** | **58,265.16** | **353.96** | **304.56** | **8,753.79** | **2,845.55** | **3,859.33** | **5,071.22** | **35,143.05** | **114,596.63** |
| | | | | | | | | | - |
| **Financial liabilities #** | | | | | | | | | - |
| Payables | 1,871.70 | | | | | | | | 1,871.70 |
| Debt securities | | - | | | | | | | - |
| Borrowings (Other than debt securities) | - | - | - | - | - | - | - | - | - |
| Other financial liabilities | 601.52 | | | | | | | | 601.52 |
| **Total Financial Liabilities** | **2,473.22** | - | - | - | - | - | - | - | **2,473.22** |
| | | | | | | | | | - |

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

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Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

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 | 4,739.44 | | | | | | | | 4,739.44 |
| Bank balances other than cash and cash equivalents | | | | | | | 1.47 | | 1.47 |
| Receivables | 715.78 | | | | | | | | 715.78 |
| 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 | 287,448.11 |
| Invesstment | | | | | | | | 9,019.71 | 9,019.72 |
| Other Financial assets | | | | | 6.88 | 72.41 | 318.20 | 1.78 | 399.27 |
| **Total financial assets** | **46,048.78** | **6,863.41** | **6,786.13** | **19,895.62** | **38,011.01** | **88,130.95** | **48,740.09** | **47,847.78** | **302,323.78** |
| **Financial liabilities #** | | | | | | | | | |
| Payables | 4,821.21 | | | | | | | | 4,821.21 |
| 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 | 698.08 | | | | | | | | 698.08 |
| **Total Financial Liabilities** | **64,969.29** | **34,232.33** | **-** | **11,100.00** | **26,800.00** | **6,400.00** | **-** | **-** | **143,501.62** |

The above maturity pattern has been computed taking necessary assumptions regarding repayments on account of moratorium.

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

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**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, 2022 | | | March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | FVTOCI | FVTPL | Amortized Cost | FVTOCI | FVTPL |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 53,971.79 | - | - | 4,739.44 | - | - |
| Bank balances other than cash and cash equivalents | 7,501.41 | - | - | 1.47 | - | - |
| Receivables | | | | | | |
| (I) Trade receivables | 764.19 | - | - | 715.78 | - | - |
| (II) Other receivables | 1,400.35 | - | - | - | - | - |
| Loans | 19,096.96 | - | - | 250,602.54 | - | - |
| Investment | 9,019.71 | | | 9,019.71 | | |
| Other Financial assets | 419.64 | - | - | 399.27 | - | - |
| **Total financial assets** | **92,174.01** | **-** | **-** | **265,478.21** | **-** | **-** |
| **Financial liabilities** | | | | | | |
| Payables | | | | | | |
| (I) Trade payables | | | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 11.95 | - | - | 23.40 | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,136.32 | - | - | 4,797.81 | - | - |
| (II) Other payables | 723.43 | - | - | - | | |
| (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 | - | - |
| Borrowings (Other than debt | - | - | - | 122,250.00 | - | - |
| Other financial liabilities | 601.52 | - | - | 698.08 | - | - |
| Lease Liability | 1,474.54 | - | - | 1,722.10 | | |
| **Total financial liabilities** | **3,947.76** | **-** | **-** | **145,223.72** | **-** | **-** |

**29.2) Fair Value:**

The Company 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.

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(i) Fair value of financials assets and liabilities

March 31, 2022

(Rs. in Lakhs)

| Particulars | Carrying amount | | | Fair value | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | FVTOCI | FVTPL | Level 1 | Level 2 | Level 3 |
| Loans | 19,096.96 | - | - | - | - | 19,587.27 |
| Debt securities (Non convertible debentures) | - | - | - | - | - | |
| Investment | 9,019.71 | | | | | 10,635.72 |

March 31, 2021

(Rs. in Lakhs)

| Particulars | Carrying amount | | | Fair value | | |
|---|---|---|---|---|---|---|
| | Amortized 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 | |
| Investment | 9,019.71 | | | | | 9,710.48 |

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

(Rs. in Lakhs)

| Particulars | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| **Financial assets** | | | | |
| Cash and cash equivalents | 53,971.79 | 53,971.79 | 4,739.44 | 4,739.44 |
| Bank balances other than cash and cash equivalents | 7,501.41 | 7,501.41 | 1.47 | 1.47 |
| Receivables | | | | |
| (I) Trade receivables | 764.19 | 764.19 | 715.78 | 715.78 |
| (II) Other receivables | 1,400.35 | 1,400.35 | - | |
| Loans | 19,096.96 | 19,587.27 | 250,602.54 | 280,847.31 |
| Investments | 9,019.71 | 10,635.72 | 9,019.71 | 9,710.48 |
| Other Financial assets | 419.64 | 419.64 | 399.27 | 399.27 |
| **Total financial assets** | **92,174.01** | **94,280.37** | **265,478.21** | **296,413.76** |
| **Financial liabilities** | | | | |
| Payables | | | | |
| (I) Trade payables | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 11.95 | 11.95 | 23.40 | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,136.32 | 1,136.32 | 4,797.81 | 4,797.81 |
| (II) Other payables | 723.43 | 723.43 | - | - |
| (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 |
| Borrowings (Other than debt securities) | - | - | 122,250.00 | 122,250.00 |
| Other financial liabilities | 601.52 | 601.52 | 698.08 | 698.08 |
| Lease Liability | 1,474.54 | 1,474.54 | 1,722.10 | 1,722.10 |
| **Total financial liabilities** | **3,947.76** | **3,947.76** | **145,223.72** | **145,200.31** |

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**Valuation techniques used to determine fair value:**

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

The Company 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 Company 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 cash flows, provision data and live LAN level data for each product in the portfolio.

**Debt securities**

The fair values of the Company'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 Company as on valuation date. Input data used to carry out the fair valuation covers portfolio data and expected future cash flows 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

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## 30) Capital

### Capital management

The primary objectives of the capital management policy is to ensure that the Company 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 Company 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. Company may adjust the amount of dividend payment to shareholders, return capital to shareholders.

