

INDEPENDENT AUDITORS' REPORT

To The Members of Volkswagen Finance Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements Volkswagen Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



INDEPENDENT AUDITORS' REPORT

To the members of Volkswagen Finance Private Limited

Report on the Financial Statements

Page 2 of 2

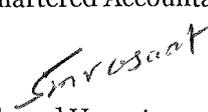
Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 29(a);
- ii. The Company has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. Refer Note 5 and 10. There are no derivative contracts as at March 31, 2015;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants


Sharad Vasant
Partner
Membership Number 101119

Mumbai
May 25, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements for the year ended March 31, 2015

Page 1 of 2

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, wealth tax, service tax, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, wealth tax, service tax, value added tax or cess as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs.in lacs) | Period to which the amount relates | Forum where the dispute is pending |
|-----------------------------|----------------|---|------------------------------------|---------------------------------------|
| The Central Excise Act 1944 | Service Tax | 2,538 (Paid under protest Rs.1,807 lacs in April, 2015) | Financial Years 2012-2015 | Assistant Commissioner of Service tax |

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
- viii. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2015 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements for the year ended March 31, 2015

Page 2 of 2

- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Sharad Vasant
Partner
Membership Number 101119

Mumbai
May 25, 2015

| | Note | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|------|----------------------------|----------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' Fund | | | |
| (a) Share Capital | 2 | 11,688,021,440 | 11,688,021,440 |
| (b) Reserves and Surplus | 3 | 74,570,067 | (559,191,155) |
| Non-Current Liabilities | | | |
| (a) Long Term Borrowings | 4 | 8,000,000,000 | 8,500,000,000 |
| (b) Long Term Provisions | 5 | 1,192,983,736 | 1,535,448,866 |
| (c) Other Long Term Liabilities | 6 | 206,900,334 | 220,259,937 |
| Current Liabilities | | | |
| (a) Short Term Borrowings | 7 | 21,237,386,028 | 20,483,472,265 |
| (b) Trade Payables | 8 | 1,894,246,882 | 2,514,607,230 |
| (c) Other Current Liabilities | 9 | 5,398,208,055 | 2,375,698,780 |
| (d) Short Term Provisions | 10 | 498,347,403 | 210,155,090 |
| TOTAL | | 50,190,663,945 | 46,968,472,453 |
| <u>II ASSETS</u> | | | |
| Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 97,837,789 | 111,687,566 |
| (ii) Intangible Assets | 11 | 37,967,183 | 45,630,439 |
| (iii) Capital work-in-progress | | 1,227,649 | 94,440 |
| (iv) Intangible Assets under Development | | 16,046,413 | 22,098,125 |
| (b) Deferred Tax Asset (net) | 24 | 656,335,896 | 671,264,716 |
| (c) Long Term Loans and Advances | 12 | 23,917,571,961 | 22,137,490,248 |
| Current Assets | | | |
| (a) Trade Receivables | 13 | 92,823,905 | 161,849,242 |
| (b) Cash and Bank Balances | 14 | 3,083,790 | 4,237,961 |
| (c) Short Term Loans and Advances | 15 | 25,170,557,797 | 23,655,108,067 |
| (d) Other Current Assets | 16 | 197,211,562 | 159,011,649 |
| TOTAL | | 50,190,663,945 | 46,968,472,453 |

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 Price Waterhouse
Firm Registration No 301112E
Chartered Accountants

Sharad Vasant

Sharad Vasant
Partner
Membership No 101119

For and on behalf of the Board of Directors

Guy Broekmans

Guy Broekmans
Chief Executive Officer &
Managing Director

Pieter Griep

Pieter Griep
Chief Finance Officer &
Managing Director

Dipti Khandelwal

Dipti Khandelwal
Company Secretary



Mumbai
May 25, 2015

Mumbai
May 25, 2015

Volkswagen Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2015

| | Note | Year Ended March 31, 2015 (Rupees) | Year Ended March 31, 2014 (Rupees) |
|--|------|--|--|
| I Revenue From Operations | 17 | 5,173,656,766 | 4,744,475,303 |
| II Other Income | 18 | 465,626,032 | 22,184,830 |
| III Total Revenue(I + II) | | 5,639,282,798 | 4,766,660,133 |
| IV Expenses | | | |
| Employee Benefits Expenses | 19 | 475,382,545 | 424,130,037 |
| Finance Costs | 20 | 2,903,666,487 | 2,519,463,229 |
| Depreciation and amortization expenses | 11 | 65,969,216 | 66,132,910 |
| Other Expenses | 21 | 1,255,275,208 | 2,280,528,197 |
| Total Expenses | | 4,700,293,456 | 5,290,254,373 |
| V Profit / (Loss) before Tax | | 938,989,342 | (523,594,240) |
| VI Tax Expense | | | |
| (1) Current Tax | | 290,299,300 | 283,527,752 |
| (2) Deferred Tax (Credit) / Charge | | 14,928,820 | (455,562,506) |
| VII Profit / (Loss) for the year (V-VI) | | 633,761,222 | (351,559,486) |
| VIII Profit / (Loss) per Equity Share of Rs 10 each Basic and Diluted | 28 | | |
| Category 'A' Equity Shares of Rs 10 each | | 0.54 | (0.30) |
| Category 'B' Equity Shares of Rs 10 each | | 0.54 | (0.30) |

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 Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Sharad Vasant

Sharad Vasant
Partner
Membership No. 101119

For and on behalf of the Board of Directors

Guy Broekmans

Guy Broekmans
Chief Executive Officer &
Managing Director

Pieter Grijp

Pieter Grijp
Chief Finance Officer &
Managing Director

Dipti Khandelwal

Dipti Khandelwal
Company Secretary



Mumbai
May 25, 2015

Mumbai
May 25, 2015

Volkswagen Finance Private Limited
Cash Flow Statement for the year ended March 31, 2015

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| A. Cash flow from operating activities | | |
| Net Profit/(loss) before taxation | 938,989,342 | (523,594,240) |
| Adjustments for : | | |
| Depreciation / amortisation | 65,969,216 | 66,132,910 |
| Interest on Fixed Deposit | (1,706,849) | - |
| Loss on Sale of Fixed Assets (net) | 254,329 | 115,122 |
| Contingent Provision Against Standard Assets | 11,798,817 | 25,115,741 |
| Provision for Future Potential Losses | 396,752,904 | 43,973,685 |
| Bad Debts Written Off | 294,720,160 | 9,428,465 |
| Provision for Non Performing Assets | (526,805,534) | 1,374,862,837 |
| Provision for Leave Encashment | 940,116 | (1,128,261) |
| Provision for Lease Equalisation | (2,486,400) | (2,486,400) |
| Provision for Gratuity | 3,484,757 | 258,582 |
| Operating Profit/ (Loss) before working capital changes | 1,181,910,858 | 992,678,441 |
| changes in working capital : | | |
| Increase / (decrease) in Other Long Term Liabilities | (13,359,603) | (44,594,631) |
| Increase / (decrease) in Trade Payables | (620,360,348) | 601,538,227 |
| Increase / (decrease) in Other Current Liabilities | 33,021,395 | 125,960,027 |
| Increase / (decrease) in Short Term Provisions | (2,192,231) | - |
| (Increase) / decrease in Long Term Loans and Advances | (2,074,007,850) | (10,172,040,176) |
| (Increase) / decrease in Trade Receivable | 69,025,337 | 39,919,157 |
| (Increase) / decrease in Short Term Loans and Advances | (1,515,449,730) | (3,039,226,593) |
| (Increase) / decrease in Other Current Assets | (38,199,913) | (72,543,896) |
| Cash used in Operations | (2,979,612,085) | (11,568,309,444) |
| Taxes paid | (226,858,569) | (265,302,953) |
| Net cash used in operating activities | (3,206,470,654) | (11,833,612,397) |
| B. Cash flow from Investing Activities | | |
| Purchase of tangible/intangible assets including Capital work-in-progress | (50,451,388) | (45,233,995) |
| Sale of tangible/intangible assets | 147,259 | 3,100,360 |
| Interest received | 1,706,849 | - |
| Net cash used in investing activities | (48,597,280) | (42,133,635) |
| C. Cash flow from Financing Activities | | |
| Proceeds from Long Term Borrowings (including current maturities of Long Term Borrowings) | 4,000,000,000 | 7,000,000,000 |
| Redemption of Current maturities of Long Term Borrowings | (1,500,000,000) | - |
| Net proceeds from Bank Overdraft | 1,160,977,105 | 58,936,004 |
| Proceeds from issue of Commercial Papers | 63,049,136,500 | 59,816,317,794 |
| Repayment of Commercial Papers | (59,596,199,842) | (53,056,259,610) |
| Proceeds from Working Capital Demand Loan | 5,590,000,000 | 50,160,000,000 |
| Repayment of Working Capital Demand Loan | (9,450,000,000) | (52,110,000,000) |
| Net cash from financing activities | 3,253,913,763 | 11,868,994,188 |
| Net (Decrease) / Increase in Cash and cash equivalents (A)+(B)+(C) | (1,154,171) | (6,751,844) |
| Cash and cash equivalents, beginning of the year | 4,237,961 | 10,989,805 |
| Cash and cash equivalents, end of the year | 3,083,790 | 4,237,961 |

Notes to the statement of cash flow :

1) Cash and cash equivalents comprise of

| | | |
|-------------------------------|------------------|------------------|
| Cash on hand | 23,913 | 5,883 |
| Balances with scheduled banks | 3,059,877 | 4,232,078 |
| TOTAL | 3,083,790 | 4,237,961 |

2) The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 " Cash Flow Statement " as specified under section 133 of Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014

3) Figures in bracket indicate cash outflow

This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse
Firm Registration No 301112E
Chartered Accountants

Sharad Vasant
Sharad Vasant
Partner
Membership No 101119

For and on behalf of the Board of Directors

Guy Broekmans
Guy Broekmans
Chief Executive Officer &
Managing Director

Pieter Grep
Pieter Grep
Chief Finance Officer &
Managing Director

Dipti Khandelwal
Dipti Khandelwal
Company Secretary



Mumbai
May 25, 2015

Mumbai
May 25, 2015

Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2015

1) Background and Significant Accounting Policies:

A) Background

Volkswagen Finance Private Limited (VWFPL) has been setup in India as a captive Non-Banking Financial Company (NBFC). The Company received NBFC license from the Reserve Bank of India on March 17, 2011 and commenced NBFC business from March 24, 2011. VWFPL is providing retail loan financing, dealer financing, term loans, used cars financing and insurance solutions to the customers for purchase of VW Group brand vehicles i.e. Volkswagen, Skoda, Audi, Porsche, Lamborghini, MAN, Ducati and Scania

B) Summary of Significant Accounting Policies:

i. Basis for preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultant and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules , 2006, as amended] and other relevant provisions of the Companies Act, 2013 and the guidelines issued by Reserve Bank of India for Non-Banking Financial Companies. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

ii. Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.



Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided from the month in which the asset is capitalised on straight-line method over the estimated useful life of the assets determined by the management (which is same as the rates prescribed under Schedule II to the Companies Act, 2013) as mentioned below

| | Estimated Useful Life | |
|------------------------|------------------------------|-----------------------|
| | March 31, 2015 | March 31, 2014 |
| Leasehold Improvements | Over the lease period | Over the lease period |
| Building | 30 years | 10 years |
| Computers | | |
| - Servers and Networks | 6 years | 4 years |
| - Laptops and Desktops | 3 years | 4 years |
| Vehicles | 8 years | 4 years |
| Furniture and Fixtures | 10 years | 4 years |
| Office Equipment's | 5 years | 4 years |

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of acquisition.

With effect from April 1, 2014, the estimated useful life of fixed assets has been revised as per schedule II to Companies Act, 2013 resulting in change in depreciation expense and net book value of fixed assets in current year and coming years. (Refer Note 11)

iii. Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful lives determined by the management (which is in line with Schedule II to the Companies Act, 2013) as mentioned below:

Cost of software is amortised over the license period or 4 years whichever is earlier.





iv. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing on the Balance Sheet date. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of foreign currency monetary assets and liabilities are recognized in the Statement of Profit and Loss.

v. Revenue Recognition

Standard Assets

Interest on standard loans is accrued on a daily basis as determined by the amount outstanding and the rate applicable. Processing Fees is accrued at the time of limit sanction. Any other fees and commission income towards penalty or charges for servicing customer requests is recognized when there is no uncertainty regarding the collection of such revenue.

Interest Subvention Income

Interest Subvention income is amortized on a daily basis based on the proportionate amount of principal outstanding on a contractual basis.

Loan Acquisition Expenses

Loan Acquisition Expenses such as dealer commission, credit verification charges, risk containment unit charges, field investigation charges, telephone verification expenses, etc are expensed off upfront.

Non-Performing Assets (NPAs)

Interest income is recognized on receipt basis for NPA accounts.

Impairment of Loans

Loan loss provision in respect of non-performing loans is made based on management's assessment of the degree of impairment of the loans and estimates of recoverability / realisation of the loans, subject to minimum provisioning level prescribed in accordance with prudential norms of the Reserve Bank of India.

A general provision is also made by the Company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in the Note 5 and Note 10 to the financial statements as required by the Reserve Bank of India.



Brand Support Fees

Brand support fee is accrued over the credit free period of loan

Income on Fixed Deposit

Income on Fixed Deposit is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.

Service Income

Service income in respect of insurance mediation services is recognized based on the statement of insurance services provided by the insurance company, as per the terms of arrangement.

vi. Employee Benefits

Long Term Employee Benefits

a) Defined Contribution Plan

The Company contributes on defined contribution basis to Employee's Provident Fund and Employee Pension Scheme towards post employment benefits, all of which are administered by respective Government authorities and has no further obligation beyond making its contribution which is expensed to the Statement of Profit and Loss in the period to which it pertains.

b) Defined Benefit Plan

Gratuity

The Company has a defined benefit plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the period end, which is calculated using Projected Unit Credit Method. Actuarial gains/losses are recognized in the Statement of Profit and Loss in the year in which they arise.

Short Term Employee Benefits

Employee Leave Entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on the basic salary as at March 31 every year.



vii. Current and Deferred Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period

Deferred tax adjustments comprise of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on account of timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Statement of Profit and Loss in the period of the change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized.

viii. Impairment of assets

The Company assesses at each Balance Sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

ix. Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.



Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2015 (Continued)

x. Borrowing Costs:

All borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

xi. Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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 is adjusted for the effects of all dilutive potential equity shares.

xii. Segment Reporting:

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated".

Geographical segment is segregated on the basis of operations of the company within India and Outside India

xiii. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks with original maturities of less than 3 months and current investments readily convertible to known amounts of cash and subject to insignificant risk of change in value.

xiv. Operating Lease

The Company leases certain tangible assets and such leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as Operating Leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of lease.

2) Share Capital

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Authorised | | |
| 146,610,000 (Previous Year 146,610,000) Category 'A' Equity Shares of Rs 10 each | 1,466,100,000 | 1,466,100,000 |
| 1,482,390,000 (Previous Year 1,482,390,000) Category 'B' Equity Shares of Rs 10 each | 14,823,900,000 | 14,823,900,000 |
| | 16,290,000,000 | 16,290,000,000 |
| Issued, Subscribed and Paid up | | |
| 105,192,207 (Previous Year 105,192,207) Category 'A' Equity Shares of Rs 10 each, fully paid up | 1,051,922,070 | 1,051,922,070 |
| 1,063,609,937 (Previous Year 1,063,609,937) Category 'B' Equity Shares of Rs 10 each, fully paid up | 10,636,099,370 | 10,636,099,370 |
| | 11,688,021,440 | 11,688,021,440 |

(a) Reconciliation of number of shares

| | March 31, 2015 | | March 31, 2014 | |
|---|----------------|----------------|----------------|----------------|
| | No of shares | Amount | No of shares | Amount |
| Balance at the beginning and end of the year | | | | |
| Category 'A' Equity Shares | 105,192,207 | 1,051,922,070 | 105,192,207 | 1,051,922,070 |
| Category 'B' Equity Shares | 1,063,609,937 | 10,636,099,370 | 1,063,609,937 | 10,636,099,370 |

(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 whereas Category 'B' equity shares don't have any voting rights and dividend rights not exceeding 6%. 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 and subsidiary of holding company

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Equity Shares: | | |
| 1,063,609,937 Category 'B' equity shares (Previous Year 1,063,609,937) held by Volkswagen Financial Services A G , Germany, the holding company | 10,636,099,370 | 10,636,099,370 |
| 105,192,207 Category 'A' equity shares (Previous Year 105,192,207) held by Volkswagen Finance Overseas B V , Netherland, the subsidiary of Volkswagen Financial Services AG, Germany | 1,051,922,070 | 1,051,922,070 |



Handwritten signature and initials.

Handwritten signature.

(d) List of shareholders holding more than 5% equity shares

| | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Equity Shares | | |
| Category 'A' | | |
| Volkswagen Finance Overseas B V , Netherland, the Subsidiary of Volkswagen Financial Services A G , Germany | 105,192,207 | 105,192,207 |
| Percentage holding | (100%) | (100%) |
| Category 'B' | | |
| Volkswagen Financial Services A G , Germany, the Holding Company | 1,063,609,937 | 1,063,609,937 |
| Percentage holding | (100%) | (100%) |

3) Reserves and Surplus

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934 | | |
| Balance at the beginning of the year | 73,077,347 | 73,077,347 |
| Transferred from Surplus in the Statement of Profit and Loss | 126,752,245 | - |
| Balance at the end of the year | 199,829,592 | 73,077,347 |
| Surplus/(Deficit) in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (632,268,502) | (280,709,016) |
| Profit / (Loss) for the year | 633,761,222 | (351,559,486) |
| Less Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934 | (126,752,245) | - |
| Balance at the end of the year | (125,259,525) | (632,268,502) |
| TOTAL RESERVES | 74,570,067 | (559,191,155) |

4) Long-Term Borrowings

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Secured | | |
| Non-Convertible Debentures (Refer Note below and Note 9) | 7,000,000,000 | 7,500,000,000 |
| Unsecured | | |
| Term Loan from banks | 1,000,000,000 | 1,000,000,000 |
| | 8,000,000,000 | 8,500,000,000 |

Note

Debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of loan

| Debenture | Allotment Date | Interest Rate | Redemption Date | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------|---------------|-----------------|----------------------------|----------------------------|
| VWFPL NCD 'A' 02 FY 2012-13/ISIN - INE851M07028 | 21-Nov-12 | 9.70% | 23 Nov-15 | - | 1,500,000,000 |
| VWFPL NCD 'A' FY 2013-14/ISIN - INE851M07036 | 9 Dec-13 | 9.85% | 9-Jun-15 | - | 1,000,000,000 |
| VWFPL NCD 'B' FY 2013-14/ISIN - INE851M07044 | 9-Dec-13 | 9.85% | 9 Dec-16 | 1,000,000,000 | 1,000,000,000 |
| VWFPL NCD 'C' FY 2013 14 & VWFPL NCD 'D' FY 2013-14/ISIN - INE851M07069 | 28-Jan-14 | 9.72% | 28-Jan-16 | - | 2,000,000,000 |
| VWFPL NCD 'E' FY 2013-14/ISIN - INE851M07051 | 28-Jan-14 | 9.78% | 27-Jan-17 | 2,000,000,000 | 2,000,000,000 |
| VWFPL NCD 'A' FY 2014-15/ISIN - INE851M07077 | 1-Dec-14 | 8.85% | 1-Dec-17 | 4,000,000,000 | - |
| | | | | 7,000,000,000 | 7,500,000,000 |

