

# BATLIBOI & PUROHIT

## Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Members of Volkswagen Finance Private Limited

Report on the Audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the accompanying Standalone Financial Statements of Volkswagen Finance Private Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Statement of Standalone Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Standalone Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

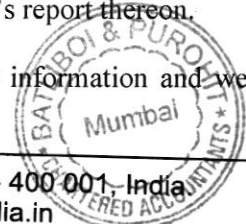
As mentioned in note 47 to the Standalone Financial Statements, the Company has made investments in and advanced loans (including interest accrued) of Rs. 9,019.71 lakhs and 8,696.09 lakhs respectively to its subsidiary Kuwy Technology Service Private Limited. The accumulated losses of this subsidiary are Rs. 12,179 lakhs as at March 31, 2023 and its net worth is negative. The auditors of the subsidiary company have included a paragraph in their audit report regarding Material Uncertainty relating to the subsidiary's ability to continue as a Going Concern. Further, the auditors of the subsidiary have qualified their audit opinion relating to remeasurement of the liability arising on the compulsory convertible preference shares held by the Company in the subsidiary as at March 31, 2023. Owing to the aforementioned, we are unable to comment upon adjustments, if any, that may be required to the carrying value of the aforesaid investments and loans.

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

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



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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, and that the Company does not have a server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode, 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 Standalone Balance Sheet, the Statement of Standalone Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Standalone Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read together with the relevant Rules made thereunder.
  - e) The matter described in Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Company.



- f) On the basis of the written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section and paragraph 2. b) above.
- h) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as at March 31, 2023 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", wherein we have expressed a modified opinion.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 35 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

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





**BATLIBOI & PUROHIT**  
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Continuation Sheet

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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



**Janak Mehta**  
Partner  
Membership No. 116976



Place: Mumbai  
Date: September 21, 2023  
ICAI UDIN: 23116976BGXTYO8683

**Annexure - A to the Independent Auditors' Report**

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

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The property, plant and equipment were physically verified during the previous year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the standalone financial statements are held in the name of the Company.
  - (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.
  - (e) According to the information and explanations given to us, no proceedings have been initiated, or were pending, during the year against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) During the year, the Company did not have existing sanctioned working capital limits in excess of Rs. 5 crore rupees, in aggregate, from banks on the basis of security of its current assets. Hence, reporting under clause 3(ii)(b) of the Order is not applicable.
- iii The Company has granted unsecured / secured loans to its subsidiary company and other parties, during the year, in respect of which:
- (a) The Company's principal business was to give loans therefore reporting under Clause 3(iii)(a) of the Order is not applicable.



- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of loans, prima facie, are not prejudicial to the Company's interest.
- (c) In respect of the loans/advances in the nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company was engaged in the business of granting loans, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported since it is not practicable to furnish such details owing to the voluminous nature of the data generated in the normal course of Company's business. Further except for the instances where there are delays or defaults in repayment of principal and/or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Ind AS and the guidelines issued by the RBI for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 38 to the standalone financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.
- (d) In respect of loans/advances in nature of loans, there are no amounts which are overdue for more than 90 days as at March 31, 2023.
- (e) The Company's principal business was to give Loans therefore reporting under Clause 3(iii)(e) of the Order is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- iv In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.
- vi The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.



vii In Respect of Statutory Dues:

- (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, provident fund, employees' state insurance, income-tax, value added tax and cess and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, value added tax and cess and other material statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, the following dues of income tax and service tax have not been deposited on account of dispute:

Name of statute	Forum where the dispute is pending	Amount of dues (Rs. In lakhs)	Period to which amount relates
The Income tax Act, 1961	Bombay High Court	89.20	2014-15
The Income tax Act, 1961	Commissioner of Income Tax (Appeals)	266.21	2015-16
The Income tax Act, 1961	Commissioner of Income Tax (Appeals)	318.14	2016-17
The Central Excise Act, 1944	The Customs, Excise and Service tax Appellate Tribunal (CESTAT)	5,071.85	April 2011 to March 2015 April 2015 to June 2017
The Central Excise Act, 1944	The Customs, Excise and Service tax Appellate Tribunal (CESTAT)	516.87	2015-16 and 2016-17

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

- ix (a) Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any outstanding borrowings during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company did not have any term loans outstanding during the year.





- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that the Company has not raised any funds for short term purpose in the current year. Accordingly, paragraph 3(ix)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary company.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary company.
- x (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally) during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable.
- xi (a) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, in our opinion and based on the audit procedures performed by us, no report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was filed with the Central Government during the year or upto the date of this Report.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
- xii In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' company and it has not accepted any deposits. Accordingly, paragraph 3(xii)(a), paragraph 3(xii)(b) and paragraph 3(xii)(c) of the Order is not applicable.
- xiii According to the information and explanations given to us and based on the audit procedures performed by us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.



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- (b) We have considered the internal audit reports of the Company issued upto the date of this Report, for the period under audit.
- xv According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions of section 192 of the Act and paragraph 3(xv) of the Order is not applicable.
- xvi (a) According to the information and explanations given to us, the Company has registered under section 45-IA of the Reserve Bank of India Act, 1934. However, the financial assets of the Company (excluding cash and bank balances) are less than 50% of the Total Assets of the Company and the Company has made an application to the Reserve Bank of India ('the RBI') for surrender of its NBFC license.
- (b) According to the information and explanations given to us and based on audit procedures performed by us, the Company has made an application to RBI for surrender of its NBFC license and has not conducted any Non-Banking Financial activities during the year without a valid certificate of registration (CoR) from the RBI. Further as represented by the Management, the Company has not engaged in Housing Finance Activities.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Direction 2016) does not have Core Investment Companies (CICs) as part of the Group.
- xvii In our opinion and according to the information and explanations given to us, the Company has incurred cash losses amounting to Rs. 20,235.63 lakhs during the financial year and Rs. 47,372.84 lakhs during the immediately preceding financial year.
- xviii There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the order is not applicable to the company.



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xix On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due (Refer Note 45 in the standalone financial statements).

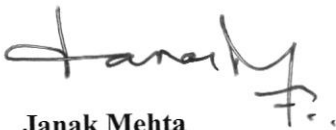
xx (a) According to the information and explanations given to us and based on audit procedures performed by us, there were no unspent amounts in terms of sub-section (5) of Section 135 of the Act during the year. Accordingly, second proviso to sub-section (5) of section 135 of the said Act and paragraph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

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

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Reg. No.101048W

**Janak Mehta**

Partner

Membership No. 116976

Place: Mumbai

Date: September 21, 2023

ICAI UDIN: 23116976BGXTYO8683



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

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

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

We have audited the Internal Financial Controls with reference to standalone financial statements of **Volkswagen Finance Private Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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





**Chartered Accountants****Meaning of Internal Financial Controls with reference to standalone financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

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

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness have been identified in the operating effectiveness of the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

- a. The Company's internal control system towards determining the carrying value of loans provided to subsidiary and its investment in subsidiary, as more fully explained in note 47 to the accompanying standalone financial statements were not operating effectively due to uncertainties in the judgments and assumptions made by the Company in such determination, which could result in the Company not providing for adjustment, if any, that may be required to the carrying values of such loans and investments and its consequential impact on the accompanying standalone financial statements.

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



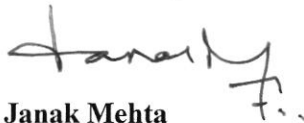
In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements, and such internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2023, based on the internal control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended March 31, 2023, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Reg. No.101048W



**Janak Mehta**

Partner

Membership No. 116976



Place: Mumbai

Date: September 21, 2023

ICAI UDIN: 23116976BGXTYO8683

Standalone Balance Sheet as at March 31, 2023

Particulars	Note	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
<b>ASSETS</b>			
<b>Financial assets</b>			
(a) Cash and cash equivalents	2	73,352.10	53,971.79
(b) Bank balances other than cash and cash equivalents	3	8.72	7,501.41
(c) Receivables	4		
(i) Trade receivables		126.10	764.19
(ii) Other receivables		482.77	1,400.35
(e) Loans	5	8,306.51	19,096.96
(e) Investment	6	9,019.71	9,019.71
(f) Other financial assets	7	489.04	419.64
<b>Total financial assets</b>		<b>91,784.95</b>	<b>92,174.05</b>
<b>Non-financial assets</b>			
(a) Deferred tax asset (net)		-	-
(b) Property, plant and equipments	8	278.31	443.75
(c) Right of use assets	8	1,039.69	1,525.44
(d) Intangible assets	8	43.41	55.08
(e) Other non financial assets	9	4,837.18	5,392.05
(f) Assets held for sale	9	85.41	130.41
<b>Total non financial assets</b>		<b>6,284.00</b>	<b>7,586.73</b>
<b>TOTAL ASSETS</b>		<b>98,068.95</b>	<b>99,760.78</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
(a) Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	10	-	11.95
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	72.08	1,136.32
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	10	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	86.86	723.43
(d) Lease liability	11	1,128.38	1,474.54
(e) Other financial liabilities	11	295.91	601.52
<b>Total financial liabilities</b>		<b>1,583.23</b>	<b>3,947.76</b>
<b>Non-financial liabilities</b>			
(a) Current tax liabilities (net)	12	1,965.10	1,997.48
(b) Provision for expenses	12	506.72	1,530.95
(c) Other non financial liabilities	12	1,232.64	748.13
<b>Total non financial liabilities</b>		<b>3,704.46</b>	<b>4,276.56</b>
<b>Equity</b>			
(a) Equity share capital	13	1,16,880.21	1,16,880.21
(b) Other equity	14	(24,098.95)	(25,343.75)
<b>Total equity</b>		<b>92,781.26</b>	<b>91,536.46</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>98,068.95</b>	<b>99,760.78</b>

Significant Accounting Policies

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

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

*Janak Mehta*

Janak Mehta  
Partner  
Membership No. 116976

For and on behalf of the Board of Directors

*Ralf Teichmann*

Ralf Teichmann  
Director

*Christian Rosswag*

Christian Rosswag  
Managing Director &  
Chief Financial Officer  
DIN No - 09332572

DIN No - 09107391

*Hiral Bhayani*  
Hiral Bhayani  
Company Secretary  
Membership No. A38605  
September 21, 2023



Mumbai  
September 21, 2023

Volkswagen Finance Private Limited  
Statement of Standalone Profit and Loss for the Year Ended March 31, 2023

Particulars	Note	Year Ended March 31, 2023 (Rs. in Lakhs)	Year Ended March 31, 2022 (Rs. in Lakhs)
<b>I Revenue From Continuing Operations</b>			
<b>II Revenue From Discontinued Operations</b>			
(i) Interest income	15	4,876.35	12,638.63
(ii) Fees and commission income	16	78.17	3,950.49
(iii) Other operating income	17	18.68	269.38
(iv) Recoveries from financial assets written off		26.16	80.34
<b>Total Revenue from Discontinued operations</b>		<b>4,999.34</b>	<b>16,919.84</b>
III Other income	18	165.79	638.51
<b>IV Total Income from Discontinued operations (II + III)</b>		<b>5,165.13</b>	<b>17,558.35</b>
<b>V Expenses from continuing operations</b>			
<b>VI Expenses from Discontinued operations</b>			
(i) Finance costs	19	119.84	3,135.61
(ii) Fees and commissions expense	20	29.48	3,088.86
(iii) Impairment on financial instruments	21	(21,844.21)	(13,957.05)
(iv) Employee benefits expenses	22	1,055.01	2,691.69
(v) Depreciation and amortization expenses	8	533.12	682.48
(vi) Other expenses	23	3,571.00	6,518.55
<b>Total Expenses from Discontinued Operations</b>		<b>(16,524.77)</b>	<b>2,650.54</b>
<b>VII Profit / (Loss) after tax for Continuing operations (I-V)</b>			
VIII Profit before exceptional items and tax from Discontinued operations (II - VI)		21,689.90	14,697.81
IX Exceptional items from Discontinued operations (Loss)	23	(20,425.64)	(48,530.15)
<b>X Profit / (Loss) before tax from Discontinued operations</b>		<b>1,264.26</b>	<b>(33,832.34)</b>
XI Tax expense from Discontinued operations (1) Current tax (2) Deferred tax (credit) / charge			8,793.61
<b>XII Profit / (Loss) after tax from Discontinued Operations (X-XI)</b>		<b>1,264.26</b>	<b>(42,365.95)</b>
<b>XIII Profit / (Loss) for the period (VII + XII)</b>		<b>1,264.26</b>	<b>(42,365.95)</b>
<b>XIV Other Comprehensive Income from Discontinued Operations</b>			
A (i) Items that will not be reclassified to profit or loss (ii) Income tax relating to items that will not be reclassified to profit or loss Subtotal (A)		(19.46)	3.43
B (i) Items that will be reclassified to profit or loss (ii) Income tax relating to items that will be reclassified to profit or loss Subtotal (B)		(19.46)	3.43
<b>Other Comprehensive Income (A + B)</b>		<b>(19.46)</b>	<b>3.43</b>
<b>XV Total Comprehensive Income for the year from Discontinued Operations (XIII+XIV) (Comprising Profit / (Loss) and other Comprehensive Income for the year)</b>		<b>1,244.80</b>	<b>(42,362.52)</b>
<b>XVI Earnings per equity share of Rs.10 each from Continuing operations</b>			
Basic and Diluted			
Category 'A' Equity Shares of Rs.10 each		0.11	(5.62)
Category 'B' Equity Shares of Rs.10 each		0.11	(3.80)
<b>Earnings per equity share of Rs.10 each from Discontinued operations</b>	26		
Basic and Diluted			
Category 'A' Equity Shares of Rs.10 each		0.11	(5.62)
Category 'B' Equity Shares of Rs.10 each		0.11	(3.80)

Significant Accounting Policies I  
The Notes to the Standalone Financial Statements form an integral part of the Standalone Financial Statements.

