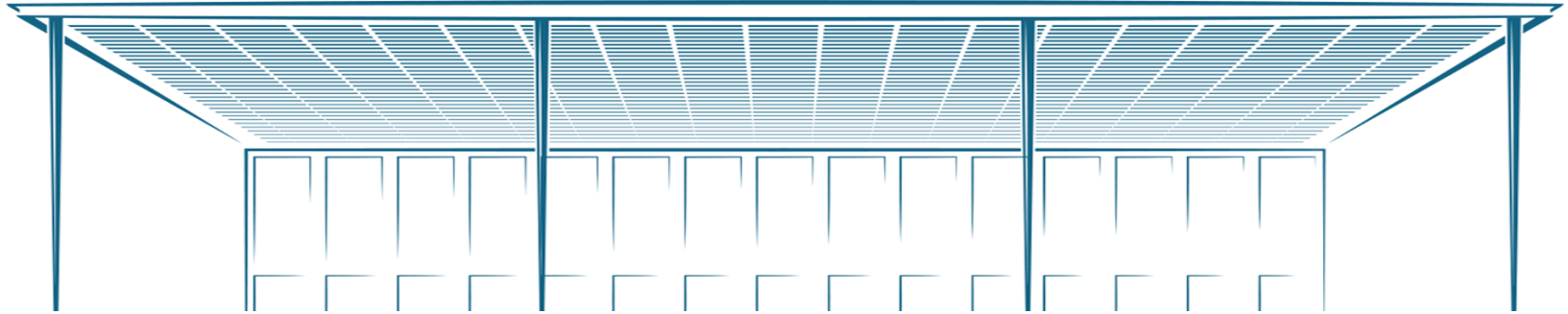


**VOLKSWAGEN FINANCE**  
PRIVATE LIMITED

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# Investor Update

September 2019

## Company History

- Incorporated in January 2009
- Wholly owned subsidiary (directly and indirectly) of Volkswagen AG
- Commenced activities as Corporate Agent of Bajaj Allianz General Insurance Company Limited in March 2009 to distribute insurance products to retail customers of Volkswagen Group Brands
- Captive NBFC – Financing Retail customers and dealers of Volkswagen Group Brands
- Non-Deposit taking NBFC registered with the Reserve Bank of India. Obtained NBFC license in March 2011
- Commenced Retail Financing business from March 2011
- Commenced Wholesale (Dealer Funding) Financing business from January 2012
- Added insurance partners Reliance General Insurance Company Limited and United India Insurance Company Ltd in 2017

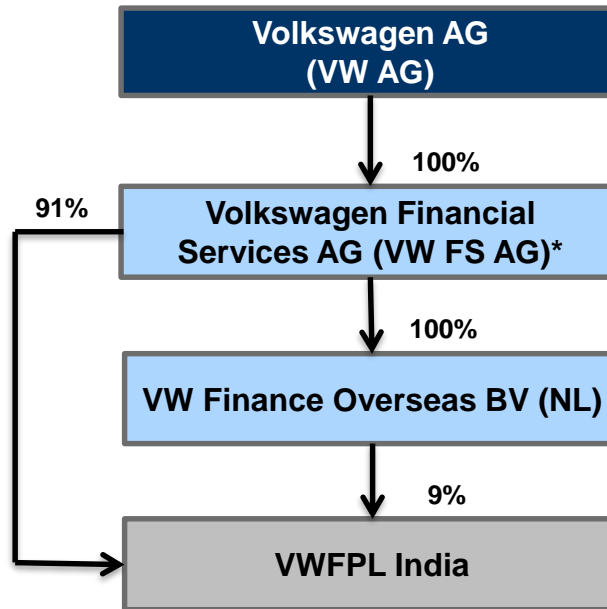
## Brand Coverage in India



VOLKSWAGEN FINANCE  
PRIVATE LIMITED



## Share Holding Structure



\*Volkswagen AG is listed on Frankfurt Stock Exchange. For further information please refer the link as below  
<https://www.volkswagenag.com/en/InvestorRelations/shares/shareholder-structure.html>