The 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

(Rs. in Lakhs)

| Particulars | As on March 31, 2022 | As on March 31, 2021 |
|---|---|---|
| Net Own Fund (Tier I) | 87,742.12 | 124,708.74 |
| Tier II | 180.88 | 3,421.23 |
| **Total capital** | **87,922.99** | **128,129.97** |
| **Risk weighted assets** | 36,038.51 | 273,698.76 |
| **Tier I Capital ratio** | **243.47%** | **45.56%** |
| **Tier II Capital ratio** | **0.50%** | **1.25%** |

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VOLKSWAGEN FINANCE PVT. LTD. ★ MUMBAI

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**31) Lease**

**Right to use of Asset** **(Rs. in Lakhs)**

| Particulars | March 31, 2022 |
|---|---|
| | Property Rent |
| **As at April 1, 2020** | **674.60** |
| Additions (Note 8) | 1808.20 |
| Depreciation expense | 517.91 |
| Deletion | 109.26 |
| **As at March 31, 2021** | **1,855.63** |
| | |
| **As at April 1, 2021** | **1,855.63** |
| Additions (Note 8) (net) | 126.46 |
| Depreciation expense | 445.21 |
| Deletion | 11.45 |
| **As at March 31, 2022** | **1,525.43** |

**Lease Liability**

**(Rs. in Lakhs)**

| Particulars | March 31, 2022 |
|---|---|
| **As at April 1, 2020** | 644.92 |
| Additions | 1,665.91 |
| Accretion of interest | 43.05 |
| Payments | 524.23 |
| Deletion | 107.55 |
| **As at March 31, 2021** | **1,722.10** |
| | |
| **As at April 1, 2021** | 1,722.10 |
| Additions | 119.73 |
| Accretion of interest | 112.73 |
| Payments | 480.02 |
| Deletion | - |
| **As at March 31, 2022** | **1,474.54** |

**Total amount recognised in profit or loss** **(Rs. in Lakhs)**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Depreciation expense of right-of-use assets | 445.21 | 517.91 |
| Interest expense on lease liabilities | 124.19 | 43.05 |
| 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** | **569.40** | **560.97** |

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 2022.

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**32) Foreign Currency transactions**

(Rs. in Lakhs)

| Particulars | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| (a)Reimbursement of Expatriate Salaries | 124.76 | 216.55 |
| (b)Information Technology Support Charges | 1,616.80 | 2,092.03 |
| (c) Stock Audit Charges | 10.32 | 33.68 |
| (d) Corporate Gaurantee Fee | 9.62 | 114.39 |
| (e) Treasury Support Service | - | 31.14 |
| (f) Travelling Expenses | 2.71 | - |
| (g) Services/Consultancy Fees | 191.60 | 87.40 |
| (h) Purchase of software | - | - |
| (i) Allowances | 16.75 | - |
| (j) Reimbursement of Impat Salaries | 94.43 | 55.01 |

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

A) Payable*

(in Lakhs)

| Foreign Currency | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Indian Rupees equivalent | Amount in Foreign Currency | Indian Rupees equivalent | Amount in Foreign Currency |
| EURO | 929.29 | 10.86 | 806.36 | 9.27 |
| SEK | - | - | 8.88 | 1.06 |

B) Receivable

| Foreign Currency | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Indian Rupees equivalent | Amount in Foreign Currency | Indian Rupees equivalent | Amount in Foreign Currency |
| EURO | 94.43 | 1.12 | 55.01 | 0.64 |

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

**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<br>Scania Commercial Vehicles India Pvt. Ltd<br>Volkswagen IT Services India Private Limited<br>Volkswagen Bank GMBH<br>VWFS Digital Solutions GMBH<br>VW Software Asset Management GMBH<br>Volkswagen Dogus Finansman, Turkey |
| **b** Subsidiary | Kuwy Technology Service Private Limited |
| **b.** Directors and Key Management Personnel | Dr. Christian Rosswag, Managing Director and Chief Financial Officer (from 1st November 2021)<br>Mr. Ashish Deshpande, Managing Director and Chief Executive Officer<br>Mr. Ralf Tiechmann, Non Executive Director (from April 1, 2021)<br>Mr. Jorg Thielemann, Additional Director(till October 29, 2021)<br>Mr. Subramanian Jambunathan, Independent Director<br>Ms. Rupa Rajul Vora, Independent Director<br>Ms. Minal Shah.Interim MD & CFO( from August 31 ,2021 to October 31, 2021) |

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ii) **Transactions with related parties as mentioned above:**

(Rs. in Lakhs)

