

Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VOLKSWAGEN FINANCE PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of Volkswagen Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

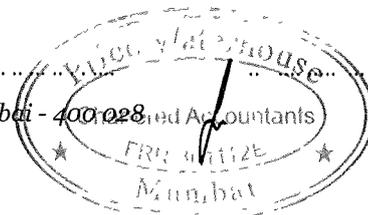
Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Volkswagen Finance Private Limited

Report on the Financial Statements for the year ended March 31, 2017

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Opinion

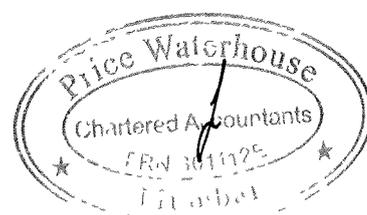
8 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A;
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2017 on its financial position in its financial statements – Refer Note 29 (a);
 - ii. The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts in its financial statements - Refer Note 5 and 10. The Company did not have any long term derivative contracts as at March 31, 2017;



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INDEPENDENT AUDITORS' REPORT

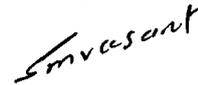
To the Members of Volkswagen Finance Private Limited

Report on the Financial Statements for the year ended March 31, 2017

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- 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, 2017.
- iv. The Company has provided requisite disclosures in the financial statements as to its direct holdings as well as dealings in Specified Bank Notes ("SBN") during the period November 08, 2016 to December 30, 2016, which based on audit procedures and relying on management representations are in agreement with the books of accounts maintained by the company and as produced to us for our verification. However, disclosures of holdings on November 08, 2016 and depositions thereof made directly by collecting agents, in SBN and other denomination, as detailed in Note 35 to the financial statements are only to the extent of information available and received by the company from collecting agents and are not verifiable by us. Also, as represented to us by the Management, amount aggregating to Rs. 40,23,000, as stated in Note 35 to the financial statements, has been received which are not permitted receipts.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Sharad Vasant
Partner
Membership Number 101119

Place : Mumbai
Date: May 29, 2017

Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements for the year ended March 31, 2017

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Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

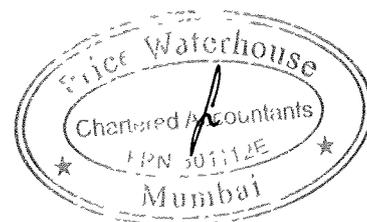
1. We have audited the internal financial controls over financial reporting of Volkswagen Finance Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements for the year ended March 31, 2017

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

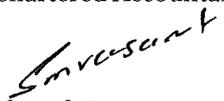
7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Mumbai
May 29, 2017

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants


Sharad Vasant
Partner
Membership Number 101119

Price Waterhouse

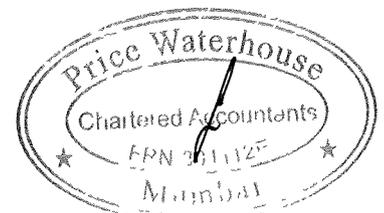
Chartered Accountants

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements as of and for the year ended March 31, 2017

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The company is a Non-Banking Finance Company registered with the Reserve Bank of India and engaged in the business of financing. Also the company has not made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Accordingly the provisions of section 185 and 186 are not applicable to the company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax and other material statutory dues, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (In Rupees.)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Service Tax	Rs. 503,356,702 (Rs. 249,580,533 paid under protest. Also refer Note 29(a))	Financial Years 2012-17	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Income Tax Act, 1961	Income Tax	Rs. 4,460,139 (Rs. 4,460,139 paid under protest)	Financial Year 2014-15	Income Tax Appellate Tribunal (ITAT).



Price Waterhouse

Chartered Accountants

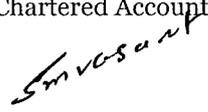
Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements for the year ended March 31, 2017

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- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). The moneys raised by way of term loans have been applied for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any noncash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Institution.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants


Sharad Vasant
Partner
Membership Number 101119

Mumbai
May 29, 2017

Volkswagen Finance Private Limited
Balance Sheet as at March 31, 2017

	Note	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Fund			
(a) Share Capital	2	11,688,021,440	11,688,021,440
(b) Reserves and Surplus	3	1,450,593,672	901,129,778
Non-Current Liabilities			
(a) Long Term Borrowings	4	14,000,000,000	12,250,000,000
(b) Long Term Provisions	5	1,328,862,407	1,207,303,268
(c) Other Long Term Liabilities	6	118,605,977	150,527,892
Current Liabilities			
(a) Short Term Borrowings	7	24,027,272,445	24,613,336,373
(b) Trade Payables			
Total outstanding dues of micro, small & Medium enterprises, and	27	218,816	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8	2,676,187,014	2,354,928,973
(c) Other Current Liabilities	9	6,441,140,890	5,045,183,763
(d) Short Term Provisions	10	510,633,017	522,817,437
TOTAL		62,241,535,678	58,733,248,924
<u>II ASSETS</u>			
Non-Current Assets			
(a) Fixed Assets			
(i) Property, Plant and Equipments (Tangible Assets)	11	86,343,706	91,138,254
(ii) Intangible Assets	11	31,829,129	47,224,292
(iii) Capital work-in-progress		8,446,443	30,853
(iv) Intangible Assets under Development		7,811,076	4,981,000
(b) Deferred Tax Asset	24	697,017,268	651,942,476
(c) Long Term Loans and Advances	12	31,322,609,100	29,895,699,245
Current Assets			
(a) Trade Receivables	13	90,871,263	90,056,703
(b) Cash and Bank Balances	14	33,377,973	38,575,608
(c) Short Term Loans and Advances	15	29,647,265,073	27,665,948,499
(d) Other Current Assets	16	315,964,647	247,651,994
TOTAL		62,241,535,678	58,733,248,924

Significant Accounting Policies 1
The Notes to the Financial Statements form an integral part of the Financial Statements

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

For Price Waterhouse
Firm Registration No 301112E
Chartered Accountants

Imvasant
Sharad Vasant
Partner
Membership No 101119

For and on behalf of the Board of Directors

Andreas Kutzner
Chief Executive Officer &
Managing Director

Gokhan Cinar
Gokhan Cinar
Chief Finance Officer &
Managing Director

Pathak
Harshada Pathak
Company Secretary

Mumbai
May 29, 2017

Mumbai
May 29, 2017

Volkswagen Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2017

	Note	Year Ended March 31, 2017 (Rupees)	Year Ended March 31, 2016 (Rupees)
I. Revenue From Operations	17	6,173,232,216	5,850,225,903
II Other Income	18	319,938,945	335,700,073
III Total Revenue(I + II)		6,493,171,161	6,185,925,976
IV Expenses			
Employee Benefits Expenses	19	514,118,046	506,641,492
Finance Costs	20	3,501,978,033	3,271,970,473
Depreciation and amortisation expenses	11	43,581,808	49,473,479
Other Expenses	21	1,558,878,532	1,222,936,138
Total Expenses		5,618,556,419	5,051,021,582
V Profit before exceptional and extraordinary items and tax (III - IV)		874,614,742	1,134,904,394
VI Prior period income		-	78,591,574
VII Profit before Tax		874,614,742	1,213,495,968
VIII Tax Expense			
(1) Current Tax		364,371,810	382,542,837
(2) Deferred Tax Charge / (Credit)		(45,074,792)	4,393,420
(3) Tax for earlier years		5,853,830	-
IX Profit for the year (VII-VIII)		549,463,894	826,559,711
X Earnings per Equity Share of Rs.10 each Basic and Diluted	28		
Category 'A' Equity Shares of Rs.10 each		0.47	1.79
Category 'B' Equity Shares of Rs.10 each		0.47	0.60

Significant Accounting Policies

1

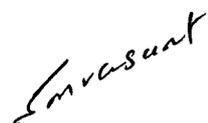
The Notes to the Financial Statements form an integral part of the Financial Statements.

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

For Price Waterhouse

Firm Registration No. 301112E

Chartered Accountants



Sharad Vasant

Partner

Membership No. 101119

For and on behalf of the Board of Directors



Andreas Kutzner
Chief Executive Officer &
Managing Director



Gokhan Cinar
Chief Finance Officer
Managing Director



Harshada Pathak
Company Secretary

Mumbai
May 29, 2017

Mumbai
May 29, 2017

Volkswagen Finance Private Limited
Cash Flow Statement for the year ended March 31, 2017

