

Volkswagen Finance Private Limited  
Balance Sheet as at March 31, 2020

	Note	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>ASSETS</b>			
<b>Financial assets</b>			
(a) Cash and cash equivalents	2	349.98	670.08
(b) Bank balances other than cash and cash equivalents	3	1.15	1.00
(c) Receivables	4		
(I) Trade receivables		730.57	2,586.45
(II) Other receivables		-	-
(d) Loans	5	3,43,901.53	4,91,311.88
(e) Investment	6	2,449.84	-
(f) Other Financial assets	7	600.36	617.02
<b>Total financial assets</b>		<b>3,48,033.43</b>	<b>4,95,186.43</b>
<b>Non-financial assets</b>			
(a) Deferred Tax Asset (net)		8,848.73	13,017.87
(b) Property, Plant and Equipments	8	672.33	706.18
(c) Right of use assets	8	674.60	-
(d) Intangible Assets	8	240.61	300.06
(e) Capital work-in-progress	8	-	28.46
(f) Intangible Assets under Development	8	7.00	1,921.96
(g) Other non financial assets	9	4,440.32	3,361.45
(h) Assets held for sale	9	134.30	493.23
<b>Total non financial assets</b>		<b>15,017.89</b>	<b>19,829.21</b>
<b>TOTAL ASSETS</b>		<b>3,63,051.32</b>	<b>5,15,015.64</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
(a) Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	10	25.72	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	3,405.02	18,724.96
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	10	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	-	-
(b) Debt securities	11	1,52,048.12	1,46,730.78
(c) Borrowings (Other than debt securities)	12	70,670.82	2,07,319.94
(d) Lease liability	13	644.92	-
(e) Other financial liabilities	13	944.99	1,288.87
<b>Total financial liabilities</b>		<b>2,27,739.59</b>	<b>3,74,064.55</b>
<b>Non-financial liabilities</b>			
(a) Current Tax Liabilities (Net)	14	1,085.22	2,863.12
(b) Provision for Expenses	14	1,889.73	2,853.74
(c) Other Non Financial Liabilities	14	667.49	1,110.21
<b>Total non financial liabilities</b>		<b>3,642.44</b>	<b>6,827.07</b>
<b>Equity</b>			
(a) Equity Share Capital	15	1,16,880.21	1,16,880.21
(b) Other Equity	16	14,789.08	17,243.82
<b>Total equity</b>		<b>1,31,669.29</b>	<b>1,34,124.03</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,63,051.32</b>	<b>5,15,015.64</b>

Significant Accounting Policies

1

The Notes to the Financial Statements form an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/300005

For and on behalf of the Board of Directors

Sd/-

per Shrawan Jalan

Partner

Membership No. 102102

Sd/-

Aashish Deshpande

Chief Executive Officer &

Managing Director

DIN No - 08314277

Sd/-

Goekhan Cinar

Chief Financial Officer

& Managing Director

DIN No - 07649354

Mumbai, July 30, 2020

Sd/-

Harshada Pathak

Company Secretary

Membership No. A19534

Volkswagen Finance Private Limited  
Statement of Profit and Loss for the year ended March 31, 2020

	Note	Year Ended March 31 2020 (Rs. In Lacs)	Year Ended March 31, 2019 (Rs. In Lacs)
<b>Revenue From Operations</b>			
(i) Interest income	17	42,183.85	52,612.28
(ii) Fees and commission income	18	4,512.84	5,501.66
(iii) Other operating income	19	918.78	778.07
(iv) Recoveries from financial assets written off		367.65	115.68
<b>I Total Revenue from operations</b>		<b>47,983.12</b>	<b>59,007.70</b>
II Other Income	20	246.28	256.24
<b>III Total Income ( I + II)</b>		<b>48,229.40</b>	<b>59,263.94</b>
<b>IV Expenses</b>			
(i) Finance Costs	21	22,595.23	29,346.67
(ii) Fees and Commissions expense	22	3,260.72	3,659.85
(iii) Impairment on financial instruments	23	5,166.86	19,995.78
(iv) Employee Benefits Expenses	24	4,972.70	5,184.48
(v) Depreciation and amortization expenses	8	854.30	364.36
(vi) Other Expenses	25	9,605.86	6,557.24
<b>Total Expenses</b>		<b>46,455.67</b>	<b>65,108.38</b>
V Profit before exceptional items and tax (III - IV)		1,773.73	(5,844.44)
VI Exceptional Items			
VII Profit / (Loss) before Tax		1,773.73	(5,844.44)
VIII Tax Expense		4,220.16	(2,030.55)
(1) Current Tax		51.02	4,138.41
(2) Deferred Tax (Credit) / Charge		4,169.14	(6,168.96)
<b>IX Profit / (Loss) after tax (VII-VIII)</b>		<b>(2,446.43)</b>	<b>(3,813.89)</b>
<b>X Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		(11.10)	31.16
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.79	(10.78)
Subtotal (A)		(8.31)	20.38
B (i) Items that will be reclassified to profit or (loss)		0	
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
<b>Other Comprehensive Income (A + B)</b>		<b>(8.31)</b>	<b>20.38</b>
<b>Total Comprehensive Income for the year (IX+X)</b>			
<b>XI (Comprising Profit (Loss) and other Comprehensive Income for the year)</b>		<b>(2,454.74)</b>	<b>(3,793.51)</b>
XII Earnings per Equity Share of Rs.10 each Basic and Diluted	26		
Category 'A' Equity Shares of Rs.10 each		(0.21)	(0.32)
Category 'B' Equity Shares of Rs.10 each Sd/-		(0.21)	(0.32)

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 S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/300005

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

Sd/-  
**per Shrawan Jalan**  
Partner  
Membership No. 102102

Sd/-  
**Aashish Deshpande**  
Chief Executive Officer &  
Managing Director  
DIN No - 08314277

Sd/-  
**Goekhan Cinar**  
Chief Financial Officer  
& Managing Director  
DIN No - 07649354

Mumbai, July 30, 2020

Sd/-  
**Harshada Pathak**  
Company Secretary  
Membership No. A19534

Volkswagen Finance Private Limited  
Statement of cash flow for the year ended March 31, 2020

Particulars	Year Ended March 31, 2020 (Rupees in Lakhs)	Year Ended March 31, 2019 (Rupees in Lakhs)
<b>A.Cash flow from operating activities</b>		
Net (Loss) / Profit before taxation	1,773.73	(5,844.44)
<b>Adjustments for :</b>		
Depreciation / amortisation	854.30	364.36
Interest on Fixed Deposit	(4.57)	(13.47)
Loss on Sale of Fixed Assets (net)	8.80	31.81
Project scrapped	2,413.99	-
Expected credit loss on financial assets	(2,300.39)	16,454.36
Bad Debts Written Off	7,467.25	3,541.43
Provision for Gratuity	46.05	44.38
Provision for Leave Encashment	73.90	83.09
Interest on Debt Securities and Borrowings other than debt securities	22,138.29	28,980.86
Interest paid on Debt Securities and Borrowings other than debt securities	(23,971.13)	(31,873.05)
<b>Operating Profit before working capital changes</b>	<b>8,500.22</b>	<b>11,769.33</b>
<b>Changes in working capital :</b>		
(Decrease) in Payables	(15,294.21)	(5,410.10)
Increase in Other financial liabilities	301.04	605.28
Increase in Other non financial liabilities	(1,377.06)	1,229.01
Increase (decrease) in Receivable	1,855.87	(366.02)
(Increase) / decrease in Other non financial assets	472.09	380.57
(Increase) in Other Financial assets	16.66	(36.37)
<b>Other Adjustment:</b>		
Increase/Decrease in Loans	1,42,255.35	46,566.28
<b>Cash used in Operations</b>	<b>1,36,729.94</b>	<b>54,737.98</b>
Taxes paid	(3,025.79)	(1,780.49)
<b>Net cash inflow from operating activities</b>	<b>1,33,704.15</b>	<b>52,957.49</b>
<b>B.Cash flow from Investing Activities</b>		
Purchase of tangible/intangible assets excluding Capital work-in-progress	(395.36)	(230.92)
Purchase of tangible/intangible assets under Capital work-in-progress	(470.56)	(873.66)
Sale of tangible/intangible assets	146.90	69.45
Investment in Fixed Deposits		(12,500.00)
Proceeds from maturity of Fixed Deposits		12,500.00
Interest received on fixed deposit	4.57	13.47
Investment In KUWY	(2,449.84)	
<b>Net cash outflow from investing activities</b>	<b>(3,164.29)</b>	<b>(1,021.66)</b>
<b>C.Cash flow from Financing Activities</b>		
Proceeds from Non Convertible Debentures	30,000.00	-
Repayment / Redemption of Non convertible debentures	(25,000.00)	(80,000.00)
Repayment of Term loans	(20,000.00)	-
Net proceeds / (repayment ) from / ofTerm loan	55,100.00	(65,088.91)
Proceeds from issue of Commercial Papers	1,58,069.19	3,59,446.21
Repayment of Commercial Papers	(2,59,916.88)	(2,92,436.94)
Proceeds from Working Capital Demand Loan	6,24,143.79	5,02,400.00
Repayment of Working Capital Demand Loan	(6,93,256.07)	(4,75,900.00)
	-	
<b>Net cash outflow from financing activities</b>	<b>(1,30,859.97)</b>	<b>(51,579.64)</b>
<b>Net Increase in Cash and cash equivalents (A)+(B)+(C)</b>	<b>(320.11)</b>	<b>356.19</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>670.09</b>	<b>313.89</b>
<b>Cash and cash equivalents, end of the year</b>	<b>349.98</b>	<b>670.09</b>

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

1) Cash and cash equivalents comprise of:

Cash on hand	0.01	0.06
Balances with scheduled banks	349.97	670.02
<b>TOTAL</b>	<b>349.98</b>	<b>670.08</b>

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

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

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

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

Sd/-  
**per Shrawan Jalan**  
Partner  
Membership No. 102102

Sd/-  
**Aashish Deshpande**  
Chief Executive Officer &  
Managing Director  
DIN No - 08314277

Sd/-  
**Goekhan Cinar**  
Chief Financial Officer  
& Managing Director  
DIN No - 07649354

Sd/-  
**Harshada Pathak**  
Company Secretary  
Membership No. A19534

Mumbai, July 30, 2020

# Volkswagen Finance Private Limited

## Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

### 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 July 30, 2020 **of estimates and judgements**

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

#### **Judgement, estimates and assumptions are required in particular for:**

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

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

##### **II. Recognition and Measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on

**Notes to the Financial Statements for the year ended March 31, 2020 (Continued)**

government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in note 26.

**III. Recognition of deferred tax assets**

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

**IV. Recognition and measurement of provisions and contingencies**

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

**V. Discounting of long-term financial assets/liabilities**

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

**VI. Fair value of financial instruments**

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

**VII. Business model assessment**

Classification and measurement of financial assets depends on the results of the solely payment of principal and interest (SPPI) and the business model test. The 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.
- 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:

## Volkswagen Finance Private Limited

### Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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.