This is the Standalone statement of Profit and Loss referred to in our report of even date.

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

*Janak Mehta*  
Janak Mehta  
Partner  
Membership No. 116578

For and on behalf of the Board of Directors

*Ralf Teichmann*  
Ralf Teichmann  
Director  
DIN No. 02107381

*Christian Rosowig*  
Christian Rosowig  
Managing Director &  
Chief Financial Officer  
DIN No. 09382977

Mumbai  
September 21, 2023

*Hemant Bhatnagar*  
Hemant Bhatnagar  
Company Secretary  
Membership No. A38606  
September 21, 2023





Volkswagen Finance Private Limited  
Statement of Standalone Cash Flow for the year ended March 31, 2023

Particulars	Year Ended March 31, 2023 (Rs. in Lakhs)	Year Ended March 31, 2022 (Rs. in Lakhs)
<b>A Cash flow from operating activities from Continuing Operations</b>		
<b>B Cash flow from operating activities from Discontinued Operations</b>		
Net (Loss) / Profit before taxation	1,264.26	(33,632.84)
Adjustments for:		
Depreciation / amortisation	533.11	681.48
Interest on Fixed Deposit	(2,287.70)	(748.31)
Profit/loss on Sale of Fixed Assets (net)	14.76	(20.31)
Expected credit loss on financial assets	(22,038.00)	(14,422.98)
Bad Debts Written Off	188.79	455.93
Interest on Debt Securities and Borrowings other than debt securities	-	3,358.46
Interest paid on Debt Securities and Borrowings other than debt securities	-	-
Interest on Lease liability	94.30	112.73
Loss on Sale of Financial Assets	20,425.54	(48,530.15)
<b>Operating Profit before working capital changes</b>	<b>(2,799.84)</b>	<b>(92,818.21)</b>
Changes in working capital:		
Decrease in Payables	(1,625.89)	(2,349.50)
(Decrease) in Other financial liabilities	(305.61)	(96.54)
Decrease in Other non-financial liabilities	(539.72)	9.46
Increase (decrease) in Receivable	1,495.87	(1,448.76)
(Increase) / decrease in Other non-financial assets	1,691.14	(256.82)
(Increase) in Other Financial assets	(69.41)	(20.36)
(Increase)/Decrease in Bank balances other than cash and cash equivalents	7,492.89	(7,499.94)
Lease	(346.16)	4.71
<b>Other Adjustment</b>		
Increase/Decrease in Loans	12,269.03	2,93,992.78
<b>Cash used in Operations</b>	<b>16,603.10</b>	<b>1,90,319.37</b>
Taxes paid	(568.55)	-
<b>Net cash inflow from operating activities from Discontinued Operations</b>	<b>16,034.45</b>	<b>1,90,319.37</b>
<b>C Cash flow from Investing Activities from Continuing Operations</b>		
<b>D Cash flow from Investing Activities from Discontinued Operations</b>		
Purchase of tangible/intangible assets excluding Capital work-in-progress	(4.45)	(127.14)
Sale of tangible/intangible assets	52.61	112.63
Interest received on fixed deposit	3,287.70	746.31
<b>Net cash inflow from investing activities from Discontinued Operations</b>	<b>3,345.86</b>	<b>733.79</b>
<b>E Cash flow from Financing Activities from Continuing Operations</b>		
<b>F Cash flow from Financing Activities from Discontinued Operations</b>		
Interest on Debt Securities and Borrowings other than debt securities	-	(3,358.46)
Repayment / Redemption of Non convertible debentures	-	(15,742.33)
Repayment of Term loans	-	(3,22,350.00)
Repayment of Lease Liability	-	(480.02)
<b>Net cash outflow from financing activities from Discontinued Operations</b>	<b>-</b>	<b>(1,41,820.81)</b>
<b>Net Increase/(Decrease) in Cash and cash equivalents from Continuing Operations (A)+(C)+(E)</b>		
<b>Net Increase in Cash and cash equivalents from Discontinued Operations (B)+(D)+(F)</b>	<b>19,380.31</b>	<b>49,232.85</b>
Cash and cash equivalents, beginning of the year	53,971.79	4,739.44
<b>Cash and cash equivalents, end of the year</b>	<b>73,352.10</b>	<b>53,971.79</b>

Notes to the statement of cash flow:

1) Cash and cash equivalents comprise of

Cash on hand

Deposits with original maturity of upto 3 months

Balances with scheduled banks

72,674.41

677.69

73,352.10

53,300.00

671.75

53,971.80

TOTAL

The above statement of Standalone cash flows has been prepared under the 'indirect method' as set out in Ind AS 7 - 'Statement of Cash Flow'. This is the statement of Standalone cash flows referred to in our report of even date.

For Batliboi & Purohit  
Chartered Accountants  
ICAI Firm Registration No. 101049W

Janak Mehta  
Partner  
Membership No. 116976

For and on behalf of the Board of Directors

Ralf Teichmann  
Director

DIN No. -09107391

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

Hirai Bhayani  
Company Secretary  
Membership No. A36605  
September 21, 2023



Mumbai  
September 21, 2023

Volkswagen Finance Private Limited  
Statement of Changes in Equity for the year ended March 31, 2023

Equity Share Capital  
For the year ended March 31, 2023 (Rs. In Lakhs)

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
1,16,880.21	-	1,16,880.21	-	1,16,880.21

For the year ended March 31, 2022

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
1,16,880.21	-	1,16,880.21	-	1,16,880.21

Other equity  
For the year ended March 31, 2023 (Rs. In Lakhs)

Particulars	Reserves and Surplus			Total
	Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934	Retained Earnings	Other Items of Other Comprehensive Income- Actuarial Gain/ loss for defined benefit plans	
Balance at the beginning of the current reporting period	6,242.63	(31,604.58)	18.20	(25,343.75)
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	6,242.62	(31,604.58)	18.20	(25,343.75)
Total Comprehensive Income for the current year	-	1,264.28	(19.46)	1,244.80
Dividends	-	-	-	-
Transfer to/from retained earnings	252.85	(252.85)	-	-
Any other change (to be specified)	-	-	-	-
Balance at the end of the current reporting period	6,495.48	(30,593.17)	(1.26)	(24,098.95)

For the year ended March 31, 2022

Particulars	Reserves and Surplus			Total
	Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934	Retained Earnings	Other Items of Other Comprehensive Income- Actuarial Gain/loss for defined benefit plans	
Balance at the beginning of the previous reporting period	6,242.63	10,761.37	14.77	17,018.77
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	6,242.63	10,761.37	14.77	17,018.77
Total Comprehensive income for the previous year	-	(42,365.95)	3.43	(42,362.52)
Dividends	-	-	-	-
Transfer From retained earnings	-	-	-	-
Any other change (to be specified)	-	-	-	-
Balance at the end of the previous reporting period	6,242.63	(31,604.58)	18.20	(25,343.75)

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

*Janki Mehta*  
Janki Mehta  
Partner  
Membership No. 116976

For and on behalf of the Board of Directors

*Ralf Feichmann*  
Ralf Feichmann  
Director

*Hirai Bhojani*  
DIN No - 09107391  
Hirai Bhojani  
Company Secretary  
Membership No. A36805  
September 21, 2023

*Christian Rosswag*  
Christian Rosswag  
Managing Director &  
Chief Financial Officer  
DIN No - 06382572

Mumbai  
September 21, 2023



### 1.1. CORPORATE INFORMATION

Volkswagen Finance Private Limited (VWFPL) has been incorporated on January 16, 2009. The Company received NBFC license from the Reserve Bank of India (RBI) on March 17, 2011 and commenced NBFC business from March 24, 2011. VWFPL is providing retail car financing, dealer car financing, term loans, used cars financing, operating lease and insurance solutions to the customers for purchase of VW Group brand vehicles i.e. Volkswagen, Skoda, Audi, Porsche, Lamborghini, MAN and Scania. The Company has discontinued its financing business and has also applied to the Reserve Bank for surrender of NBFC licence.

### 1.2. BASIS OF PREPARATION

#### A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from April 01, 2018 with effective transition date of April 01, 2017 and accordingly, these financial statements together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS, prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there under and other relevant provision of the act.

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

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

B. The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to the financial years presented in the financial statements. These financial statements were authorized for issue by the Company's Board of Directors on September 21, 2023.

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

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

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

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

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

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



probable maturity of the post-employment benefit obligations. Further details are disclosed in note 25.

**III. Recognition of deferred tax assets**

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

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

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

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

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

**VI. Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 27.

**VII. Business model assessment**

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

**VIII. Effective Interest Rate (EIR) method**

The Company's EIR methodology, recognises interest income / expense using a rate of return





that represents the best estimate of a constant rate of return over the contractual life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle.

**IX. Impairment of financial assets**

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

**C. Functional and presentation currency**

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

**1.3. SIGNIFICANT ACCOUNTING POLICIES**

**A. REVENUE RECOGNITION**

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

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



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

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

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

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

## B. FINANCIAL INSTRUMENTS

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

### Financial assets

#### Classification

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

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

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

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

#### Initial recognition and measurement

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

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

#### Business model assessment

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

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile,



matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

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

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

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

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

**Financial assets at amortised cost**

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

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

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

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

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

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



## Volkswagen Finance Private Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)

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

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

#### **Financial liabilities**

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

### **C. IMPAIRMENT OF FINANCIAL ASSETS**

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

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

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

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

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

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

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



Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)

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

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

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

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

**D. WRITE-OFFS**

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

**E. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES**

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

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

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





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

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

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

#### F. MODIFICATION OF FINANCIAL ASSETS AND LIABILITIES

##### Financial assets

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

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

##### Financial liabilities

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

#### G. MEASUREMENT OF FAIR VALUES

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

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

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

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





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

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

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

#### **H. OFFSETTING OF FINANCIAL INSTRUMENTS**

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

#### **I. INVESTMENT IN SUBSIDIARY**

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

#### **J. FOREIGN CURRENCY TRANSACTIONS**

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

#### **K. TRADE RECEIVABLES**

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

#### **L. TRADE AND OTHER PAYABLES**

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



**M. PROPERTY, PLANT AND EQUIPMENT**

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

Depreciation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of property, plant and equipment at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of property, plant and equipment. The estimates of useful lives of property, plant and equipment, based on a technical evaluation, are reviewed periodically, including at each financial year end. Estimated useful lives over which assets are depreciated are as follows:

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

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

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

**N. INTANGIBLE ASSETS**

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

Asset Type	Useful life in years
Software	4

**O. INTANGIBLE ASSETS UNDER DEVELOPMENT**

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

- it is technically feasible to complete the software so that it will be available for use



**Volkswagen Finance Private Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)**

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

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

**P. BORROWING COST**

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

**Q. INCOME TAX**

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

**Current tax**

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

**Deferred tax**

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

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

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



Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)

Deferred tax assets and liabilities are offset only if:

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

**R. EMPLOYEE BENEFITS**

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

**S. SEGMENTAL REPORTING**

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

Company has two principal operating and reporting segments viz

- Retail finance
- Dealer finance

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



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

#### T. EARNINGS PER SHARE

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

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

#### U. PROVISIONS AND CONTINGENT LIABILITIES

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

#### V. OPERATING LEASES

The company has applied IND AS 116 using the modified retrospective approach. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

##### i. Right to use of Asset

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





ii. Lease Liabilities

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

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

**W. CASH FLOW STATEMENT**

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

**X. IMPAIRMENT OF NON-FINANCIAL ASSETS**

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

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

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

**Y. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash on hand and balances with banks. It also comprises of short-term deposits with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**Z. CONTRIBUTED EQUITY**





**Volkswagen Finance Private Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)**

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

**AA. NON-CURRENT ASSETS HELD FOR SALE**

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

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

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

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

**AB. Transfer to special reserve**

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

**AC. Goods and service tax**

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

- (i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- (ii) when receivables and payables are stated with the amount of tax included.