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
A Cash flow from operating activities		
Net Profit/(loss) before taxation	874,614,742	1,213,495,968
Adjustments for :		
Depreciation / amortisation	43,581,808	49,473,479
Discount on Commercial Papers	17,263,566	(60,517,691)
Loss on Sale of Fixed Assets (net)	7,737,604	1,633,622
Contingent Provision Against Standard Assets	14,035,475	106,349,052
Provision for Future Potential Losses	(84,286,591)	131,444,163
Bad Debts Written Off	486,390,050	113,285,365
Provision for Non Performing Assets (Net)	171,291,638	(152,927,142)
Provision for Leave Encashment	3,341,058	3,109,920
Provision for Lease Equalisation	-	(2,072,000)
Provision for Gratuity	6,714,515	6,130,167
Operating Profit/ (Loss) before working capital changes	1,540,683,865	1,409,404,903
changes in working capital :		
Increase / (decrease) in Other Long Term Liabilities	(31,921,915)	(56,372,442)
Increase / (decrease) in Trade Payables	321,476,857	460,682,091
Increase / (decrease) in Other Current Liabilities	149,671,711	147,895,738
Increase / (decrease) in Provisions	(7,770,025)	(3,006,737)
(Increase) / decrease in Long Term Loans and Advances	(2,078,187,356)	(6,056,380,770)
(Increase) / decrease in Trade Receivable	(814,560)	2,767,202
(Increase) / decrease in Short Term Loans and Advances	(1,981,316,576)	(2,495,390,702)
(Increase) / decrease in Other Current Assets	(68,312,653)	(50,440,432)
Cash used in Operations	(2,156,490,652)	(6,640,841,149)
Taxes paid (Net of refunds Rs 140,094,602)	(205,272,925)	(467,812,573)
Net cash used in operating activities	(2,361,763,577)	(7,108,653,722)
B Cash flow from Investing Activities		
Purchase of tangible/intangible assets including Capital work-in-progress	(52,399,935)	(47,290,395)
Sale of tangible/intangible assets	6,309,985	4,967,897
Net cash used in investing activities	(46,089,950)	(42,322,498)
C. Cash flow from Financing Activities		
Proceeds from Long Term Borrowings (including current maturities of Long Term Borrowings)	7,000,000,000	8,250,000,000
Repayment / Redemption of Current maturities of Long Term Borrowings	(4,000,000,000)	(4,500,000,000)
Net proceeds from Bank Overdraft	(1,245,400,442)	1,207,002,733
Proceeds from issue of Commercial Papers	42,019,742,200	43,070,532,402
Repayment of Commercial Papers	(33,637,669,254)	(47,141,067,097)
Proceeds from Working Capital Demand Loan (including current maturities of Long Term Loans)	39,300,000,000	23,330,000,000
Repayment of Working Capital Demand Loan	(47,040,000,000)	(17,030,000,000)
Net cash from financing activities	2,396,672,504	7,186,468,038
Net Increase / (Decrease) in Cash and cash equivalents (A)+(B)+(C)	(11,181,023)	35,491,818
Cash and cash equivalents at beginning of the year	38,575,608	3,083,790
Cash and cash equivalents at end of the year*	27,394,585	38,575,608
* Refer Note 14		

Notes to the statement of cash flow :

1) Cash and cash equivalents comprise of.

Cash on hand	17,121	15,769
Balances with scheduled banks	27,377,464	38,559,839
TOTAL	27,394,585	38,575,608

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

3) Figures in bracket indicate cash outflow

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

For Price Waterhouse
Firm Registration No 301112E
Chartered Accountants

Sharad Vasant
Partner
Membership No 101119

Mumbai
May 29, 2017

For and on behalf of the Board of Directors

Andreas Kutzner
Chief Executive Officer &
Managing Director

Gokhan Cinar
Chief Finance Officer &
Managing Director

Harshada Pathak
Company Secretary

Mumbai
May 29, 2017

Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2017

1) Background and Significant Accounting Policies:

A) Background

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 loan financing, dealer 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.

B) Summary of Significant Accounting Policies:

i. Basis for preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended], other relevant provisions of the Companies Act, 2013 and guidelines issued by Reserve Bank of India for Non-Banking Finance Companies.

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

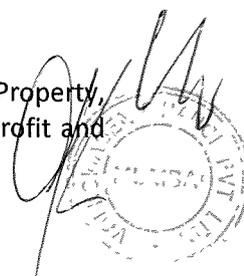
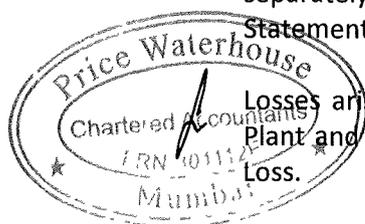
ii. Property, Plant and Equipment (Tangible Assets)

Property, Plant and Equipment (Tangible Assets) are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

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

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

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



Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2017 (Continued)

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

	<u>Estimated Useful Life</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Office Equipments	5 years	5 years
Building	30 years	30 years
<u>Computers</u>		
- Servers and Networks	6 years	6 years
- Laptops and Desktops	3 years	3 years
Furniture and Fixtures	10 years	10 years
Leasehold Improvements	Over the lease period	Over the lease period
Vehicles	8 years	8 years
Vehicles given on operating lease	Over the lease period	Not Applicable

Depreciation on assets given under operating lease is provided on a straight line basis over the estimated useful life equivalent to the period so as to bring the carrying value of the fixed assets to their estimated residual value at end of the lease period. The lease period for the assets given under operating lease is 24 months.