| Particulars | Holding Company@ | | Fellow Subsidiaries | | Subsidiary Company | | Total | |
|---|---|---|---|---|---|---|---|---|
| | April 1 2021 to March 31, 2022 | April 1 2020 to March 31, 2021 | April 1 2021 to March 31, 2022 | April 1 2020 to March 31, 2021 | April 1 2021 to March 31, 2022 | April 1 2020 to March 31, 2021 | April 1 2021 to March 31, 2022 | April 1 2020 to March 31, 2021 |
| **1. Expenditure** | | | | | | | | |
| **a) Purchase of goods / receiving of services** | | | | | | | | |
| Volkswagen Financial Services A.G | 35.06 | 246.78 | - | - | - | - | 35.06 | 246.78 |
| Skoda Auto Volkswagen India Private Limited | - | - | 41.34 | 46.75 | - | - | 41.34 | 46.75 |
| Volkswagen Dogus Finansman, Turkey | - | - | 74.86 | 129.68 | - | - | 74.86 | 129.68 |
| Volkswagen IT Services India Private Limited | - | - | 31.65 | 18.83 | - | - | 31.65 | 18.83 |
| VWFS Digital Solutions GMBH | - | - | 1,500.01 | 1,922.28 | - | - | 1,500.01 | 1,922.28 |
| Volkswagen Finans Sverige AB | - | - | - | 8.94 | - | - | - | 8.94 |
| Volkswagen Bank GmbH | - | - | 27.57 | 31.14 | - | - | 27.57 | 31.14 |
| Volkswagen AG | 0.51 | 2.06 | - | - | - | - | 0.51 | 2.06 |
| VW Software Asset Management GMBH | - | - | 65.47 | 167.68 | - | - | 65.47 | 167.68 |
| **Total** | **35.57** | **248.84** | **1,740.89** | **2,325.31** | - | - | **1,776.47** | **2,574.15** |
| **b) Purchase of Assets** | | | | | | | | |
| Skoda Auto Volkswagen India Private Limited | - | - | - | 38.48 | - | - | - | 38.48 |
| **Total** | - | - | - | **38.48** | - | - | - | **38.48** |
| **2. Income** | | | | | | | | |
| **a) Pre Received Interest Subvention Income** | | | | | | | | |
| Skoda Auto Volkswagen India Private Limited | - | - | - | 72.25 | - | - | - | 72.25 |
| **Total** | - | - | - | **72.25** | - | - | - | **72.25** |
| **b) Brand Support Fees** | | | | | | | | |
| Skoda Auto Volkswagen India Private Limited | - | - | 645.12 | 1,532.37 | - | - | 645.12 | 1,532.37 |
| **Total** | - | - | **645.12** | **1,532.37** | - | - | **645.12** | **1,532.36** |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **c) Other sale of goods / rendering of services** | | | | | | | | |
| Skoda Auto Volkswagen India Private Limited | - | - | 338.42 | 57.82 | - | - | 338.42 | 57.82 |
| Scania Commercial Vehicles India Private Limited | | | (6.74) | 25.95 | - | - | (6.74) | 25.95 |
| Kuwy Technology Service Private Limited | | | | | 28.13 | 0.99 | 28.13 | 0.99 |
| VW Credit Canada, Inc | - | - | - | 55.01 | - | - | - | 55.01 |
| **Total** | - | - | **331.67** | **138.78** | **28.13** | **0.99** | **359.80** | **139.77** |
| **d) Interest Income** | | | | | | | | |
| Kuwy Technology Service Private Limited | - | - | - | - | 125.90 | - | 125.90 | - |
| **Total** | - | - | - | - | - | - | - | - |
| **3. Managerial Remuneration $** | | | | | | | | |
| Christian Rosswag # | | | - | - | - | - | 104.95 | - |
| Ashish Deshpande | | | - | - | - | - | 120.26 | 108.71 |
| Gokhan Cinar (Till Feb 28,2021) | | | - | - | - | - | - | 237.94 |
| Minal Shah (August 31,2021 to October 31,2021) | | | | | | | 8.11 | |
| **Total** | | | - | - | - | - | **233.32** | **346.65** |
| **4. Director Fees** | | | | | | | | |
| Rupa Vora | - | - | - | - | - | - | 16.00 | 13.00 |
| Jambunathan Subramanian | - | - | - | - | - | - | 15.00 | 10.00 |
| **Total** | - | - | - | - | - | - | **31.00** | **23.00** |

# Mr. Christian Rosswag was appointed as Managing Director and Chief Financial Officer on November 1, 2021

$ Incentives are considered on payment basis

@ Includes Parent Company of Holding Company

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

(Rs. in Lakhs)

| Balances | Holding Company@ | | Fellow Subsidiaries | | Subsidiary Company | | Total | |
|---|---|---|---|---|---|---|---|---|
| | As on March 31, 2022 | As on March 31, 2021 | As on March 31, 2022 | As on March 31, 2021 | As on March 31, 2022 | As on March 31, 2021 | As on March 31, 2022 | As on March 31, 2021 |
| **Investment in subsidiary** | | | | | | | | |
| Equity share capital | | | | | 8,514.71 | 8,514.71 | 8,514.71 | 8,514.71 |
| Compulsory Convertible Preference Shares | | | | | 505.00 | 505.00 | 505.00 | 505.00 |
| **Loan to subsidiary** | | | | | | | | |
| Kuwy Technology Service Private Limited | - | - | - | - | 3,624.85 | - | 3,624.85 | - |
| **Payables** | | | | | | | | |
| Volkswagen Financial Services A.G. | 36.90 | 149.08 | - | - | - | - | 36.90 | 149.08 |
| Skoda Auto Volkswagen India Private Limited | - | - | 11.93 | 3,007.34 | - | - | 11.93 | 3,007.34 |
| Volkswagen Dogus Finansman | - | - | 10.47 | 144.72 | - | - | 10.47 | 144.72 |
| VW Financial Services Digital Solutions GMBH | - | - | 837.13 | 387.61 | - | - | 837.13 | 387.61 |
| Volkswagen Finans Sverige AB | - | - | - | 8.88 | - | - | - | 8.88 |
| Volkswagen Bank GmbH | - | - | 37.11 | 12.39 | - | - | 37.11 | 12.39 |
| Volkswagen IT Services India Private Limited | - | - | 8.41 | 12.66 | - | - | 8.41 | 12.66 |
| Volkswagen Software Asset Management GMBH | - | - | - | 110.51 | - | - | - | 110.51 |
| Volkswagen AG | 2.57 | 2.06 | - | - | - | - | 2.57 | 2.06 |
| Kuwy Technology Service Private Limited | | | | | - | 1.56 | - | 1.56 |
| **Receivables** | | | | | | | - | - |
| Skoda Auto Volkswagen India Private Limited | - | - | 211.81 | 182.68 | - | - | 211.81 | 182.68 |
| Volkswagen Financial Services A.G. | 104.06 | 9.36 | - | - | - | - | 104.06 | 9.36 |
| Scania Commercial Vehicles India Pvt. Ltd | - | - | 763.07 | 23.14 | - | - | 763.07 | 23.14 |
| VW Credit Canada, Inc | - | - | - | 55.01 | - | - | - | 55.01 |
| Kuwy Technology Service Private Limited | - | - | - | - | - | - | - | - |

Volkswagen Financial Services A.G., Germany has given corporate guarantee for credit lines availed by the Company from various banks. The outstanding amount against such credit lines as at year end is Rs. NIL (Previous Year: Rs. 10,547,223,791).