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



**Volkswagen Finance Private Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)**

**New Standards issued or amendments to the existing standard but not yet effective:**

On March 31, 2023, Ministry of Corporate Affairs ('MCA') issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 ('the Rules'), applicable for annual reporting periods beginning on or after April 01, 2023, which are as below:

1. Ind AS 1 – Presentation of Financial Statements:

Entities are required to disclose its 'material accounting policy information' instead of its 'significant accounting policies'. Guidance has been added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments also clarify that –a. accounting policy information may be material because of its nature, even if the related amounts are immaterial;

b. accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and

c. if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

These amendments are not expected to have a material impact on the financial statements of the Company and the management will evaluate the disclosures requirements for the subsequent annual financial reporting.

2. Ind AS 8 – Accounting policies, Changes in Accounting estimates and Error:

The definition of 'change in accounting estimates' is replaced with a definition of 'accounting estimates'. As per the new definition accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments have also added explanation for treatment and recognition of changes in accounting estimates.

These amendments are not expected to have a material impact on the financial statements of the Company.

3. Ind AS 12 – Income taxes:

Transactions which give rise to equal taxable and deductible temporary differences (at time of the transaction) have been added to exceptions to the initial recognition exemption provided in the Ind AS 12. The amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented and requires recognition of the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The Company is in the process of evaluating the impact of these amendments, however, these amendments are not expected to have a material impact on the financial statements of the Company as the Company already recognised the deferred taxes associated with right-of-use assets and lease liabilities that are already aligned with the proposed amendments.



**Volkswagen Finance Private Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023 (Continued)**

4. Amendments pertaining to other Ind AS [i.e. Ind AS 34 - Interim Financial Reporting, Ind AS 101 – First Time Adoption of Indian Accounting Standards, Ind AS 102 – Share-based Payments, Ind AS 103 – Business Combinations, Ind AS 107 – Financial Instruments Disclosures, Ind AS 109 – Financial Instruments and Ind AS 115 – Revenue from Contracts with Customers] contained the said Rules are in the nature of either certain corrections of errors or consequential cross reference in respect of the above mentioned amendments and do not have impact on accounting principles.



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

2) Cash and cash equivalents

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Cash on Hand	-	-
Bank Balance in Current Account	677.69	671.79
Deposits with original maturity of upto 3 months	72,674.41	53,300
<b>Total</b>	<b>73,352.10</b>	<b>53,971.79</b>

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

3) Bank balances other than cash and cash equivalents

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Bank deposits (with maturity upto 12 months from the reporting date)	7.31	7,500.00
Deposits for issuing Bank Guarantee in favour of VAT authorities	1.41	1.41
<b>Total</b>	<b>8.72</b>	<b>7,501.41</b>

4) Receivables

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Trade Receivables Unsecured, considered good	126.10	764.19
Other receivables Unsecured, considered good	482.77	1,400.35
<b>Total</b>	<b>608.87</b>	<b>2,164.54</b>

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Ageing of trade receivables</b>		
i) Undisputed trade receivables – considered good		
Less than 6 months	126.10	734.32
6 Months to 1 year	-	29.87
1 year to 2 years	-	-
2 year to 3 years	-	-
More than 3 years	-	-
<b>Total</b>	<b>126.10</b>	<b>764.19</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

5) Loans

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>(A)</b>		
<b>Classification</b>		
<b>Amortised cost:</b>		
(i) Vehicle Finance		28,126.32
(ii) Term Loans to related party	8,696.09	13,393.22
<b>Fair Value:</b>		
- through profit & Loss	-	-
- designated at fair value through OCI	-	-
<b>Total Gross (A)</b>	8,696.09	41,519.54
<b>Less:</b>		
<b>Less: Impairment allowance</b>	(389.58)	(22,422.58)
<b>Total Net (A)</b>	<b>8,306.51</b>	<b>19,096.96</b>
<b>(B)</b>		
(i) Secured by tangible assets		10,786.00
(ii) Unsecured	8,696.09	30,733.54
<b>Total Gross (B)</b>	<b>8,696.09</b>	<b>41,519.54</b>
<b>Less: Impairment allowance</b>	(389.58)	(22,422.58)
<b>Total Net (B)</b>	<b>8,306.51</b>	<b>19,096.97</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
(i) Public Sector	-	-
(ii) Others	8,696.09	41,519.54
<b>Total Gross (C) (I)</b>	<b>8,696.09</b>	<b>41,519.54</b>
<b>Less: Impairment allowance</b>	(389.58)	(22,422.58)
<b>Total Net (C) (I)</b>	<b>8,306.51</b>	<b>19,096.97</b>
<b>(II) Loans outside India</b>	-	-
<b>Less: Impairment allowance</b>	-	-
<b>Total Net (C) (II)</b>	-	-
<b>Total (C) (I) and (II)</b>	<b>8,306.51</b>	<b>19,096.97</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

6) Investment

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>At Cost</b>		
Investment in Subsidiary*		
<b>Fully paid equity shares (unquoted)</b>	8,514.71	8,514.71
1,195,466 equity shares of Rs. 10 each (March 2022: 1,195,466 equity shares of Rs. 10 each)		
<b>Compulsorily Convertible Preference Shares (unquoted)</b>	505.00	505.00
99,625 compulsory convertible preference shares of Rs. 10 each (March 2022: 99,625 compulsory convertible preference shares of Rs. 10 each)		
<b>Total</b>	<b>9,019.71</b>	<b>9,019.71</b>
<b>In India</b>	<b>9,019.71</b>	<b>9,019.71</b>
<b>Outside India</b>	-	-
<b>Total</b>	<b>9,019.71</b>	<b>9,019.71</b>

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

7) Other Financial Assets

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Security Deposits</b>	489.04	419.58
Advances recoverable in cash or in kind or for value to be received	-	0.06
<b>Total</b>	<b>489.04</b>	<b>419.64</b>





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

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at Apr 01, 2022	Additions during the year	Sales during the year	As at Mar-31, 2023	As at Apr 01, 2022	For the year	Deduction for the year	As at Mar-31, 2023	As at Mar-31, 2023	As at Mar-31, 2023
<b>Tangible Assets</b>										
<i>Own Assets</i>										
Office Equipments	107.15		38.75	68.40	87.38	8.19	35.04	60.53	7.87	
Land & Building	24.83			24.83	4.90	0.98	-	5.88	18.95	
Computers	249.60	4.45	41.64	212.41	109.13	55.07	53.40	110.80	101.61	
Furniture & Fixtures	56.32	-	40.00	16.32	36.63	4.21	36.12	4.72	11.60	
Vehicles	333.74		114.41	219.33	89.83	31.35	40.14	81.04	138.29	
Leasehold Improvements	85.92		132.81	85.92	85.92		-	85.92		
Right of Use Asset	2,172.30		-	2,039.49	646.86	388.91	35.98	999.79	1,039.69	
<b>Total (A)</b>	<b>3,029.86</b>	<b>4.45</b>	<b>367.61</b>	<b>2,666.70</b>	<b>1,060.65</b>	<b>488.71</b>	<b>200.68</b>	<b>1,348.68</b>	<b>1,318.01</b>	
<b>Intangible Assets</b>										
Software	785.80		605.47	180.33	690.72	44.40	598.20	136.92	43.41	
<b>Total (B)</b>	<b>785.80</b>	<b>-</b>	<b>605.47</b>	<b>180.33</b>	<b>690.72</b>	<b>44.40</b>	<b>598.20</b>	<b>136.92</b>	<b>43.41</b>	
<b>Total Fixed Assets (A+B)</b>	<b>3,815.66</b>	<b>4.45</b>	<b>973.08</b>	<b>2,847.03</b>	<b>1,751.37</b>	<b>533.11</b>	<b>798.88</b>	<b>1,485.60</b>	<b>1,361.43</b>	

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at Apr 01, 2021	Additions during the year	Sales during the year	As at March 31, 2022	As at Apr 01, 2021	For the year	Deduction for the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2022
<b>Tangible Assets</b>										
<i>Own Assets</i>										
Office Equipment	129.85	6.74	(29.44)	107.15	94.97	18.67	(26.26)	87.38	19.76	
Building	24.83	-	-	24.83	3.92	0.98	-	4.90	19.93	
Computers	437.19	8.10	(195.69)	249.60	238.80	60.67	(190.35)	109.13	140.47	
Furniture and Fixtures	56.32	-	40.00	16.32	28.77	7.86	-	36.63	19.69	
Vehicle	443.29	71.32	(180.88)	333.74	133.17	43.75	(87.09)	89.83	243.90	
Leasehold Improvements	85.92		-	85.92	85.92		-	85.92		
Right of Use Asset	2,057.28	126.47	(11.45)	2,172.30	201.65	445.21	-	646.86	1,525.44	
<b>Assets given on Operating Lease</b>										
Vehicles on Lease	-	-	-	-	-	-	-	-	-	
<b>Total (A)</b>	<b>3,234.68</b>	<b>212.63</b>	<b>(417.46)</b>	<b>3,029.87</b>	<b>787.20</b>	<b>577.14</b>	<b>(303.71)</b>	<b>1,060.67</b>	<b>1,969.19</b>	
<b>Intangible Assets</b>										
Software	771.31	40.98	(26.49)	785.80	611.87	105.34	(26.49)	690.72	95.08	
<b>Total (B)</b>	<b>771.31</b>	<b>40.98</b>	<b>(26.49)</b>	<b>785.80</b>	<b>611.87</b>	<b>105.34</b>	<b>(26.49)</b>	<b>690.72</b>	<b>95.08</b>	
<b>Total Fixed Assets (A+B)</b>	<b>4,005.99</b>	<b>253.61</b>	<b>(443.95)</b>	<b>3,815.67</b>	<b>1,399.08</b>	<b>682.48</b>	<b>(330.20)</b>	<b>1,751.40</b>	<b>2,064.27</b>	



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

9 (a) Other non financial assets

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Advance Tax, TDS & TCS (Net of provision)	2,236.51	1,700.23
Service Tax Receivable	2,553.47	2,534.09
Other Current Assets (Other current assets includes advances to vendors and prepaid expenses)	47.20	1,157.73
<b>Total</b>	<b>4,837.18</b>	<b>5,392.06</b>

9(b) Assets held for sale

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Assets Held for Sale (Assets held for sale includes the properties acquired in settlement of loans. The asset is being actively marketed and is expected to be sold in a due course)	85.41	130.41
<b>Total</b>	<b>85.41</b>	<b>130.41</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

10) Payables

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	11.95
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Vehicle Finance	-	448.02
-Other Trade Payables	72.08	688.30
<b>Total (i)</b>	<b>72.08</b>	<b>1,148.27</b>
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	86.86	723.43
<b>Total (ii)</b>	<b>86.86</b>	<b>723.43</b>
<b>Total</b>	<b>158.94</b>	<b>1,871.70</b>

Refer to note 34 for details for micro enterprises, small and medium enterprises

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Ageing of Trade Payables</b>		
i) Undisputed trade payables – considered good		
less than 1 year	72.08	1,148.27
1 year to 2 years	-	-
2 year to 3 years	-	-
More than 3 years	-	-
<b>Total</b>	<b>72.08</b>	<b>1,148.27</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