# Creating Value

Our business model interfaces Customers, Automotive Brands and Dealers



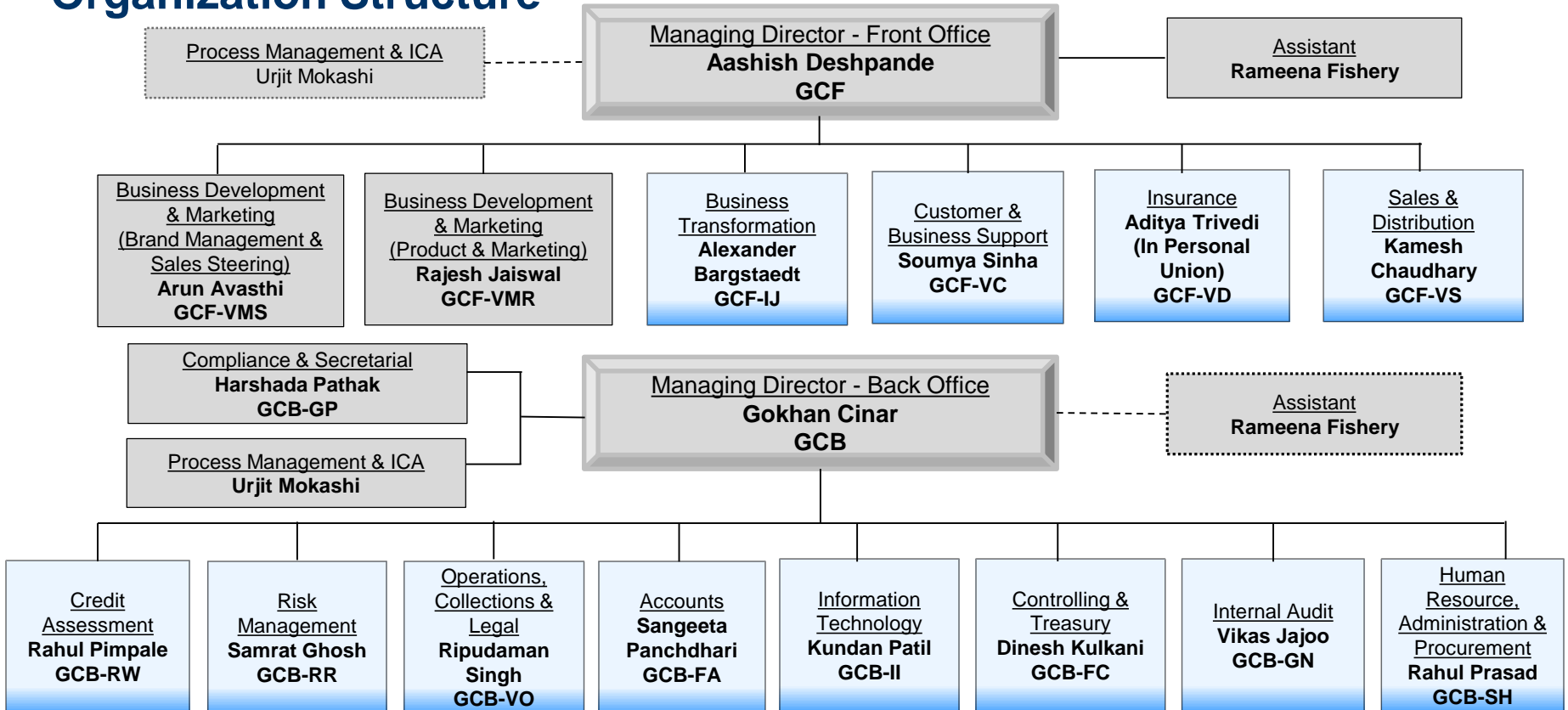


## **Closely Integrated with Parent and Strong Parental Support**

## Strong Parental Support

- 100% Equity Ownership by VW Financial Services AG
- Equity infusion commitment of parent to secure Volkswagen Finance Pvt Ltd (VWFPL) adherence to regulations set by RBI
- Executive Board members\ Key Management staff from the parent
- Formulation, implementation and execution of business policy approved by the parent
- Tacticals - Interest Subsidy from VW Group Brands to support campaign business
- Letter of Comfort / Letter of Support / Letter of Awareness from Volkswagen Financial Services AG (Annual Report 2018)
- Unconditional and irrevocable guarantee to VWFPL's banking facilities

# Organization Structure



Note : In Personal Union means temporary in charges of Insurance Department.



## Board of Directors - Profile

### Mr. Ashish Deshpande

Managing Director Front Office & CEO

- More than 2 decades of experience in Marketing, Sales and Business Development operations
- Aged 44 years graduated in Mechanical Engineering and Masters in Business Administration (Marketing Management) from University of Pune, India

### Mr. Gokhan Cinar

Managing Director Back Office & CFO

- Over 15 years of experience in Finance and Auditing
- Aged 42 years graduated in Economics and Post graduate in International Finance

### Mr. Norbert Dorn

Additional Director

- Over 25 years of experience in controlling and sales within Volkswagen Group
- Aged 61 years and has completed Diploma Master of Economics

### Ms. Rupa Vora

Non Executive Independent Director

- 30 years of experience in Finance of which more than 11 years with IDFC Group and 10 years in Banking
- Aged 58 years holding a Chartered Accountancy degree

### Mr. Jambunathan Subramanian

Additional Director (Independent)

- 26 years of experience in banking and financial Services, 18 of which have been in leadership positions.
- Aged 49 years, Bachelor of Engineering (Electronica and Communication) from Gulbarga University and Post Graduate Diploma in Management from Indian Institute of Management, Bangalore

## Volkswagen Finance vs. Banks

### Volkswagen Finance

- ✓ Focus: Customer loyalty for Brand
- ✓ “One-Stop-Shop” philosophy
- ✓ Brand experience VW Group
- ✓ Customer data remain within the Group
- ✓ Wide range of FS products
- ✓ Profit maker & loyalty driver for the VW Group