# As part of wholesale funding arrangement with dealer, the company makes/receives payment to/from 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 2,190.12 lakh (Previous year: 4,579.23) 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 .

(Rs. in Lakhs)

| Particulars | March 31, 2022 | | | |
|---|---|---|---|---|
| | Retail Finance | Dealer Finance | Unallocated | Total |
| **Revenue** | | | | |
| External | 7,099.86 | 5,467.48 | 4,991.00 | 17,558.35 |
| Inter segment | | | | |
| **Total** | **7,099.86** | **5,467.48** | **4,991.00** | **17,558.35** |
| Segment Expenses | -7,761.78 | 3,797.97 | 6,624.36 | 2,660.54 |
| **Segment Result - profit / (loss)** | **14,861.65** | **1,669.51** | **(1,633.35)** | **14,897.80** |
| Profit/(Loss) before Tax | - | - | - | 14,897.80 |
| Tax Expense (Including Deferred Tax) | - | - | - | 8,733.61 |
| Profit/(Loss) After Tax before extraordinary Items | - | - | - | 6,164.21 |
| Exceptional Items | (48,530.15) | | | (48,530.15) |
| Profit/(Loss) After Tax | - | - | - | **54,694.36** |
| **Other Information** | | | | |
| **Carrying Amount of Segment Assets** | 15,337.14 | 7,029.01 | 77,394.63 | 99,760.78 |
| **Carrying Amount of Segment Liabilities** | 923.70 | 504.88 | 6,795.90 | 8,224.31 |
| Capital Expenditure | 92.42 | 161.20 | - | - 253.62 |
| Depreciation / Amortisation | | | 682.48 | - 682.48 |

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(Rs. in Lakhs)

| Particulars | March 31, 2021 | | | |
|---|---|---|---|---|
| | Retail Finance | Dealer Finance | Unallocated | Total |
| **Revenue** | | | | |
| External | 19,801.74 | 11,792.20 | 3,640.21 | 35,234.14 |
| Inter segment | | | | - |
| **Total** | **19,801.74** | **11,792.20** | **3,640.21** | **35,234.14** |
| Segment Expenses | 19,290.11 | 8,467.35 | 4,321.01 | 32,078.47 |
| **Segment Result - profit / (loss)** | **511.63** | **3,324.84** | **(680.80)** | **3,155.67** |
| Profit/(Loss) before Tax | - | - | - | 3,155.67 |
| Tax Expense (Including Deferred Tax) | - | - | - | 926.75 |
| Profit/(Loss) After Tax before extraordinary Items | - | - | - | 2,228.92 |
| Extraordinary Items | | | | - |
| Profit/(Loss) After Tax | - | - | - | **2,228.92** |
| **Other Information** | | | | |
| **Carrying Amount of Segment Assets** | 154,971.73 | 98,159.85 | 30,369.45 | 283,501.03 |
| **Carrying Amount of Segment Liabilities** | 82,223.78 | 60,216.58 | 7,161.70 | 149,602.06 |
| Capital Expenditure | 1,178.88 | 824.87 | - | 2,003.75 |
| Depreciation / Amortisation | 456.13 | 319.16 | - | 775.29 |

(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 administratative 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, defered tax assets cash and cash equivalents, advance tax and 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. 130.41 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.

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**35) Disclosure on Restructured Advances**

**Year ended March 2022** (Rs. in Lakhs)

| Sl No | Type of Restructuring → / Asset Classification → / Details ↓ | | Others | | | | |
|---|---|---|---|---|---|---|---|
| | | | Standard | Sub Standard | Doubtful | Loss | Total |
| 1 | Restructured Accounts as on April 1 of the Financial Year (opening 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 |
| 2 | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | | - | - | - |
| 3 | Recovery | No. of borrowers | - | - | - | | - |
| | | Amount outstanding | 3,579.61 | 324.89 | (40.71) | 100.00 | 3,963.80 |
| | | Provision thereon | 166.17 | 283.81 | (15.46) | 67.26 | 501.77 |
| 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 | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 6 | Downgradations of restructured accounts during the Financial Year | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 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 | - | 4 | 1 | - | 5 |
| | | Amount outstanding | - | 456.87 | 846.82 | - | 1,303.69 |
| | | Provision thereon | - | 209.92 | 314.23 | - | 524.15 |

**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.

The amounts mentioned under 'recovery' above are after consideration of sale of retail portfolio during the year.

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**Year ended March 2021** **(Rs. in Lakhs)**

| Sl No | Type of Restructuring → / Asset Classification → / Details ↓ | | Others: Standard | Sub Standard | Doubtful | Loss | Total |
|---|---|---|---|---|---|---|---|
| 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 | 3,585 | 10.12 | - | - | 3,594.89 |
| | | Provision thereon | 166 | 4.33 | - | - | 170.49 |
| 3 | Recovery | No. of borrowers | - | - | - | | - |
| | | Amount outstanding | -5 | -13 | - | (2,495.51) | (2,514.02) |
| | | Provision thereon | - | 10 | - | (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 | - | -37 | - | -771 | (808) |
| | | Provision thereon | - | -37 | - | -771 | (808) |
| 8 | Restructured Accounts as on March 31 of the Financial Year (closing figures) | No. of borrowers | 44 | 3 | 1 | 3 | 51 |
| | | Amount outstanding | 3,580 | 781.76 | 806.11 | 100.00 | 5,267.49 |
| | | Provision thereon | 166 | 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.

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**36)** The Company 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:

**(Rs. in Lakhs)**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 11.95 | 23.40 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.01 | - |
| 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** **(Rs. in Lakhs)**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Disputed claims not acknowledged as debt | 194.00 | 196.56 |
| Service tax matters under appeal | 5,071.85 | 5,071.85 |
| Income tax matters under appeal | 673.55 | 673.55 |

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**

Company 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 Company 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 Company 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.