**Notes to the Financial Statements for the year ended March 31, 2020 (Continued)**

**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.

**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



**Notes to the Financial Statements for the year ended March 31, 2020 (Continued)**

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

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

## Volkswagen Finance Private Limited

### Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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.

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

**Notes to the Financial Statements for the year ended March 31, 2020 (Continued)**

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.

**G. MEASUREMENT OF FAIR VALUES**

# Volkswagen Finance Private Limited

## Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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 ASSOCIATES

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Company's investment in its associate are accounted for using the Equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

### 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

## Volkswagen Finance Private Limited

### Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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 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

## Volkswagen Finance Private Limited

### Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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.

#### 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

**Notes to the Financial Statements for the year ended March 31, 2020 (Continued)**

payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

**Deferred tax**

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

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

# Volkswagen Finance Private Limited

## Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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.

**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-CURRENT ASSETS HELD FOR SALE**

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

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

# Volkswagen Finance Private Limited

## Notes to the Financial Statements for the year ended March 31, 2020 (Continued)

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

### **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.

Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)**2) Cash and Cash Equivalents**

	<b>March 31, 2020</b> <b>(Rs. In Lakhs)</b>	<b>March 31, 2019</b> <b>(Rs. in Lakhs)</b>
Cash on Hand	0.01	0.06
Bank Balance in Current Account	349.97	670.02
<b>Total</b>	<b>349.98</b>	<b>670.08</b>

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

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

<b>Particulars</b>	<b>March 31, 2020</b> <b>(Rs. In Lakhs)</b>	<b>March 31, 2019</b> <b>(Rs. in Lakhs)</b>
Bank deposits (due to mature after 12 months from the reporting date) (Deposits are held with a Bank for issuing Bank Guarantee in favour of VAT authorities)	1.15	1.00
<b>Total</b>	<b>1.15</b>	<b>1.00</b>

**4) Receivables**

	<b>March 31, 2020</b> <b>(Rs. In Lakhs)</b>	<b>March 31, 2019</b> <b>(Rs. in Lakhs)</b>
<b>Trade Receivables</b>		
Unsecured, considered good	730.57	2,586.45
<b>Sub total</b>	<b>730.57</b>	<b>2,586.45</b>
<b>Other Receivables</b>		
Unsecured, considered good	-	-
<b>Total</b>	<b>730.57</b>	<b>2,586.45</b>

## Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)

## 5) Loans

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>(A)</b>		
<b>Classification</b>		
<b>Amortised cost:</b>		
(i) Vehicle Finance #	356,378.78	500,877.92
(ii) Term Loans	23,706.04	28,929.50
<b>Fair Value:</b>		
- through profit & Loss	-	-
- designated at fair value through OCI	-	-
<b>Total Gross (A)</b>	380,084.82	529,807.42
<b>Less:</b>		
Less: Impairment allowance	(36,183.28)	(38,495.54)
<b>Total Net (A)</b>	<b>343,901.53</b>	<b>491,311.88</b>
<b>(B)</b>		
(i) Secured by tangible assets*	265,403.66	389,774.78
(ii) Unsecured	114,681.16	140,032.64
<b>Total Gross (B)</b>	<b>380,084.82</b>	<b>529,807.42</b>
Less: Impairment allowance	(36,183.28)	(38,495.54)
<b>Total Net (B)</b>	<b>343,901.53</b>	<b>491,311.88</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
(i) Public Sector	-	-
(ii) Others	380,084.82	529,807.42
<b>Total Gross (C) (I)</b>	<b>380,084.82</b>	<b>529,807.42</b>
Less: Impairment allowance	(36,183.28)	(38,495.54)
<b>Total Net (C) (I)</b>	<b>343,901.53</b>	<b>491,311.88</b>
<b>(II) Loans outside India</b>	-	-
Less: Impairment allowance	-	-
<b>Total Net (C) (II)</b>		
<b>Total (C) (I) and (II)</b>	<b>343,901.53</b>	<b>491,311.88</b>

\* 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. 3,349.66 Lakhs (March 31, 2019: Rs. 1,413.29 Lakhs)

Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)

6) Investment

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Investment in Associate (carried at cost)	-	-
Kuwy Technologies Services Private Limited	-	-
Fully paid equity shares (unquoted)	1,944.84	
Compulsorily Convertible Preference Shares (unquoted)	505.00	
<b>Total</b>	<b>2,449.84</b>	<b>-</b>

7) Other Financial Assets

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Deposits	495.85	529.99
Advances recoverable in cash or in kind or for value to be received	104.51	87.03
<b>Total</b>	<b>600.36</b>	<b>617.02</b>

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

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

\*Building is mortgaged for the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs.250 ,registered in the name of the Company. The depreciation for the year is Rs. 0.98 lakhs and the written down value of the asset as on 31st March, 2020 is Rs. 21.89 lakhs.

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

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

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BOOK VALUE
	As at Apr 01, 2018	Additions during the period	Sales during the period	As at March 31, 2019	As at Apr 01, 2018	For the period	Deduction for the period	As at March 31, 2019	As at March 31, 2019
<b>Tangible Assets</b>									
<i><b>Own Assets</b></i>									
Office Equipment	113.36	6.73	0.52	119.57	36.30	22.82	0.40	58.71	60.85
Building	24.83	-	-	24.83	0.98	0.98	-	1.96	22.87
Computers	318.51	4.73	0.09	323.15	90.95	71.53	0.09	162.39	160.76
Furniture and Fixtures	62.27	-	-	62.27	8.55	8.65	-	17.20	45.07
Leasehold Improvements	85.92	-	-	85.92	82.74	3.07	-	85.81	0.11
Vehicle	501.91	51.12	106.02	447.01	62.79	54.29	4.48	112.59	334.41
<i><b>Assets given on Operating Lease</b></i>									
Vehicles on Lease	122.44	-	-	122.44	23.77	16.56	-	40.33	82.11
<b>Total (A)</b>	<b>1,229.24</b>	<b>62.58</b>	<b>106.63</b>	<b>1,185.19</b>	<b>306.08</b>	<b>177.90</b>	<b>4.97</b>	<b>478.99</b>	<b>706.18</b>
<b>Intangible Assets</b>									
Software	483.63	168.34	-	651.97	165.84	186.46	0.39	351.91	300.06
<b>Total (B)</b>	<b>483.63</b>	<b>168.34</b>	<b>-</b>	<b>651.97</b>	<b>165.84</b>	<b>186.46</b>	<b>0.39</b>	<b>351.91</b>	<b>300.06</b>
<b>Total Fixed Assets (A+B)</b>	<b>1,712.87</b>	<b>230.92</b>	<b>106.63</b>	<b>1,837.16</b>	<b>471.93</b>	<b>364.36</b>	<b>5.36</b>	<b>830.90</b>	<b>1,006.24</b>
<b>Previous Year</b>	<b>1,181.73</b>	<b>595.65</b>	<b>64.51</b>	<b>1,712.86</b>	<b>-</b>	<b>471.91</b>	<b>-</b>	<b>471.91</b>	<b>1,240.95</b>

\*Building is mortgaged for the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs.250 (Previous Year Rs. Nil) registered in the name of the Company. The depreciation for the year is Rs. 0.98 lakhs and the written down value of the asset as on 31st March, 2019 is Rs. 22.87 lakhs.

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

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

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

Particulars	Capital work-in-progress	Intangible Assets under Development
<b>Opening balance as on April 01, 2018</b>	<b>6.52</b>	<b>1,070.25</b>
Additions during the year	28.07	910.78
Capitalized during the year	(6.13)	(59.07)
<b>Closing balance as on March 31, 2019</b>	<b>28.46</b>	<b>1,921.96</b>
<b>Opening balance as on April 01, 2019</b>	<b>28.46</b>	<b>1,921.96</b>
Additions during the year	182.01	611.37
Capitalized during the year	(210.48)	(112.35)
Expensed during the year*	-	(2,413.99)
<b>Closing balance as on March 31, 2020</b>	<b>(0.00)</b>	<b>7.00</b>
*During the year the Company has written off the expenditure incurred on the Casioappe project as the project has been discontinued.		

## 9) Other Non Financial Assets

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Advance Tax and TDS & TCS (Net of provision)	1,491.89	299.86
Service Tax Receivable	2,534.09	2,534.09
Other Current Assets	414.34	527.50
(Other current assets includes advances to vendors and prepaid expenses)		
Assets Held for Sale	134.30	493.23
<b>Total</b>	<b>4,574.61</b>	<b>3,854.68</b>

## 9(b) Assets held for sale

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Assets Held for Sale	134.30	493.23
(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)		
<b>Total</b>	<b>134.30</b>	<b>493.23</b>



Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)**10) Payables**

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	25.72	-
<b>Total (i)</b>		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Vehicle Finance	1,900.46	16,245.73
-Other Trade Payables	1,504.56	2,479.23
<b>Total (ii)</b>		
(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		-
<b>Total</b>	<b>3,430.75</b>	<b>18,724.96</b>
Refer to note 36 for details for micro enterprises and small enterprises (There are no amounts due for payment to the investor education and protection fund under Section 125 of the Companies Act 2013 )		

## Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)

## 11) Debt Securities

	March 31, 2020 (Rs. in Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Classification:</b>		
<b>Amortised Cost</b>		
Non Convertible Debentures	152,048.12	146,730.78
<b>Fair Value:</b>		
- through profit & Loss		
- designated at fair value through OCI		
<b>Total (A)</b>	<b>152,048.12</b>	<b>146,730.78</b>
Debt securities in India	152,048.12	146,730.78
Debt securities outside India	-	-
<b>Total (B)</b>	<b>152,048.12</b>	<b>146,730.78</b>

# Non Convertible Debentures are secured by way of mortgage of specific immovable property of Rs. 21.89 Lakhs (March 31, 2019 - Rs.22.87 Lakhs) and specific receivables of the Company arising out of auto loan of Gross Book Value of Rs. 380,084.82 Lakhs and Net of ECL provision of Rs. 343,901.53Lakhs (March 31, 2019 - Gross Book Value of Rs. 529,807.42 Lakhs and Net of ECL provision Rs. 491,311.88 Lakhs)

## Note 11 (a):NCDs repayment details

Debenture	Issue Date	Redemption Date	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees 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	15,000.00	15,000.00
2500 units(Previous Year: 2500 units) VWFPL NCD D FY 2017-18, face value of Rs. 1,000,000 each	11-Sep-17	11-Sep-20	25,000.00	25,000.00
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	15,000.00	15,000.00
3000 units (Previous Year: 3000 units) VWFPL NCD C FY 2017-18, face value of Rs. 1,000,000 each	11-Jul-17	13-Jul-20	30,000.00	30,000.00
1000 units(Previous Year: 1000 units) VWFPL NCD B FY 2017-18, face value of Rs. 1,000,000 each	12-Jun-17	19-Jun-20	10,000.00	10,000.00
2000 units (Previous Year: 2000 units), VWFPL NCD A 02 FY 2015-16, face value of Rs. 1,000,000 each	29-May-15	29-May-20	20,000.00	20,000.00
2000 units (Previous Year: 2000 units), VWFPL NCD A 02 FY 2016-17, face value of Rs. 1,000,000 each	20-Sep-16	20-Sep-19	-	20,000.00
500 units (Previous Year: 500 units), VWFPL NCD A FY 2017-18, face value of Rs. 1,000,000 each	12-Jun-17	12-Jun-19	-	5,000.00
1,500 units (Previous Year: Nil), VWFPL NCD A FY 2019-20, face value of Rs. 1,000,000 each	30-Aug-19	18-Feb-21	15,000.00	-
1,500 units (Previous Year: Nil), VWFPL NCD B FY 2019-20, face value of Rs. 1,000,000 each	30-Aug-19	27-May-21	15,000.00	-
(These debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of loan.)				
<b>Add:</b> Adjustment for interest accrued and transaction costs as per EIR			7,048.12	6,730.78
			<b>152,048.12</b>	<b>146,730.78</b>

## Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)

## 12) Borrowings other than debt securities

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
(a) Term loans*	55,100.00	20,765.75
(b) Bank overdraft*	-	10,783.10
(c) Working capital demand loans*	15,570.82	73,923.39
(d) Commercial papers	-	101,847.70
<b>Total (A)</b>	<b>70,670.82</b>	<b>207,319.94</b>
Borrowings in India	70,670.82	207,319.94
Borrowings outside India	-	-
<b>Total (B)</b>	<b>70,670.82</b>	<b>207,319.94</b>
Secured Borrowings	-	-
Unsecured Borrowings	70,670.82	207,319.94
<b>Total (C)</b>	<b>70,670.82</b>	<b>207,319.94</b>

\*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, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Term loans</b>		
From Banks	55,100.00	10,000.00
From Financial Institutions	-	10,000.00
<b>Add:</b> Adjustment for interest accrued and transaction costs as per EIR		765.75
(Terms loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany) (As per terms of agreement, loans from banks are repayable at maturity ranging between 15 to 33 months from the date of respective loans. Rate of interest payable on term loans varies between 7.37% to 7.99% (Previous Year: 8.65 to 8.83%))		
<b>Total</b>	<b>55,100.00</b>	<b>20,765.75</b>

## Note 12 (b): Working capital details

Particulars	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Working Capital Demand Loans from Banks	15,570.82	73,900.00
<b>Add:</b> Adjustment for interest accrued and transaction costs as per EIR		23.39
<b>Total Working Capital Demand Loans from Banks</b>	<b>15,570.82</b>	<b>73,923.39</b>
(Working Capital Demand Loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A.G., Germany) (As per terms of agreement, loans from banks are repayable at maturity ranging between 10 to 13 months from the date of respective loans. Rate of interest payable on working capital term loans varies between 5.80% to 6.01% (Previous Year: 7.08% to 8.39%))		

## Note 12 (c): Commercial papers details

Particulars	Rate of Interest	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Schedule of Commercial papers			

**Volkswagen Finance Private Limited**

**Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)**

2700 units, Face Value of Rs. 500,000 each repayable on April 26, 2019	8.90%		13,421.13
4000 units, Face Value of Rs. 500,000 each repayable on April 15, 2019	7.90%		19,940.56
3000 units, Face Value of Rs. 500,000 each repayable on January 15, 2020	8.50%		14,067.56
3000 units, Face Value of Rs. 500,000 each repayable on April 22, 2019	7.80%		14,933.54
4000 units, Face Value of Rs. 500,000 each repayable on May 23, 2019	7.93%		19,782.27
4000 units, Face Value of Rs. 500,000 each repayable on June 12, 2019	7.68%		19,702.64
<b>Total Commercial Papers</b>		-	<b>101,847.70</b>

## Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)

## 13) Other Financial Liabilities

Particulars	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Creditors for Capital Expenditure	-	524.63
Dues to Employees	944.99	764.24
Lease Liabilities	644.92	-
<b>Total</b>	<b>1,589.91</b>	<b>1,288.87</b>

## 14) Other non financial liabilities

Particulars	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Income Received in Advance	(0.00)	429.08
Employee Benefits		
Gratuity	206.97	180.81
Leave Encashment	145.74	96.72
Provision for Expenses	1,889.73	2,853.74
Other Liabilities (including statutory dues)	314.78	403.60
Provision for Tax (Net of Advance Tax and Tax Deducted at Source) (Refer Note 39)	1,085.22	2,863.12
<b>Total</b>	<b>3,642.44</b>	<b>6,827.07</b>

## 15) Equity Share Capital

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Authorised:</b>		
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
	<b>162,900.00</b>	<b>162,900.00</b>
<b>Issued, Subscribed and Paid up</b>		
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
<b>Total</b>	<b>116,880.21</b>	<b>116,880.21</b>

## (a) Reconciliation of number of shares

	March 31, 2020		March 31, 2019	
	No of shares	Amount	No of shares	Amount
<b>Balance at the beginning and end of the year</b>				
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
<b>Add: Shares Issued during the year</b>				
Category 'A' Equity Shares	-	-	-	-
Category 'B' Equity Shares	-	-	-	-
<b>Balance at the end of the year</b>				
Category 'A' Equity Shares	<b>105,192,207</b>	<b>10,519</b>	<b>105,192,207</b>	<b>10,519</b>
Category 'B' Equity Shares	<b>1,063,609,937</b>	<b>106,361</b>	<b>1,063,609,937</b>	<b>106,361</b>

## (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.

## (c) Shares held by holding company #

	March 31, 2020 (Rupees)	March 31, 2019 (Rupees)
<b>Equity Shares:</b>		
105,192,207 Category 'A' equity shares (Previous Year: 105,192,207) held by Volkswagen Finance	10,519.22	10,519.22
1,063,609,937 Category 'B' equity shares (Previous Year: 1,063,609,937) held by Volkswagen Financial	106,360.99	106,360.99
# Based on the Companies (Amendment) Act, 2017, The Company has considered Volkswagen Finance Overseas B.V, Netherlands as its Holding Company.		

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

Particulars	March 31, 2020 (No. of shares)	Percentage holding
Equity Shares:		

**Volkswagen Finance Private Limited**
**Notes to the Financial Statements for the year ended Mar 31, 2020 (continued)**

105,192,207 Category 'A' equity shares (Previous Year 2019: 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 2019: 1,063,609,937) held by Volkswagen Financial Services A.G., Germany.	1,063,609,937	100%

**16) Other Equity**

Particulars	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.	5,796.84	5,796.84
Retained earnings	8,992.24	11,446.97
<b>TOTAL RESERVES</b>	<b>14,789.08</b>	<b>17,243.81</b>

**Nature and purpose of other equity**
**(i) Special Reserve under section 45-IC(1) of the Reserve Bank of India Act, 1934**

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

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

**(ii) Retained earnings**

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

**Other equity: Movement**

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.</b>		
Balance at the beginning of the year	5,796.84	5,796.84
Transferred from Surplus in the Statement of Profit and Loss	-	-
Balance at the end of the year	<b>5,796.84</b>	<b>5,796.84</b>
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Balance at the beginning of the year	11,446.97	15,240.48
Profit / (Loss) for the year	(2,446.42)	(3,813.89)
Less: Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934.		
Other Comprehensive Income	(8.31)	20.38
Changes in accounting policy / prior period errors		-
Balance at the end of the year	<b>8,992.24</b>	<b>11,446.97</b>
<b>TOTAL RESERVES</b>	<b>14,789.08</b>	<b>17,243.81</b>

## 17) Interest income using effective interest rate

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Classification:</b>		
On Financial Assets measured:		
- at Amortised Cost		
(i) Interest on loans	42,179.28	52,598.81
(ii) Interest on deposits with banks	4.57	13.47
(iii) Other interest income		
- through profit and Loss		
- through OCI		
<b>Total</b>	<b>42,183.85</b>	<b>52,612.28</b>

## 18) Fees and commission income

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Processing Fees	461.22	625.13
(Processing fees pertains to working capital loans of upto one year)		
Service Income	4,051.63	4,876.53
<b>Total</b>	<b>4,512.84</b>	<b>5,501.66</b>

## 19) Other operating income

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Operating Lease Income	43.88	71.33
Income from customer services	874.90	706.75
<b>Total</b>	<b>918.78</b>	<b>778.07</b>

## 20) Other Income

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Foreign Exchange Gain (net)	-	71.88
Miscellaneous Income	246.28	184.36
<b>Total</b>	<b>246.28</b>	<b>256.24</b>



## 21) Finance Cost

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Interest Expenses:</b>		
<b>Classification:</b>		
On Financial Assets measured :		
- at Amortised Cost		
(i) Interest on debt securities	11,395.80	14,210.06
(ii) Interest on other than debt securities:		
-Bank Overdraft	833.65	2,379.09
-Commercial Papers	3,619.52	6,108.46
-Working Capital Demand Loan	4,087.00	4,538.25
-Term Loans	2,202.31	1,745.00
-Others	21.82	-
(iii) Other borrowing costs	435.12	365.81
- through profit and Loss	-	-
- through OCI	-	-
<b>Total</b>	<b>22,595.23</b>	<b>29,346.66</b>

## 22) Fees and Commission Expenses

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Commission to Dealers	357.99	117.50
Commission to Dealers - Insurance	2,902.73	3,542.34
<b>Total</b>	<b>3,260.72</b>	<b>3,659.85</b>

## 23) Impairment on financial instruments

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Classification:</b>		
On Financial Assets measured at :		
- at Amortised Cost		
(i) Loans	(2,300.39)	16,454.36
(ii) Trade Receivables	-	-
- through profit and Loss		
- through OCI		
Expected credit loss - Loans	(2,300.39)	16,454.36
Expected credit loss - Others		
Bad Debts Written Off	7,467.25	3,541.43
<b>Total</b>	<b>5,166.86</b>	<b>19,995.78</b>

**24) Employee Benefits Expenses**

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Salaries, Bonus and Allowances	4,392.24	4,621.29
Contribution to Provident Fund and Other Funds	133.21	131.59
Expenses related to post-employment defined benefit plans - Gratuity	46.05	44.38
Expenses related to post-employment defined benefit plans - Leave Encashment	73.90	83.09
Staff Welfare	246.71	191.80
Training and Recruitment Expenses	80.59	112.33
<b>Total</b>	<b>4,972.70</b>	<b>5,184.48</b>

**25) Other Expenses**

	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
Rent		
-Building	82.38	663.10
-IT Equipment Lease Rent	45.43	78.40
-Others	-	-
Legal, Professional and Consultancy Fees	1,341.95	1,024.20
Loan Acquisition Expenses	74.82	58.24
Auditor's Remuneration	54.97	113.26
Information Technology Support Charges	4,442.98	2,272.79
Repairs and Maintenance - Others	326.02	305.59
Traveling and Conveyance	282.73	305.29
Printing and Stationery	44.15	34.91
Communication	92.35	65.19
Business Promotion	400.79	267.87
Facilities Management Charges	59.59	71.91
Electricity	53.25	60.42
Rates and Taxes	1,033.43	19.88
Foreign Exchange Loss (net)	58.21	-
Loss on Sale of Fixed Assets (net)	8.80	31.81
Directors Sitting Fees	24.00	26.97
Collection Agency Charges	689.45	762.65
Corporate Social Responsibility Spending	150.91	166.82
Miscellaneous	339.64	227.94
<b>Total</b>	<b>9,605.86</b>	<b>6,557.24</b>