The company has taken the following unsecured Term Loan from Bank which is guaranteed by corporate guarantee issued by Volkswagen Financial Services A G , Germany, the holding company

i) Rs 1,000,000,000 taken on October 24, 2013 which carry Interest rate of 9.50% p a payable Monthly The Term Loan is maturing at the end of 3 years from the date of allotment



5) Long-Term Provisions

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| (a) Employee Benefits - Gratuity (Refer Note 19B) | 11,750,841 | 7,688,479 |
| (b) Contingency Provision against Standard Assets | 54,274,103 | 46,784,201 |
| (c) Provision for Non Performing Assets | 868,898,109 | 1,395,703,643 |
| (d) Lease Equalisation Reserve | - | 2,072,000 |
| (e) Contingency Provision for Future Potential Losses | 258,060,683 | 83,200,543 |
| | 1,192,983,736 | 1,535,448,866 |

6) Other Long Term Liabilities

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|----------------------------|----------------------------|----------------------------|
| Income Received in Advance | 206,900,334 | 220,259,937 |
| | 206,900,334 | 220,259,937 |

7) Short-Term Borrowings

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Unsecured | | |
| (a) Bank overdraft repayable on demand - from banks | 5,282,548,984 | 4,121,571,879 |
| (b) Other Loans and advances | | |
| Commercial Papers (Maximum balance outstanding during the year Rs 22,841,000,000 (Previous year Rs 23,351,000,000)) | 14,514,837,044 | 11,061,900,386 |
| Working Capital Demand Loans | 1,440,000,000 | 5,300,000,000 |
| | 21,237,386,028 | 20,483,472,265 |







| Schedule of Other Loans and advances | Rate of Interest | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|------------------|----------------------------|----------------------------|
| Schedule of Commercial Papers | | | |
| Commercial Paper repayable on April 25, 2014 | 8 68% | - | 746,044,017 |
| Commercial Paper repayable on May 02, 2014 | 8 90% | - | 496,529,444 |
| Commercial Paper repayable on May 29, 2014 | 9 75% | - | 738,644,000 |
| Commercial Paper repayable on June 17, 2014 | 8 60% | - | 206,490,263 |
| Commercial Paper repayable on June 30, 2014 | 8 65% | - | 294,099,211 |
| Commercial Paper repayable on July 04, 2014 | 8 65% | - | 489,748,463 |
| Commercial Paper repayable on July 04, 2014 | 8 65% | - | 244,868,579 |
| Commercial Paper repayable on August 21, 2014 | 10 40% | - | 1,252,356,510 |
| Commercial Paper repayable on September 17, 2014 | 10 60% | - | 1,433,436,456 |
| Commercial Paper repayable on September 17, 2014 | 10 60% | - | 47,779,471 |
| Commercial Paper repayable on October 13, 2014 | 9 60% | - | 86,740,615 |
| Commercial Paper repayable on October 29, 2014 | 9 88% | - | 1,042,411,569 |
| Commercial Paper repayable on December 10, 2014 | 9 85% | - | 844,048,355 |
| Commercial Paper repayable on December 10, 2014 | 9 83% | - | 468,980,814 |
| Commercial Paper repayable on December 10, 2014 | 9 82% | - | 93,801,916 |
| Commercial Paper repayable on December 30, 2014 | 9 70% | - | 140,060,391 |
| Commercial Paper repayable on January 09, 2015 | 9 80% | - | 27,919,879 |
| Commercial Paper repayable on January 16, 2015 | 9 82% | - | 928,937,253 |
| Commercial Paper repayable on February 09, 2015 | 9 90% | - | 691,864,496 |
| Commercial Paper repayable on March 13, 2015 | 9 75% | - | 100,734,272 |
| Commercial Paper repayable on March 17, 2015 | 9 68% | - | 686,404,412 |
| Commercial Paper repayable on April 16, 2015 | 8 70% | 747,360,000 | - |
| Commercial Paper repayable on April 28, 2015 | 9 23% | 496,637,150 | - |
| Commercial Paper repayable on April 28, 2015 | 9 20% | 993,295,900 | - |
| Commercial Paper repayable on April 30, 2015 | 9 20% | 992,802,855 | - |
| Commercial Paper repayable on May 07, 2015 | 9 52% | 991,426,574 | - |
| Commercial Paper repayable on May 14, 2015 | 9 20% | 989,365,421 | - |
| Commercial Paper repayable on July 21, 2015 | 8 55% | 243,752,882 | - |
| Commercial Paper repayable on July 21, 2015 | 8 55% | 243,752,882 | - |
| Commercial Paper repayable on July 27, 2015 | 9 40% | 972,254,886 | - |
| Commercial Paper repayable on August 12, 2015 | 9 40% | 1,210,863,839 | - |
| Commercial Paper repayable on August 31, 2015 | 9 44% | 481,996,992 | - |
| Commercial Paper repayable on September 10, 2015 | 9 44% | 1,442,574,107 | - |
| Commercial Paper repayable on October 09, 2015 | 9 40% | 477,513,423 | - |
| Commercial Paper repayable on October 09, 2015 | 9 39% | 477,535,199 | - |
| Commercial Paper repayable on December 09, 2015 | 8 80% | 944,145,308 | - |
| Commercial Paper repayable on December 09, 2015 | 8 79% | 472,095,686 | - |
| Commercial Paper repayable on January 14, 2016 | 8 87% | 701,785,841 | - |
| Commercial Paper repayable on January 14, 2016 | 8 87% | 701,764,165 | - |
| Commercial Paper repayable on January 12, 2016 | 8 87% | 933,913,934 | - |
| Total Commercial Papers (a) | | 14,514,837,044 | 11,061,900,386 |
| Schedule of Working Capital Demand Loans | | | |
| Working capital demand loan repayable on April 07, 2014 | 9 75% | - | 1,500,000,000 |
| Working capital demand loan repayable on April 24, 2014 | 9 60% | - | 800,000,000 |
| Working capital demand loan repayable on April 25, 2014 | 9 75% | - | 1,000,000,000 |
| Working capital demand loan repayable on May 02, 2014 | 9 75% | - | 1,000,000,000 |
| Working capital demand loan repayable on May 16, 2014 | 9 90% | - | 1,000,000,000 |
| Working capital demand loan repayable on April 10, 2015 | 9 25% | 1,440,000,000 | - |
| Total Working Capital Demand Loans (b) | | 1,440,000,000 | 5,300,000,000 |
| Total (a) and (b) | | 15,954,837,044 | 16,361,900,386 |

Working Capital Demand Loans and Bank overdraft is guaranteed by corporate guarantee issued by Volkswagen Financial Services A G , Germany, the holding company



8) Trade Payables

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Payable for Vehicle Finance | 1,877,583,856 | 2,503,304,510 |
| Dues to Micro and Small Enterprise (Refer Note 27) | - | 31,855 |
| Other Trade Payables | 16,663,026 | 11,270,865 |
| | 1,894,246,882 | 2,514,607,230 |

9) Other Current Liabilities

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| (a) Interest accrued but not due on borrowings | 298,648,011 | 236,462,749 |
| (b) Other Payables | | |
| -Income Received in Advance | 233,967,763 | 347,039,398 |
| -Creditors for Fixed Assets | 6,534,437 | 17,046,557 |
| -Creditors for Expenses | 89,440,927 | 34,826,966 |
| -Provision for Expenses | 131,712,606 | 106,283,348 |
| -Dues to Employees | 127,253,766 | 120,704,865 |
| -Other Liabilities (including statutory dues) | 10,650,545 | 13,334,897 |
| (c) Current Maturities of Long Term Borrowings | 4,500,000,000 | 1,500,000,000 |
| | 5,398,208,055 | 2,375,698,780 |
| (There is no amount due for payment to the Investor Education and Protection Fund under section 205C of Companies Act 1956 as at year end) | | |

Note:

Debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of loan

| Debenture | Allotment Date | Interest Rate | Redemption Date | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------|---------------|-----------------|----------------------------|----------------------------|
| VWFPL NCD 'A' 01 FY 2012-13/ISIN - INE851M07010 | 21-Nov-12 | 9.60% | 21-Nov-14 | - | 1,500,000,000 |
| VWFPL NCD 'A' 02 FY 2012-13/ISIN - INE851M07028 | 21-Nov-12 | 9.70% | 23-Nov-15 | 1,500,000,000 | - |
| VWFPL NCD 'A' FY 2013-14/ISIN - INE851M07036 | 9-Dec-13 | 9.85% | 9-Jun-15 | 1,000,000,000 | - |
| VWFPL NCD 'C' FY 2013-14 & VWFPL NCD 'D' FY 2013-14/ISIN - INE851M07069 | 28-Jan-14 | 9.72% | 28-Jan-16 | 2,000,000,000 | - |
| | | | | 4,500,000,000 | 1,500,000,000 |

10) Short-Term Provisions

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| (a) Employee Benefits | | |
| - Gratuity (Refer Note 19 B) | 352,597 | 98,069 |
| - Leave Encashment | 2,316,499 | 4,400,747 |
| (b) Contingency Provision against Standard Assets | 63,284,938 | 58,976,023 |
| (c) Lease Equalisation Reserve | 2,072,000 | 2,486,400 |
| (d) Contingency Provision for Future Potential Losses | 316,393,454 | 94,500,690 |
| (e) Provision for Tax and Provision for Wealth Tax (Net of Advance Tax and Tax Deducted at Source Rs 460,086,189 (Previous Year Rs 234,021,643)) | 113,927,915 | 49,693,161 |
| | 498,347,403 | 210,155,090 |