### Banks

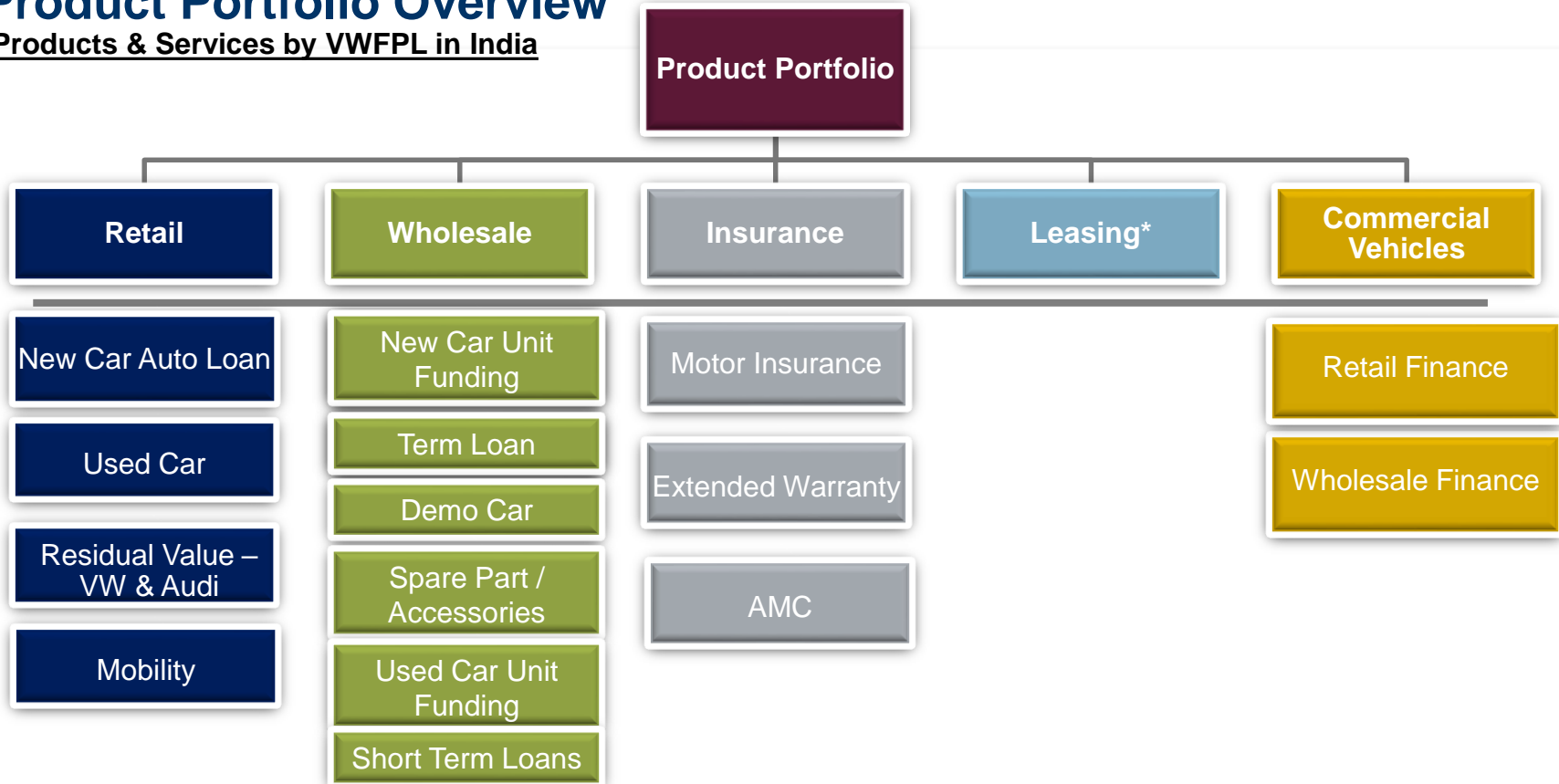
- ✗ Focus: Customer loyalty for the bank & up-selling
- ✗ Only Loan.
- ✗ Independent financial institution
- ✗ Drain of data □ Missing CRM synergies
- ✗ Limited product. No subvention scheme possible
- ✗ Vehicle sale is the only added value for the VW Group



Banks have no loyalty to dealers nor brands

# Product Portfolio Overview

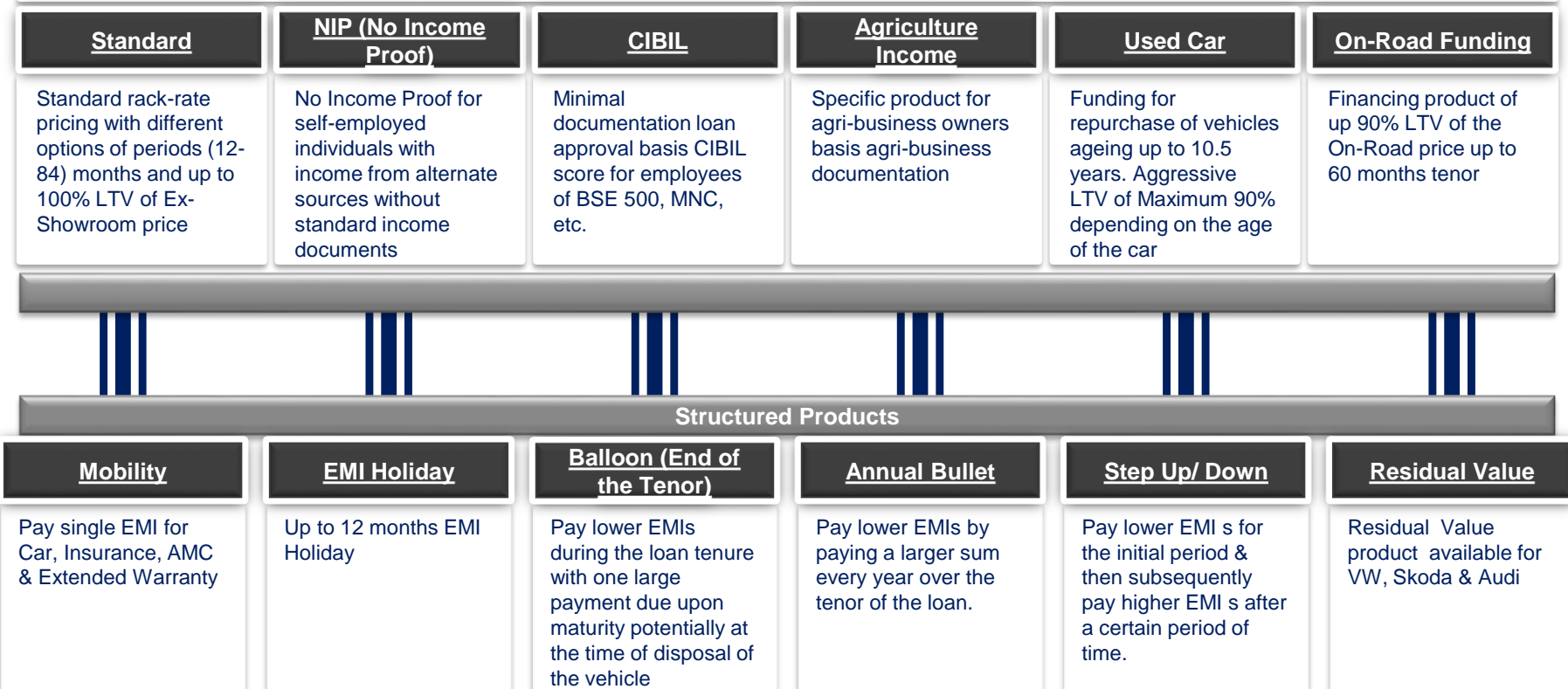
## Products & Services by VWFPL in India