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Accordingly, service tax matter in respect of which assessment is pending is Rs. 5,071.85 Lakhs (March 31, 2021 Rs. 5,071.85 Lakhs) and the amount paid under protest is Rs. 2,534.08 Lakhs (March 31, 2021 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, 2021 Rs. 266.21 lakhs) and Rs. 318.14 Lakhs (March 31, 2021 Rs. 318.14 lakhs) 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, 2021 Rs. 673.55 Lakhs) and Rs. 44.60 Lakhs (March 31, 2021 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 Rs. 14.45 lakhs (March 31, 2021: Rs.40.38 lakhs)

**38) Corporate social responsibility expenses**

(i) Gross amount required to be spent by the Company during the year: ( Rs. in Lakhs) **34.62**

(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* | 34.62 | - | 34.62 |

* Includes INR 1.74 lacs carried forward from previous year.

* The above expenditure relates to donation into PM Cares Fund and on the Water Shed Organisation Project.

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39) Tax expense

(i) Amounts recognised in profit and loss

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| **Current tax expense** | | |
| Current period | - | 809.09 |
| Changes in estimation related to prior years | - | - |
| **Total current tax expense (A)** | **-** | **809.09** |
| | | |
| **Deferred income tax liability / (asset), net** | | |
| Origination and reversal of temporary differences | - | 117.66 |
| Write off of DTA | 8,733.61 | |
| Reduction in tax rate | - | - |
| Recognition of previously unrecognised tax losses | - | - |
| Change in recognised deductible temporary differences | - | - |
| **Deferred tax expense (B)** | **8,733.61** | **117.66** |
| | | |
| **Tax expense for the year (A)+(B)** | **8,733.61** | **926.74** |

(ii) Amounts recognised in other comprehensive income

(Amount in lakhs)

| Particulars | Year ended March 31,2022 | | | Year ended March 31,2021 | | |
|---|---|---|---|---|---|---|
| | 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) | 3.43 | - | 3.43 | 1.03 | (0.26) | 0.77 |
| **Total** | **3.43** | **-** | **3.43** | **1.03** | **(0.26)** | **0.77** |

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**(iii) Movement in deferred tax balances**

(Rs. in Lakhs)

| Particulars | March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Opening balance March 31, 2021 | Recognised in profit or loss | Recognised in OCI | Net | Deferred tax asset | Deferred tax liability |
| **Deferred tax asset/(liabilities)** | | | | | | |
| Property, plant and equipment | 88.07 | (88.07) | - | - | - | - |
| Loans | 200.42 | (200.42) | - | - | - | |
| Security deposits | - | - | - | - | - | |
| Borrowings | - | - | - | - | - | - |
| Employee benefits | 111.32 | (111.32) | - | - | - | - |
| Equity-settled share-based payments | - | - | - | - | - | - |
| Deferred income | - | - | - | - | - | - |
| Provisions | 9,273.29 | (9,273.29) | - | - | - | - |
| Unabsorbed Depreciation | - | - | - | - | - | - |
| Other items | (939.49) | 939.49 | - | - | - | |
| **Total** | **8,733.61** | **(8,733.62)** | **-** | **-** | **-** | **-** |
| | | | | | | |

(Rs. in Lakhs)

| 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) | 88.06 | - |
| Indexation benefit on land and shares | - | - | - | - | - | - |
| 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 | (975.89) | 36.40 | - | 36.40 | - | (939.49) |
| **Total** | **8,851.52** | **(118.18)** | **-** | **(118.19)** | **9,673.09** | **(939.49)** |

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(iv) **Effective Tax Rate**

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| **Profit before tax** | | |
| Profit Before Tax | (33,632.34) | 3,154.46 |
| Tax rate | 25.168% | 25.168% |
| Tax on profits | (8,464.59) | 793.91 |
| **Tax effect of:** | | |
| CSR expenses | | 24.77 |
| Interest on Late Payment of TDS | | 1.15 |
| Reassessment of DTA | 17,198.20 | - |
| tax on perquisits u/s 10(10CC) | | 3.58 |
| Others | | 103.33 |
| **Total income tax expenses** | **8,733.61** | **926.74** |
| **Effective tax rate** | **0.00%** | **29.38%** |

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

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 31,2022 | As at March 31,2021 |
|---|---|---|
| **Current Tax Assets (Net)** (Net of Provision of March 31, 2022 Rs. 4,919.67 lakhs March 31, 2021 Rs. 4,919.67 lakhs) | 1,700.23 | 3,096.88 |
| **Current Tax Liabilities (Net)** (Net of Advance Tax of March 31, 2022 Rs. 15,351.05 lakhs March 31, 2021 Rs.15,336.96 lakhs) | 1,997.48 | 2,011.57 |
| Total | 297.25 | (1,085.31) |

As per Ind AS 12, a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unsed tax losses and unsed tax credits can be utilised. After due evaluation of the above requirement, the management has decided to not create any deferred tax asset.
As per income tax return for AY 2021-22, the Company has Rs. NIL of accumulated losses and unabsorbed depreciation under Income Tax on which the Company has not created deferred tax assets.