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

iii. Intangible Assets

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

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

iv. Assets held for sale

Assets that are held for sale are stated at the lower of their net carrying amount and net realisable value and are shown separately in the financial statements under the head 'Other current assets'. Any write-down in this regard is recognised immediately in the Statement of Profit and Loss.



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v. 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.

vi. Revenue Recognition

Standard Assets

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

Interest Subvention Income

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

Loan Acquisition Expenses

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

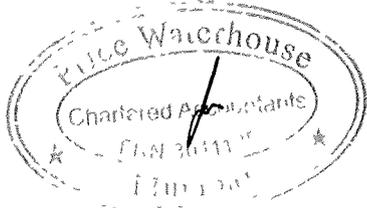
Non-Performing Assets (NPAs)

As per the Master Directions for - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the 'Master Directions') issued by Reserve Bank of India, no income is recognized on non-performing assets. Accordingly, Interest income on such assets is recognized on receipt basis.

Impairment of Loans

Loan loss provision in respect of non-performing loans is made based on management's assessment of the degree of impairment of the loans and estimates of recoverability / realisation of the loans, subject to minimum provisioning level prescribed in the Master Directions.

A standard assets provision is also made by the Company @ 0.40% on the standard assets outstanding and disclosed under "Provisions" in the Note 5 and Note 10 to the financial statements as required by the Reserve Bank of India.



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Brand Support Fees

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

Income on Fixed Deposit

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

Service Income

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

vii. Employee Benefits

Long Term Employee Benefits

a) Defined Contribution Plan

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

b) Defined Benefit Plan

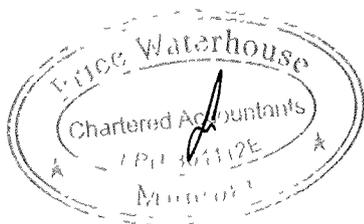
Gratuity

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

Short Term Employee Benefits

Employee Leave Entitlement

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



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vii. Current and Deferred Tax

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

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

viii. Impairment of assets

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

ix. Provisions and Contingent Liabilities

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

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



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x. **Borrowing Costs:**

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

xi. **Earnings Per Share :**

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

xii. **Segment Reporting:**

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

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

xiii. **Cash and Cash Equivalents**

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

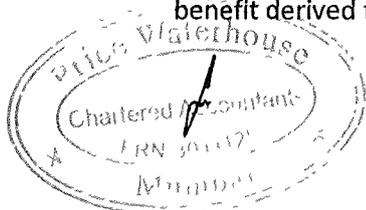
xiv. **Operating Lease**

As lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As lessor

The Company has leased certain vehicles and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished.



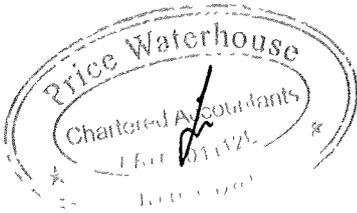
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Volkswagen Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2017 (Continued)

xv. 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.



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2) Share Capital

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Authorised.		
146,610,000 (Previous Year 146,610,000) Category 'A' Equity Shares of Rs 10 each	1,466,100,000	1,466,100,000
1,482,390,000 (Previous Year 1,482,390,000) Category 'B' Equity Shares of Rs 10 each	14,823,900,000	14,823,900,000
	16,290,000,000	16,290,000,000
Issued, Subscribed and Paid up		
105,192,207 (Previous Year 105,192,207) Category 'A' Equity Shares of Rs 10 each, fully paid up	1,051,922,070	1,051,922,070
1,063,609,937 (Previous Year 1,063,609,937) Category 'B' Equity Shares of Rs.10 each, fully paid up	10,636,099,370	10,636,099,370
	11,688,021,440	11,688,021,440

(a) Reconciliation of number of shares

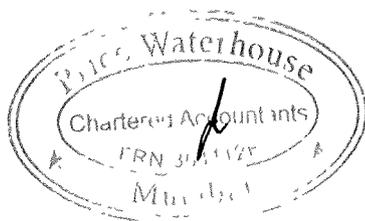
	March 31, 2017		March 31, 2016	
	No of shares	Amount	No of shares	Amount
Balance at the beginning and end of the year				
Category 'A' Equity Shares	105,192,207	1,051,922,070	105,192,207	1,051,922,070
Category 'B' Equity Shares	1,063,609,937	10,636,099,370	1,063,609,937	10,636,099,370

(b) Rights, preferences and restrictions attached to shares

The Company's authorised share capital is divided into Category 'A' equity shares and Category 'B' equity shares having par value of Rs 10 each. Category 'A' equity shares carry voting rights and dividend rights. Category 'B' equity shares don't have any voting rights and have dividend rights to the extent of 6% of profits. Category 'B' equity shares are non participating, non-cumulative and shall not be entitled to any surplus on winding up or other distribution such as bonus shares etc together with rights, privileges and conditions attaching thereto as may be determined by the Board of Directors from time to time.