\* Product - Operational Lease launched on a pilot basis only for group companies in October 2016  
Volkswagen Finance Private Limited | Investor Update | September 2019

## Retail Products – Matching the customer profile

### RETAIL PRODUCTS SPECTRUM



## Wholesale Products

### WHOLESALE PRODUCTS SPECTRUM

#### NCUF

- New Car Unit Funding
- Credit line for VW group dealers to stock new cars from brand.
- Vin based funding for 365 days

#### UCUF

- Used Car Unit Funding
- Credit line for VW group dealers to stock used cars from brand.
- Vin based funding for 180 days

#### Demo Funding

- Demo Car Funding
- Credit line for VW group dealers to use demo cars from brand.
- Vin based funding for 365 days

#### Spare Parts Funding

- Credit line provided to stock spare parts and accessories at dealership
- Dealers maintains at least 45 days of spare part stock on an on-going basis

#### Term Loan

Term loans are provided to VW group dealers with 100% property collateral

- Green field Project finance (3S facilities)
- Existing Term Loan Takeover from other financier
- Correction of Working Capital Gaps
- Other Term Loans
- Additionally we provide Short Term Working Capital loan up to 1 year

## Product Overview - Insurance

### Insurance Product

- Partner with Bajaj Allianz General Insurance Company Limited, Reliance General Insurance Company Limited and United India Insurance Company Limited.
- Offer motor insurance product to cover the risk of the group brand vehicles and provide peace of mind to customers
- Add-on product: Enhanced or value added products to support customers by protecting their liability under basic motor insurance
- Dealer package policies: Covers the risk associated to the dealer's property and stock

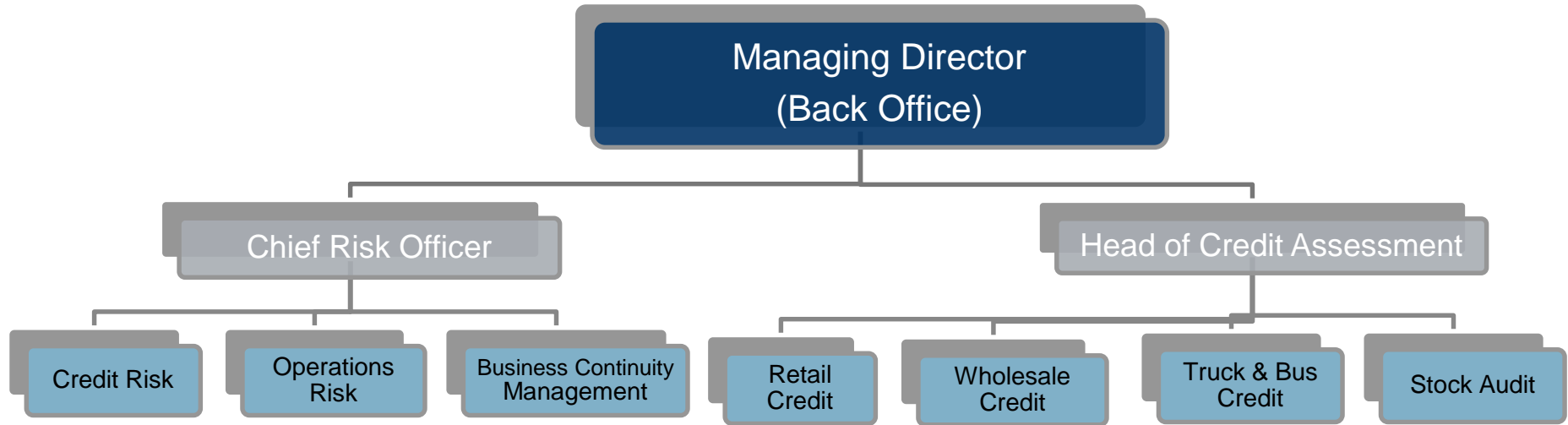
### Annual Maintenance Product

- Fee-based product
- Maintenance product
- AMC financing product
- VWFPL does not bear any risk for pricing of these products