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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

(Rs. in Lakhs)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS 109 | 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 | 7,511.35 | 180.88 | 7,327.86 | 30.15 | 150.73 |
| Standard | Stage 2 | 3,002.99 | 78.90 | 2,926.70 | 12.14 | 66.76 |
| Subtotal | | 10,514.34 | 259.78 | 10,254.56 | 42.29 | 217.49 |
| **Non-Performing Assets (NPA)** | | | | | | |
| Sub Standard | Stage 3 | 2,808.34 | 1,026.23 | 1,782.11 | 280.83 | 745.39 |
| | | | | | | |
| Doubtful 1 | Stage 3 | 2,361.72 | 1,436.91 | 924.81 | 708.52 | 728.39 |
| Doubtful 2 | Stage 3 | 6,645.03 | 3,740.31 | 2,904.72 | 2,770.46 | 969.85 |
| Doubtful 3 | Stage 3 | 14,896.67 | 12,510.02 | 2,389.25 | 12,620.07 | (110.04) |
| Subtotal | | 23,903.43 | 17,684.63 | 6,218.79 | 16,099.05 | 1,588.20 |
| | | | | | | |
| Loss | Stage 3 | 4,293.45 | 3,451.94 | 841.51 | 4,320.28 | (868.34) |
| | | | | | | |
| **Subtotal for NPA** | | 31,005.21 | 22,162.80 | 8,842.40 | 20,700.16 | 1,465.24 |
| | | | | | | |
| **Total** | **Stage 1** | **7,511.35** | **180.88** | **7,330.47** | **30.15** | **150.73** |
| | **Stage 2** | **3,002.99** | **78.90** | **2,924.09** | **12.14** | **66.76** |
| | **Stage 3** | **31,005.21** | **22,162.80** | **8,842.40** | **20,700.16** | **1,462.63** |
| | **Total** | **41,519.55** | **22,422.58** | **19,096.96** | **20,742.45** | **1,680.13** |

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VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

**Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)**

**41)** Disclosures under Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

**i. Capital**

| | Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|---|
| a) | CRAR (%) | 243.97% | 46.81% |
| b) | CRAR – Tier I Capital (%) | 243.47% | 45.56% |
| c) | CRAR – Tier II Capital (%) | 0.50% | 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, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|---|
| a) | Provisions for depreciation on Investment | - | - |
| b) | Expected Credit Loss | (14,422.98) | 662.27 |
| c) | Provision made towards Income tax (including Deferred Tax) | 8,733.61 | 926.75 |

**Concentration of Advances, Exposures and NPAs**

**Concentration of Advances**

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Total Advances to twenty largest borrowers | 34,818.48 | 68,522.99 |
| Total Outstanding Advances | 41,519.54 | 287,448.10 |
| Percentage to Total Advances | 83.86% | 23.84% |

**Concentration of Exposures**

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 34,818.48 | 92,346.39 |
| Total Exposure to Customers | 41,519.54 | 357,598.24 |
| Percentage to Total Exposure | 83.86% | 25.82% |

**Concentration of NPAs**

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Total Outstanding to four largest borrowers / customers | 13,421.42 | 17,198.64 |
| Total Outstanding Advances | 41,519.54 | 287,448.10 |
| Percentage to Total Advances | 32.33% | 5.98% |

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VOLKSWAGEN FINANCE PVT. LTD. * MUMBAI

**Sector-wise NPAs**

| | Sectors | March 31, 2022 (Rs. in Lakhs) | | March 31, 2021 (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 | 31,005.20 | 74.68% | 52,502.40 | 18.26% |
| g) | Other personal loans | - | | - | |

**Movement of NPAs**

| | Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|---|
| a) | Net NPAs to Net Advances (%) | 46.30% | 8.37% |
| b) | Movement of NPAs (Gross) | | |
| | i) Opening balance | 52,502.40 | 50,931.70 |
| | ii) Additions during the year | 1,189.82 | 16,524.51 |
| | iii) Reduction during the year | (22,687.00) | (14,953.81) |
| | iv) Closing balance | 31,005.21 | 52,502.40 |
| b) | Movement of Net NPAs | | |
| | i) Opening balance | 21,470.04 | 21,956.77 |
| | ii) Additions during the year | 995.48 | 7,052.64 |
| | iii) Reduction during the year | (13,623.11) | (7,539.37) |
| | iv) Closing balance | 8,842.41 | 21,470.04 |
| c) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | i) Opening balance | 31,032.35 | 28,974.94 |
| | ii) Provisions made during the year | 194.34 | 9,471.86 |
| | iii) Write-off | (465.93) | (5,542.99) |
| | iv) write-back of excess provisions | (8,597.96) | (1,871.45) |
| | v) Closing balance | 22,162.80 | 31,032.35 |

iii **Customer Complaints**

| | Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|---|
| a) | No. of complaints pending at the beginning of the | - | 1 |
| b) | No. of complaints received during the year | 525 | 703 |
| c) | No. of complaints redressed during the year | 514 | 704 |
| d) | No. of complaints pending at the end of the year | 11 | - |

Note- All the complaints outstanding at the year end were resolved subsequent to the Balance Sheet date.

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VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (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) and the same expires on 31.03.2022 and the company has not renewed the same.

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

No penalties imposed by RBI or any other Regulator during the current year & previous year.

**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 |
|---|---|---|---|
| 6-Aug-21 | ICRA Limited | ICRA A1+ | NA |
| 4-Oct-21 | India Ratings & Research Private Limited | IND A1+/RWN | NA |
| 22-Nov-21 | India Ratings & Research Private Limited | IND A1+/RWN | NA |
| 31-Mar-22 | India Ratings & Research Private Limited | IND A1+/RWN | NA |
| 1-Jul-22 | India Ratings & Research Private Limited | WD | NA |

| Date of Rating | Rating Agency | Non Convertible Debentures | Others |
|---|---|---|---|
| 4-Oct-21 | India Ratings & Research Private Limited | IND AAA/RWN | NA |
| 22-Nov-21 | India Ratings & Research Private Limited | IND AAA/RWN | NA |
| 31-Mar-22 | India Ratings & Research Private Limited | IND AAA/RWN | NA |
| 1-Jul-22 | India Ratings & Research Private Limited | WD | NA |

| Date of Rating | Rating Agency | Bank Rating | Others |
|---|---|---|---|
| 4-Oct-21 | India Ratings & Research Private Limited | Long term Loan rating | IND AAA/RWN |
| 4-Oct-21 | India Ratings & Research Private Limited | Short term loan rating | IND A1+/RWN |
| 22-Nov-21 | India Ratings & Research Private Limited | Long term Loan rating | IND AAA/RWN |
| 22-Nov-21 | India Ratings & Research Private Limited | Short term loan rating | IND A1+/RWN |
| 31-Mar-22 | India Ratings & Research Private Limited | Long term Loan rating | IND AAA/RWN |
| 31-Mar-22 | India Ratings & Research Private Limited | Short term loan rating | IND A1+/RWN |
| 1-Jul-22 | India Ratings & Research Private Limited | Long term Loan rating | WD |
| 1-Jul-22 | India Ratings & Research Private Limited | Short term loan rating | WD |