11) Other financial liabilities and lease liabilities

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Dues to Employees	295.91	601.52
Lease Liabilities	1,128.38	1,474.54
<b>Total</b>	<b>1,424.29</b>	<b>2,076.06</b>

12) Other non financial liabilities

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Employee Benefits		
Gratuity	105.71	108.85
Leave Encashment	55.93	96.48
Other Liabilities (including statutory dues)	132.51	542.80
Other Provisions	938.49	-
Subtotal	1,232.64	748.13
Provision for Expenses	506.72	1,530.95
Provision for Tax (Net of Advance Tax and Tax Deducted at Source) (Refer Note 37)	1,965.10	1,997.48
<b>Total</b>	<b>3,704.46</b>	<b>4,276.56</b>



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

(13) Equity Share Capital

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Authorised:</b>		
146,610,000 (Previous Year: 146,610,000) Category 'A' Equity Shares of Rs.10 each	14,661.00	14,661.00
1,482,390,000 (Previous Year: 1,482,390,000) Category 'B' Equity Shares of Rs.10 each	1,48,239.00	1,48,239.00
	<b>1,62,900.00</b>	<b>1,62,900.00</b>
<b>Issued, Subscribed and Paid up</b>		
105,192,207 (Previous Year: 105,192,207) Category 'A' Equity Shares of Rs.10 each, fully paid up	10,519.22	10,519.22
1,063,609,937 (Previous Year: 1,063,609,937) Category 'B' Equity Shares of Rs.10 each, fully paid up	1,06,360.99	1,06,360.99
<b>Total</b>	<b>1,16,880.21</b>	<b>1,16,880.21</b>

13 (a) Reconciliation of number of shares

Particulars	March 31, 2023		March 31, 2022	
	No of shares	Amount	No of shares	Amount
<b>Balance at the beginning</b>				
Category 'A' Equity Shares	10,51,92,207	10,519.22	10,51,92,207	10,519.22
Category 'B' Equity Shares	1,06,36,09,937	1,06,360.99	1,06,36,09,937	1,06,360.99
<b>Add: Shares Issued during the year</b>				
Category 'A' Equity Shares	-	-	-	-
Category 'B' Equity Shares	-	-	-	-
<b>Balance at the end of the year</b>				
Category 'A' Equity Shares	<b>10,51,92,207</b>	<b>10,519.22</b>	<b>10,51,92,207</b>	<b>10,519.22</b>
Category 'B' Equity Shares	<b>1,06,36,09,937</b>	<b>1,06,360.99</b>	<b>1,06,36,09,937</b>	<b>1,06,360.99</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

13 (b) Rights, preferences and restrictions attached to shares

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

13 (c) Shares held by holding company #

Particulars	March 31, 2023 IN Lacs)	March 31, 2022 (In Lacs
<b>Equity Shares:</b> 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, Germanv.	10,519.22	10,519.22
1,063,609,937 Category 'B ' equity shares (Previous Year: 1,063,609,937) held by Volkswagen Financial Services A.G.,	1,06,360.99	1,06,360.99
# Based on the Companies (Amendment) Act, 2017, The Company has considered Volkswagen Finance Overseas B.V,Netherlands as its Holding Company.		

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

Particulars	March 31, 2023 (No. of shares)	Percentage holding	March 31, 2022 (No. of shares)	Percentage holding
<b>Equity Shares:</b> 105,192,207 Category 'A' equity shares (Previous Year 2021: 105,192,207) held by Volkswagen Finance Overseas B.V., Netherland, the subsidiary of Volkswagen Financial Services AG, Germanv.	10,51,92,207	100%	10,51,92,207	100%
1,063,609,937 Category 'B ' equity shares (Previous Year 2021: 1,063,609,937) held by Volkswagen Financial Services A.G., Germany.	1,06,36,09,937	100%	1,06,36,09,937	100%





Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

13 (e) Details of shares held by promoters

Shares held by promoters at the end of the year				% Change during the year
S. No	Promotername	No. of Shares	%of total shares	
1	Volkswagen Finance Overseas B.V., Netherland,	10,51,92,207	100%	Nil
2	Volkswagen Financial Services A.G., Germany	1,06,36,09,937	100%	Nil

13(f) For the period of five years immediately preceding 31.03.2023

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

14) Other Equity

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.	6,495.48	6,242.63
Retained earnings	(30,593.17)	(31,604.58)
Other Comprehensive Income	(1.26)	18.20
<b>TOTAL RESERVES</b>	<b>(24,098.95)</b>	<b>(25,343.75)</b>

Nature and purpose of other equity

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

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

(ii) Retained earnings

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



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

14 (a) Other equity: Movement

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.</b>		
Balance at the beginning of the year	6,242.63	6,242.63
Transferred from Surplus in the Statement of Profit and Loss	252.85	-
Balance at the end of the year	<b>6,495.48</b>	<b>6,242.63</b>
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Balance at the beginning of the year	(31,604.58)	10,761.37
<b>Profit / (Loss) for the year</b>	1,264.26	(42,365.95)
Less: Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934.	(252.85)	
	<b>(30,593.17)</b>	<b>(31,604.58)</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	18.20	14.77
Changes during the year	(19.46)	3.43
Balance at the end of the year	<b>(1.26)</b>	<b>18.20</b>
<b>TOTAL RESERVES</b>	<b>(24,098.95)</b>	<b>(25,343.75)</b>



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

15) Interest income

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Classification:</b>		
On Financial Assets measured:		
- at Amortised Cost		
(i) Interest on loans	1,588.63	11,891.32
(ii) Interest on deposits with banks	3,287.70	748.31
(iii) Other interest income	-	-
- through profit and Loss	-	-
- through OCI	-	-
<b>Total</b>	<b>4,876.33</b>	<b>12,639.63</b>

16) Fees and commission income

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Processing Fees (Processing fees pertains to working capital loans of upto one year)	-	346.31
Service Income	78.17	3,604.18
<b>Total</b>	<b>78.17</b>	<b>3,950.49</b>

17) Other operating income

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Income from customer services	18.68	269.38
<b>Total</b>	<b>18.68</b>	<b>269.38</b>

18) Other Income

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Foreign Exchange Gain (net)	-	18.20
Excess provision no longer required	-	-
Miscellaneous Income*	155.77	592.17
Interest Income on Security Deposits	10.02	28.14
<b>Total</b>	<b>165.79</b>	<b>638.51</b>

\* Includes Amount written back



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

19) Finance Cost

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Interest Expenses:</b>		
<b>Classification:</b>		
On Financial Assets measured :		
- at Amortised Cost		
(i) Interest on debt securities	-	189.86
(ii) Interest on other than debt securities:		
-Bank Overdraft	-	167.91
-Commercial Papers	-	-
-Working Capital Demand Loan	-	1,129.98
-Term Loans	-	1,870.71
-Others	-	-
(iii) Other borrowing costs	25.54	164.42
Interest on lease liability	94.30	112.73
<b>Total</b>	<b>119.84</b>	<b>3,635.61</b>

20) Fees and Commission Expenses

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Commission to Dealers - Insurance	29.48	3,088.86
<b>Total</b>	<b>29.48</b>	<b>3,088.86</b>

21) Impairment on financial instruments

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
<b>Classification:</b>		
On Financial Assets measured at :		
- at Amortised Cost		
(i) Loans	(22,033.00)	(14,422.98)
(ii) Trade Receivables	-	-
- through profit and Loss	-	-
- through OCI	-	-
<b>Expected credit loss - Loans</b>	<b>(22,033.00)</b>	<b>(14,422.98)</b>
Expected credit loss - Others	-	-
<b>Bad Debts Written Off</b>	<b>188.79</b>	<b>465.93</b>
<b>Total</b>	<b>(21,844.21)</b>	<b>(13,957.05)</b>

22) Employee Benefits Expenses

	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Salaries, Bonus and Allowances	968.33	2,434.62
Contribution to Provident Fund and Other Funds	30.76	78.04
Expenses related to post-employment defined benefit plans - Gratuity	20.92	38.47
Expenses related to post-employment defined benefit plans - Staff Welfare	(18.55)	79.60
Staff Welfare	64.47	58.59
Training and Recruitment Expenses	0.08	2.37
<b>Total</b>	<b>1,066.01</b>	<b>2,691.69</b>



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

23) Other Expenses

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Rent		
-Building	23.31	0.13
-IT Equipment Lease Rent	4.80	8.10
-Others	-	-
Legal, Professional and Consultancy Fees	867.97	1,370.05
Auditor's Remuneration	28.13	24.00
Information Technology Support Charges	141.41	1,844.31
Repairs and Maintenance - Others	559.73	451.57
Traveling and Conveyance	55.28	2.99
Printing and Stationery	2.86	5.48
Communication	17.76	38.62
Business Promotion	-	-
Facilities Management Charges	31.74	58.15
Electricity	34.14	32.92
Rates and Taxes	505.68	2,270.79
Foreign Exchange Loss (net)	74.39	-
Provision for Receivable expe	982.98	-
Directors Sitting Fees	27.00	31.00
Collection Agency Charges	-	170.87
Corporate Social Responsibility Spending	34.62	32.88
Miscellaneous	179.20	177.11
<b>Total</b>	<b>3,571.00</b>	<b>6,518.95</b>

Note 23A: Auditor's remuneration

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Breakup of audit remuneration		
- Statutory Audit	19.50	20.00
- Tax Audit	2.50	2.50
- Other Services	5.65	1.50
- Reimbursement of expenses	0.48	-
<b>Total</b>	<b>28.13</b>	<b>24.00</b>

Note 23B (i) : Exceptional Items

Particulars	March 31, 2023 (Rs. In Lakhs)	March 31, 2022 (Rs. In Lakhs)
Loss on sale of loan portfolio	20,425.64	48,530.15
<b>Total</b>	<b>20,425.64</b>	<b>48,530.15</b>

Brand guaranty settlement amount received from Scania Commercial Vehicles India Private Limited of Rs. 5,500 lakhs and write back of unidentified credits of Rs. 592 lakhs has been adjusted in the loss from sale of loan portfolio. Also refer Note 41.



Notes to the Financial Statements for the year ended March 31, 2023 (continued)

24) Earnings per share

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

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

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Net (loss) / profit from continuing operation attributable to equity holders	-	-
Weighted average number of ordinary shares	-	-
Weighted average number of shares at year end adjusted for the effect of dilution	-	-
Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	-	-
Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	-	-

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Net (loss) / profit from Discontinued operation attributable to equity holders	1,264.26	(42,365.95)
Category 'A' shares	113.78	(3,812.94)
Category 'B' shares	1,150.48	(38,553.02)
Category 'A' shares		
Weighted average number of ordinary shares		
Opening equity share	10,51,92,207	10,51,92,207
Weighted average number of shares at year end	10,51,92,207	10,51,92,207
Weighted average number of shares at year end adjusted for the effect of dilution	10,51,92,207	10,51,92,207
Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.11	(3.62)
Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.11	(3.62)
Category 'B' shares		
Weighted average number of ordinary shares		
Opening equity share	1,06,36,09,937	1,06,36,09,937
Weighted average number of shares at year end	1,06,36,09,937	1,06,36,09,937
Weighted average number of shares at year end adjusted for the effect of dilution	1,06,36,09,937	1,06,36,09,937
Basic earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.11	(3.62)
Diluted earnings / (loss) per share (INR) (Face value of Rs. 10 per share)	0.11	(3.62)
Face value per share (INR)	10	10

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





25) Employee benefit obligations

The Company has following post-employment plans in India.

**A. Defined Contribution Plans:**

In accordance with Indian regulations, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognised provident fund. The employee contributes 12% of his or her basic salary and the Company contributes an equal amount. The Company recognized Rs. 30.76 Lakhs (Previous year. Rs.78.04 Lakhs) for Provident Fund contribution in the Statement of Profit and Loss.