### Extended Warranty Product

- Fee based product
- Involves back-to-back arrangements between the customer – brand and brand – insurance company
- Product structured in cooperation with Bajaj Allianz and brands
- Extended Warranty available for 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> year since the date of car purchase and any time Warranty

# Replicating Global Strong Risk Management System



## Replicating Global Strong Risk Management System (continued)

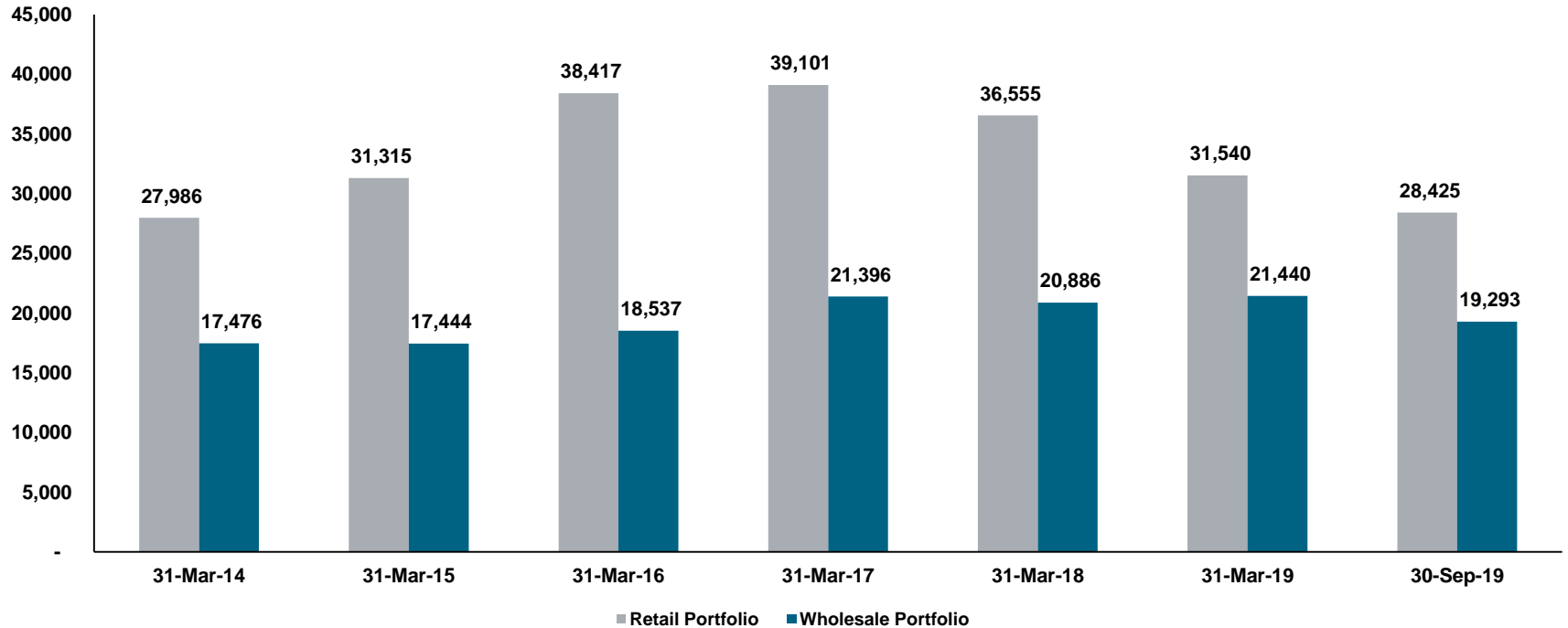
### Identifying Key Risks:

- Counterparty Risks – Credit Risk
  - Industry Risk
  - Concentration Risk
- Market Risks
  - Interest Rate Risk
- Operational Risks
  - Business Continuity Risk
  - Fraud Risk
- Liquidity Risks
  - Funding Risk
  - Asset Liability Management





## Asset Portfolio (INR mn)



## Retail Portfolio Snapshot as on September 30, 2019

Particulars		
Active Cases (Count)	51,389*	
Retail Portfolio (INR Mn)	27,892	
Audi (% volume) / (% value)	11.29%	31.02%
Skoda (% volume) / (% value)	21.08%	20.94%
Volkswagen (% volume) / (% value)	63.68%	40.19%
Porsche (% volume) / (% value)	0.10%	0.99%
Lamborghini (% volume) / (% value)	0.01%	0.32%
MAN (% volume) / (% value)	0.34%	0.88%
Scania (% volume) / (% value)	0.23%	2.45%
Used Car (% volume) / (% value)	3.09%	2.84%
Ducati (% volume) / (% value)	0.11%	0.14%
Others (% volume) / (% value)	0.07%	0.24%
NPA cases (count)	2,536	
90 DPD (% of retail portfolio)	4.54%	

Notes :- DPD – Days Past Due

\* excludes retail contracts pertaining to financing Demo Car and Non Dealer Corporate