**vii Extent of financing of parent company products**

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Loan outstanding as at year end out of the amount financed to parent company products | 40,720.25 | 281,531.78 |
| Company Portfolio | 41,519.54 | 287,448.10 |
| Percentage of financing for parent product upon Company's portfolio | 98.07% | 97.94% |

**viii Investments:**

| Particulars | March 31, 2022 (Rs. in Lakhs) | March 31, 2021 (Rs. in Lakhs) |
|---|---|---|
| Gross Value of Investments | 9,019.71 | 9,019.71 |
| Provision for Depreciation on Investments | - | - |
| Net Value of Investments | 9,019.71 | 9,019.71 |
| Movement of provisions held towards depreciation on investments | - | - |

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VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

ix. Maturity pattern of certain items of assets and liabilities

As on March 31, 2022

(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 | - | - | - | - | - | - | - | - | - |
| Bank Overdraft | - | - | - | - | - | - | | | - |
| Long Term Loans | - | - | - | - | - | - | - | - | - |
| **Market borrowings** | | | | | | | | | |
| Commercial Papers | - | - | - | - | - | - | - | - | - |
| Non Convertible Debentures | - | - | - | - | - | - | - | - | - |
| **Assets** | | | | | | | | | - |
| Loans | | | | | | | | | **41,519.54** |
| Advances*@ - Retail Std Asset | 221.61 | 239.76 | 225.62 | 740.61 | 1,297.73 | 2,430.74 | - | - | **5,156.07** |
| Advances* - Retail Sub Std Asset | | | | | | | 879.22 | 373.77 | **1,252.99** |
| Advances* - Retail Doubtful and Loss | | | | | | | 753.19 | 7,968.31 | **8,721.50** |
| Advances*# - Wholesale Std | 1,907.22 | 78.42 | 78.95 | 511.76 | 1,548.12 | 1,008.95 | 183.44 | - | **5,316.86** |
| Advances* - Wholesale Sub Std | | | | | | | 1,055.46 | 310.76 | **1,366.22** |
| Advances* - Wholesale Doubtful and | | | | | | | 2,201.47 | 17,504.43 | **19,705.90** |
| Investments - Fixed Deposits | 53,300.00 | | | | | 7,501.41 | | | **60,801.41** |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - |

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VOLKSWAGEN FINANCE PVT. LTD. * MUMBAI

**As on 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 |
|---|---|---|---|---|---|---|---|---|---|
| **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 | - | - | - | - | - | - | - | - | **-** |

Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (continued)

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:** | **Forward Rate Agreement / Interest Rate Swaps**<br>Notional Principal of Swap Agreements<br>Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements<br>Collateral required by the NBFC upon entering into swaps<br>Concentration of credit risk arising from the swaps<br>The fair value of the swap book<br><br>**Exchange Traded Interest Rate Derivatives**<br>Notional Principal amount of exchange traded interest rate derivatives undertaken during the year<br>Notional Principal amount of exchange traded interest rate derivatives outstanding as at March 31, 2018<br>Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly<br>Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"<br><br>**Quantitative Disclosures**<br>Derivative (Notional Principal Amount)<br>Marked to Market Positions<br>Credit Exposure<br>Unhedged Exposure |
| **Securitisation:** | No of SPVs sponsored by the NBFC for securitisationtransactions<br>Total amount of securitised assets as per books of theSPVs sponsored<br>Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet<br>Amount of exposures to securitisation transactionsother than MRR<br><br>**Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**<br>No. of accounts<br>Aggregate value (net of provisions) of accounts sold to SC / RC<br>Aggregate consideration<br>Additional consideration realized in respect of accounts transferred in earlier years<br>Aggregate gain / loss over net book value<br><br>**Assignment transactions undertaken**<br>No. of accounts<br>Aggregate value (net of provisions) of accounts sold to SC / RC<br>Aggregate consideration<br>Additional consideration realized in respect of accounts transferred in earlier years<br>Aggregate gain / loss over net book value<br><br>**Details of non-performing financial assets purchased**<br>No. of accounts purchased during the year<br>Aggregate outstanding<br><br>Of these, number of accounts restructured during the year<br>Aggregate outstanding<br><br>**Details of non-performing financial assets sold**<br>No. of accounts sold<br>Aggregate outstanding<br>Aggregate consideration received |
| **Exposure to Real Estate Sector** | Residential Mortgages<br>Commercial Real Estate<br>Investments in Mortgage Backed Securities (MBS) and other securitised exposures |

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| | |
|---|---|
| **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;<br>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;<br>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;<br>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;<br>Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;<br>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;<br>Bridge loans to companies against expected equity flows / issues;<br>All exposures to Venture Capital Funds (both registered and unregistered) |
| **Concentration of Deposits** | Total Deposits of twenty largest depositors<br>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<br>During the year, Companys has not postponed revenue recognition on account of pending uncertainties.<br>During the year, Companys has not made any draw down of reserves.<br>Company does not have any overseas joint venture / subsidiary.<br>There are no SPVs sponsored by the Company |

**42)** 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.

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**Volkswagen Finance Private Limited**

**ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**

**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 | - | - |
| | : Unsecured | - | - |
| | (other than falling within the meaning of public deposits)# | | |
| | (b) Deferred Credits | - | - |
| | (c) Term Loans | - | - |
| | (d) Intercorporate loans and borrowing | - | - |
| | (e) Commercial Paper | - | - |
| | (f) Public Deposits# | - | - |
| | (g) Other Loans - Working Capital Demand Loan | - | - |
| | - Bank Overdraft | - | - |
| | # 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 | 10,786.00 |
| | (b) Unsecured* | 30,733.54 |
| (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 | - |
| | (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)

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| | 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 | - | 3,624.85 | 3,624.85 |
| | (b) Companies in the same group | - | - | - |
| | 2. Other than related parties | 10,786.00 | 27,108.69 | 37,894.69 |
| | Total | 10,786.00 | 30,733.54 | 41,519.54 |

| | | | |
|---|---|---|---|
| (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 | 31,005.21 |
| (ii) | Net Non-Performing Assets | |
| | (a) Related Parties | - |
| | (b) Other than related parties | 8,842.41 |
| (iii) | Assets acquired in satisfaction of debt | 130.41 |

Notes:

1. As defined in point xxvii of paragraph 3 of Chapter -2 of these Directions.
2. Provisioning norms shall be applicable as prescribed in these Directions.
3. 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.