(c) Shares held by holding company and subsidiary of holding company

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Equity Shares:		
105,192,207 Category 'A' equity shares (Previous Year 105,192,207) held by Volkswagen Finance Overseas B.V , Netherland, the subsidiary of Volkswagen Financial Services AG, Germany	1,051,922,070	1,051,922,070
1,063,609,937 Category 'B' equity shares (Previous Year 1,063,609,937) held by Volkswagen Financial Services A G , Germany, the holding company	10,636,099,370	10,636,099,370



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

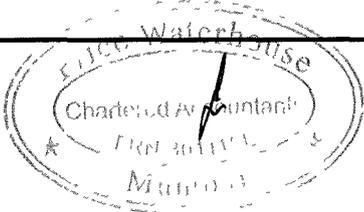
	March 31, 2017	March 31, 2016
Equity Shares:		
Category 'A'		
Volkswagen Finance Overseas B.V., Netherland, the Subsidiary of Volkswagen Financial Services A.G., Germany.	105,192,207	105,192,207
Percentage holding	(100%)	(100%)
Category 'B'		
Volkswagen Financial Services A.G., Germany, the Holding Company.	1,063,609,937	1,063,609,937
Percentage holding	(100%)	(100%)

3) Reserves and Surplus

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Special Reserves under section 45-IC of the Reserve Bank of India Act, 1934.		
Balance at the beginning of the year	365,141,534	199,829,592
Transferred from Surplus in the Statement of Profit and Loss	109,892,779	165,311,942
Balance at the end of the year	475,034,313	365,141,534
Surplus/(Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	535,988,244	(125,259,525)
Profit for the year	549,463,894	826,559,711
Less: Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934.	(109,892,779)	(165,311,942)
Balance at the end of the year	975,559,359	535,988,244
Total Reserves and Surplus	1,450,593,672	901,129,778

4) Long-Term Borrowings

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Secured		
Non-Convertible Debentures (Refer Note 4(a))	12,000,000,000	11,000,000,000
Unsecured:		
Term Loans (Refer Note 4(b))		
- from Banks	1,000,000,000	-
- from Financial Institutions	1,000,000,000	1,250,000,000
	14,000,000,000	12,250,000,000

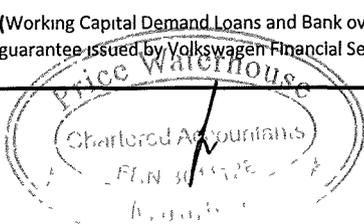


Note 7(a):