**B. Defined Benefit Plan:**

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

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

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

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

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
<b>Non Current</b>		
Gratuity	82.43	86.42
<b>Total Non Current</b>	<b>82.43</b>	<b>86.42</b>
<b>Current</b>		
Gratuity	23.28	22.43
<b>Total Current</b>	<b>23.28</b>	<b>22.43</b>

**Movement in net defined benefit (asset) liability**

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

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
<b>Defined Benefit Obligation at the beginning of the year</b>		
Current service cost	108.85	176.68
Past service cost	15.15	30.26
(Gain)/ Loss on settlements / curtailments	-	-
Interest expense/(income)	-	(0.65)
<b>Total amount recognised in profit and loss</b>	<b>5.76</b>	<b>8.86</b>
<b>Remeasurements</b>	<b>20.91</b>	<b>38.47</b>
Return on plan assets, excluding amount included in interest expense/(income)	-	-
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	(4.94)	(1.72)
Experience (gains)/losses	24.40	(1.71)
Actual Return on Plan assets	-	-
<b>Total amount recognised in other comprehensive income</b>	<b>19.46</b>	<b>(3.43)</b>
Employer contributions	-	-
Benefit payments	(43.51)	(102.87)
<b>Defined Benefit Obligations at the end of the year</b>	<b>105.71</b>	<b>108.85</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Present value of funded obligations	-	-
Fair value of plan assets	-	-
<b>Surplus of funded plan</b>	-	-
Unfunded plan	105.71	108.85
<b>Surplus of gratuity plan</b>	<b>105.71</b>	<b>108.85</b>

## Expected Future Cashflows

	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Year 1	23.28	22.42
Year 2	20.89	18.90
Year 3	17.34	17.36
Year 4	14.38	14.58
Year 5	11.98	12.10
Year 6-10	35.71	36.06

## Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Discount rate	7.15%	5.90%
Salary escalation rate	8.00%	8.00%
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate

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

Particulars	Impact on defined benefit obligation			
	Increase in assumption (100 bps)		Decrease in assumption (100 bps)	
	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Discount rate	102.07	104.08	109.63	112.26
Salary escalation rate	109.56	112.42	102.07	104.12
Expected Return on plan assets	-	-	-	-

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

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

## C. Accumulated Compensated Absences

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The Company recognized Rs. (18.55) Lakhs (Previous year. Rs.79.60 Lakhs) for Compensated Absences in the Statement of Profit and Loss.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

## 26) Financial risk Management

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

The Company has exposure to the following risks arising from Financials instruments:

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

**Risk Management framework**

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

The Company's risk Management policies are established to identify and Analyse the risks faced by the Company, to set appropriate risk Limits and Control and to Monitor risks and adherence to Limits. Risk Management policies and Systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and Management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

**(i) Market risk**

Market risk is the risk that changes in market prices will affect the company's income and is exposed to risk such as-

- a) Interest rate risk
- b) Currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**a) Interest rate risk**

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

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

Particulars	(Rs. in Lakhs)	
	March 31, 2023	March 31, 2022
<b>Fixed rate</b>		
Financial assets	81,377.81	16,715.89
Financial liabilities	-	-
<b>Floating rate instruments</b>		
Financial assets	-	24,803.65
Financial liabilities	-	-

The interest rate sensitivity of the income statement measures the effect of assumed changes in interest rates on the net interest income for one year, based on the interest bearing financial assets and liabilities held at year end. The interest rate sensitivity in the income statement is the impact of changes in interest rates on the fair value of floating rate loans (working capital demand loan and bank overdraft) and floating rate loans given (dealer funding) as at the year end.

The following table reflects the effects of 50 bps to 100 bps basis points change in interest rate curve on the income statement with all other variables held constant:

Particulars	(Rs. in Lakhs)	
	March 31, 2023	March 31, 2022
Decrease by 50bps to 100 bps:		
- Impact on income statement	-	(246.73)
- Other Comprehensive Income		



## Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

## b) Currency risk

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

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

Particulars	(Rs. in Lakhs)	
	March 31, 2023	March 31, 2022
<b>Financial Liabilities</b>		
<i>Payable to Related Parties</i>		
EURO (net of receivables)	130.89	820.12
<i>Other Payables</i>		
Euro	13.74	14.74

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

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

Particulars	(Rs. in Lakhs)	
	March 31, 2023	March 31, 2022
Adverse change in foreign exchange rate based on previous 12 months movement in exchange rate		
- Impact on income statement		
EURO	(5.34)	(46.31)
SEK		
GBP		
- Other Comprehensive Income		

## ii) Credit Risk

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

## [a] Expected Credit Loss measurement

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

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

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



**Volkswagen Finance Private Limited**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)**

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

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

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

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

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

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

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

**b) Collateral and other credit enhancements**

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

Collateral held varies, but may include:

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

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



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

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

(Rs. in Lakhs)

Loan To Value (LTV) range	Gross value of loan in stage 3	
	March 31, 2023	March 31, 2022
Upto 50% Coverage	-	29,800.56
51% - 70% Coverage	-	1,199.93
71% - 100% Coverage	-	4.71
Above 100% coverage	-	-
	-	31,005.20

c) Credit risk profile

March 31, 2023

(Rs. in Lakhs)

Rating	Retail Portfolio				Total
	ECL staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL		
Gross carrying amount					-
Less: Loss allowance					-
Carrying amount					-

(Rs. in Lakhs)

Category	Wholesale Portfolio				Total
	ECL staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL		
Gross carrying amount	8,696.09				8,696.09
Less: Loss allowance	389.58				389.58
Carrying amount	8,306.51				8,306.51

Movement In Gross Carrying Amount

(Rs. in Lakhs)

Particulars	ECL staging				Total
	Stage 1	Stage 2	Stage 3		
	12-month	Lifetime	Lifetime		
	Exposure	Exposure	Exposure		
Gross carrying amount as at March 31, 2022	7,511.34	3,002.99	31,005.21		41,519.55
Transfers:					
Transfer from Stage 1 to Stage 2					
Transfer from Stage 2 to Stage 1	3,002.99	(3,002.99)			
Transfer from Stage 2 to Stage 3					
Transfer from Stage 3 to Stage 2					
Transfer from Stage 1 to Stage 3					
Transfer from Stage 3 to Stage 1					
New facility added during the period					
Increase in loan exposure in existing loan facility	5,605.14				5,605.14
Decrease in loan exposure in existing loan facility	(4,757.12)		(1,731.16)		
Loans de-recognized during the period other than write-offs	(2,666.26)		(29,085.26)		
Decrease in loan exposure due to write off			(188.79)		
Gross carrying amount as at March 31, 2023	8,696.09		(0.00)		8,696.09





Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Provision amount as at March 31, 2022	180.88	78.90	22,162.80	22,422.58
<i>Transfers:</i>				
Transfer from Stage 1 to Stage 2		(78.90)		(78.90)
Transfer from Stage 2 to Stage 1	78.90			78.90
Transfer from Stage 2 to Stage 3				
Transfer from Stage 3 to Stage 2				
Transfer from Stage 1 to Stage 3				
Transfer from Stage 3 to Stage 1				
New facility added during the period				
Increase in loan exposure in existing loan facility	170.00		1,322.00	1,492.00
Decrease in loan exposure in existing loan facility				
Loans de-recognized during the period other than write-offs	(40.20)		(23,296.01)	(23,336.21)
Decrease in loan exposure due to write off			(188.79)	
<b>Provision amount as at March 31, 2023</b>	<b>389.58</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>389.58</b>

March 31, 2022

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

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

Movement in Gross Carrying Amount

Particulars	ECL staging			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	Exposure	Exposure	Exposure	
Gross carrying amount as at March 31, 2021	2,03,726.96	31,218.75	52,502.40	2,87,448.10
<i>Transfers:</i>				
Transfer from Stage 1 to Stage 2	(451.75)	451.75	-	-
Transfer from Stage 2 to Stage 1	1,542.37	(1,542.37)	-	-
Transfer from Stage 2 to Stage 3	-	(240.94)	240.94	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	(948.87)	-	948.87	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New facility added during the period	3,629.78	-	-	3,629.78
Increase in loan exposure in existing loan facility	-	-	-	-
Decrease in loan exposure in existing loan facility	(1,99,987.15)	(26,884.18)	(22,221.07)	(2,49,092.41)
Loans de-recognized during the period other than write-offs	-	-	-	-
Decrease in loan exposure due to write off	-	-	(465.93)	(465.93)
<b>Gross carrying amount as at March 31, 2022</b>	<b>7,511.34</b>	<b>3,002.99</b>	<b>31,005.21</b>	<b>41,519.55</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

Movement in Provision

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



Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

(iii) Liquidity risk

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

March 31, 2023

Particulars	(Rs. in Lakhs)									
	Upto 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total	
<b>Financial assets</b>										
Cash and cash equivalents	73,352.10			7.31			1.41		73,352.10	
Bank balances other than cash and cash equivalents	608.87			8,306.51					8,915.38	
Receivables									608.87	
Loans									8,306.51	
Investment									9,019.71	
Other Financial assets									489.04	
<b>Total financial assets</b>	<b>73,960.97</b>			<b>8,313.82</b>		<b>489.04</b>	<b>1.41</b>	<b>9,019.71</b>	<b>91,784.95</b>	
<b>Financial liabilities #</b>										
Payables	158.94								158.94	
Debt securities										
Borrowings (Other than debt securities)										
Other financial liabilities	295.91								295.91	
Lease Liabilities									1,128.38	
<b>Total Financial Liabilities</b>	<b>454.85</b>			<b>1,128.38</b>					<b>1,583.23</b>	

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

March 31, 2022

Particulars	(Rs. in Lakhs)									
	Upto 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total	
<b>Financial assets</b>										
Cash and cash equivalents	53,971.79			7,501.41					61,473.20	
Bank balances other than cash and cash equivalents	2,164.54			1,252.37					3,416.91	
Receivables	2,428.83		304.56						2,733.39	
Loans									2,164.54	
Investment									41,519.54	
Other Financial assets									9,019.71	
<b>Total financial assets</b>	<b>58,265.16</b>		<b>304.56</b>	<b>8,753.79</b>		<b>3,435.69</b>	<b>5,071.22</b>	<b>26,123.35</b>	<b>1,14,596.63</b>	
<b>Financial liabilities #</b>										
Payables	1,871.70								1,871.70	
Debt securities										
Borrowings (Other than debt securities)										
Other financial liabilities	601.52								601.52	
<b>Total Financial Liabilities</b>	<b>2,473.22</b>								<b>2,473.22</b>	

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

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



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

27) Financial instruments - Fair value measurement

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

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

Particulars	March 31, 2023			March 31, 2022		
	Amortized Cost	FVTOCI	FVTPL	Amortized Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Cash and cash equivalents	73,352.10	-	-	53,971.79	-	-
Bank balances other than cash and cash equivalents	8.72	-	-	7,501.41	-	-
Receivables						
(I) Trade receivables	126.10	-	-	764.19	-	-
(II) Other receivables	482.77	-	-	1,400.35	-	-
Loans	8,306.51	-	-	19,096.96	-	-
Investment	9,019.71	-	-	9,019.71	-	-
Other Financial assets	489.04	-	-	419.64	-	-
<b>Total financial assets</b>	<b>91,784.95</b>	<b>-</b>	<b>-</b>	<b>92,174.05</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	11.95	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	72.08	-	-	1,136.32	-	-
(II) Other payables	86.86	-	-	723.43	-	-
Other financial liabilities	295.91	-	-	601.52	-	-
Lease Liability	1,128.38	-	-	1,474.54	-	-
<b>Total financial liabilities</b>	<b>1,583.23</b>	<b>-</b>	<b>-</b>	<b>3,947.76</b>	<b>-</b>	<b>-</b>

27.2) Fair Value:

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



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

(i) Fair value of financial assets and liabilities

March 31, 2023

(Rs. in Lakhs)

Particulars	Carrying amount			Fair value		
	Amortized Cost	FVTOCI	FVTPL	Level 1	Level 2	Level 3
Loans	8,306.51	-	-	-	-	8,306.51
Debt securities (Non convertible debentures)	-	-	-	-	-	-
Investment	9,019.71	-	-	-	-	9,206.50

March 31, 2022

(Rs. in Lakhs)

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

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

(Rs. in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	73,352.10	73,352.10	53,971.79	53,971.79
Bank balances other than cash and cash equivalents	8.72	8.72	7,501.41	7,501.41
Receivables				
(I) Trade receivables	126.10	126.10	764.19	764.19
(II) Other receivables	482.77	482.77	1,400.35	1,400.35
Loans	8,306.51	8,306.51	19,096.96	19,587.27
Investments	9,019.71	9,206.50	9,019.71	10,635.72
Other Financial assets	489.04	489.04	419.64	419.64
<b>Total financial assets</b>	<b>91,784.95</b>	<b>91,971.74</b>	<b>92,174.01</b>	<b>94,280.37</b>
<b>Financial liabilities</b>				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	11.95	11.95
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	72.08	72.08	1,136.32	1,136.32
(II) Other payables	86.86	86.86	723.43	723.43
Other financial liabilities	295.91	295.91	601.52	601.52
Lease liability	1,128.38	1,128.38	1,474.54	1,474.54
<b>Total financial liabilities</b>	<b>1,583.23</b>	<b>1,583.23</b>	<b>3,947.76</b>	<b>3,947.76</b>