Note 11 - Fixed Assets

Amount in Rupees

| Particulars | GROSS BLOCK (At Cost) | | | | DEPRECIATION / AMORTISATION | | | | NET BOOK VALUE | |
|---------------------------------|--------------------------|------------------------------|--------------------------|-------------------------|-----------------------------|-------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| | As at April 01, 2014 | Additions during the year | Sales during the year | As at March 31, 2015 | As at April 01, 2014 | For the year | Deduction for the year | As at March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |
| Tangible Assets | | | | | | | | | | |
| Office Equipment | 17,188,327 | 1,385,148 | 891,138 | 17,682,337 | 6,829,357 | 3,050,370 | 779,465 | 9,100,262 | 8,582,075 | 10,358,970 |
| Building | 3,331,810 | - | - | 3,331,810 | 555,302 | 97,994 | - | 653,296 | 2,678,514 | 2,776,508 |
| Computers | 65,499,840 | 13,653,102 | 130,394 | 79,022,548 | 36,116,542 | 16,724,794 | 68,569 | 52,772,767 | 26,249,781 | 29,383,298 |
| Furniture and Fixtures | 10,145,043 | 2,170,201 | 2,786,905 | 9,528,339 | 6,866,767 | 2,274,135 | 2,558,815 | 6,582,087 | 2,946,252 | 3,278,276 |
| Leasehold Improvements | 45,728,728 | 110,273 | - | 45,839,001 | 9,558,417 | 9,148,993 | - | 18,707,410 | 27,131,591 | 36,170,311 |
| Vehicle | 35,501,966 | 4,863,404 | - | 40,365,370 | 5,781,763 | 4,334,031 | - | 10,115,794 | 30,249,576 | 29,720,203 |
| Total (A) | 177,395,714 | 22,182,128 | 3,808,437 | 195,769,405 | 65,708,148 | 35,630,317 | 3,406,849 | 97,931,616 | 97,837,789 | 111,687,566 |
| Intangible Assets | | | | | | | | | | |
| Software | 117,251,606 | 22,675,643 | - | 139,927,249 | 71,621,167 | 30,338,899 | - | 101,960,066 | 37,967,183 | 45,630,439 |
| Total (B) | 117,251,606 | 22,675,643 | - | 139,927,249 | 71,621,167 | 30,338,899 | - | 101,960,066 | 37,967,183 | 45,630,439 |
| Total Fixed Assets (A+B) | 294,647,320 | 44,857,771 | 3,808,437 | 335,696,654 | 137,329,315 | 65,969,216 | 3,406,849 | 199,891,682 | 135,804,972 | 157,318,005 |
| Previous Year | 247,493,525 | 53,272,239 | 6,118,444 | 294,647,320 | 74,099,367 | 66,132,910 | 2,902,962 | 137,329,315 | 157,318,005 | |

* Building is mortgaged against the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs 250 (Previous Year Rs 250) registered in the name of the Company. The depreciation for the year is Rs 97,994 (Previous Year Rs 333,181) and the written down value of the asset as on 31st March, 2014 is Rs 2,678,514 (Previous Year Rs 2,776,508).

With effect from April 1, 2014, the estimated useful life of fixed assets has been revised as per schedule II to Companies Act, 2013. Had the company continued with the previously assessed useful lives, charge for depreciation for the year ended March 31, 2015 would have been higher by Rs 4,694,884 and profit for the year would have been lower by the same amount.



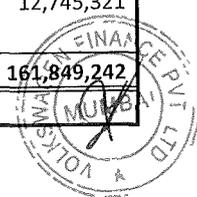
12) Long-Term Loans and Advances

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Loans* | | |
| Secured , Considered good | | |
| Vehicle Finance (Secured against hypothecation of cars) | 15,428,681,225 | 17,423,763,981 |
| Term Loans (Secured against hypothecation of immovable properties) | 552,801,313 | 216,903,646 |
| Secured , Considered doubtful | | |
| Substandard | | |
| Vehicle Finance (Secured against hypothecation of cars) | 391,934,376 | 758,847,062 |
| Term Loans (Secured against hypothecation of immovable properties) | 856,244,928 | 1,111,607,108 |
| Loss Asset | | |
| Vehicle Finance (Secured against hypothecation of cars) | 4,484,207 | 20,756,968 |
| Unsecured, considered good | | |
| Vehicle Finance | 5,545,476,483 | 957,874,759 |
| Term Loans | 182,681,916 | 115,138,205 |
| Unsecured , Considered doubtful | | |
| Substandard | | |
| Vehicle Finance | 462,389,676 | 772,275,870 |
| Term Loans | 303,596,910 | 580,514,775 |
| Loss Asset | | |
| Vehicle Finance | 5,322,733 | 4,820,248 |
| Other Loans and Advances (Unsecured, Considered good) | | |
| Deposits | 50,965,988 | 42,788,750 |
| Advance Tax and Tax Deducted at Source (Net of provision for taxation & provision for wealth tax Rs. 145,000,000 (Previous Year. Rs. 145,000,000)) | 131,928,234 | 131,134,211 |
| Advances recoverable in cash or in kind or for value to be received | 1,063,972 | 1,064,665 |
| | 23,917,571,961 | 22,137,490,248 |

*Loans include repossessed cars having book value Rs 8,338,491 (Previous Year ' Rs 5,825,800)

13) Trade Receivables

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| (Unsecured, considered good) | | |
| (a) Outstanding for a period exceeding six months from the date they were due for payment | 12,795,945 | - |
| (b) Outstanding for a period less than six months from the date they were due for payment | | |
| -Processing Fees Receivables | 24,922,527 | 19,643,232 |
| -Brand Support Fees Receivable | 27,392,153 | 71,833,397 |
| -Brand Interest Subvention Income Receivable | 15,518,979 | 57,627,292 |
| -Other Trade Receivables | 12,194,301 | 12,745,321 |
| | 92,823,905 | 161,849,242 |



14) Cash and Cash Equivalents

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| (a) Cash on Hand | 23,913 | 5,883 |
| (b) Bank Balance in -Current Account | 3,059,877 | 4,232,078 |
| | 3,083,790 | 4,237,961 |

15) Short -Term Loans and Advances

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Loans | | |
| Secured , Considered good | | |
| Vehicle Finance (Secured against hypothecation of cars) | 19,496,499,454 | 20,506,650,479 |
| Term Loans (Secured against hypothecation of immovable properties) | 93,888,552 | 16,385,412 |
| Unsecured, considered good | | |
| Vehicle Finance | 5,412,118,500 | 2,967,437,742 |
| Term Loans | 22,658,635 | 8,697,811 |
| Interest Receivable - Vehicle Finance | 91,598,226 | 91,237,737 |
| Others (Unsecured, Considered good) | | |
| Deposits | 4,439,352 | 2,872,768 |
| Advances recoverable in cash or in kind or for value to be received | 49,355,078 | 61,826,118 |
| | 25,170,557,797 | 23,655,108,067 |

16) Other Current Assets

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Interest Accrued Not Due- Vehicle Finance | 188,843,244 | 155,491,330 |
| Interest Accrued Not Due- Term Loans | 8,368,318 | 3,520,319 |
| | 197,211,562 | 159,011,649 |





17) Revenue From Operations

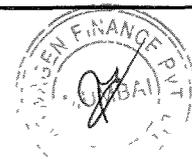
| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Interest On Loans | | |
| Interest On Loans - Vehicle Finance and Term Loans | 4,020,777,571 | 3,339,231,846 |
| Interest Subvention Income | 327,498,046 | 478,757,047 |
| Other Financial Services | | |
| Service Income | 128,305,981 | 147,921,708 |
| Processing Fees | 136,554,378 | 169,522,908 |
| Brand Support Fees | 431,894,593 | 495,319,112 |
| Penalty Interest - Income | 73,922,299 | 83,637,615 |
| Other Operating Income | 54,703,898 | 30,085,067 |
| | 5,173,656,766 | 4,744,475,303 |

18) Other Income

| | March 31, 2015 (Rupees) | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|----------------------------|
| Interest on Fixed Deposits | | 1,706,849 | - |
| Foreign Exchange Gain (net) | | 14,361,944 | - |
| Liabilities Written Back as no longer required | | 58,658,366 | 13,299,297 |
| Provision for Non Performing Assets Written Back as no longer required | 675,655,502 | | - |
| Less: Actual Bad Debts Written Off from provision of earlier years | 294,720,160 | 380,935,342 | - |
| Miscellaneous Income | | 9,963,531 | 8,885,533 |
| | | 465,626,032 | 22,184,830 |

19) Employee Benefits Expenses

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Salaries, Bonus and Allowances (Refer Note 22(ii) below) | 443,144,459 | 402,597,491 |
| Contribution to Provident Fund and Other Funds (Refer Note 19(A) below) | 10,992,783 | 11,332,818 |
| Gratuity (Refer Note 19(B) below) | 3,484,757 | 799,448 |
| Leave Encashment | 940,116 | - |
| Staff Welfare | 8,358,880 | 5,726,812 |
| Training and Recruitment Expenses | 8,461,550 | 3,673,468 |
| | 475,382,545 | 424,130,037 |



Notes to the Financial Statements for the year ended March 31, 2015 (continued)

- A) During the year, the Company has recognised the following amounts in the Statement of Profit and Loss towards defined contribution employees benefit scheme

| | Year Ended March 31, 2015 (Rupees) | Year Ended March 31, 2014 (Rupees) |
|--|--|--|
| - Employers' Contribution to Provident Fund | 7,326,010 | 7,941,011 |
| - Employers' Contribution to Pension Fund | 3,652,913 | 3,375,535 |
| - Employers' Contribution to Labour Welfare Fund | 13,860 | 16,272 |
| Total | 10,992,783 | 11,332,818 |

- B) Defined Benefit Plan

Gratuity

The Company has a defined benefit plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using Projected Unit Credit Method.