Schedule of Other Loans and advances	Rate of Interest	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Schedule of Commercial Papers			
2200 units, Face Value of Rs 500,000 each repayable on February 23, 2018	7 30%	1,032,320,024	-
2000 units, Face Value of Rs 500,000 each repayable on January 19, 2018	7 60%	943,300,888	-
1000 units, Face Value of Rs 500,000 each repayable on January 09, 2018	7 60%	472,618,005	-
3000 units, Face Value of Rs 500,000 each repayable on December 08, 2017	7 20%	1,430,706,416	-
4000 units, Face Value of Rs 500,000 each repayable on November 17, 2017	7 65%	1,909,878,679	-
500 units, Face Value of Rs 500,000 each repayable on November 10, 2017	7 80%	238,946,184	-
500 units, Face Value of Rs 500,000 each repayable on October 24, 2017	7 60%	240,034,115	-
1000 units, Face Value of Rs. 500,000 each repayable on October 09, 2017	7 55%	481,629,106	-
2000 units, Face Value of Rs 500,000 each repayable on August 24, 2017	7 23%	972,235,000	-
1000 units, Face Value of Rs. 500,000 each repayable on August 02, 2017	8 12%	487,345,827	-
2500 units, Face Value of Rs 500,000 each repayable on August 02, 2017	8 12%	1,218,364,568	-
1000 units, Face Value of Rs 500,000 each repayable on July 28, 2017	8 12%	487,840,216	-
1500 units, Face Value of Rs 500,000 each repayable on July 28, 2017	8 12%	731,786,505	-
1000 units, Face Value of Rs 500,000 each repayable on June 30, 2017	8 00%	490,753,092	-
2000 units, Face Value of Rs 500,000 each repayable on June 21, 2017	6 70%	985,373,200	-
1000 units, Face Value of Rs 500,000 each repayable on May 22, 2017	7 13%	495,104,000	-
2000 units, Face Value of Rs 500,000 each repayable on May 19, 2017	6 84%	991,101,793	-
500 units, Face Value of Rs 500,000 each repayable on May 17, 2017	7 10%	247,799,756	-
500 units, Face Value of Rs 500,000 each repayable on May 17, 2017	7 10%	247,801,045	-
4000 units, Face Value of Rs 500,000 each repayable on May 02, 2017	7 15%	1,988,060,773	-
2000 units, Face Value of Rs 500,000 each repayable on May 02, 2017	7 15%	994,031,281	-
1400 units, Face Value of Rs 500,000 each repayable on April 21, 2017	8 30%	697,059,807	-
2000 units, Face Value of Rs 500,000 each repayable on April 06, 2017	7 20%	999,030,889	-
2000 units, Face Value of Rs 500,000 each repayable on February 09, 2017	8 60%	-	931,874,904
2500 units, Face Value of Rs 500,000 each repayable on September 16, 2016	8 43%	-	1,205,801,932
108 units, Face Value of Rs 500,000 each repayable on July 13, 2016	8 55%	-	52,797,673
920 units, Face Value of Rs 500,000 each repayable on July 13, 2016	8 57%	-	449,753,588
240 units, Face Value of Rs 500,000 each repayable on July 08, 2016	8 57%	-	117,454,025
3000 units, Face Value of Rs 500,000 each repayable on July 07, 2016	8 55%	-	1,467,303,497
7000 units, Face Value of Rs 500,000 each repayable on June 24, 2016	8 55%	-	3,433,902,556
3000 units, Face Value of Rs 500,000 each repayable on May 26, 2016	8 68%	-	1,481,947,644
2500 units, Face Value of Rs 500,000 each repayable on April 27, 2016	8 60%	-	1,242,948,836
Total Commercial Papers		18,783,121,169	10,383,784,655

Note 7(b):

Schedule of Other Loans and advances	Rate of Interest	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Schedule of Working Capital Demand Loans from Banks			
Working capital demand loan repayable on May 31, 2016	9 10%	-	1,350,000,000
Working capital demand loan repayable on May 03, 2016	9 00%	-	1,590,000,000
Working capital demand loan repayable on May 03, 2016	9 10%	-	500,000,000
Working capital demand loan repayable on April 29, 2016	9 20%	-	1,500,000,000
Working capital demand loan repayable on April 28, 2016	9 25%	-	500,000,000
Working capital demand loan repayable on April 11, 2016	9 35%	-	1,500,000,000
Working capital demand loan repayable on April 07, 2016	8 90%	-	800,000,000
Total Working Capital Demand Loans from Banks		-	7,740,000,000
(Working Capital Demand Loans and Bank overdraft are guaranteed by corporate guarantee issued by Volkswagen Financial Services A G , Germany, the holding company)			



8) Trade Payables

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
(a) Total outstanding dues of micro, small & medium enterprises (Refer Note 27)	218,816	-
(b) Total outstanding dues of creditors other than micro, small & medium enterprises		
- Payable for Vehicle Finance	2,581,922,725	2,240,698,337
- Other Trade Payables	94,264,289	114,230,636
	2,676,405,830	2,354,928,973

9) Other Current Liabilities

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
(a) Interest accrued but not due on borrowings	759,619,801	569,605,991
(b) Other Payables		
- Income Received in Advance	170,128,377	207,114,504
- Creditors for Fixed Assets	1,899,822	5,614,406
- Creditors for Expenses	20,998,305	6,764,074
- Provision for Expenses	130,706,464	125,436,014
- Dues to Employees	94,599,746	115,768,806
- Other Liabilities (including statutory dues)	13,188,375	14,879,968
(c) Current Maturities of Long Term Borrowings		
- Non Convertible Debentures (Refer Note 9(a))	4,000,000,000	3,000,000,000
- Term Loan (Refer Note 9(b))	1,250,000,000	1,000,000,000
(There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act 2013 as at the year end)		
	6,441,140,890	5,045,183,763

Note 9(a)

Debenture	Allotment Date	Interest Rate	Redemption Date	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
4000 (Previous Year Nil), VWFPL NCD 'A' FY 2014-15, face value of Rs 10 lacs each	01-Dec-14	8.85%	01-Dec-17	4,000,000,000	-
Nil (Previous Year 2000), VWFPL NCD 'E' FY 2013-14, face value of Rs 10 lacs each	28-Jan-14	9.78%	27-Jan-17	-	2,000,000,000
Nil (Previous Year 1000), VWFPL NCD 'B' FY 2013-14, face value of Rs 10 lacs each	09-Dec-13	9.85%	09-Dec-16	-	1,000,000,000
(These debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of loan)				4,000,000,000	3,000,000,000

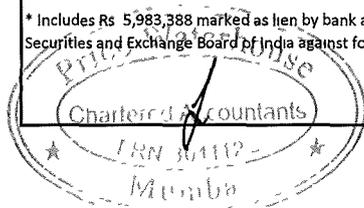
Note 9(b).