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43 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 0 (Previous year Rs. 341 Lakhs).

44 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.

45 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 2022. 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.

46 **Going Concern**

The Company sold its Retail portfolio during the year. Further the Company discontinued its Wholesale business with effect from January 1, 2022 and has made an application to RBI for surrender of NBFC license. The Company holds a Corporate Agency License for its insurance business till March 31, 2022 and does not propose to renew the same. However based on maturity pattern of assets and liabilities, projections for next year and adequate liquidity, no material uncertainty exists indicating that the company is not capable of meeting its liabilities. Considering the above factors financial statements have been prepared on going concern basis.

47 **Discontinued Operations**

The Company sold its Retail portfolio during the year. Further the Company discontinued its Wholesale business with effect from January 1, 2022 and has made an application to RBI for surrender of NBFC license.Pursuant to the above the financial assets of the company (excluding fixed deposits)are less than 50% of the total assets of the company . The Company also holds a Corporate Agency License for its insurance business till March 31, 2022 and does not propose to renew the same. Consequently the Company does not have any continuing business and therefore all income and expenses of the current and previous year are disclosed as "Discontinued Operations".

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48 **Regulatory Disclosures**

1) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

2) The Company does not have any transactions with companies struck off.

3) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

4) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

5) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

6) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;

b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

7) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

8) The Company has not been declared as willful defaulter by any bank or financial institution or government or any government authority.

9) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company.

10) The Company has not made any Loans or Advances in the nature of loans that are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
(a) repayable on demand or
(b) without specifying any terms or period of repayment

49 Previous year figure have been audited by Erstwhile Auditor. Further previous year figures have been regrouped wherever necessary.

50 **Subsequent Events**

In its meeting held on June 01,2022, the Board of Directors have resolved to not carry on the NBFC business as its principal business and to surrender its license issued by RBI. Further they have in principal approved the reduction of equity share capital of the company not exceeding 50% of the cash and bank balance subject to approval from regulatory authorities.

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

**For Batliboi & Purohit**
Chartered Accountants
ICAI Firm Registration No. 101048W

**Janak Mehta**
Partner
Membership No. 116976

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

**Ashish Deshpande**
Chief Executive Officer &
Managing Director
DIN 08314277

**Christian Rosswag**
Chief Financial Officer &
Managing Director
DIN No -09382572

**Jinal Visrodia**
Company Secretary
Membership No. A53806

Mumbai
June 30, 2022

VOLKSWAGEN FINANCE PVT. LTD. MUMBAI

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## 1.1. CORPORATE INFORMATION

Volkswagen Finance Private Limited (VWFPL) 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.

## 1.2. BASIS OF PREPARATION

### A. Statement of compliance

The financial statements of the Company 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. The Company has adopted Ind AS from April 01, 2018 with effective transition date of April 01, 2017 and accordingly, these financial statements together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind 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.

**B.** 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 Company's Board of Directors on June 30, 2022.

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 27.

**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 29.

**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 Company 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 Company 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 Company'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 Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. At each reporting date, the Company 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 Company'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.

**C. 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 except for penalty interest income and other service fee are recognized when there is reasonable certainty of receiving the same.

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.

IV. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

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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 Company 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 Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

The Company 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 company 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 Company'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 Company recognises the financial assets at trade date on initial recognition.

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**Business model assessment**

The Company 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 Company'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.

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

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**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.

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 Company 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 Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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 Company

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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.

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 Company 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 Company'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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company 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 Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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.

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G. **MEASUREMENT OF FAIR VALUES**

The Company'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 Company 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 Company 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. **INVESTMENT IN SUBSIDIARY**

A subsidiary is an entity in which the Company has power to control the financial and operating policies so as to obtain benefits from its activities. Investment in subsidiary is carried at cost in separate financial statements.

J. **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.

K. **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

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consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company 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.

L. **TRADE AND OTHER PAYABLES**

These amounts represent liabilities for goods and services provided to the Company 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.

M. **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 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 Company.

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

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## N. INTANGIBLE ASSETS

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 | 4 |

## O. INTANGIBLE ASSETS UNDER DEVELOPMENT

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company 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.

## P. 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.

## Q. 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.

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**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 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 Company 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 Company 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.

R. **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 Company accounts for liability for future gratuity benefits based on actuarial valuation. The net present value of the Company'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 Company 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 Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

## S. SEGMENTAL REPORTING

The Company's operating segments are established on the basis of those components of the Company 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.

Company has two principal operating and reporting segments viz

- Retail finance
- Dealer finance

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 Company 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".

## T. 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.

## U. 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.

## V. OPERATING LEASES

The company has applied IND AS 116 using the modified retrospective approach.
The Company 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 Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Company 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 Company 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.

## W. 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 Company are segregated based on the available information.

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### X. 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.

### Y. 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.

### Z. 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.

### AA. NON-CURENT 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

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**AB. Transfer to special reserve**

As per section 45-IC of the Reserve Bank of India Act, 1934 (the RBI Act), the company is transferring an amount not less than 20 per cent of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purpose specified by RBI.

**AC. Goods and service tax**

Expenses and assets are recognised net of the goods and services tax paid, except:

(i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

(ii) when receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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