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

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

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

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

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

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

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

#### Loans

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

#### Debt securities

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

#### Transfers between Levels

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





Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

28) Capital

Capital management

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

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

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

Regulatory capital

Particulars	(Rs. in Lakhs)	
	As on March 31, 2023	As on March 31, 2022
Net Own Fund (Tier I)	84,378.53	87,742.12
Tier II	200.90	180.88
<b>Total capital</b>	<b>84,579.43</b>	<b>87,922.99</b>
Risk weighted assets	16,071.74	36,038.51
<b>Tier I Capital ratio</b>	<b>525.01%</b>	<b>243.47%</b>
<b>Tier II Capital ratio</b>	<b>1.25%</b>	<b>0.50%</b>



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

29) Lease

Right to use of Asset

(Rs. in Lakhs)

Particulars	March 31, 2023
As at April 1, 2021	1855.63
Additions (Note 8)	
Depreciation expense	445.21
Deletion	11.45
As at March 31, 2022	1525.43
As at April 1, 2022	1,525.43
Additions (Note 8) (net)	
Depreciation expense	388.91
Deletion	96.83
As at March 31, 2023	1,039.69

Lease Liability

(Rs. in Lakhs)

Particulars	March 31, 2023
As at April 1, 2021	1,722.10
Additions	119.73
Accretion of interest	112.73
Payments	480.02
Deletion	-
As at March 31, 2022	1,474.54
As at April 1, 2022	1,474.54
Additions	-
Accretion of interest	94.30
Payments	440.46
Deletion	-
As at March 31, 2023	1,128.38

Total amount recognised in profit or loss

(Rs. in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	388.91	445.21
Interest expense on lease liabilities	94.30	124.19
Expense relating to short-term leases (included in other expenses)		
Expense relating to leases of low-value assets (included in other expenses)		
Variable lease payments (included in other expenses)		
Total amount recognised in profit or loss	483.21	569.40

Some of the leases contain extension and termination options. Such options are considered while determining the lease term only. On this basis no such amounts included in the measurement of Lease liabilities as at 31 March 2023.



30) Foreign Currency transactions

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2023	Year Ended March 31, 2022
(a) Reimbursement of Expatriate Salaries		
(b) Information Technology Support Charges	151.77	124.76
(c) Stock Audit Charges	91.45	1,616.80
(d) Corporate Gaurantee Fee	-	10.32
(e) Treasury Support Service	-	9.62
(f) Travelling Expenses	-	-
(g) Services/Consultancy Fees	5.20	2.71
(h) Purchase of software	18.18	191.60
(i) Allowances	-	-
(j) Reimbursement of Impat Salaries		16.75
	130.15	94.43

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

A) Payable\*

Foreign Currency	(in Lakhs)			
	March 31, 2023		March 31, 2022	
	Indian Rupees equivalent	Amount in Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
EURO				
SEK	144.63	1.54	929.29	10.86
	-	-	-	-

B) Receivable

Foreign Currency	(in Lakhs)			
	March 31, 2023		March 31, 2022	
	Indian Rupees equivalent	Amount in Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
EURO				
		-	94.43	1.12

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



31) Related Party Disclosures

I Related Parties and nature of relationship

i. Where control exists

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

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

- |   |   |
|---|---|
| a. Fellow Subsidiaries                    | Skoda Auto Volkswagen India Private Limited, India<br>Scania Commercial Vehicles India Pvt. Ltd<br>Volkswagen IT Services India Private Limited<br>Volkswagen Bank GMBH<br>VWFS Digital Solutions GMBH<br>VW Software Asset Management GMBH<br>Volkswagen Semler Finans Denmark   |
| b. Subsidiary                             | Kuwy Technology Service Private Limited   |
| c. Directors and Key Management Personnel | Dr. Christian Rosswag, Managing Director and Chief Financial Officer<br>Mr. Ashish Deshpande, Managing Director and Chief Executive Officer (till February 28, 2023)<br>Mr. Ralf Tiechmann, Non Executive Director<br>Mr. Subramanian Jambunathan, Independent Director (till February 14, 2023)<br>Ms. Rupa Rajul Vora, Independent Director |



ii) Transactions with related parties as mentioned above:

Particulars	Holding Company@		Fellow Subsidiaries		Subsidiary Company		Total		
	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	
	(Rs. in Lakhs)								
<b>1. Expenditure</b>									
a) Purchase of goods / receiving of services									
Volkswagen Financial Services A.G	178.43	35.06	-	-	-	-	178.43	35.06	
Skoda Auto Volkswagen India Private Limited	-	-	61.51	41.34	-	-	61.51	41.34	
Volkswagen Dogus Finansman, Turkey	-	-	-	74.86	-	-	-	74.86	
Volkswagen Group Technology Solutions India Pvt Ltd (previously known as Volkswagen IT Services India Private Limited)	-	-	6.69	31.65	-	-	6.69	31.65	
VWFS Digital Solutions GMBH	-	-	75.03	1,500.01	-	-	75.03	1,500.01	
Volkswagen Bank GmbH	-	-	-	27.57	-	-	-	27.57	
Volkswagen AG	-	0.51	-	-	-	-	-	0.51	
VW Software Asset Management GMBH	-	-	11.76	65.47	-	-	11.76	65.47	
Scania Commercial Vehicles India Private Limited	-	-	106.97	-	-	-	106.97	-	
<b>Total</b>	<b>178.43</b>	<b>35.57</b>	<b>261.96</b>	<b>1,740.90</b>	<b>-</b>	<b>-</b>	<b>440.39</b>	<b>1,776.47</b>	
<b>2. Income</b>									
a) Brand Support Fees									
Skoda Auto Volkswagen India Private Limited	-	-	-	645.12	-	-	-	645.12	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645.12</b>	
b) Other sale of goods / rendering of services									
Skoda Auto Volkswagen India Private Limited	-	-	21.06	338.42	-	-	21.06	338.42	
Scania Commercial Vehicles India Private Limited	-	-	-	(6.74)	-	-	-	(6.74)	
Kuwy Technology Service Private Limited	-	-	99.79	331.68	99.79	28.13	99.79	28.13	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>21.06</b>	<b>331.68</b>	<b>99.79</b>	<b>28.13</b>	<b>120.85</b>	<b>359.81</b>	
c) Interest Income									
Kuwy Technology Service Private Limited	-	-	470.15	-	470.15	125.90	470.15	125.90	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>470.15</b>	<b>-</b>	<b>470.15</b>	<b>125.90</b>	<b>470.15</b>	<b>125.90</b>	
<b>3. Managerial Remuneration \$</b>									
Christian Rosswag	196.28	104.95	-	-	-	-	-	-	
Ashish Deshpande (till Feb 28, 2023)	163.98	120.26	-	-	-	-	15.00	16.00	
Minal Shah (August 31, 2021 to October 31, 2021)	-	8.11	-	-	-	-	12.00	15.00	
<b>Total</b>	<b>360.26</b>	<b>233.32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.00</b>	<b>31.00</b>	
		Sitting Fees							
		Rupa Vora							
		Jambunathan Subramanian (till Feb 14, 2023)							
		<b>Total</b>							

\$ Incentives are considered on payment basis  
@ Includes Parent Company of Holding Company



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

	(Rs. in Lakhs)							
	Holding Company@		Fellow Subsidiaries		Subsidiary Company		Total	
	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022	April 1 2022 to March 31, 2023	April 1 2021 to March 31, 2022
<b>Balances</b>								
<b>Investment in subsidiary</b>								
Equity share capital								
Compulsory Convertible Preference Shares								
<b>Loan to subsidiary</b>								
Kuwy Technology Service Private Limited			8,696.09	3,624.85	8,514.71	8,514.71	8,514.71	8,514.71
<b>Payables</b>								
Volkswagen Financial Services A.G.								
Skoda Auto Volkswagen India Private Limited	35.66	36.90					35.66	36.90
Volkswagen Dogus Finansman			7.84	11.93			7.84	11.93
VW Financial Services Digital Solutions GMBH				10.47				10.47
Volkswagen Bank GmbH			92.79	837.13			92.79	837.13
Volkswagen Group Technology Solutions India Pvt Ltd (previously known as Volkswagen IT Services India Private Limited)				37.11				37.11
Volkswagen Software Asset Management GMBH				8.41				8.41
Volkswagen AG			2.44				2.44	
Kuwy Technology Service Private Limited		2.57						2.57
<b>Receivables</b>								
Skoda Auto Volkswagen India Private Limited				211.81				211.81
Volkswagen Financial Services A.G.								
Scania Commercial Vehicles India Pvt. Ltd	126.49	104.06		763.07			126.49	104.06
Kuwy Technology Service Private Limited					13.44			763.07
Volkswagen Semler Finans Denmark			3.66				13.44	

@ Includes Parent Company of Holding Company

During the year the Company received INR 5,500 lakh (Previous year: 2,190.12) from Scania Commercial Vehicles India Private Limited as settlement towards the guaranty on the borrowers.

During the year, the Company disbursed loan of Rs. 7,751 lakhs (March 2022: Rs.3,600 lakhs )to its subsidiary. During the year, the subsidiary repaid loan amounting to Rs. 2,725 lakhs ( March 2022: Rs. 0 ).





## 32) Segment Reporting

The Company did not have any continuing business during the current year and hence disclosure under segment reporting is not provided.

Particulars	March 31, 2022			(Rs. in Lakhs)
	Retail Finance	Dealer Finance	Unallocated	Total
Revenue			4,991.00	17,558.35
External	7,099.86	5,467.48		
Inter segment			4,991.00	17,558.35
<b>Total</b>	<b>7,099.86</b>	<b>5,467.48</b>		
Segment Expenses			6,624.36	2,660.54
	-7,761.78	3,797.97	(1,633.35)	14,897.80
<b>Segment Result - profit / (loss)</b>	<b>14,861.65</b>	<b>1,669.51</b>	-	14,897.80
Profit/(Loss) before Tax	-	-	-	8,733.61
Tax Expense (Including Deferred Tax)	-	-	-	6,164.21
Profit/(Loss) After Tax before extraordinary Items	-	-	-	-48,530.15
Exceptional Items	-48,530.15			54,694.36
Profit/(Loss) After Tax	-	-	-	
Other Information				
<b>Carrying Amount of Segment Assets</b>	<b>15,337.14</b>	<b>7,029.01</b>	<b>77,394.63</b>	<b>99,760.78</b>
Carrying Amount of Segment Liabilities	924	505	6,796	8,224.31
Capital Expenditure	92	161		254
Depreciation / Amortisation			682.48	682.48

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

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

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

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



## 33) Disclosure on Restructured Advances

Year ended March 2023

(Rs. in Lakhs)

Sl No	Type of Restructuring → Asset Classification → Details ↓		Others				Total
			Standard	Sub Standard	Doubtful	Loss	
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	-	4	1	-	5.00
		Amount outstanding	-	456.87	846.82	-	1,303.69
		Provision thereon	-	209.92	314.23	-	524.15
2	Fresh restructuring during the year	No. of borrowers	-	-	-	9	9.00
		Amount outstanding	-	-	-	1,154.25	1,154.25
		Provision thereon	-	-	-	415.31	415.31
3	Recovery	No. of borrowers	-	4	1	9	14.00
		Amount outstanding	-	456.87	846.82	1,154.25	2,457.94
		Provision thereon	-	209.92	314.23	415.31	939.46
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year and hence need not be shown as restructured standard advances at the beginning of the next Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers					
		Amount outstanding					
		Provision thereon					

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

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



Year ended March 2022

(Rs. in Lakhs)

Sl No	Type of Restructuring →		Others				Total
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	44	3	1	3	51
		Amount outstanding	3,580	781.76	806.11	100.00	5,267.49
		Provision thereon	166	493.73	298.77	67.26	1,025.92
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Recovery	No. of borrowers	-	-	-	-	-
		Amount outstanding	3,580	325	-41	100.00	3,963.80
		Provision thereon	166	284	-15	67.26	501.77
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year and hence need not be shown as restructured standard advances at the beginning of the next Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers	-	4	1	-	5
		Amount outstanding	-	456.87	846.82	-	1,303.69
		Provision thereon	-	209.92	314.23	-	524.15

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



Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

- 34) 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	(Rs. in Lakhs)	
	March 31, 2023	March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	11.95
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	0.01
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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

- 35) **Contingent Liabilities and other Capital Commitments**

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

Particulars	(Rs. in Lakhs)	
	March 31, 2023	March 31, 2022
Disputed claims not acknowledged as debt	-	194.00
Service tax matters under appeal	5,588.72	5,071.85
Income tax matters under appeal	673.55	673.55

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



ii. **Service Tax Matter**

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

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

Accordingly, service tax matter in respect of which assessment is pending is Rs. 5,071.85 Lakhs (March 31, 2022 Rs. 5,071.85 Lakhs) and the amount paid under protest is Rs. 2,534.08 Lakhs (March 31, 2022 Rs. 2,534.08 Lakhs). This is being disputed by the Company and not provided for.