**Note A: Auditor's remuneration**

Particulars	March 31, 2020 (Rs. In Lakhs)	March 31, 2019 (Rs. in Lakhs)
<b>Split of audit remuneration</b>		
- Statutory Audit	44.00	55.00
- Tax Audit	3.00	3.50
- Other Services	7.68	52.90
- Reimbursement of expenses	0.29	1.86
<b>Total</b>	<b>54.97</b>	<b>113.26</b>

**Notes to the Financial Statements for the year ended March 31, 2020 (continued)****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, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Net (loss) / profit from continued operation attributable to equity holders</b>	<b>(2,446.42)</b>	<b>(3,813.89)</b>
Category 'A' shares	(220.18)	(341.42)
Category 'B' shares	(2,226.24)	(3,452.09)
<b>Category 'A' shares</b>		
<b>Weighted average number of ordinary shares</b>		
Opening equity share	105,192,207	105,192,207
<b>Weighted average number of shares at year end</b>	<b>105,192,207</b>	<b>105,192,207</b>
<b>Weighted average number of shares at year end adjusted for the effect of dilution</b>	<b>105,192,207</b>	<b>105,192,207</b>
<b>Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)</b>	<b>(0.21)</b>	<b>(0.32)</b>
<b>Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)</b>	<b>(0.21)</b>	<b>(0.32)</b>
<b>Category 'B' shares</b>		
<b>Weighted average number of ordinary shares</b>		
Opening equity share	1,063,609,937	1,063,609,937
<b>Weighted average number of shares at year end</b>	<b>1,063,609,937</b>	<b>1,063,609,937</b>
<b>Weighted average number of shares at year end adjusted for the effect of dilution</b>	<b>1,063,609,937</b>	<b>1,063,609,937</b>
<b>Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)</b>	<b>(0.21)</b>	<b>(0.32)</b>
<b>Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)</b>	<b>(0.21)</b>	<b>(0.32)</b>
<b>Face value per share (INR)</b>	<b>10</b>	<b>10</b>

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

**27) Employee benefit obligations**

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

**A. Defined Contribution Plans:**

In accordance with Indian regulations, employees of the 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. 133.21 Lakhs (Previous year. Rs. 131.59 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, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Non Current</b>		
Gratuity	167.77	146.40
<b>Total Non Current</b>	<b>167.77</b>	<b>146.40</b>
<b>Current</b>		
Gratuity	39.20	34.41
<b>Total Current</b>	<b>39.20</b>	<b>34.41</b>

**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	(Rupees in Lakhs)	
	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Defined Benefit Obligation at the beginning of the year</b>	180.81	195.64
Current service cost	34.68	45.28
Past service cost	-	-
Interest expense/(income)	11.37	13.61
<b>Total amount recognised in profit and loss</b>	<b>46.05</b>	<b>254.53</b>
<i>Remeasurements</i>		
Return on plan assets, excluding amount included in interest expense/(income)	-	-
(Gain )/loss from change in demographic assumptions	0.00	(15.64)
(Gain )/loss from change in financial assumptions	5.70	(11.49)
Experience (gains)/losses	5.40	(4.03)
Actual Return on Plan assets	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>11.10</b>	<b>(31.16)</b>
Employer contributions	-	-
Benefit payments	(30.99)	(42.56)
<b>Defined Benefit Obligations at the end of the year</b>	<b>206.97</b>	<b>376.45</b>

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
Present value of funded obligations	-	-
Fair value of plan assets	-	-
<b>Surplus of funded plan</b>	-	-
Unfunded plan	206.97	180.81
<b>Surplus of gratuity plan</b>	<b>206.97</b>	<b>180.81</b>

## Expected Future Cashflows

	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Year 1</b>	39.20	34.41
<b>Year 2</b>	35.57	32.00
<b>Year 3</b>	31.84	28.96
<b>Year 4</b>	29.00	28.96
<b>Year 5</b>	24.75	22.48
<b>Year 6-10</b>	74.39	67.40

## Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
Discount rate	6.25%	6.95%
Salary escalation rate	8.00%	8.00%
Mortality Rate	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate

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

Particulars	Impact on defined benefit obligation			
	Increase in assumption (100 bps)		Decrease in assumption (100 bps)	
	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
Discount rate	198.92	173.91	215.71	188.29
Salary escalation rate	215.48	188.15	198.98	173.92
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. 73.90 Lakhs (Previous year. Rs. 83.09 Lakhs) for Compensated Absences in the Statement of Profit and Loss.

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

**28) Financial risk management**

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 and is exposed to risks such as

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

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

**a) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or cash flows of the financial assets and financial liabilities.

Normally, the 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

(Rupees in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
<b>Fixed rate</b>		
Financial assets	169,502.28	344,333.68
Financial liabilities	222,718.94	343,267.63
<b>Floating rate instruments</b>		
Financial assets	210,582.54	185,473.74
Financial liabilities	-	10,783.10

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:

(Rupees in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
Decrease by 50bps to 100 bps:		
- Impact on income statement	(59.08)	(251.26)
- Other Comprehensive Income		

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

**b) Currency risk**

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The 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:

(Rupees in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
<b>Financial Liabilities</b>		
<i>Payable to Related Parties</i>		
EURO (net of receivables)	691.74	5,077.96
SEK		173.24
TRY	-	77.26
<i>Other Payables</i>		
GBP	3.49	3.08

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 sensitivity benchmark for the purpose of Foreign Currency Sensitivity Analysis

(Rupees in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
Adverse change in foreign exchange rate based on previous 12 months movement in exchange rate		
- Impact on income statement		
EURO	(30.16)	(163.53)
SEK		(15.79)
TRY		(36.88)
GBP	(0.15)	(0.53)
- Other Comprehensive Income		

**c) Prepayment risk**

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

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

**ii) Credit Risk**

Credit risk is the risk of financial loss to the 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 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

**Notes to the Financial Statements for the year ended March 31, 2020 (continued)**

---

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

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

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

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

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

The 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.



## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

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

(Rupees in Lakhs)

Loan To Value (LTV) range	Gross value of loan in stage 3	
	31-Mar-20	March 31, 2019
Upto 50% Coverage	31,040.05	28,217.84
51% - 70% Coverage	10,805.37	8,591.73
71% - 100% Coverage	6,372.21	5,659.28
Above 100% coverage	2,714.07	3,720.63
	<b>50,931.70</b>	<b>46,189.48</b>

## c) Credit risk profile

March 31, 2020

(Rupees in Lakhs)

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

(Rupees in Lakhs)

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

## Movement in Gross Carrying Amount

(Rupees in Lakhs)

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

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## Movement in Provision

(Rupees in Lakhs)

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

## March 31, 2019

(Rupees in Lakhs)

Wholesale Portfolio				
Rating	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Gross carrying amount	126,160.10	57,963.23	30,279.90	214,403.23
Less: Loss allowance	1,438.50	687.05	18,553.42	20,678.96
Carrying amount	124,721.60	57,276.18	11,726.49	193,724.27

(Rupees in Lakhs)

Retail Portfolio				
Category	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Gross carrying amount	270,809.70	28,684.90	15,909.58	315,404.18
Less: Loss allowance	1,097.68	6,174.89	10,543.99	17,816.56
Carrying amount	269,712.03	22,510.01	5,365.59	297,587.62

## Movement in Gross Carrying Amount

(Rupees in Lakhs)

Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Gross carrying amount as at March 31, 2018	435,137.75	120,830.52	23,946.85	579,915.12
Transfers:	-	-	-	-
Transfer from Stage 1 to Stage 2	(37,312.60)	25,420.20	-	(11,892.40)
Transfer from Stage 2 to Stage 1	4,211.16	(7,864.53)	-	(3,653.37)
Transfer from Stage 2 to Stage 3	-	(11,484.41)	9,717.05	(1,767.36)
Transfer from Stage 3 to Stage 2	-	703.20	(1,126.56)	(423.36)
Transfer from Stage 1 to Stage 3	(7,587.35)	-	6,545.12	(1,042.23)
Transfer from Stage 3 to Stage 1	46.22	-	(77.35)	(31.14)
New facility added during the period	202,735.62	43,539.05	13,411.03	259,685.70
Increase in loan exposure in existing loan facility	41.34	-	682.77	724.11
Decrease in loan exposure in existing loan facility	(83,672.34)	(9,830.07)	(644.75)	(94,147.16)
Loans de-recognized during the period other than write-offs	(116,060.99)	(73,419.70)	(1,940.90)	(191,421.59)
Decrease in loan exposure due to write off	(568.99)	(1,246.13)	(4,323.78)	(6,138.90)
<b>Gross carrying amount as at MAR '19</b>	<b>396,969.81</b>	<b>86,648.13</b>	<b>46,189.48</b>	<b>529,807.42</b>

## Movement in Provision

(Rupees in Lakhs)

Particulars	ECL staging			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Provision amount as at MAR '18	2,082.62	8,508.79	11,449.77	22,041.18
Transfers:	0.00	-	-	0.00
Transfer from Stage 1 to Stage 2	(247.30)	2,311.02	-	2,063.72
Transfer from Stage 2 to Stage 1	15.36	(1,118.84)	-	(1,103.47)
Transfer from Stage 2 to Stage 3	-	(1,305.43)	6,871.39	5,565.97
Transfer from Stage 3 to Stage 2	-	150.99	(579.14)	(428.15)
Transfer from Stage 1 to Stage 3	(48.98)	-	3,069.24	3,020.26
Transfer from Stage 3 to Stage 1	0.17	-	(39.77)	(39.60)
New facility added during the period	1,764.36	1,880.15	7,806.76	11,451.28
Increase in loan exposure in existing loan facility	80.61	170.04	3,906.05	4,156.70
Decrease in loan exposure in existing loan facility	(570.59)	(1,521.07)	(562.07)	(2,653.73)
Loans de-recognized during the period other than write-offs	(537.47)	(1,859.43)	(662.47)	(3,059.37)
Decrease in loan exposure due to write off	(2.61)	(354.29)	(2,162.35)	(2,519.25)
<b>Provision amount as at MAR '19</b>	<b>2,536.18</b>	<b>6,861.94</b>	<b>29,097.41</b>	<b>38,495.52</b>

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## (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.

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

At glance FY 2020,

VWFPL liquidity has been well managed. As of March 31,2020, VWFPL has funding lines INR. 3,912 Crores, Commercial Papers limits of INR 3,000 Crores and ability to further issue bonds of INR 200 Crores based on the ratings for the issue available at hand. NCD further issuance can be done, if required. It is the endeavor of VWFPL to ensure sufficient free/vacant lines to be able to manage debt capital market obligations and smooth payout of bank loans. VWFPL enjoys top credit rating for its CP and NCD instruments. Even during the ongoing pandemic of COVID'19, VWFPL has managed its liquidity smoothly. Reasonably high concentration in long term instruments such as NCD and long term bank term loans ensured less stress. Further, to safeguard the position on liquidity risk, VWFPL created liquidity buffer of INR 125 Crores in terms of fixed deposits with Banks.