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|------------------------------------|------------------------------------|
| a) Major Assumptions | | |
| Discount Rate | 7.89% | 9.29% |
| Salary Escalation Rate | 10.00% | 10.00% |
| Attrition Rate | 16.00% | 10.00% |
| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
| b) Change in the Present Value of Obligation | | |
| Opening Present Value of Obligation | 7,786,548 | 7,527,966 |
| Current Service Cost | 2,553,178 | 3,518,013 |
| Interest Cost | 723,370 | 602,237 |
| Benefit paid | - | (540,866) |
| Liability transferred In / Acquisitions | 832,133 | - |
| Past Service Cost | - | - |
| Actuarial Loss/ (gain) on Obligations | 208,209 | (3,320,802) |
| Closing Present Value of Obligation | <u>12,103,438</u> | <u>7,786,548</u> |
| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
| c) Change in Fair Value of Plan Assets | | |
| Opening Fair Value of Plan Assets | - | - |
| Expected Return on Plan Assets | - | - |
| Actuarial (loss)/gain on Plan Assets | - | - |
| Contributions | - | - |
| Benefits paid | - | - |
| Closing Fair Value of Plan Assets | <u>-</u> | <u>-</u> |



Notes to the Financial Statements for the year ended March 31, 2015 (continued)

| d) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Present Value of Funded Obligation | - | - |
| Fair Value of Plan Assets | - | - |
| Funded Status | - | - |
| Present Value of Unfunded Obligation | 12,103,438 | 7,786,548 |
| Assets recognised in the Balance Sheet | - | - |
| Unfunded Net Liability Recognised in the Balance Sheet | 12,103,438 | 7,786,548 |

| e) Amount recognised in the Balance Sheet | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Present Value of Obligation | 12,103,438 | 7,786,548 |
| Fair Value of Plan Assets | - | - |
| Liability recognised in the balance Sheet | 12,103,438 | 7,786,548 |
| - Current | 352,597 | 98,069 |
| - Non Current | 11,750,841 | 7,688,479 |

| f) Expenses Recognised in the Statement of Profit and Loss | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Current Service Cost | 2,553,178 | 3,518,013 |
| Past Service Cost | - | - |
| Interest Cost | 723,370 | 602,237 |
| Expected Return on Plan Assets | - | - |
| Curtailment cost/ (credit) | - | - |
| Settlement Cost /(Credit) | - | - |
| Benefit paid | - | - |
| Net Actuarial Loss/(gain) recognised in the period | 208,209 | (3,320,802) |
| Total expenses Recognised in the Statement of Profit and Loss | 3,484,757 | 799,448 |

| g) Amount recognised in current year and previous year | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Defined Benefit Obligation | 12,103,438 | 7,786,548 |

| h) Experience Adjustments for the current annual year and previous two years | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) | March 31, 2013 (Rupees) | March 31, 2012 (Rupees) | March 31, 2011 (Rupees) |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Defined Benefit Obligation | 12,103,438 | 7,786,548 | 7,527,966 | 3,127,436 | 180,934 |
| Plan Assets | - | - | - | - | - |
| Surplus / (Deficit) | 12,103,438 | 7,786,548 | 7,527,966 | 3,127,436 | 180,934 |
| Experience Adjustment on Plan Liabilities | (95,972) | 993,530 | 941,423 | - | - |
| Experience Adjustment on Plan Assets | - | - | - | - | - |

[Signature]

[Signature]

[Signature]



Notes to the Financial Statements for the year ended March 31, 2015 (continued)

20) Finance Cost

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--------------------------------------|----------------------------|----------------------------|
| Interest Expenses: | | |
| -Bank Overdraft | 129,842,276 | 205,978,584 |
| -Commercial Papers | 1,644,800,159 | 1,393,740,390 |
| -Non Convertible Debentures | 942,171,233 | 417,804,408 |
| -Working Capital Demand Loan | 150,531,370 | 467,947,543 |
| Interest on Shortfall of Advance Tax | 2,665,000 | - |
| Other Borrowing Cost | 33,656,449 | 33,992,304 |
| | 2,903,666,487 | 2,519,463,229 |

21) Other Expenses

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Rent (Refer Note 22) | | |
| -Building | 52,375,628 | 64,487,290 |
| -Car | 373,610 | 7,623,112 |
| Legal, Professional and Consultancy Fees | 65,330,970 | 80,785,239 |
| Commission to Dealers | 180,454,368 | 308,781,521 |
| Loan Acquisition Expenses | 20,995,093 | 23,159,040 |
| Auditor's Remuneration | | |
| - Statutory Audit | 5,500,000 | 4,925,000 |
| - Tax Audit | 300,000 | 275,000 |
| - Other Services | 1,700,000 | 800,000 |
| - Reimbursement of expenses | 132,467 | 123,237 |
| Information Technology Support Charges | 132,170,493 | 46,549,230 |
| Repairs and Maintenance - Others | 9,783,647 | 25,988,551 |
| Traveling and Conveyance | 54,622,895 | 42,458,545 |
| Business Promotion | 103,554,983 | 155,529,558 |
| Insurance Charges | 1,899,199 | 1,071,240 |
| Electricity | 4,505,037 | 3,949,197 |
| Rates and Taxes | 245,418 | 248,038 |
| Contingent Provision Against Standard Assets | 11,798,817 | 25,115,741 |
| Provision for Future Potential Losses | 396,752,904 | 43,973,685 |
| Bad Debts Written Off | - | 9,428,465 |
| Provision for Non Performing Assets | 148,849,968 | 1,374,862,837 |
| Exchange Loss (net) | - | 2,416,389 |
| Loss on Sale of Fixed Assets (net) | 254,329 | 115,122 |
| Directors Sitting Fees | 600,000 | - |
| Event Management Fees | 4,929,806 | 16,306,961 |
| Collection Agency Charges | 20,308,493 | 7,045,614 |
| Miscellaneous | 37,837,083 | 34,509,585 |
| | 1,255,275,208 | 2,280,528,197 |

Notes to the Financial Statements for the year ended March 31, 2015 (continued)

22) Operating Leases

- i. The Company has taken various office and residential premises under operating lease or leave and license agreements. These are generally non-cancellable for a initial lock in period The company has paid refundable Interest free Security Deposit of Rs 52,019,688 (Previous Year: Rs 42,325,800) in respect of certain leases
- ii. Lease Payments recognized in Statement of Profit and Loss with respect to all operating leases is Rs.58,612,163 (Previous Year. Rs 63,971,926) included under Rent expenses of Rs 37,334,020 (Previous Year Rs. 50,989,672) and under Salaries, Bonus and Allowances Rs. 21,278,143 (Previous Year. Rs. 12,982,254)
- iii. With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

| Minimum Lease Payments | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Not later than one year | 54,521,614 | 56,543,897 |
| Later than one year but not later than five years | 29,557,894 | 22,813,577 |
| Later than five years | 246,378 | - |

23) Foreign Currency transactions

| | Year Ended March 31, 2015 | Year Ended March 31, 2014 |
|--|------------------------------|------------------------------|
| (a) Reimbursement of Expatriate Salaries* | 31,800,429 | 69,010,454 |
| (b) Purchase of Software | 5,113,205 | 4,616,135 |
| (c) Printing and Stationery | - | 240,613 |
| (d) Information Technology Support Charges | 78,062,467 | 40,036,034 |
| (e) Corporate Guarantee Fee | 2,424,040 | 5,042,570 |
| (f) Reimbursement of Expenses | 649,417 | - |
| (g) Travelling Expenses | 1,756,391 | - |

* Reimbursement of Expatriate Salaries excludes prior years' reversal of incentives of Rs 17,073,228 (Previous Year : Rs. Nil)

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

| | Foreign Currency | Indian Rupees equivalent | Amount in Euro |
|---------|------------------|--------------------------|----------------|
| Payable | EURO | 95,300,643 | 1,419,868 |
| | | (87,540,194) | (1,065,037) |

Note: Figures shown in brackets are in respect of previous year.






24) Deferred Tax Asset (Net)

| | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|---|----------------------------|----------------------------|
| Deferred Tax Liabilities | | |
| Depreciation | - | (5,619,535) |
| | - | (5,619,535) |
| Deferred Tax Asset | | |
| Depreciation | 1,313,093 | - |
| Provision for Gratuity | 4,189,000 | 2,646,648 |
| Contingent provision for standard assets | 40,687,184 | 35,947,900 |
| Provision for Future Potential Losses | 198,818,577 | 60,400,649 |
| Provision for Non-Performing Assets | 300,725,636 | 474,399,668 |
| Provision for Bonus | 12,056,986 | - |
| Interest Subvention Income | 98,545,420 | 103,489,386 |
| | 656,335,896 | 676,884,251 |
| Net Deferred Tax Asset / (Liability) | 656,335,896 | 671,264,716 |

Deferred Tax Asset and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws

25) Related Party Disclosures

I Related Parties and nature of relationship

i. Where control exists

- a. Ultimate Holding Company Porsche Automobil Holding SE*
- b. Holding Company Volkswagen Financial Services A G.