## Summary of Loan To Value (LTV)

Brand	Average LTV (percent)
Audi	84.14%
VW	81.82%
Skoda	80.65%
Porsche	87.74%
Lamborghini	83.77%
MAN	91.58%
Scania	91.39%
Used Car	72.73%
Ducati	81.70%
Others	81.19%
<b>Portfolio LTV</b>	<b>82.36%</b>

## Region-wise Retail Portfolio Contribution

Region	Contribution (%)
East	4%
North	24%
South	47%
West	26%
<b>Total</b>	<b>100%</b>

## Wholesale Portfolio Snapshot as on September 30, 2019

Particulars		
Total Corporate Customer (Dealer + Non dealer) (includes non dealer – 23)		162
Dealer Portfolio - Inventory Funding (INR mn)		9,340
Dealer Portfolio - Term Loan (INR mn)		2,524
Dealer Portfolio - Demo Cars (INR mn)		1,451
Non Dealer Corporate (INR mn)		5,549
<b>Total Wholesale Portfolio (INR mn)</b>		<b>18,865</b>
Audi (% covered) / (% value)	12.10%	20.27%
Skoda (% covered) / (% value)	22.29%	13.20%
Volkswagen (% covered) / (% value)	42.68%	27.48%
Porsche (% covered) / (% value)	4.46%	6.06%
Lamborghini (% covered) / (% value)	2.55%	2.88%
Ducati (% covered) / (% value)	0.64%	0.12%
Scania (% covered) / (% value)	14.01%	28.12%
Non Brand T&B (% covered) / (% value)	1.27%	1.88%
Others (% covered) / (% value) (incl. NBFC & TATA)	3.18%	2.49%
NPA cases (#) (Dealers - 17 & Non Dealers - 6)		23
90 DPD (% of Corporate portfolio)		15.80%

## Product Reach/Dealership Coverage

### Retail and Truck & Bus Product Reach

Brands	Covered Dealer Principals (number)	Covered Dealer Outlets (number)	Coverage (percent)
Volkswagen	63	117	100%
Skoda	43	64	100%
Audi	21	33	100%
Lamborghini	3	3	100%
Porsche	6	6	100%
MAN	NA	NA	NA
Scania	NA	NA	NA
<b>Total</b>	<b>136</b>	<b>223</b>	<b>100%</b>

Based on Retail data, wholesale MIS and verbal confirmation given by the respective brands

### Wholesale Product Reach

Brands	Covered Dealers Principal (number Active including NDC)	Coverage (percent)
Volkswagen	58	92%
Skoda	24	56%
Audi	15	71%
Lamborghini	3	100%
Porsche	5	83%
Scania	15	NA
Non Brand T & B	2	NA
Other*	5	NA
<b>Total</b>	<b>127</b>	

Based on inputs received from Risk data as on September 2019, \*Others contain NBFC & TATA

## ALM Snapshot as on September 30, 2019

### ALM Statement of Structural Liquidity

Time Bucket	Cumulative Mismatch (INR Mn)	Mismatch %
Upto 14 days	(10.10)	(22.79)
Upto 1 month	10.44	19.17
Upto 2 month	46.83	69.20
Upto 3 month	54.85	77.69
Upto 6 month	37.78	31.72
Upto 1 year	(21.03)	(8.81)
Upto 3 year	54.66	17.39
Upto 5 year	117.53	37.39
Over 5 year	-	-

## Credit Ratings

- Rating from India Ratings & Research Private Limited (India Ratings) - wholly owned subsidiary of the Fitch Ratings
- Short term ratings from ICRA Limited - subsidiary of Moody's Investors Service

Long Term Issuer Rating	IND AAA; Outlook Stable
Short Term Issuer Rating	IND A1+
INR 32bn Long Term Bank Loan	IND AAA
INR 25bn Secured Redeemable Non-Convertible Debentures	IND AAA
INR 15bn Short Term Bank Loan	IND A1+
INR 30bn Commercial Paper Program	IND A1+ & ICRA A1+

## Key Financial Performance Metrics

Metrics (INR mn)	H1 FY 2019-20	FY2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Paid up Capital / Equity	11,688	11,688	11,688	11,688	11,688	11,688
Networth	13,862.40	13,412	13,662	13,139	12,589	11,763
Retail Portfolio	28,425.73	31,540	36,555	39,101	38,417	31,315
Wholesale Portfolio	19,293.45	21,440	20,886	21,396	18,537	17,444
Total Portfolio	47,719.18	52,980	57,441	60,497	56,954	48,759
Revenue	2,763.60	5,926	6,342	6,493	6,186	5,639
Expense	2,252.70	6,510	5,486	5,619	5,051	4,700
Profit Before Tax	510.90	-584	856	875	1,214	939
Tax Expense	61.90	-203	333	325	387	305
Profit After Tax	449.00	-381	523	549	827	634
Return on Assets (%)	0.01	-0.46	0.88	0.88	1.41	1.26

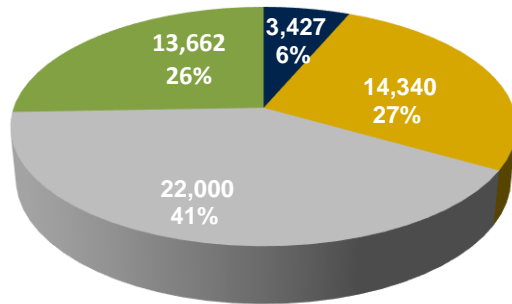
## Key Financial Performance Metrics (contd...)