VWFPL has support from its parent. The bank borrowings are guaranteed by the parent Company

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

March 31, 2020

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

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

Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

March 31, 2019									(Rupees 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
<b>Financial assets</b>									
Cash and cash equivalents	670.08	-	-	-	-	-	-	-	670.08
Bank balances other than cash and cash equivalents	-	-	-	-	-	-	1.00	-	1.00
Receivables	2,586.45	-	-	-	-	-	-	-	2,586.45
Loans	154,483.08	11,698.98	11,552.11	34,597.35	64,714.90	178,859.71	55,195.55	18,705.75	529,807.42
Other Financial assets	-	-	610.64	-	2.87	-	3.31	0.20	617.02
<b>Total financial assets</b>	<b>157,739.61</b>	<b>11,698.98</b>	<b>12,162.75</b>	<b>34,597.35</b>	<b>64,717.77</b>	<b>178,859.71</b>	<b>55,199.86</b>	<b>18,705.95</b>	<b>533,681.98</b>
<b>Financial liabilities #</b>									
Payables	16,647.85	-	-	-	-	-	-	-	16,647.85
Debt securities	-	1,730.00	6,204.00	25,913.36	2,286.00	123,770.35	-	-	159,903.71
Borrowings (Other than debt securities)	84,922.74	35,760.29	25,751.08	39,572.32	25,353.51	-	-	-	211,359.94
Other financial liabilities	-	-	1,009.80	-	2,356.19	-	-	-	3,365.99
<b>Total Financial Liabilities</b>	<b>101,570.59</b>	<b>37,490.30</b>	<b>32,964.88</b>	<b>65,485.68</b>	<b>29,995.70</b>	<b>123,770.35</b>	<b>-</b>	<b>-</b>	<b>391,277.49</b>

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

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## 29) Financial instruments - Fair value measurement

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

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

(Rupees in Lakhs)

Particulars	March 31, 2020			March 31, 2019		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Cash and cash equivalents	349.98	-	-	670.08	-	-
Bank balances other than cash and cash equivalents	1.15	-	-	1.00	-	-
Receivables						
(I) Trade receivables	730.57	-	-	2,586.45	-	-
(II) Other receivables	-	-	-	-	-	-
Loans	343,901.53	-	-	491,311.88	-	-
Investment	2,449.84	-	-	-	-	-
Other Financial assets	600.36	-	-	617.02	-	-
<b>Total financial assets</b>	<b>348,033.44</b>	<b>-</b>	<b>-</b>	<b>495,186.43</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	25.72	-	-	-	-	-
(ii) total outstanding dues of creditors	3,405.02	-	-	18,724.96	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	152,048.12	-	-	146,730.78	-	-
Borrowings (Other than debt)	70,670.82	-	-	207,319.94	-	-
Other financial liabilities	944.99	-	-	1,288.87	-	-
<b>Total financial liabilities</b>	<b>227,094.68</b>	<b>-</b>	<b>-</b>	<b>374,064.55</b>	<b>-</b>	<b>-</b>

**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.

**(i) Fair value of financials assets and liabilities****31-Mar-20****(Rupees in Lakhs)**

Particulars	Carrying amount			Fair value		
	Amotised Cost	FVTOCI	FVTPL	Level 1	Level 2	Level 3
Loans	380,084.82	-	-	-	-	372,394.16
Debt securities (Non convertible debentures)	152,048.12	-	-	-	153,204.10	-
Investment	2,449.84	-	-	-	-	2,450.00

**March 31, 2019****(Rupees in Lakhs)**

Particulars	Carrying amount			Fair value		
	Amotised Cost	FVTOCI	FVTPL	Level 1	Level 2	Level 3
Loans	529,807.42	-	-	-	-	519,793.69
Debt securities (Non convertible debentures)	146,730.78	-	-	-	147,682.54	-

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

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

(Rupees in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	349.98	349.98	670.08	670.08
Bank balances other than cash and cash equivalents	1.15	1.15	1.00	1.00
Receivables				
(I) Trade receivables	730.57	730.57	2,586.45	2,586.45
(II) Other receivables	-	-	-	-
Loans	343,901.53	371,303.46	491,311.88	519,793.69
Investments	2,449.84	2,450.00		
Other Financial assets	600.36	600.36	617.02	617.02
<b>Total financial assets</b>	<b>348,033.44</b>	<b>375,435.53</b>	<b>495,186.43</b>	<b>523,668.24</b>
<b>Financial liabilities</b>				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	25.72	25.72	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,405.02	3,405.02	16,647.85	16,647.85
(II) Other payables	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
Debt securities	152,048.12	153,204.10	146,730.78	147,682.54
Borrowings (Other than debt securities)	70,670.82	70,670.82	207,319.94	207,319.94
Other financial liabilities	944.99	944.99	3,365.98	3,365.98
<b>Total financial liabilities</b>	<b>227,094.68</b>	<b>228,250.66</b>	<b>374,064.55</b>	<b>375,016.31</b>



**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 cashflows, provision data and live LAN level data for each product in the portfolio.

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

**Debt securities**

The fair values of the 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 cashflows for each product in the portfolio.

**Transfers between Levels**

There are no transfers between Level 1, 2 and 3

**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**

Particulars	(Rupees in Lakhs)	
	As on March 31, 2020	As on March 31, 2019
Net Own Fund (Tier I)	122,384.95	118,686.76
Tier II	4,525.54	6,318.93
<b>Total capital</b>	<b>126,910.49</b>	<b>125,005.69</b>
<b>Risk weighted assets</b>	<b>362,043.37</b>	<b>505,514.03</b>
<b>Tier I Capital ratio</b>	<b>33.80%</b>	<b>23.48%</b>
<b>Tier II Capital ratio</b>	<b>1.25%</b>	<b>1.25%</b>

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## 31) Lease

## Right to use of Asset

(Rupees in Lakhs)

Particulars	Property
	Rent
<b>As at 1 April 2019</b>	<b>993.06</b>
Additions (Note 8)	202.88
Depreciation expense	521.34
<b>As at 31 March 2020</b>	<b>674.60</b>

## Lease Liability

(Rupees in Lakhs)

Particulars	March 31, 2020
<b>As at 1 April 2019</b>	886.15
Additions	202.88
Accretion of interest	-
Payments	444.11
<b>As at 31 March 2020</b>	<b>644.92</b>

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

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 2020.

The company has adopted Ind As 116 - Lease and applied to all lease contracts existing on April 1, 2019 using modified retrospective method under option 2, as permitted by the standard. Accordingly, Rs 886.15 Lacs is recognised as Right to use asset and lease liability of Rs 886.15 Lacs is created on April 1, 2019. As per the transitional provision in the standard, the Company is not required to restate the comparative figures.

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## 32) Foreign Currency transactions

(Rupees in Lakhs)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
(a) Reimbursement of Expatriate Salaries	375	334
(b) Information Technology Support Charges	2,704	2,255
(c) Stock Audit Charges	17	17
(d) Corporate Gaurantee Fee	90	40
(e) Treasury Support Service	88	-
(f) Travelling Expenses	13	71
(g) Services/Consultancy Fees	37	-
(h) Purchase of software	-	58
(i) Investment expense	7	-

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

## A) Payable

(Rupees in Lakhs)

Foreign Currency	March 31, 2020		March 31, 2019	
	Indian Rupees equivalent	Amount in Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
EURO	730.14	8.84	5,077.96	62.24
GBP	3.49	0.04	3.08	0.04
SEK			173.24	23.20
TRY			77.26	6.31

## B) Receivable

Foreign Currency	March 31, 2020		March 31, 2019	
	Indian Rupees equivalent	Amount in Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
EURO	38.40	0.46	-	-

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

---

**33) Related Party Disclosures**

**I Related Parties and nature of relationship**

**i. Where control exists**

- |                                 |   |
|---------------------------------|---|
| a. Ultimate Holding Company     | Volkswagen AG, Germany                      |
| b. Holding Company              | Volkswagen Finance Overseas B.V.,Netherland |
| c. Intermediate Holding Company | Volkswagen Financial Services A.G, Germany  |

**ii. Other Related Parties with whom transactions have taken place during the year**

- |                        |   |
|------------------------|---|
| a. Fellow Subsidiaries | Skoda Auto Volkswagen India Private Limited, India* |
|                        | Volkswagen Pon Financial Services B.V., Netherlands |
|                        | Scania Commercial Vehicles India Pvt. Ltd           |
|                        | Volkswagen IT Services India Private Limited        |
|                        | Volkswagen Bank GMBH                                |
|                        | VWFS Digital Solutions GMBH                         |
|                        | Volkswagen Finans Sverige AB                        |
|                        | VW Software Asset Management GMBH                   |
|                        | Volkswagen Dogus Finansman, Turkey                  |

\*During the year ended March 31, 2020, Volkswagen India Private Limited and Volkswagen Group Sales Private Limited merged with Skoda Auto India Private Limited to form Skoda Auto Volkswagen India Private Limited.

**b. Key Management Personnel**

Mr. Gokhan Cinar, Chief Finance Office and Managing Director  
(w.e.f. January 01, 2017 )

Mr. Ashish Deshpande, Managing Director and Chief Executive  
Officer (w.e.f March 01, 2019)

Mr. Norbert Dorn, Non-executive Director (w.e.f. August 10,  
2018 )

ii) Transactions with related parties as mentioned above:

Particulars	Holding Company@		Fellow Subsidiaries		Key Management Personnel		Total	
	April 1 2019 to March 31, 2020	April 1 2018 to March 31, 2019	April 1 2019 to March 31, 2020	April 1 2018 to March 31, 2019	April 1 2019 to March 31, 2020	April 1 2018 to March 31, 2019	April 1 2019 to March 31, 2020	April 1 2018 to March 31, 2019
<b>1. Expenditure</b>								
<b>a) Purchase of goods / receiving of services</b>								
Volkswagen Financial Services A.G	335.10	203.96	-	-	-	-	335.10	203.96
Volkswagen Pon Financials Services	-	-	41.25	-	-	-	41.25	-
Volkswagen Group Sales India Private Limited	-	-	-	-	-	-	-	-
Volkswagen India Private Limited	-	-	-	21.90	-	-	-	21.90
Skoda Auto Volkswagen India Private Limited	-	-	119.17	-	-	-	119.17	-
Volkswagen Dogus Finansman, Turkey	-	-	186.60	75.60	-	-	186.60	75.60
Volkswagen IT Services India Private Limited	-	-	59.41	13.42	-	-	59.41	13.42
VWFS Digital Solutions GMBH	-	-	2,333.25	2,254.79	-	-	2,333.25	2,254.79
Volkswagen Finans Sverige AB	-	-	54.68	91.32	-	-	54.68	91.32
Volkswagen Bank GmbH	-	-	88.31	78.00	-	-	88.31	78.00
Volkswagen AG	2.13	-	-	-	-	-	2.13	-
VW Software Asset Management GMBH	-	-	-	53.64	-	-	-	53.64
<b>Total</b>	<b>337.23</b>	<b>203.96</b>	<b>2,882.66</b>	<b>2,588.68</b>	-	-	<b>3,219.90</b>	<b>2,792.63</b>
<b>b) Purchase of Assets</b>								
Skoda Auto Volkswagen India Private Limited	-	-	50.57	39.32	-	-	50.57	39.32
VWFS Digital Solutions GMBH	-	-	133.26	511.48	-	-	133.26	511.48
<b>Total</b>	-	-	<b>183.82</b>	<b>550.80</b>	-	-	<b>183.82</b>	<b>550.80</b>
<b>2. Income</b>								
<b>a) Pre Received Interest Subvention Income</b>								
Skoda Auto Volkswagen India Private Limited	-	-	299.72	-	-	-	299.72	-
Skoda Auto India Private Limited	-	-	-	197.42	-	-	-	197.42
Volkswagen Group Sales India Private Limited	-	-	-	78.11	-	-	-	78.11
<b>Total</b>	-	-	<b>299.72</b>	<b>275.53</b>	-	-	<b>299.72</b>	<b>275.53</b>
<b>b) Brand Support Fees</b>								
Skoda Auto Volkswagen India Private Limited	-	-	2,777.07	-	-	-	2,777.07	-
Skoda Auto India Private Limited	-	-	-	532.72	-	-	-	532.72
Volkswagen Group Sales India Private Limited	-	-	-	3,630.36	-	-	-	3,630.36
Man Trucks India Private Limited	-	-	-	23.07	-	-	-	23.07
<b>Total</b>	-	-	<b>2,777.07</b>	<b>4,186.15</b>	-	-	<b>2,777.07</b>	<b>4,186.15</b>
<b>c) Other sale of goods / rendering of services</b>								
Skoda Auto Volkswagen India Private Limited	-	-	81.48	-	-	-	81.48	-
Volkswagen Group Sales India Private Limited	-	-	-	2.50	-	-	-	2.50
Volkswagen India Private Limited	-	-	-	23.29	-	-	-	23.29
Skoda Auto India Private Limited	-	-	-	99.33	-	-	-	99.33
Volkswagen IT Services India Private Limited	-	-	12.23	27.78	-	-	12.23	27.78
Volkswagen Bank GMBH	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>93.70</b>	<b>152.90</b>	-	-	<b>93.70</b>	<b>152.90</b>
<b>d) Leasing Income</b>								
Volkswagen IT Services India Private Limited	-	-	43.88	46.94	-	-	43.88	46.94
<b>Total</b>	-	-	<b>43.88</b>	<b>46.94</b>	-	-	<b>43.88</b>	<b>46.94</b>
<b>3. Managerial Remuneration \$</b>								
Gokhan Cinar	-	-	-	-	315.91	278.66	315.91	278.66
Hans Patrik Riese *	-	-	-	-	-	264.19	-	264.19
Ashish Deshpande *	-	-	-	-	77.80	8.17	77.80	8.17
<b>Total</b>	-	-	-	-	<b>393.70</b>	<b>551.02</b>	<b>393.70</b>	<b>551.02</b>

\$ Incentives are considered on payment basis

@ Includes Parent Company of Holding Company

\* Mr. Hans Patrik Riese served as Front office MD till 28 Feb 2019 and Mr. Ashish Deshpande resumed the above position w.e.f. 1 Mar 2019.

During the year ended March 31, 2020, Volkswagen India Private Limited and Volkswagen Group Sales India Private Limited merged with Skoda Auto India Private Limited to form Skoda Auto Volkswagen India Private Limited. Hence all transactions during the year are shown as transactions with Skoda Auto Volkswagen India Private Limited.

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

Balances	Holding Company@		Fellow Subsidiaries		Key Management Personnel		Total	
	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019
<b>Payables</b>								
Volkswagen Financial Services A.G.	480.65	507.27	-	-	-	-	480.65	507.27
Skoda Auto Volkswagen India Private Limited	-	-	-	-	-	-	-	-
Volkswagen Group Sales India Private Limited#	-	-	-	8,475.37	-	-	-	8,475.37
Volkswagen Pon Financials Services	-	-	42.64	-	-	-	42.64	-
Volkswagen India Private Limited	-	-	-	-	-	-	-	-
Skoda Auto India Private Limited#	-	-	-	4,533.38	-	-	-	4,533.38
Volkswagen Procurement Services GMBH	-	-	-	30.54	-	-	-	30.54
Scania Commercial Vehicles India Pvt. Ltd#	-	-	-	-	-	-	-	-
Volkswagen Dogus Finansman	-	-	223.58	77.26	-	-	223.58	77.26
VW Financial Services Digital Solutions GMBH (RP)	-	-	719.46	4,163.69	-	-	719.46	4,163.69
Volkswagen Finans Sverige AB	-	-	-	173.24	-	-	-	173.24
Volkswagen Pon Financials Services	-	-	-	-	-	-	-	-
Volkswagen Bank GmbH	-	-	-	78.00	-	-	-	78.00
Volkswagen IT Services India Private Limited	-	-	3.74	-	-	-	3.74	-
Volkswagen Software asset management GMBH	-	-	-	53.64	-	-	-	53.64
<b>Receivables</b>								
Skoda Auto Volkswagen India Private Limited	-	-	232.47	-	-	-	-	-
Volkswagen Financial Services A.G.	38.40	-	-	-	-	-	38.40	-
Volkswagen Group Sales India Private Limited	-	-	-	2,212.78	-	-	-	2,212.78
Skoda Auto India Private Limited	-	-	-	3.78	-	-	232.47	3.78
Volkswagen India Private Limited	-	-	-	14.18	-	-	-	14.18
Volkswagen IT Services India Private Limited	-	-	-	17.70	-	-	-	17.70

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. 10,547,223,791

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

@ Includes Parent Company of Holding Company

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

During the year the Company acquired a 25.1% share in Kuwy Technology Service Private Limited. The Company has an investment of INR 1,833 lakhs in 357,227 equity shares and INR 505 lakhs in 99,625 Compulsory Convertible Preference Shares of Kuwy Technology Service Private Limited. The Company has paid dealer commission of INR 32.42 lakhs to Kuwy Technology Service Private Limited and has an amount payable of INR 4.93 lakhs as on March 31, 2020.



**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, Lamborghini 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 .

(Rupees in Lakhs)

Particulars	March 31, 2020			
	Retail Finance	Dealer Finance	Unallocated	Total
<b>Revenue</b>				
External	27,243.30	16,739.14	4,246.97	48,229.41
Inter segment				
<b>Total</b>	<b>27,243.30</b>	<b>16,739.14</b>	<b>4,246.97</b>	<b>48,229.41</b>
 Segment Expenses	25,570.59	15,441.79	5,443.28	46,455.66
<b>Segment Result - profit / (loss)</b>	<b>1,672.71</b>	<b>1,297.35</b>	<b>(1,196.32)</b>	<b>1,773.74</b>
Profit/(Loss) before Tax	-	-	-	1,773.74
Tax Expense (Including Deferred Tax)	-	-	-	4,220.16
Profit/(Loss) After Tax before extraordinary Items	-	-	-	(2,446.42)
Extraordinary Items				-
Profit/(Loss) After Tax	-	-	-	<b>(2,446.42)</b>
 <b>Other Information</b>				
<b>Carrying Amount of Segment Assets</b>	244,148.09	101,676.28	17,226.94	363,051.31
 <b>Carrying Amount of Segment Liabilities</b>	152,097.39	72,381.25	6,903.40	231,382.04
 Capital Expenditure	272.60	129.76	-	402.36
Depreciation / Amortisation	578.80	275.51	-	854.30

Particulars	March 31, 2019			
	Retail Finance	Dealer Finance	Unallocated	Total
<b>Revenue</b>				
External	35,878.64	18,197.68	5,187.62	59,263.94
Inter segment	-	-	-	-
<b>Total</b>	<b>35,878.64</b>	<b>18,197.68</b>	<b>5,187.62</b>	<b>59,263.94</b>
Segment Expenses	30,531.90	17,153.52	4,545.76	52,231.18
<b>Segment Result - profit / (loss)</b>	<b>5,346.74</b>	<b>1,044.17</b>	<b>641.86</b>	<b>7,032.76</b>
Profit/(Loss) before Tax	-	-	-	7,032.76
Tax Expense (Including Deferred Tax)	-	-	-	-2,030.55
Profit/(Loss) After Tax before extraordinary Items	-	-	-	-3,813.89
Extraordinary Items	-	-	-	-
Profit/(Loss) After Tax	-	-	-	<b>-3,813.89</b>
<b>Other Information</b>				
<b>Carrying Amount of Segment Assets</b>	301,040.17	198,244.72	15,730.75	515,015.64
<b>Carrying Amount of Segment Liabilities</b>	213,063.12	157,527.26	10,301.24	380,891.62
Capital Expenditure	151.01	101.85	-	252.85
Depreciation / Amortisation	217.60	146.76	-	364.36

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

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

(iii) Segment assets comprise mainly of retail loans, dealer finance loans, interest accrued on retail loans and dealer finance loans, receivable from interest subvention. Unallocated assets represent mainly other loans and advances, deferred tax assets cash and cash equivalents, advance tax 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. 493.23 Lakhs (Previous year: Rs. 586.73 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.

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## 35) Disclosure on Restructured Advances

For Financial Year 2019-20

Sl No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	-	2	1	3	6
		Amount outstanding	-	3,823.31	1.15	66.99	3,891.45
		Provision thereon	-	824.73	1.15	22.14	848.01
2	Fresh restructuring during the year	No. of borrowers	-	3	-	-	3
		Amount outstanding	-	1,031.39	-	-	1,031.39
		Provision thereon	-	580.55	-	-	580.55
3	Recovery	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	(17.99)	(17.99)
		Provision thereon	-	-	-	26.79	26.79
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year and hence need not be shown as restructured standard advances at the beginning of the next Financial Year	No. of borrowers	-	-	-1	-	-1
		Amount outstanding	-	-	(1.15)	-	(1.15)
		Provision thereon	-	-	(1.15)	-	(1.15)
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	(2)	1	1	-
		Amount outstanding	-	(3,823.31)	753.03	3,324.79	254.51
		Provision thereon	-	(824.73)	281.94	1,167.26	624.48
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers	-	3	1	4	8
		Amount outstanding	-	1,031	753	3,374	5,158
		Provision thereon	-	581	282	1,216	2,079

**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.

For Financial Year 2018-19

Sl No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	-	7	1	-	8
		Amount outstanding	-	106.95	4.92	-	111.87
		Provision thereon	-	54.98	2.53	-	57.51
2	Fresh restructuring during the year	No. of borrowers	-	2	-	-	2
		Amount outstanding	-	3,823.31	-	-	3,823.31
		Provision thereon	-	824.73	-	-	824.73
3	Recovery	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
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	-	-3	-1	-	-4
		Amount outstanding	-	(32.54)	(4.92)	-	(37.46)
		Provision thereon	-	(16.73)	(2.53)	-	(19.26)
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	(4)	1	3	-
		Amount outstanding	-	(74.41)	1.15	66.99	(6.27)
		Provision thereon	-	(38.25)	1.15	22.14	(14.97)
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	-	2	1	3	6
		Amount outstanding	-	3,823.31	1.15	66.99	3,891.45
		Provision thereon	-	824.73	1.15	22.14	848.01

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

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

- 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:

(Rupees in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	25.72	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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

## 37) Contingent Liabilities and other Capital Commitments

## a. Contingent liabilities not provided for in respect of

(Rupees in Lakhs)		
Particulars	March 31, 2020	March 31, 2019
Disputed claims not acknowledged as debt	156.72	102.13
Service tax matters under appeal	5,071.85	5,071.85
Income tax matters under appeal	89.20	89.20

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

## ii. Service Tax Matter

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.