Term Loans	Rate of Interest	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Term loan from financial institution repayable on April 07, 2017	8.83%	1,250,000,000	-
Term loan from bank repayable on October 24, 2016 (Guaranteed by corporate guarantee issued by Volkswagen Financial Services A G , Germany, the holding company)	9.50%	-	1,000,000,000
		1,250,000,000	1,000,000,000

10) Short-Term Provisions

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
(a) Employee Benefits		
- Gratuity (Refer Note 19 B)	2,372,416	1,995,796
- Leave Encashment	3,943,105	4,257,693
(b) Contingency Provision against Standard Assets	119,752,858	111,375,368
(c) Contingency Provision for Future Potential Losses	315,125,213	341,797,804
(d) Provision for Tax and Provision for Wealth Tax (Net of Advance Tax and Tax Deducted at Source Rs 300,915,773 (Previous Year Rs 602,309,224))	63,456,037	63,390,776
(e) Provision for Contingencies*	5,983,388	-
	510,633,017	522,817,437

* Includes Rs 5,983,388 marked as lien by bank as per A P no 2888 of 2017 dated 19th January 2017 issued by Securities and Exchange Board of India against foreclosure of loan by Pearls Infrastructure Project Ltd



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

Note 11 : Fixed Assets

Amount in Rupees

As at March 31, 2017

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BOOK VALUE
	As at April 01, 2016	Additions during the year	Sales during the year	As at March 31, 2017	As at April 01, 2016	For the year	Deduction for the year	As at March 31, 2017	As at March 31, 2017
Property, Plant & Equipments (Tangible Assets)									
<i>Own Assets</i>									
Office Equipments	17,753,224	4,304,803	822,871	21,235,156	11,733,303	3,089,785	564,202	14,258,886	6,976,270
Building	3,331,810	-	-	3,331,810	751,290	97,995	-	849,285	2,482,525
Computers	67,908,774	1,111,959	4,191,669	64,829,064	45,184,166	7,780,604	4,130,750	48,834,020	15,995,044
Furniture and Fixtures	12,162,022	-	57,402	12,104,620	6,972,336	696,994	57,402	7,611,928	4,492,692
Leasehold Improvements	45,839,001	-	1,195,955	44,643,046	27,867,430	9,040,425	857,101	36,050,754	8,592,292
Vehicles	48,149,415	12,816,910	14,512,155	46,454,170	11,497,467	5,499,455	6,104,009	10,892,913	35,561,257
<i>Assets given on Operating Lease</i>									
Vehicles on Lease	-	12,964,261	-	12,964,261	-	720,635	-	720,635	12,243,626
Total (A)	195,144,246	31,197,933	20,780,052	205,562,127	104,005,992	26,925,893	11,713,464	119,218,421	86,343,706
Intangible Assets									
Software	170,974,867	1,260,752	-	172,235,619	123,750,575	16,655,915	-	140,406,490	31,829,129
Total (B)	170,974,867	1,260,752	-	172,235,619	123,750,575	16,655,915	-	140,406,490	31,829,129
Total Fixed Assets (A+B)	366,119,113	32,458,685	20,780,052	377,797,746	227,756,567	43,581,808	11,713,464	259,624,911	118,172,835

* Building is mortgaged for the non-convertible debentures Building includes value of shares in the co-operative society, aggregating to Rs 250 registered in the name of the Company The depreciation for the year is Rs 97,994 and the written down value of the asset as on 31st March, 2017 is Rs 2,482,525