During the year the Company received a demand for non payment of service tax on the penalty interest charged to the customers. The service tax amounts to Rs. 258.38 lacs alongwith interest and penalty of Rs. 516.87 lakhs.

iii. **Income Tax Matter**

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

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

For FY 2015-16 and FY 2016-17, the Company has paid 20% of the total demand tax raised for each of the years. The tax on IT Support Services adjustment of Rs. 266.21 Lakhs (March 31, 2022 Rs. 266.21 lakhs) and Rs. 318.14 Lakhs (March 31, 2022 Rs. 318.14 lakhs) for FY 2015-16 and FY 2016-17 respectively are disputed by Company and hence not provided for.

Accordingly, Income tax matter in respect of which appeals have been filed is Rs. 673.55 Lakhs (March 31, 2022 Rs. 673.55 Lakhs) and Rs. 44.60 Lakhs (March 31, 2022 Rs. 44.60 Lakhs) had been paid under protest. This is being disputed by the Company and hence not provided for.

b. **Capital Commitments :**

Estimated value of contracts in capital account remaining to be executed is Rs. Nil lakhs (March 31, 2022: Rs.14.45 lakhs)

c. **Letter of Support to subsidiary:**

The Company has provided a Letter of Support to its subsidiary to invest additional equity upto Rs.15,000 lakhs if required, to take care of its liquidity till end of 2024.

36) Corporate social responsibility expenses

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

34.62

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

Particulars	Paid	Yet to be paid	Total
Construction, acquisition of any asset	Nil	Nil	Nil
On purposes other than the above*	34.62	-	34.62

\* The above expenditure relates to donation into PM Cares Fund.



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

37) Tax expense

(i) Amounts recognised in profit and loss

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Current tax expense		
Current period	-	-
Changes in estimation related to prior years	-	-
<b>Total current tax expense (A)</b>		
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences		
Write off of DTA	8,733.61	
Reduction in tax rate	-	
Recognition of previously unrecognised tax losses	-	
Change in recognised deductible temporary differences	-	
<b>Deferred tax expense (B)</b>		
<b>Tax expense for the year (A)+(B)</b>	<b>8,733.61</b>	<b>8,733.61</b>

Note : The company has business loss in current year as well as carried forward loss of the previous year. The company does not foresee future taxable profits and hence no deferred tax has been created.

(ii) Amounts recognised in other comprehensive income

Particulars	(Amount in lakhs)			
	Year ended March 31, 2023		Year ended March 31, 2022	
	Before tax	Tax (expense)/ benefit	Net of tax	Net of tax
Items that will not be reclassified to profit or loss				
(a) Remeasurements of defined benefit liability (asset)	(19.46)	-	(19.46)	3.43
<b>Total</b>	<b>(19.46)</b>	<b>-</b>	<b>(19.46)</b>	<b>3.43</b>





Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

(iii) Movement in deferred tax balances

Particulars	(Rs. in Lakhs)				
	Opening balance March 31, 2022	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax liability
Deferred tax asset/(liabilities)	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Loans	-	-	-	-	-
Security deposits	-	-	-	-	-
Borrowings	-	-	-	-	-
Employee benefits	-	-	-	-	-
Equity-settled share-based payments	-	-	-	-	-
Deferred income	-	-	-	-	-
Provisions	-	-	-	-	-
Unabsorbed Depreciation	-	-	-	-	-
Other items	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

(iv) Effective Tax Rate

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Profit before tax		
Profit Before Tax	1,264.25	(33,632.34)
Tax rate	25.168%	25.168%
Tax on profits	318.19	(8,464.59)
Tax effect of:		
CSR expenses		
Interest on Late Payment of TDS		
Carried forward Loss	(318.19)	
Reassessment of DTA		
<b>Total income tax expenses</b>		17,198.20
		8,733.61
<b>Effective tax rate</b>	0.00%	0.00%

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

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

(v)

Tax Balances

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current Tax Assets (Net)</b> (Net of Provision of March 31, 2023 Rs. 4,919.67 lakhs March 31, 2022 Rs. 4,919.67 lakhs)	2,236.51	1,700.23
<b>Current Tax Liabilities (Net)</b> (Net of Advance Tax of March 31, 2023 Rs. 15,372.52 lakhs March 31, 2022 Rs. 15,351.05 lakhs)	1,965.10	1,997.48
<b>Total</b>	(271.41)	297.25



As per Ind AS 12, a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. After due evaluation of the above requirement, the management has decided to not create any deferred tax asset. As at March 31, 2023 unrecognised deferred tax asset on accumulated losses is Rs. 17,617.25 lakhs (March 31, 2022 Rs. 12,295.21 lakhs)



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

(Rs. in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	8,696.09	389.58	8,306.51	34.78	354.80
Standard	Stage 2					
Subtotal		8,696.09	389.58	8,306.51	34.78	354.80
<b>Non-Performing Assets (NPA)</b>						
Sub Standard	Stage 3					
Doubtful 1	Stage 3					
Doubtful 2	Stage 3					
Doubtful 3	Stage 3					
Subtotal						
Loss	Stage 3					
<b>Subtotal for NPA</b>						
<b>Total</b>						
	Stage 1	8,696.09	389.58	8,306.51	34.78	354.80
	Stage 2					
	Stage 3					
	Total	8,696.09	389.58	8,306.51	34.78	354.80



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

## i. Capital

Particulars		March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
a)	CRAR (%)	526.26%	243.97%
b)	CRAR – Tier I Capital (%)	525.01%	243.47%
c)	CRAR – Tier II Capital (%)	1.25%	0.50%
d)	Amount of subordinated debt raised as Tier-II	-	-
e)	Amount raised by issue of Perpetual Debt	-	-

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

## ii. Additional Disclosures

## Provisions and Contingencies

Under the head Expenditure in Statement of Profit and Loss		March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
a)	Provisions for depreciation on Investment	-	-
b)	Expected Credit Loss	(22,033.00)	(14,422.98)
c)	Provision made towards Income tax (including Deferred Tax)	-	8,733.61

## Concentration of Advances, Exposures and NPAs

## Concentration of Advances

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Total Advances to twenty largest borrowers	8,696.09	34,818.48
Total Outstanding Advances	8,696.09	41,519.54
Percentage to Total Advances	100.00%	83.86%

## Concentration of Exposures

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Total Exposure to twenty largest borrowers / customers	8,696.09	34,818.48
Total Exposure to Customers	8,696.09	41,519.54
Percentage to Total Exposure	100.00%	83.86%

## Concentration of NPAs

Particulars	March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
Total Outstanding to four largest borrowers / customers	-	13,421.42
Total Outstanding Advances	-	41,519.54
Percentage to Total Advances	-	32.33%



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

Sector-wise NPAs

Sectors		March 31, 2023 (Rs. in Lakhs)		March 31, 2022 (Rs. in Lakhs)	
		Amount	Percentage to Total Advances	Amount	Percentage to Total Advances
a)	Agriculture & allied activities	-	-	-	-
b)	MSME	-	-	-	-
c)	Corporate borrowers	-	-	-	-
d)	Services	-	-	-	-
e)	Unsecured personal loans	-	-	-	-
f)	Auto loans and other related loans	-	-	-	-
g)	Other personal loans	-	-	31,005.20	74.68%

Movement of NPAs

Particulars		March 31, 2023 (Rs. in Lakhs)	March 31, 2022 (Rs. in Lakhs)
a)	Net NPAs to Net Advances (%)	0.00%	46.30%
b)	Movement of NPAs (Gross)		
	i) Opening balance	31,005.21	52,502.40
	ii) Additions during the year	-	1,189.82
	iii) Reduction during the year	(31,005.21)	(22,687.00)
	iv) Closing balance	(0.00)	31,005.21
b)	Movement of Net NPAs		
	i) Opening balance	8,842.41	21,470.04
	ii) Additions during the year	-	995.48
	iii) Reduction during the year	(8,842.41)	(13,623.11)
	iv) Closing balance	-	8,842.41
c)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	i) Opening balance	22,162.80	31,032.35
	ii) Provisions made during the year	1,322.00	194.34
	iii) Write-off	188.79	(465.93)
	iv) write-back of excess provisions	(23,673.59)	(8,597.96)
	v) Closing balance	-	22,162.80



## iii Customer Complaints

Sr. No.	Particulars	March 31, 2023	March 31, 2022
	<b>Complaints received from customers</b>		
1	No. of complaints pending at the beginning of the year	11	0
2	No. of complaints received during the year	315	525
3	No. of complaints disposed during the year	326	514
3.1	of which, no. of complaints rejected	0	
4	No. of complaints pending at the end of the year	0	11
	<b>Maintainable complaints received from the office of Ombudsman</b>	0	0
5	<b>No. of awards implemented within the stipulated time (other than those appealed)</b>	NA	

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

## Top five grounds of complaints received from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year*	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>March 31, 2023</b>					
NOC related	6	258	-	-	-
CIBIL related	2	21	-	-	-
TDS related	2	14	-	-	-
Others	1	22	-	-	-
<b>Total</b>	<b>11</b>	<b>315</b>			
<b>March 31, 2022</b>					
NOC related	-	279	-	6	-
Overdue charges related	-	58	-	-	-
TDS related	-	28	-	2	-
Foreclosure related	-	25	-	-	-
Collection related	-	24	-	-	-
Others	-	111	-	-	-
<b>Total</b>		<b>525</b>		<b>3</b>	

\*There is a change in the customer complaints category in current year as compared to previous year, hence these details are not given.





Volkswagen Finance Private Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

iv Registration obtained from other financial sector regulators

The Company has obtained Registration No. CA0142 to act as a Corporate Agent under the Insurance Act 1938 (IV of 1938) from Insurance Regulatory and Development Authority (IRDA) and the same expired on 31.03.2022 and the company has not renewed the same.