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

- a. Fellow Subsidiaries
- | | |
|------|---|
| i | Volkswagen Group Sales India Private Limited, India |
| ii | Volkswagen Finance Overseas B.V., Netherland * |
| iii | Lease Plan India Private Limited, India |
| iv | Skoda Auto India Private Limited, India |
| v | Volkswagen D'leteren Finance, Belgium |
| vi | Volkswagen Pon Financial Services B V., Netherlands |
| vii | Volkswagen India Private Limited, India |
| viii | Man Trucks India Private Limited, India |
| ix | Skofin, Czech Republic |
| x | Volkswagen Procurement Services GMBH, Wolfsburg |
| xi | Volkswagen Services S.A DE C V |
| xii | Ducati India Private Ltd * |
| xiii | Scania Commercial Vehicles India Pvt Ltd* |
- b. Key Management Personnel
- | | |
|-----|---|
| i | Mr Guy Broekmans, Chief Executive Officer and Managing Director |
| ii | Mr Pieter Griep, Chief Finance Office and Managing Director |
| iii | Mr. Reinhard Walter Fleger (w e.f September 26, 2014) |
| iv | Ms. Silke Schmidt, Director (upto December 31, 2013)* |
| v. | Mr Marut Dhar, Director (upto January 15, 2014)* |

*Parties with whom no transactions during the year.

J.



ii) Transactions with related parties as mentioned above

(Rupees)

| Particulars | Parties mentioned in i(b) above | | Parties mentioned in ii(a) above | | Parties mentioned in ii(b) above | | Total | |
|---|---------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | April 1 2014 to March 31, 2015 | April 1 2013 to March 31, 2014 | April 1 2014 to March 31, 2015 | April 1 2013 to March 31, 2014 | April 1 2014 to March 31, 2015 | April 1 2013 to March 31, 2014 | April 1 2014 to March 31, 2015 | April 1 2013 to March 31, 2014 |
| 1 Expenditure | | | | | | | | |
| a) Rent | | | | | | | | |
| Volkswagen Group Sales India Private Limited | - | - | 9,058,167 | 21,553,622 | - | - | 9,058,167 | 21,553,622 |
| Total | - | - | 9,058,167 | 21,553,622 | - | - | 9,058,167 | 21,553,622 |
| b) Reimbursement of expenses | | | | | | | | |
| Volkswagen Financial Services A G* | 96,622,647 | 78,417,335 | - | - | - | - | 96,622,647 | 78,417,335 |
| Volkswagen D'leteren Finance # | - | - | 6,495,767 | 27,682,094 | - | - | 6,495,767 | 27,682,094 |
| Volkswagen Pon Financials Services | - | - | 7,261,898 | 1,026,424 | - | - | 7,261,898 | 1,026,424 |
| Volkswagen Services S A DE C V | - | - | 1,325,277 | - | - | - | 1,325,277 | - |
| Volkswagen Group Sales India Private Limited | - | - | 30,000 | 83,056,064 | - | - | 30,000 | 83,056,064 |
| Skofin | - | - | 138,200 | 3,676,950 | - | - | 138,200 | 3,676,950 |
| Volkswagen India Private Limited | - | - | 1,575,765 | 1,312,164 | - | - | 1,575,765 | 1,312,164 |
| Total | 96,622,647 | 78,417,335 | 16,826,907 | 116,753,696 | - | - | 113,449,554 | 195,171,031 |
| c) Car Lease Rent | | | | | | | | |
| Lease Plan India Private Limited | - | - | 373,610 | 7,709,884 | - | - | 373,610 | 7,709,884 |
| Total | - | - | 373,610 | 7,709,884 | - | - | 373,610 | 7,709,884 |
| d) Purchase of Software | | | | | | | | |
| Volkswagen Financial Services A G | 1,313,799 | 1,478,156 | - | - | - | - | 1,313,799 | 1,478,156 |
| Volkswagen Procurement Services GMBH | - | - | 3,799,406 | - | - | - | 3,799,406 | - |
| Volkswagen India Private Limited | - | - | - | 614,000 | - | - | - | 614,000 |
| Total | 1,313,799 | 1,478,156 | 3,799,406 | 614,000 | - | - | 5,113,205 | 2,092,156 |
| e) Commission | | | | | | | | |
| Volkswagen Group Sales India Private Limited | - | - | 270,532 | - | - | - | 270,532 | - |
| Total | - | - | 270,532 | - | - | - | 270,532 | - |
| 2 Income | | | | | | | | |
| a) Pre Received Interest Subvention Income | | | | | | | | |
| Skoda Auto India Private Limited | - | - | 144,295,000 | 112,726,900 | - | - | 144,295,000 | 112,726,900 |
| Volkswagen Group Sales India Private Limited | - | - | 6,452,812 | 67,332,928 | - | - | 6,452,812 | 67,332,928 |
| Total | - | - | 150,747,812 | 180,059,828 | - | - | 150,747,812 | 180,059,828 |
| b) Brand Support Fees | | | | | | | | |
| Skoda Auto India Private Limited | - | - | 58,058,790 | 90,220,804 | - | - | 58,058,790 | 90,220,804 |
| Volkswagen Group Sales India Private Limited | - | - | 364,608,921 | 399,131,338 | - | - | 364,608,921 | 399,131,338 |
| Man Trucks India Private Limited | - | - | 553,286 | - | - | - | 553,286 | - |
| Total | - | - | 423,220,997 | 489,352,142 | - | - | 423,220,997 | 489,352,142 |
| c) Fees for Consultancy | | | | | | | | |
| Skoda Auto India Private Limited | - | - | 527,100 | 437,195 | - | - | 527,100 | 437,195 |
| Volkswagen Group Sales India Private Limited | - | - | 264,707 | 15,562,743 | - | - | 264,707 | 15,562,743 |
| Volkswagen India Private Limited | - | - | 765,312 | 765,311 | - | - | 765,312 | 765,311 |
| Lease Plan India Private Limited | - | - | 1,065,636 | - | - | - | 1,065,636 | - |
| Total | - | - | 2,622,755 | 16,765,249 | - | - | 2,622,755 | 16,765,249 |
| d) Reimbursement of Expenses | | | | | | | | |
| Volkswagen Group Sales India Private Limited | - | - | 22,201,895 | - | - | - | 22,201,895 | - |
| Total | - | - | 22,201,895 | - | - | - | 22,201,895 | - |
| e) Sale of assets | | | | | | | | |
| Volkswagen Group Sales India Private Limited | - | - | - | 2,813,842 | - | - | - | 2,813,842 |
| Total | - | - | - | 2,813,842 | - | - | - | 2,813,842 |
| 3 Managerial Remuneration | | | | | | | | |
| Marut Dhar | - | - | - | - | - | 7,035,399 | - | 7,035,399 |
| Silke Schmidt @ | - | - | - | - | - | 33,787,513 | - | 33,787,513 |
| Guy Broekmans ^ | - | - | - | - | 23,171,662 | 52,578,856 | 23,171,662 | 52,578,856 |
| Pieter Griep | - | - | - | - | 24,616,862 | 8,421,474 | 24,616,862 | 8,421,474 |
| Total | - | - | - | - | 47,788,524 | 101,823,242 | 47,788,524 | 101,823,242 |

*Excludes reversal of reimbursement towards incentives of prior year of Rs 3,895,153 and excludes reimbursement towards provision for incentives for the current year

Excludes reversal of reimbursement towards incentives of prior year of Rs 13,178,076 and excludes reimbursement towards provision for incentives for the current year

@ Excludes reversal of incentives of prior year Rs 5,636,979 (Previous year Rs Nil) and excludes provision for incentives for the current year made on an overall company basis

^ Excludes reversal of incentives of prior year of Rs 19,071,021 (Previous year Rs Nil) and excludes provision for incentives for the current year made on an overall company basis

iii) Year end balances of related parties as mentioned above

| Balances | Parties mentioned in i(b) above | | Parties mentioned in ii(a) above | | Parties mentioned in ii(b) above | | Total | |
|--|---------------------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|
| | As on March 31, 2015 | As on March 31, 2014 | As on March 31, 2015 | As on March 31, 2014 | As on March 31, 2015 | As on March 31, 2014 | As on March 31, 2015 | As on March 31, 2014 |
| Payables | | | | | | | | |
| Volkswagen Financial Services A G | 69,773,578 | 47,512,745 | - | - | - | - | 69,773,578 | 47,512,745 |
| Volkswagen Group Sales India Private Limited | - | - | 1,308,080,138 | 1,426,160,375 | - | - | 1,308,080,138 | 1,426,160,375 |
| Volkswagen D'eteren Finance | - | - | 11,678,434 | 28,209,858 | - | - | 11,678,434 | 28,209,858 |
| Volkswagen Pon Financials Services | - | - | 10,033,284 | 1,008,325 | - | - | 10,033,284 | 1,008,325 |
| Volkswagen India Private Limited | - | - | 383,850 | 883,453 | - | - | 383,850 | 883,453 |
| Skoda Auto India Private Limited | - | - | 369,184,303 | 944,131,446 | - | - | 369,184,303 | 944,131,446 |
| Lease Plan India Private Limited | - | - | 480,556 | 194,067 | - | - | 480,556 | 194,067 |
| Man Trucks India Private Limited | - | - | 4,112 | 11,111,105 | - | - | 4,112 | 11,111,105 |
| Skofin | - | - | - | 3,676,950 | - | - | - | 3,676,950 |
| Volkswagen Procurement Services GMBH | - | - | 2,525,031 | - | - | - | 2,525,031 | - |
| Volkswagen Services S A DE C V | - | - | 1,290,317 | - | - | - | 1,290,317 | - |
| Marut Dhar (Travelling / Salary) | - | - | - | - | - | 27,850 | - | 27,850 |
| Guy Broekmans (Travelling) | - | - | - | - | 1,100 | - | 1,100 | - |
| Pieter Griep (Travelling) | - | - | - | - | 441 | 42,050 | 441 | 42,050 |
| Receivables | | | | | | | | |
| Volkswagen Group Sales India Private Limited | - | - | 32,179,079 | 90,080,377 | - | - | 32,179,079 | 90,080,377 |
| Skoda Auto India Private Limited | - | - | 24,155,657 | 50,499,932 | - | - | 24,155,657 | 50,499,932 |
| Man Trucks India Private Limited | - | - | 204,474 | - | - | - | 204,474 | - |
| Lease Plan India Private Limited | - | - | 585 | - | - | - | 585 | - |

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 7,724,194,776 (Previous Year Rs 10,421,571,879) For this guarantee, Company has paid commission to Volkswagen Financial Services A G , Germany amounting to Rs 2,424,040 (Previous Year Rs 5,042,570)



26) Segment Reporting

The Company has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Company are primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment.