Metrics (INR mn)	H1 FY 2019-20	FY2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Gross NPA (%)	9.73	8.72	3.7	2.71	2.31	4.14
Net NPA (%)	4.42	3.48	1.84	1.27	1.07	2.41
NPA Provisioning Coverage (%)	55.51	62.99	51.12	53.78	54.23	42.93
Net Interest Income	1,276.50	2,376	2,882	2,671	2,578	2,270
Net Interest Income (%)	6.62	4.49	5.01	4.41	4.52	4.65
CRAR (%)	27.8	23.48	22.56	20.76	21.07	22.93
Debt-Equity Ratio	2.19	2.64	2.99	3.35	3.29	2.89



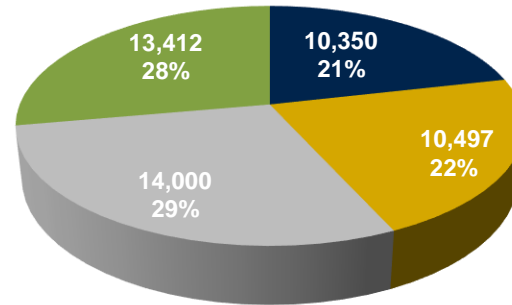
## Funding Mix (INR mn)

March 31, 2018



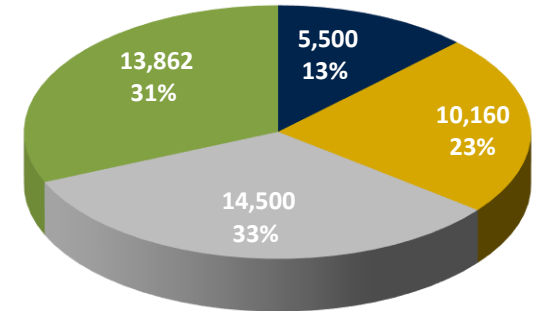
Total = INR 53,429

March 31, 2019



Total = INR 48,259

September 30, 2019



Total = INR 44,022

■ CP    ■ Bank Lines    ■ Bonds    ■ Net Worth

## Available Funding Sources as on September 30, 2019

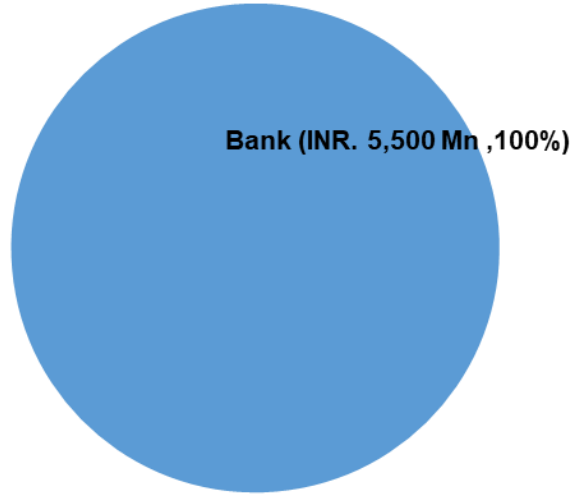
Instrument	Sanctioned / Rated Amount (INR Mn)	Available Amount (INR Mn)
<b>Short Term Funding Sources</b>		
Credit Facilities with banks (overdraft + working capital demand loan)	41,120	23,960*
Money Market – Commercial Paper	30,000	24,500
<b>Sub Total</b>	<b>71,120</b>	<b>48,460</b>
<b>Long Term Funding Sources</b>		
Secured Non Convertible Debentures (private placement basis)	16,500	2,000
<b>Sub Total</b>	<b>16,500</b>	<b>2,000</b>
<b>Total Funding Lines</b>	<b>87,620</b>	<b>48,793</b>

\*Net amount available after drawdown of bank loans & investment by banks in Commercial Paper / Bonds