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

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

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

Rating Agency: India Ratings & Research Private Limited

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

Date of Rating	Rating Agency	Commercial Paper	Others
06-Aug-21	ICRA Limited	Withdrawn	NA
04-Oct-21	India Ratings & Research Private Limited	Withdrawn	NA
22-Nov-21	India Ratings & Research Private Limited	Withdrawn	NA
31-Mar-22	India Ratings & Research Private Limited	Withdrawn	NA
01-Jul-22	India Ratings & Research Private Limited	Withdrawn	NA

Date of Rating	Rating Agency	Non Convertible Debentures	Others
04-Oct-21	India Ratings & Research Private Limited	Withdrawn	NA
22-Nov-21	India Ratings & Research Private Limited	Withdrawn	NA
31-Mar-22	India Ratings & Research Private Limited	Withdrawn	NA
01-Jul-22	India Ratings & Research Private Limited	Withdrawn	NA

Date of Rating	Rating Agency	Bank Rating	Others
04-Oct-21	India Ratings & Research Private Limited	Long term Loan rating	Withdrawn
04-Oct-21	India Ratings & Research Private Limited	Short term loan rating	Withdrawn
22-Nov-21	India Ratings & Research Private Limited	Long term Loan rating	Withdrawn
22-Nov-21	India Ratings & Research Private Limited	Short term loan rating	Withdrawn
31-Mar-22	India Ratings & Research Private Limited	Long term Loan rating	Withdrawn
31-Mar-22	India Ratings & Research Private Limited	Short term loan rating	Withdrawn
01-Jul-22	India Ratings & Research Private Limited	Long term Loan rating	Withdrawn
01-Jul-22	India Ratings & Research Private Limited	Short term loan rating	Withdrawn

vii Extent of financing of parent company products

Particulars	March 31, 2023	March 31, 2022
Loan outstanding as at year end out of the amount financed to parent company products	-	40,720.25
Company Portfolio	8,696.09	41,519.54
Percentage of financing for parent product upon Company's portfolio	0.00%	98.07%

viii Investments:

Particulars	March 31, 2023	March 31, 2022
Gross Value of Investments	9,019.71	9,019.71
Provision for Depreciation on Investments	-	-
Net Value of Investments	9,019.71	9,019.71
Movement of provisions held towards depreciation on investments	-	-



ix. Maturity pattern of certain items of assets and liabilities

As on March 31, 2023

Particulars	(Rs. in Lakhs)								Total
	Upto 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	
<b>Liabilities</b>									
Borrowings from banks									
Working capital Demand Loans	-	-	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-	-
Long Term Loans	-	-	-	-	-	-	-	-	-
Market borrowings	-	-	-	-	-	-	-	-	-
Commercial Papers	-	-	-	-	-	-	-	-	-
Non Convertible Debentures	-	-	-	-	-	-	-	-	-
Assets									
Loans									
Advances* @ - Retail Std Asset									
Advances* - Retail Sub Std Asset									
Advances* - Retail Doubtful and Loss									
Advances* # - Wholesale Std									
Advances* - Wholesale Sub Std				8,696.09					8,696.09
Advances* - Wholesale Doubtful and									
Investments - Fixed Deposits	72,674.41								
Foreign Currency Assets	-	-	-	-	7.31	1.41	-	-	72,683.13
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-



As on March 31, 2022

Particulars	(Rs. in Lakhs)										Total	
	Upto 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years				
<b>Liabilities</b>												
Borrowings from banks												
Working capital Demand Loans												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Loans	-	-	-	-	-	-	-	-	-	-	-	-
<b>Market borrowings</b>												
Commercial Papers												
Non Convertible Debentures												
<b>Assets</b>												
Loans												
Advances* @ - Retail Std Asset	221.61	239.76	225.62	740.61	1,297.73	2,430.74	-	-	-	-	-	41,519.54
Advances* - Retail Sub Std Asset												5,156.07
Advances* - Retail Doubtful and Loss												1,252.99
Advances*# - Wholesale Std	1,907.22	78.42	78.95	511.76	1,548.12	1,008.95	879.22	373.77	753.19	7,968.31	-	8,721.50
Advances* - Wholesale Sub Std												5,316.86
Advances* - Wholesale Doubtful and												1,366.22
Investments - Fixed Deposits	53,300.00											19,705.90
Foreign Currency Assets												60,801.41
Foreign Currency Liabilities												-



Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

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

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



<b>Exposure to Capital Market</b>	<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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>Bridge loans to companies against expected equity flows / issues;</p> <p>All exposures to Venture Capital Funds (both registered and unregistered)</p> <p>Underwriting commitments in respect of the primary issue of shares or convertible bonds or convertible debentures or equity oriented mutual funds;</p> <p>Financing to stock brokers for margin trading;</p> <p>All exposures to alternate investment funds.</p>
<b>Concentration of Deposits</b>	<p>Total Deposits of twenty largest depositors</p> <p>Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC</p>
<b>Other Disclosure</b>	<p>During the year, there are no penalties levied by RBI / other regulators</p> <p>During the year, Company has not postponed revenue recognition on account of pending uncertainties.</p> <p>During the year, Company has not made any draw down of reserves.</p> <p>Company does not have any overseas joint venture / subsidiary.</p> <p>There are no SPVs sponsored by the Company</p>

40) Disclosures required by paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure I.



Volkswagen Finance Private Limited  
ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2023

Schedule to the Balance Sheet of a Non-Deposit Taking Non-Banking Financial Company  
(as required in terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016)

(All amounts in Lakhs)

Liabilities Side			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	Particulars	Amount outstanding	Amount overdue
	(a) Debentures : Secured	-	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits)#	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	-	-
	(d) Intercompany loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits#	-	-
	(g) Other Loans - Working Capital Demand Loan	-	-
	- Bank Overdraft	-	-
	# Refer to note 1 below	-	-
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	Particulars	Amount outstanding	Amount overdue
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the	-	-
	(c) Other public deposits	-	-
Asset Side			
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		Amount Outstanding
	(a) Secured		-
	(b) Unsecured*		-
(4)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		8,696.09
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(5)	Break-up of Investments :		
	Current investments:		
	1. Quoted		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of Mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-
	2. Unquoted		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of Mutual funds		-
	(iv) Government Securities		-
	(v) Others (Certificate of Deposits, Commercial Paper & PTC)		-

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



Volkswagen Finance Private Limited  
Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)

41 Details of Stressed loans transferred during the year ended March 31, 2023 (Rs. in Crores)

Particulars	To ARC's	To Permitted Transferees
No: of accounts	1396	
Aggregate principal outstanding of loans transferred	290.85	
Weighted average residual tenor of the loans transferred	6 Months	
Net book value of loans transferred (at the time of transfer)	57.89	
Aggregate consideration	34.08	

Details of Loans not in Default transferred during the year ended March 31, 2023 (Rs. in Crores)

Particulars	To ARC's	To Permitted Transferees	To other transferees
No: of accounts			82
Aggregate principal outstanding of loans transferred			21.62
Weighted average residual tenor of the loans transferred			14 Months
Net book value of loans transferred (at the time of transfer)			21.22
Aggregate consideration			18.25

Details of Loans transferred during the year ended March 31, 2022

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

42 Disclosure pursuant to Circular No. DNBS.PD.CC.No 256/03.10.42 / 2011-12 dated March 02, 2012 on monitoring of frauds, the frauds detected and reported for the year amounted to Rs. Nil (Previous year Rs. Nil).

43 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts.

44 Surrender of NBFC licence

During the year, the Company has made an application to the Reserve Bank of India for surrender of its NBFC licence as the Company will not be conducting any financial activity as its principal business.

45 Going Concern

The Company sold its NPA and Standard loans during the year. Further the Company has made an application to RBI for surrender of NBFC license. However based on maturity pattern of assets and liabilities, projections for next year and adequate liquidity, no material uncertainty exists indicating that the company is not capable of meeting its liabilities. Considering the above factors financial statements have been prepared on going concern basis.





**Volkswagen Finance Private Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)**

**46 Discontinued Operations**

The Company sold its NFA and Standard loans during the year. Further the Company has made an application to RBI for surrender of NBFC licence. Pursuant to the above the financial assets of the Company (excluding fixed deposits) are less than 50% of the total assets of the company. Consequently the Company does not have any continuing business and therefore all income and expenses of the current and previous year are disclosed as "Discontinued Operations".

**47 Impairment of subsidiary investment and loan**

The Company has made an investment in and advanced loans (including accrued interest) of Rs 9,019.71 lakhs and Rs. 8,696.09 lakhs respectively to its subsidiary Kuwy Technology Service Private Limited. The accumulated losses of this subsidiary are Rs. 12,179 lakhs as at March 31, 2023 and its networth is negative. The auditors of the subsidiary company have included a paragraph in their audit report, regarding Material Uncertainty relating to subsidiary's ability to continue as a Going Concern. Further, the auditors of the subsidiary have qualified their audit opinion relating to remeasurement of the liability arising on the Compulsory Convertible Preference Shares held by the Company in the Subsidiary as at March 31, 2023.

The subsidiary is scouting for strategic investment partners to further its growth. The Company has also provided a Letter of Support to the subsidiary to invest additional capital upto Rs. 15,000 lakhs to take care of its liquidity needs till end of 2024. Accordingly, the financial statements of the subsidiary have been prepared on a Going Concern basis.

The Company has obtained a fair valuation report from an external valuer considering approved cash flows and conservative assumptions, based on which, the fair value is higher than the book value of the investments.

The loan provided by the Company was due for repayment in August 31, 2023, which has been extended to October 31, 2023. The subsidiary has been regular in payment of interest and there has been no defaults/delays during the year. The loan agreement includes a covenant on the conversion of loan into share capital at the discretion of the Company at the time of its maturity.

Considering the above, the management believes that no impairment provision / additional provision is required on the investments and loans to the subsidiary.

**48 Reduction of Share Capital**

During the year the Company had filed petition with the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), to cancel 3,43,00,000 Category 'A' equity shares of Rs. 10 each, fully paid up held by Volkswagen Finance Overseas B.V. out of total existing paid up Category 'A' equity share capital of the Company of INR 1,05,19,22,070 divided into 10,51,92,207 equity shares of Rs. 10 each, fully paid up and cancel 34,70,00,000 Category 'B' equity shares of Rs. 10 each, fully paid up held by Volkswagen Financial Services A.G. out of total existing paid up Category 'B' equity share capital of the Company of INR 10,63,60,99,370 divided into 1,06,36,09,937 equity shares of Rs. 10 each, fully paid up and that such reduction shall be effected by proportionately returning to Volkswagen Finance Overseas B.V. and Volkswagen Financial Services A.G. an aggregate total amount of INR 3,01,60,83,000 (Indian Rupees Three Hundred and One Crores Sixty Lakhs and Eighty-Three Thousand Only). The Board vide circular resolution dated December 13, 2022 approved the withdrawal of petition filed for reduction of capital due to delay in hearing of the matter at the court due to shortage of officers and paucity of time. Thereafter, upon receiving shareholders' approval on February 9, 2023 a fresh petition was filed with NCLT to cancel 5,82,90,000 Category 'A' equity shares of Rs. 10 each, fully paid up held by Volkswagen Finance Overseas B.V. out of total existing paid up Category 'A' equity share capital of the Company of INR 1,05,19,22,070 divided into 10,51,92,207 equity shares of Rs. 10 each, fully paid up and cancel 58,93,78,000 Category 'B' equity shares of Rs. 10 each, fully paid up held by Volkswagen Financial Services A.G. out of total existing paid up Category 'B' equity share capital of the Company of INR 10,63,60,99,370 divided into 1,06,36,09,937 equity shares of Rs. 10 each, fully paid up and that such reduction shall be effected by proportionately returning to Volkswagen Finance Overseas B.V. and Volkswagen Financial Services A.G. an aggregate total amount of INR 499,99,96,960 (Indian Rupees Four Hundred and Ninety-Nine Crore Ninety-Nine Lakhs Ninety-Six Thousand Nine Hundred and Sixty Only). The matter was heard by NCLT on 8th June, 2023 and order was passed approving the same. The Company has subsequently repatriated the share capital on August 9, 2023.



Notes to the Standalone Financial Statements for the year ended March 31, 2023 (continued)


49 Regulatory Disclosures

- 1) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property
- 2) The Company does not have any transactions with companies struck off
- 3) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- 5) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
  - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- 6) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
  - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 7) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- 8) The Company has not been declared as willful defaulter by any bank or financial institution or government or any government authority.
- 9) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company.
- 10) The Company has not made any loans or Advances in the nature of loans that are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
  - (a) repayable on demand or
  - (b) without specifying any terms or period of repayment

50 Previous year figures have been regrouped wherever necessary.

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

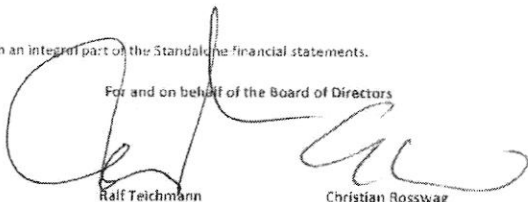
For Batliboi & Purohit  
Chartered Accountants  
ICAI Firm Registration No. 101048W

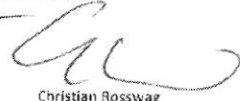
  
Janak Mehta  
Partner  
Membership No. 116976

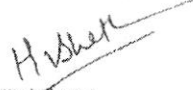
Mumbai  
September 21, 2023



For and on behalf of the Board of Directors

  
Ralf Teichmann  
Director  
DIN No - 09307991

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

  
Hiral Bhayani  
Company Secretary  
Membership No. A38605  
September 21, 2023