The Company has identified two primary reportable business segments namely 'Retail Finance', and 'Dealer Finance'

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

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)

| Primary Segment : Business Segment | March 31, 2015 | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Retail Finance | Dealer Finance | Unallocated | Total |
| Revenue | | | | |
| External | 3,198,162,658 | 2,297,632,720 | 143,487,420 | 5,639,282,798 |
| <i>Previous Year</i> | 2,530,703,376 | 2,081,167,170 | 154,789,587 | 4,766,660,133 |
| Total | 3,198,162,658 | 2,297,632,720 | 143,487,420 | 5,639,282,798 |
| <i>Previous Year</i> | 2,530,703,376 | 2,081,167,170 | 154,789,587 | 4,766,660,133 |
| Segment Result - profit / (loss) | 282,526,457 | 977,182,636 | (320,719,751) | 938,989,342 |
| <i>Previous Year</i> | 141,392,414 | (369,056,156) | (295,930,498) | (523,594,240) |
| Profit/(Loss) before Tax | - | - | - | 938,989,342 |
| <i>Previous Year</i> | | | | (523,594,240) |
| Tax Expense | - | - | - | 305,228,120 |
| <i>Previous Year</i> | | | | (172,034,754) |
| Profit/(Loss) After Tax before extraordinary Items | - | - | - | 633,761,222 |
| <i>Previous Year</i> | | | | (351,559,486) |
| Profit/(Loss) After Tax | - | - | - | 633,761,222 |
| <i>Previous Year</i> | | | | (351,559,486) |
| Other Information | | | | |
| Carrying Amount of Segment Assets | 31,628,563,427 | 17,729,991,189 | 832,109,329 | 50,190,663,945 |
| <i>Previous Year</i> | 28,320,410,920 | 17,950,180,981 | 648,187,391 | 46,918,779,292 |
| Carrying Amount of Segment Liabilities | 23,134,143,349 | 14,413,986,270 | 879,942,819 | 38,428,072,438 |
| <i>Previous Year</i> | 19,805,569,491 | 15,675,386,305 | 308,993,210 | 35,789,949,006 |
| Capital Expenditure | 12,220,002 | 4,162,055 | 28,475,714 | 44,857,771 |
| <i>Previous Year</i> | 1,457,073 | 669,600 | 51,145,566 | 53,272,239 |
| Depreciation / Amortisation | 14,255,140 | 10,486,345 | 41,227,731 | 65,969,216 |
| <i>Previous Year</i> | 14,598,162 | 5,605,481 | 45,929,269 | 66,132,912 |



Notes to the Financial Statements for the year ended March 31, 2015 (continued)

(i) Unallocated revenue mainly consists of Income from Insurance business Rs 125,619,850 (Previous Year Rs 131,156,459)

(ii) Unallocated expenses comprise of general administrative expenses, rent, information technology support charges and unallocated employee cost

(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 fixed assets, other loans and advances, deferred tax assets and cash and cash equivalents. 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.

(iv) The company operates in single geographical segment, accordingly the reporting requirements of secondary segment disclosure prescribed under paragraph 39 to 51 of Accounting Standard 17 as specified under section 133 of Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 on 'Segment Reporting' have not been provided in the financial statements.

27) 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:

| Particulars | March 31, 2015 (Rupees) | March 31, 2014 (Rupees) |
|--|----------------------------|----------------------------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | 31,854 |
| 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.



28) Profit / Loss per share (Basic and Diluted)

| Particulars | March 31, 2015 | | | March 31, 2014 | | |
|--|--|---|---------------|--|---|---------------|
| | Category A Equity Shares with dividend Rights | Category B Equity Shares with 6% cap on dividend | Total | Category A Equity Shares with dividend Rights | Category B Equity Shares with 6% cap on dividend | Total |
| Profit / (Loss) after tax (Rupees) | 57,038,518 | 576,722,704 | 633,761,222 | (31,640,358) | (319,919,128) | (351,559,486) |
| Weighted Average Number of Equity Shares | 105,192,207 | 1,063,609,937 | 1,168,802,144 | 105,192,207 | 1,063,609,937 | 1,168,802,144 |
| Profit / (Loss) Per Share (Basic and Diluted) (Rupees) | 0 54 | 0 54 | | (0 30) | (0 30) | |
| Nominal value of an Equity Share (Rupees) | 10 | 10 | | 10 | 10 | |

For the purpose of calculating loss 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)

29) Contingent Liabilities and other Capital Commitments

a Contingent Liabilities :

- i Claims against the Company not acknowledge as debts by the Company Rs 29,098,661 (Previous Year Rs 28,740,661)
- ii Service Tax matter in respect of which assessment is pending Rs 253,776,169 (Previous Year Rs Nil) This is being disputed by the Company and hence not provided for

b Capital Commitments :

Estimated value of contracts in capital account remaining to be executed is Rs 4,518,233 (Previous Year Rs. 48,315)

[Handwritten signature]

[Handwritten signature]



Notes to the Financial Statements for the year ended March 31, 2015 (continued)

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

i. Capital

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| a) CRAR (%) | 22.93% | 23.43% |
| b) CRAR – Tier I Capital (%) | 22.69% | 23.19% |
| c) CRAR – Tier II Capital (%) | 0.24% | 0.24% |
| d) Amount of subordinated debt raised as Tier-II capital | - | - |
| e) Amount raised by issue of Perpetual Debt Instrument | - | - |

ii. Additional Disclosures

Provisions and Contingencies

| Under the head Expenditure in Statement of Profit and Loss | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| a) Provisions for depreciation on Investment | - | - |
| b) Provision towards NPA | 148,849,968 | 1,374,862,837 |
| c) Provision made towards Income tax (including Deferred Tax) | 305,228,120 | (172,034,754) |
| d) Other Provision and Contingencies (provision for gratuity and leave encashment) | 4,424,873 | 799,448 |
| e) Provision for Standard Assets | 408,551,721 | 69,089,426 |

Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits (for deposit taking NBFCs)

| Particulars | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| a) Total Deposits of twenty largest depositors | - | - |
| b) Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC | - | - |

Concentration of Advances

| Particulars | March 31, 2015 | | March 31, 2014 | |
|--|----------------|------------------------------|----------------|------------------------------|
| | Amount | Percentage to Total Advances | Amount | Percentage to Total Advances |
| Total Advances to twenty largest borrowers | 10,545,459,401 | 21.59% | 10,781,227,073 | 23.67% |

Concentration of Exposures

| Particulars | March 31, 2015 | | March 31, 2014 | |
|--|----------------|------------------------------|----------------|------------------------------|
| | Amount | Percentage to Total Exposure | Amount | Percentage to Total Exposure |
| Total Exposure to twenty largest borrowers / customers | 12,256,140,000 | 23.55% | 13,532,300,000 | 25.83% |

Concentration of NPAs

| Particulars | March 31, 2015 | | March 31, 2014 | |
|---|----------------|------------------------------|----------------|------------------------------|
| | Amount | Percentage to Total Advances | Amount | Percentage to Total Advances |
| Total Exposure to top four NPA accounts | 1,201,656,503 | 2.46% | 2,513,650,600 | 5.52% |



vii Maturity pattern of certain items of assets and liabilities

As on March 31, 2015

| | Upto 30/31 days (one month) | Over 1 month to 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|--------------------------------|-----------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------------|--------------|----------------|
| Liabilities | | | | | | | | | |
| Borrowings from banks | | | | | | | | | |
| Working capital Demand | 1,440,000,000 | - | - | - | - | - | - | - | 1,440,000,000 |
| Bank Overdraft | - | - | - | - | 5,282,548,984 | - | - | - | 5,282,548,984 |
| Long Term Loans | - | - | - | - | - | 1,000,000,000 | - | - | 1,000,000,000 |
| Market borrowings | | | | | | | | | |
| Commercial Papers | 3,250,000,000 | 2,000,000,000 | - | 4,750,000,000 | 5,000,000,000 | - | - | - | 15,000,000,000 |
| Non Convertible Debentures | - | - | 1,000,000,000 | - | 3,500,000,000 | 7,000,000,000 | - | - | 11,500,000,000 |
| Assets | | | | | | | | | |
| Advances* [@] - Retail Std Asset (Including Principal Receivable) | 717,989,705 | 892,094,013 | 889,074,077 | 2,639,700,114 | 4,829,983,019 | 14,040,499,750 | 5,828,765,739 | 855,141,114 | 30,693,247,531 |
| Advances* - Retail Sub Std Asset (net of provisions) | - | - | - | - | - | - | 117,336,267 | 84,939,451 | 202,275,719 |
| Advances* - Retail Doubtful and Loss Asset (net of provisions) | - | - | - | - | - | - | - | 5,375,161 | 5,375,161 |
| Advances* [#] - Wholesale Std (Including Principal Receivable) | 6,029,393,397 | 6,045,448,525 | 146,541,410 | 390,602,320 | 604,333,229 | 478,212,116 | 303,074,434 | 203,947,784 | 14,201,553,215 |
| Advances* - Wholesale Sub Std (net of provisions) | - | - | - | - | - | - | 514,341,109 | 381,160,970 | 895,502,079 |
| Advances* - Wholesale Doubtful and Loss Asset (net of provisions) | - | - | - | - | - | - | - | 51,921,763 | 51,921,763 |
| Investments - Fixed Deposits | - | - | - | - | - | - | - | - | - |