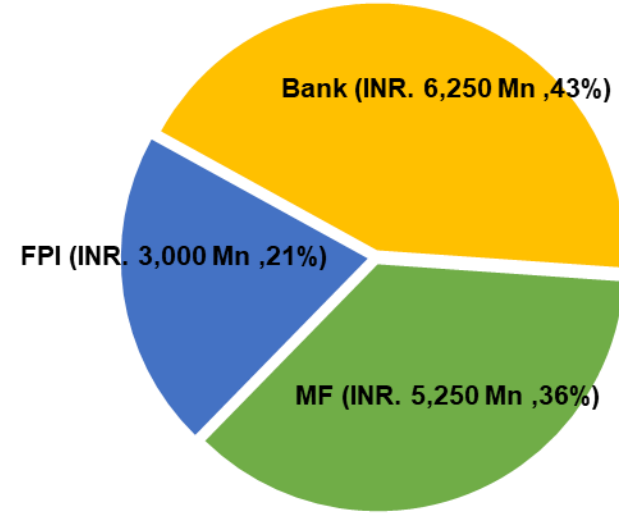
# Capital Market Program

Investor Category Composition as on September 30, 2019

Commercial Paper Program



Non Convertible Debentures



Diversified Investor Base for Capital Market Program

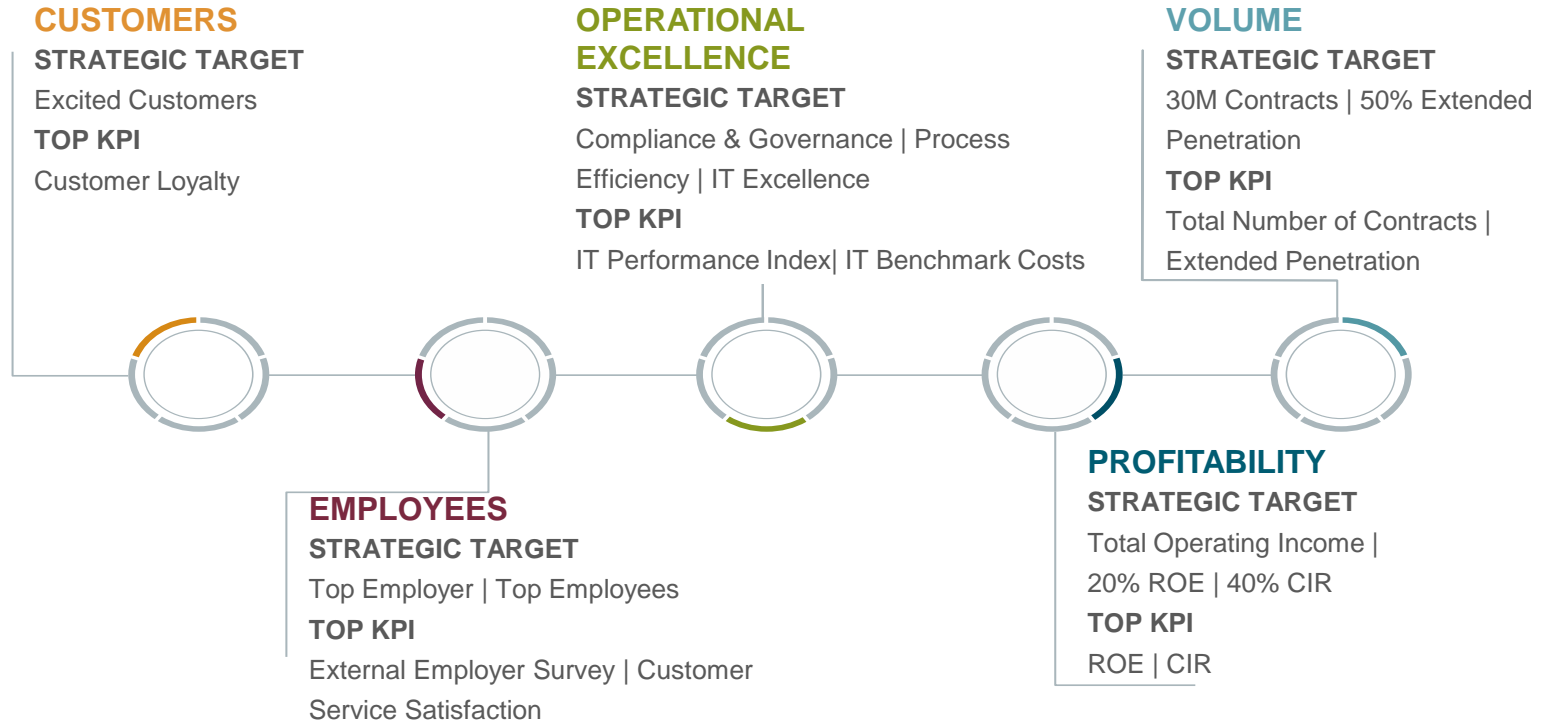
Mutual Funds	Banks	FPIs	Corporates	Pension Funds	Total
24	18	8	3	1	54

## Bank Facilities as on September 30, 2019

Sr No	Bank	Nature of Credit Lines	Facility Amount INR mn
1	Citibank	Working Capital Facility / Overdraft Facility	5,000
2	JP Morgan Chase Bank	Working Capital Facility / Overdraft Facility	5,000
3	State Bank of India	Working Capital Facility / Overdraft	7,000
4	Bank of America Merrill Lynch	Working Capital Facility / Overdraft Facility / Term Loan Facility	3,070
5	DBS Bank Limited	Working Capital Facility	3,000
6	IndusInd Bank	Working Capital Facility / Overdraft	5,000
7	Bank of Tokyo MUFJ	Working Capital Facility / Overdraft Facility	2,000
8	Standard Chartered Bank	Working Capital Facility / Overdraft Facility	1,800
9	BNP Paribas Bank	Working Capital Facility / Overdraft Facility	1,690
10	Scotiabank	Working Capital Facility / Overdraft	1,440
11	Societe Generale	Working Capital Facility	1,350
12	ANZ Banking Group	Working Capital Facility	500
13	Credit Agricole	Working Capital Facility	1,970
14	Barclays Bank	Working Capital Facility	2,000
15	Qatar National Bank	Working Capital Facility	300
		<b>Total</b>	<b>41,120</b>

Note: All the above credit facilities are backed or will be backed by corporate guarantee from Volkswagen Financial Services AG.

# Strategic Dimensions, Strategic Targets and Top KPI



## Our Company Values

“What do we stand for and believe in?”



FS WAY

Corporate Culture

FS Values

Leadership Culture

Integrity

Values



A living commitment to our customers



Responsibility



Trust and Confidence



Courage



Enthusiasm

INTERNATIONAL COLLABORATION

Full Entrepreneurial Autonomy of Countries

Aligned by a Global Approach

## Contact

**Dinesh Kulkarni**

**Head – Controlling & Treasury**

**Volkswagen Finance Private Limited**

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<http://www.volkswagen-finance-india.co.in>

**Thank You**