Accordingly, service tax matter in respect of which assessment pending is Rs. 5,071.85 Lakhs (March 31, 2019 Rs. 5,071.85 Lakhs) and the amount paid under protest Rs. 2,534.08 Lakhs (March 31, 2019 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 will file 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).

Accordingly, Income tax matter in respect of which appeals have been filed is Rs. 89.20 Lakhs (March 31, 2019 Rs. 89.20 Lakhs) and Rs. 44.60 Lakhs (March 31, 2019 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 NIL (March 31, 2019: Rs. 805.77 Lakhs)

Amounts sanctioned but not disbursed: Rs. 1,997.78 Lakhs ( March 31, 2019: Nil)

## 38) Corporate social responsibility expenses

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

190.68

- (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*	167.26	23.42	190.68

\* Rs. 23.42 lacs was spent on CSR activities after 31 March 2020.

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## 39) Tax expense

## (i) Amounts recognised in profit and loss

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Current tax expense</b>		
Current period	3.20	4,080.88
Changes in estimated related to prior years	47.82	57.53
<b>Total current tax expense (A)</b>	<b>51.02</b>	<b>4,138.41</b>
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	527.23	(6,168.96)
Reduction in tax rate	3,641.90	-
Recognition of previously unrecognised tax losses	-	-
Change in recognised deductible temporary differences	-	-
<b>Deferred tax expense (B)</b>	<b>4,169.14</b>	<b>(6,168.96)</b>
<b>Tax expense for the year (A)+(B)</b>	<b>4,220.16</b>	<b>(2,030.55)</b>

## (ii) Amounts recognised in other comprehensive income

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	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)	(11.10)	2.79	(8.31)	31.16	(10.78)	20.38
<b>Total</b>	<b>(11.10)</b>	<b>2.79</b>	<b>(8.31)</b>	<b>31.16</b>	<b>(10.78)</b>	<b>20.38</b>

## (iii) Movement in deferred tax balances

Particulars	March 31, 2020					
	Opening balance March 31, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/(liabilities)</b>						
Property, plant and equipment	114.77	(22.13)	-	(22.13)	92.64	-
Loans	400.77	(92.93)	-	(92.93)	307.84	-
Security deposits	48.81	(48.81)	-	(48.81)	-	-
Borrowings	-	-	-	-	-	-
Employee benefits	367.21	(46.88)	(2.79)	(49.68)	317.54	-
Equity-settled share-based payments	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-
Provisions	13,451.88	(4,345.27)	-	(4,345.27)	9,106.61	-
Unabsorbed Depreciation	-	-	-	-	-	-
Other items	(1,365.57)	389.68	-	389.68	-	(975.89)
<b>Total</b>	<b>13,017.87</b>	<b>(4,166.34)</b>	<b>(2.79)</b>	<b>(4,169.14)</b>	<b>9,824.62</b>	<b>(975.89)</b>

(Rupees in Lakhs)

Particulars	March 31, 2019					
	Opening balance March 31, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset/(liabilities)</b>						
Property, plant and equipment	102.99	11.78	-	11.78	114.77	-
Indexation benefit on land and shares	-	-	-	-	-	-
Loans	216.56	184.21	-	184.21	400.77	-
Security deposits	72.78	(23.97)	-	(23.97)	48.81	-
Borrowings	-	-	-	-	-	-
Employee benefits	193.06	163.37	10.78	174.15	367.21	-
Equity-settled share-based payments	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-
Provisions	7,702.07	5,749.81	-	5,749.81	13,451.88	-
Unabsorbed Depreciation	-	-	-	-	-	-
Other items	(1,438.55)	72.97	-	72.97	-	(1,365.57)
<b>Total</b>	<b>6,848.91</b>	<b>6,158.17</b>	<b>10.78</b>	<b>6,168.95</b>	<b>14,383.44</b>	<b>(1,365.57)</b>

## (iv) Effective Tax Rate

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Profit before tax</b>		
Profit Before Tax	1,774	(5,844.44)
Tax rate	25.168%	34.944%
Tax on profits	446	(2,042.28)
<b>Tax effect of:</b>		
CSR expenses	36.70	30.63
Interest on Late Payment of TDS	9.40	2.69
Prior Period Expenses	-	3.30
tax on perquisites u/s 10(10CC)	19.75	18.79
Others	11.09	(43.68)
<b>Total income tax expenses</b>	<b>523.36</b>	<b>(2,030.55)</b>
<b>Effective tax rate</b>	<b>29.51%</b>	<b>34.74%</b>

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, 2020	As at March 31, 2019
<b>Current Tax Assets (Net)</b>		
(Net of Provision of March 31, 2020 Rs. 4110.58 lakhs March 31, 2019 Rs. 7493.48 lakhs)	1,491.89	299.86
<b>Current Tax Liabilities (Net)</b>		
(Net of Advance Tax of March 31, 2020 Rs. 17618.19 lakhs March 31, 2019 Rs. 12406.70 lakhs)	1,085.22	2,863.12
<b>Total</b>	<b>(406.66)</b>	<b>2,563.26</b>

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

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

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
<b>Performing Assets</b>						
1 Standard	Stage 1	277,150.13	3,510.96	273,639.17	1,105.98	2,404.98
2 Standard	Stage 2	52,002.98	3,697.39	48,305.59	209.14	3,488.24
	Subtotal	329,153.12	7,208.35	321,944.77	1,315.12	5,893.23
<b>Non-Performing Assets (NPA)</b>						
3 Sub Standard	Stage 3	20,776.19	8,043.94	12,732.25	2,019.17	6,024.76
3 Doubtful 1	Stage 3	18,715.84	14,163.89	4,551.95	12,489.86	1,674.03
3 Doubtful 2	Stage 3	4,975.07	3,617.48	1,357.59	2,718.12	899.37
3 Doubtful 3	Stage 3	1,039.91	918.24	121.67	596.04	322.20
	Subtotal	24,730.82	18,699.61	6,031.20	15,804.02	2,895.60
3 Loss	Stage 3	5,424.69	2,231.38	3,193.31	4,822.59	(2,591.21)
	Subtotal for NPA	50,931.70	28,974.94	21,956.77	22,645.78	6,329.16
	Total	277,150.13	3,510.96	273,639.17	1,105.98	2,404.98
	Stage 2	52,002.98	3,697.39	48,305.59	209.14	3,488.24
	Stage 3	50,931.70	28,974.94	21,956.77	22,645.78	6,329.16
	Total	380,084.82	36,183.28	343,901.53	23,960.90	12,222.38



## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

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

## i. Capital

Particulars		March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
a)	CRAR (%)	35.05%	24.73%
b)	CRAR – Tier I Capital (%)	33.80%	23.48%
c)	CRAR – Tier II Capital (%)	1.25%	1.25%
d)	Amount of subordinated debt raised as Tier-II capital	-	-
e)	Amount raised by issue of Perpetual Debt Instrument	-	-

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

## ii Additional Disclosures

## Provisions and Contingencies

		March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
<b>Under the head Expenditure in Statement of Profit and Loss</b>			
a)	Provisions for depreciation on Investment	-	-
b)	Expected Credit Loss	(2,300.39)	16,454.36
c)	Provision made towards Income tax (including Deferred Tax)	4,220.16	(2,030.55)
d)	Other Provision and Contingencies	119.95	127.47

## Concentration of Advances, Exposures and NPAs

## Concentration of Advances

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
Total Advances to twenty largest borrowers	74,693.27	98,267.29
Total Outstanding Advances	380,084.82	529,807.42
Percentage to Total Advances	19.65%	18.55%

## Concentration of Exposures

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
Total Exposure to twenty largest borrowers / customers	102,778.35	109,194.51
Total Exposure to Customers	493,079.35	625,518.99
Percentage to Total Exposure	20.84%	17.46%

## Concentration of NPAs

Particulars	March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
Total Outstanding to four largest borrowers / customers	18,237.63	14,547.12
Total Outstanding Advances	380,084.82	529,807.42
Percentage to Total Advances	4.80%	2.75%

## Sector-wise NPAs

Sector		March 31, 2020 (Rupees in Lakhs)		March 31, 2019 (Rupees 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	50,931.70	13.40%	46,189.48	8.72%
g)	Other personal loans	-		-	

## Movement of NPAs

Particulars		March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
a)	Net NPAs to Net Advances (%)	6.25%	3.48%
b)	Movement of NPAs (Gross)		
	i) Opening balance	46,189.48	23,946.85
	ii) Additions during the year	20,196.00	30,741.41
	iii) Reduction during the year	(15,453.78)	(8,498.78)
	iv) Closing balance	50,931.70	46,189.48
b)	Movement of Net NPAs		
	i) Opening balance	17,092.07	12,497.08
	ii) Additions during the year	9,539.57	7,698.09
	iii) Reduction during the year	(4,674.88)	(3,103.10)
	iv) Closing balance	21,956.77	17,092.07
c)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	i) Opening balance	29,097.41	11,449.77
	ii) Provisions made during the year	10,656.42	23,043.32
	iii) Write-off	(7,467.76)	(3,549.20)
	iv) write-back of excess provisions	(3,311.13)	(1,846.49)
	v) Closing balance	28,974.94	29,097.41

## iii Customer Complaints

Particulars		March 31, 2020 (Rupees in Lakhs)	March 31, 2019 (Rupees in Lakhs)
a)	No. of complaints pending at the beginning of the	-	5
b)	No. of complaints received during the year	777	417
c)	No. of complaints redressed during the year	776	422
d)	No. of complaints pending at the end of the year	1	0

## Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## iv Registration obtained from other financial sector regulators

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

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

No penalties imposed by RBI or any other Regulator.