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

[@] Net off Rs 172,766,080 payable for retail finance[#] Net off Rs 1,667,239,251 payable for dealer finance

Maturity Pattern of Assets and Liabilities has been compiled by the Management, based on estimations and are not on contractual payment basis



As on March 31, 2014

(Rupees)

| | 1 day to 30/31 days (one month) | Over 1 month to 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|--|---------------------------------|--------------------------|-----------------------------|-----------------------------|---------------------------|--------------------------|---------------------------|---------------|----------------|
| Liabilities | | | | | | | | | |
| Borrowings from banks | | | | | | | | | |
| Working capital Demand Loans | 3,300,000,000 | 2,000,000,000 | - | - | - | - | - | - | 5,300,000,000 |
| Bank Overdraft | - | - | - | - | 4,121,571,879 | - | - | - | 4,121,571,879 |
| Long Term Loans | - | - | - | - | - | 1,000,000,000 | - | - | 1,000,000,000 |
| Market borrowings | | | | | | | | | |
| Commercial Papers | 750,000,000 | 1,250,000,000 | 510,000,000 | 3,600,000,000 | 5,481,000,000 | - | - | - | 11,591,000,000 |
| Non Convertible Debentures | - | - | - | - | 1,500,000,000 | 7,500,000,000 | - | - | 9,000,000,000 |
| Assets | | | | | | | | | |
| Advances*@ - Retail Std Asset(Including Principal Recievable) | 887,409,228 | 774,450,412 | 773,018,968 | 2,362,048,190 | 4,658,444,322 | 12,571,530,048 | 4,733,720,826 | 1,076,387,867 | 27,837,009,861 |
| Advances* - Retail Sub Std Asset (net of provisions) | - | - | - | - | - | - | 82,810,271 | 19,871,671 | 102,681,942 |
| Advances*# - Wholesale Std (Including Principal Recievable) | 6,146,222,725 | 5,496,002,046 | 895,467 | 4,021,039 | 18,591,875 | 109,776,369 | 130,852,580 | 91,412,902 | 11,997,775,003 |
| Advances*# - Wholesale Sub Std (net of provisions) | - | - | - | - | - | - | 1,090,028,879 | 660,407,566 | 1,750,436,445 |
| Investments - Fixed Deposits | - | - | - | - | - | - | - | - | - |

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

@ Net off Rs 46,786,149 payable for retail finance

Net off Rs 2,378,067,174 payable for dealer finance

Maturity Pattern of Assets and Liabilities has been compiled by the Management, based on estimations and are not on contractual payment basis



viii The Company has no disclosure to make in respect of the following items as the relevant items are either Nil or Not Applicable

| | |
|--------------------------------|---|
| Investments | <p>Gross Value of Investments Provision for Depreciation on Investments Net Value of Investments Movement of provisions held towards depreciation on investments</p> |
| Derivatives | <p>Forward Rate Agreement / Interest Rate Swaps Notional Principal of Swap Agreements</p> <p>Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements Collateral required by the NBFC upon entering into swaps Concentration of credit risk arising from the swaps The fair value of the swap book</p> <p>Exchange Traded Interest Rate Derivatives Notional Principal amount of exchange traded interest rate derivatives undertaken during the year</p> <p>Notional Principal amount of exchange traded interest rate derivatives outstanding as at March 31, 2015</p> <p>Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"</p> <p>Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"</p> <p>Quantitative Disclosures Derivative (Notional Principal Amount) Marked to Market Positions Credit Exposure Unhedged Exposure</p> |
| Securitisation | <p>No of SPVs sponsored by the NBFC for securitisation transactions Total amount of securitised assets as per books of the SPVs sponsored Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet Amount of exposures to securitisation transactions other than MRR</p> <p>Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction No of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value</p> <p>Assignment transactions undertaken No of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value</p> <p>Details of non-performing financial assets purchased No of accounts purchased during the year Aggregate outstanding</p> <p>Of these, number of accounts restructured during the year Aggregate outstanding</p> <p>Details of non-performing financial assets sold No of accounts sold Aggregate outstanding Aggregate consideration received</p> |
| Exposure to Real Estate Sector | <p>Residential Mortgages Commercial Real Estate Investments in Mortgage Backed Securities (MBS) and other securitised exposures</p> |

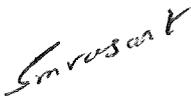


| | |
|--|---|
| <p>Exposure to Capital Market</p> | <p>Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt, advances against shares / bonds / debentures or other, securities 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,</p> <p>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)</p> |
| <p>Concentration of Deposits</p> | <p>Total Deposits of twenty largest depositors Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC</p> |
| <p>Other Disclosure</p> | <p>During the year, Company has not financed any parent company's product During the year, Company has not exceeded, single borrower limit (SGL) / group borrower limit (GBL) 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 During the year, Company has not made any draw down of reserves Company does not have any overseas joint venture / subsidiary There are no SPVs sponsored by the Company</p> |

- 31) Liabilities written back comprises of provision no longer required in respect of expenses Rs 58,658,366 (Previous Year Rs 13,299,297)
- 32) Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are given in Annexure I
- 33) As per the provisions of the Section 135 of the Companies Act, 2013 the Company is required to spend Rs 7,273,369 towards Corporate Social Responsibility (CSR) During the year, the company has not spent any amount towards CSR program The Company is committed to gradually incur its CSR spend in the coming years
- 34) Previous year's figures have been reclassified/regrouped, wherever necessary, to confirm with current year's classifications

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

For Price Waterhouse
Firm Registration No 301112E
Chartered Accountants



Sharad Vasant
Partner
Membership No 101119

For and on behalf of the Board of Directors



Guy Broekmans
Chief Executive Officer &
Managing Director



Pieter Grijp
Chief Finance Officer &
Managing Director



Dipty Khandelwal
Company Secretary



Mumbai
May 25, 2015

Mumbai
May 25, 2015

Volkswagen Finance Private Limited
ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2015

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company
(as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential
Norms (Reserve Bank) Directions, 2015

(All amounts in Rupees)

| Liabilities Side | | | |
|------------------|---|--------------------|----------------|
| (1) | Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid | | |
| | Particulars | Amount outstanding | Amount overdue |
| | (a) Debentures Secured | 11,797,878,081 | - |
| | Unsecured | - | - |
| | (other than falling within the meaning of public deposits) | | |
| | (b) Deferred Credits | - | - |
| | (c) Term Loans | 1,000,260,274 | - |
| | (d) Intercorporate loans and borrowing | - | - |
| | (e) Commercial Paper | 14,514,837,044 | - |
| | (f) Other Loans - Working Capital Demand Loan | 1,440,000,000 | - |
| | Bank Overdraft | 5,283,058,640 | - |
| Asset Side | | | |
| | | Amount Outstanding | |
| (2) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] | | |
| | (a) Secured | | 36,824,534,055 |
| | (b) Unsecured* | | 12,025,843,079 |
| (3) | Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| | (i) Lease assets including lease rentals under sundry debtors | | |
| | (a) Financial lease | | - |
| | (b) Operating lease | | - |
| | (ii) Stock on hire including hire charges under sundry debtors | | |
| | (a) Assets on hire | | - |
| | (b) Repossessed Assets | | - |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) Loans where assets have been repossessed | | - |
| | (b) Loans other than (a) above | | - |
| (4) | Break-up of Investments | | |
| | Current investments | | |
| | 1 Quoted | | |
| | (i) Shares (a) Equity | | - |
| | (b) Preference | | - |
| | (ii) Debentures and Bonds | | - |
| | (iii) Units of Mutual funds | | - |
| | (iv) Government Securities | | - |
| | (v) Others (please specify) | | - |
| | 2 Unquoted | | |
| | (i) Shares (a) Equity | | - |
| | (b) Preference | | - |
| | (ii) Debentures and Bonds | | - |
| | (iii) Units of Mutual funds | | - |
| | (iv) Government Securities | | - |
| | (v) Others (Certificate of Deposits, Commercial Paper & PTC) | | - |

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



Volkswagen Finance Private Limited
ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2015

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company
(as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015)

(All amounts in Rupees)

| 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 | | - | | |
| (b) Preference | | - | | |
| (ii) Debentures and Bonds | | - | | |
| (iii) Units of Mutual funds | | - | | |
| (iv) Government Securities | | - | | |
| (v) Others (please specify) | | - | | |
| (5) Borrower group-wise classification of assets financed as in (2) and (3) above | | | | |
| 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 | | 35,647,883,347 | 11,641,582,500 | 47,289,465,847 |
| Total | | 35,647,883,347 | 11,641,582,500 | 47,289,465,847 |
| (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) | | | | |
| Category | | Market Value/ Break-up or fair value or NAV | Book Value (Net of Provisions) | |
| 1 Related Parties | | | | |
| (a) Subsidiaries | | - | - | |
| (b) Companies in the same group | | - | - | |
| (c) Other related parties | | - | - | |
| 2 Other than related parties | | | - | |
| Total | | | - | |
| (8) Other Information | | | | |
| Particulars | | | Amount | |
| (i) | Gross Non Performing Assets | | | |
| | (a) Related Parties | | | - |
| | (b) Other than related parties | | | 2,023,972,830 |
| (ii) | Net Non-Performing Assets | | | |
| | (a) Related Parties | | | - |
| | (b) Other than related parties | | | 1,155,074,721 |
| (iii) | Assets acquired in satisfaction of debt | | | - |

Notes

1 As defined in paragraph 2(1)(xi) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998

2 Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

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 should be disclosed irrespective of whether they are classified as long term or current in (4) above

[Handwritten signature]