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

Rating Agency: India Ratings & Research Private Limited

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

<u>Date of Rating</u>	<u>Rating Agency</u>	<u>Commercial Paper</u>	<u>Others</u>
23-May-19	India Ratings & Research Private Limited	IND A1+	NA
			IND AAA (Long Term)
24-Jul-19	India Ratings & Research Private Limited	IND A1+	& IND A1+ (Short Term)
23-May-19	ICRA Limited	ICRA A1+	NA
5-Aug-19	ICRA Limited	ICRA A1+	NA
9-Aug-19	ICRA Limited	ICRA A1+	NA

<u>Date of Rating</u>	<u>Rating Agency</u>	<u>Non Convertible Debentures</u>	<u>Others</u>
			IND AAA (Long Term)
14-Jul-19	India Ratings & Research Private Limited	IND AAA (Long Term)	& IND A1+ (Short Term)
14-Aug-19	India Ratings & Research Private Limited	IND AAA (Long Term)	NA

<u>Date of Rating</u>	<u>Rating Agency</u>	<u>Bank Rating</u>	<u>Others</u>
24-Jul-19	India Ratings & Research Private Limited	Long Term Bank Loan Rating	IND AAA Outlook Stable
24-Jul-19	India Ratings & Research Private Limited	Short Term Bank Loan Rating	IND A1+
29-Aug-19	India Ratings & Research Private Limited	Long Term Bank Loan Rating	IND AAA Outlook Stable
29-Aug-19	India Ratings & Research Private Limited	Short Term Bank Loan Rating	IND A1+
9-Mar-20	India Ratings & Research Private Limited	Long Term Bank Loan Rating	IND AAA Outlook Stable
9-Mar-20	India Ratings & Research Private Limited	Short Term Bank Loan Rating	IND A1+

## vii Extent of financing of parent company products

<u>Particulars</u>	<u>March 31, 2020</u> (Rupees in Lakhs)	<u>March 31, 2019</u> (Rupees in Lakhs)
Loan outstanding as at year end out of the amount financed to parent company products		515,577.41
Company Portfolio	380,084.82	529,807.42
Percentage of financing for parent product upon Company's portfolio	0.00%	97.31%

## viii Investments:

<u>Particulars</u>	<u>March 31, 2020</u> (Rupees in Lakhs)	<u>March 31, 2019</u> (Rupees in Lakhs)
Gross Value of Investments	2,449.84	0
Provision for Depreciation on Investments	0	0
Net Value of Investments	2,449.84	0

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

Movement of provisions held towards depreciation on investments	0	0
---	---	---

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

## ix. Maturity pattern of certain items of assets and liabilities

As on March 31, 2020

(Rupees 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
<b>Liabilities</b>									
<b>Borrowings from banks</b>				-	-	-	-	-	
Working capital Demand Loans	15,570.82	-	-	-	-	-	-	-	15,570.82
Bank Overdraft	-	-	-	-	-	-	-	-	-
Long Term Loans	-	-	-	-	6,300.00	48,800.00	-	-	55,100.00
<b>Market borrowings</b>	15,570.82	-	-	-	6,300.00	48,800.00	-	-	70,670.82
Commercial Papers									-
Non Convertible Debentures	-	21,459.84	10,648.41	74,939.87	30,000.00	15,000.00	-	-	152,048.12
<b>Assets</b>									
<b>Loans</b>									
Advances*@ - Retail Std Asset	7,363.37	7,165.17	7,047.05	25,100.92	40,447.40	105,762.93	37,929.43	9,328.96	240,145.24
Advances* - Retail Sub Std Asset	-	-	-	-	-	-	3,779.40	328.69	4,108.09
Advances* - Retail Doubtful and Loss	-	-	-	-	-	-	-	8.49	8.49
Advances*# - Wholesale Std	5,528.80	5,647.99	5,757.10	14,865.00	14,337.60	31,084.19	7,263.17	1,791.81	86,275.67
Advances* - Wholesale Sub Std	-	-	-	-	-	-	6,359.88	779.67	7,139.55
Advances* - Wholesale Doubtful and	-	-	-	-	-	-	-	6,475.41	6,475.41
Investments - Fixed Deposits	-	-	-	-	-	1.00	-	-	1.00
Foreign Currency Assets									-
Foreign Currency Liabilities									-

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

As on March 31, 2019

(Rupees 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
<b>Liabilities</b>									
<b>Borrowings from banks</b>									
Working capital Demand Loans	25,356.45	322.79	320.95	39,572.32	10,353.51	-	-	-	<b>75,926.02</b>
Bank Overdraft	11,066.29	-	-	-	-	-	-	-	<b>11,066.29</b>
Long Term Loans	-	15,437.50	5,430.13	-	-	-	-	-	<b>20,867.63</b>
<b>Market borrowings</b>	-	-	-	-	-	-	-	-	
Commercial Papers	48,500.00	20,000.00	20,000.00	-	15,000.00	-	-	-	<b>103,500.00</b>
Non Convertible Debentures	-	1,730.00	6,204.00	25,913.36	2,286.00	123,770.35	-	-	<b>159,903.71</b>
<b>Assets</b>									
Loans	<b>8,580.95</b>	<b>13,477.00</b>	-	-	<b>22,057.95</b>	-	-	-	<b>44,115.91</b>
Advances* @ - Retail Std Asset	-	-	31,871.12	-	77,393.03	-	182,043.76	8,186.70	<b>299,494.60</b>
Advances* - Retail Sub Std Asset	-	-	2,534.25	-	1,416.52	-	2,859.09	21.81	<b>6,831.66</b>
Advances* - Retail Doubtful and Loss	-	-	5,903.83	-	1,171.20	-	2,002.89	-	<b>9,077.91</b>
Advances*# - Wholesale Std	-	-	120,689.26	-	18,616.01	-	40,864.84	3,953.22	<b>184,123.33</b>
Advances* - Wholesale Sub Std	-	-	14,503.67	-	1,438.25	-	7,559.44	-	<b>23,501.36</b>
Advances* - Wholesale Doubtful and	-	-	4,547.79	-	681.18	-	1,549.57	-	<b>6,778.55</b>
Investments - Fixed Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	4,673.76	-	-	-	-	<b>4,673.76</b>

## Notes to the Financial Statements for the year ended March 31, 2020 (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

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

<b>Concentration of Deposits</b>	Total Deposits of twenty largest depositors Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC
--------------------------------------	--



<b>Other Disclosure</b>	<p>During the year, there are no penalties levied by RBI / other regulators</p> <p>During the year, Company has not postponed revenue recognition on account of pending uncertainties.</p> <p>During the year, Company has not made any draw down of reserves.</p> <p>Company does not have any overseas joint venture / subsidiary.</p> <p>There are no SPVs sponsored by the Company</p>
-------------------------	--

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.

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 Rs. 897.54 Lakhs (Previous year Rs. 10.757.00 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) **SEBI Disclosure**

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

Particulars		Details
1	Name of the company	Volkswagen Finance Private Limited
2	CIN	U65999MH2009FTC189640
3	Outstanding borrowing of company as on March 31st, 2020 (Rs. in lakhs)	222,718.94
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	ICRA Limited - A1+ for Short Term Rating India Ratings and Research Private Limited - IND A1+ Short Term Rating & IND AAA/Stable for Long Term Rating
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

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

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

**Debenture Trustees:**

Vistra ITCL (India) Limited  
The IL&FS Financial Centre,  
Plot C- 22, G Block, 7th Floor  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051  
Tel: +91 022 2659 3602  
Email: [itclcomplianceofficer@vistra.com](mailto:itclcomplianceofficer@vistra.com)  
Website: [www.vistraitcl.com](http://www.vistraitcl.com)

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

**Related Party transactions**

Particulars	March 31, 2020	March 31, 2019
	(Rs. In Lakhs)	(Rs. In Lakhs)
Loans and advances in the nature of loans to subsidiaries	-	-
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-
(Refer Related party disclosure Note 33)	-	-

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

**Asset cover**

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's immovable property of Rs. 21.89 lakhs and further secured by way of hypothecation/mortgage of charged assets such as receivables arising out of auto loan.

- 46** The auditors have qualified the Report on Reporting on Internal Controls over Financial Reporting. In this regard, the Company has completed reconciliation of loan and interest between the accounting and loan management system and the excess interest booked in respect of one billing cycle has been reversed from interest income for the year ended March 31, 2020. This reversal did not have any impact on customers' account as they are appropriately charged interest in their statement of account. Post March 31, 2020, the Company has implemented internal controls to ensure that such deficiencies in the reconciliation process is avoided in the future.

COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Government of India announced a strict nation-wide lockdown to contain the spread of the virus till May 31, 2020. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers.

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 22, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.

In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Company has carried out provisions for ECL after factoring management overlay allowance, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. However, the full extent of impact of the pandemic on the Company's operations and financial metrics (including impact on impairment allowances for loan portfolio) will depend on future developments including governmental and regulatory measures and the Company's responses thereto, which are highly uncertain at this time.

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

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/300005

Sd/-  
**per Shrawan Jalan**

Partner

Membership No. 102102

Mumbai, July 30, 2020

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

Sd/-

**Ashish Deshpande**

Chief Executive Officer &

Managing Director

DIN 08314277

Sd/-

**Gokhan Cinar**

Chief Financial Officer &

Managing Director

DIN 07649354

Sd/-

**Harshada Pathak**

Company Secretary

Membership No. A19534

Mumbai, July 30, 2020

**Volkswagen Finance Private Limited**  
**ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2020**

**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)

<b>Liabilities Side</b>			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	Particulars	Amount outstanding	Amount overdue
	(a) Debentures : Secured	152,048.12	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits)#		
	(b) Deferred Credits	-	-
	(c) Term Loans	55,100.00	-
	(d) Intercompany loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits#	-	-
	(g) Other Loans - Working Capital Demand Loan	15,570.82	-
	- 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	-	-
	(c) Other public deposits	-	-
<b>Asset Side</b>			
		Amount Outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	265,403.66	
	(b) Unsecured*	114,681.16	
(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	20.63	
	(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		

**Volkswagen Finance Private Limited**  
**ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2020**

**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)

	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of Mutual funds	-
	(iv) Government Securities	-
	(v) Others (Certificate of Deposits, Commercial Paper & PTC)	-

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

	Break-up of Investments (continued)...			
		Amount Outstanding		
	Long Term investments			
	1. Quoted			
	(i) Shares: (a) Equity		-	
	(b) Preference		-	
	(ii) Debentures and Bonds		-	
	(iii) Units of Mutual funds		-	
	(iv) Government Securities		-	
	(v) Others (please specify)		-	
	2. Unquoted			
	(i) Shares: (a) Equity		1,944.84	
	(b) Preference		505.00	
	(ii) Debentures and Bonds		-	
	(iii) Units of Mutual funds		-	
	(iv) Government Securities		-	
	(v) Others (please specify)		-	
(6)	Borrower group-wise classification of assets financed as in (2) and (3) above: (Refer note 2 below)			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group		-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	265,403.66	114,681.16	380,084.82
	Total	265,403.66	114,681.16	380,084.82
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Refer			
	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			50,931.70

**Volkswagen Finance Private Limited**  
**ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2020**

**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)

<u>(All amounts in Lakhs)</u>		
(ii)	Net Non-Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	21,956.77
(iii)	Assets acquired in satisfaction of debt	134.30

**Notes:**

1. As defined in point xix 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.