As at March 31, 2016

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BOOK VALUE
	As at April 01, 2015	Additions during the year	Sales during the year	As at March 31, 2016	As at April 01, 2015	For the year	Deduction for the year	As at March 31, 2016	As at March 31, 2016
Property, Plant & Equipments (Tangible Assets)									
Office Equipments	17,682,337	399,901	329,014	17,753,224	9,100,262	2,917,590	284,549	11,733,303	6,019,921
Building	3,331,810	-	-	3,331,810	653,296	97,994	-	751,290	2,580,520
Computers	79,022,548	7,372,849	18,486,623	67,908,774	52,772,767	9,700,631	17,289,232	45,184,166	22,724,608
Furniture and Fixtures	9,528,339	2,633,683	-	12,162,022	6,582,087	390,249	-	6,972,336	5,189,686
Leasehold Improvements	45,839,001	-	-	45,839,001	18,707,410	9,160,020	-	27,867,430	17,971,571
Vehicles	40,365,370	17,178,522	9,394,477	48,149,415	10,115,794	5,416,486	4,034,813	11,497,467	36,651,948
Total (A)	195,769,405	27,584,955	28,210,114	195,144,246	97,931,616	27,682,970	21,608,594	104,005,992	91,138,254
Intangible Assets									
Software	139,927,249	31,047,618	-	170,974,867	101,960,066	21,790,509	-	123,750,575	47,224,292
Total (B)	139,927,249	31,047,618	-	170,974,867	101,960,066	21,790,509	-	123,750,575	47,224,292
Total Fixed Assets (A+B)	335,696,654	58,632,573	28,210,114	366,119,113	199,891,682	49,473,479	21,608,594	227,756,567	138,362,546

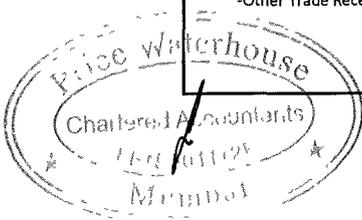
* Building is mortgaged for the non-convertible debentures Building includes value of shares in the co-operative society, aggregating to Rs 250 registered in the name of the Company The depreciation for the year is Rs 97,994 and the written down value of the asset as on 31st March, 2016 is Rs 2,580,520

12) Long-Term Loans and Advances

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Loans*		
Secured , Considered good		
Standard Asset		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or undertaking to create security)	22,961,017,377	21,565,753,506
Term Loans (Secured against hypothecation of immovable properties)	796,213,446	890,532,189
Secured , Considered doubtful		
Substandard		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or undertaking to create security)	639,917,710	316,011,871
Term Loans (Secured against hypothecation of immovable properties)	22,097,123	174,392,291
Doubtful		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or undertaking to create security)	111,663,315	29,800,053
Term Loans (Secured against hypothecation of immovable properties)	191,580,525	216,087,818
Unsecured, considered good		
Standard Asset		
Vehicle Finance	5,392,928,899	5,394,493,866
Term Loans	203,008,141	282,401,633
Unsecured , Considered doubtful		
Substandard		
Vehicle Finance	515,522,565	295,246,007
Term Loans	-	12,169,462
Doubtful		
Vehicle Finance	159,441,729	153,864,610
Term Loans	-	-
Loss Asset		
Vehicle Finance	9,632,139	122,734,231
Other Loans and Advances (Unsecured, Considered good)		
Deposits	62,042,437	44,572,638
Advance Tax and Tax Deducted at Source (Net of provision for taxation and provision for wealth tax Rs 1,106,783,757 (Previous Year Rs 435,229,909))	2,072,661	166,960,112
Bank deposits (due to mature after 12 months from the reporting date)#	100,000	
Service Tax Receivable (Refer note 29(a)(ii))	249,580,533	223,381,608
Advances recoverable in cash or in kind or for value to be received	5,790,500	7,297,350
	31,322,609,100	29,895,699,245
*Loans include repossessed cars having book value Rs 36,515,090 (Previous Year Rs 28,283,859)		
# Deposits are held with State Bank of India for issuing Bank Guarantee in favour of Haryana VAT authorities		

13) Trade Receivables

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
(Unsecured, considered good)		
(a) Outstanding for a period exceeding six months from the date they were due for payment	4,469,712	780,519
(b) Outstanding for a period less than six months from the date they were due for payment		
-Processing Fees Receivables	6,612,093	18,890,238
-Brand Support Fees Receivable	51,443,260	43,304,085
-Brand Interest Subvention Income Receivable	12,987,043	6,544,000
-Other Trade Receivables	15,359,155	20,537,861
	90,871,263	90,056,703



14) Cash and Bank Balances

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Cash and Cash equivalents		
(a) Cash on Hand	17,121	15,769
(b) Bank Balance in -Current Account	27,377,464	38,559,839
Other Bank Balances*	5,983,388	-
* Includes Rs 5,983,388 marked as lien by bank as per A P no 2888 of 2017 dated 19th January 2017 issued by Securities and Exchange Board of India against foreclosure of loan by Pearls Infrastructure Project Ltd		
	33,377,973	38,575,608

15) Short -Term Loans and Advances

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Loans		
Secured , Considered good		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or undertaking to create security)	22,855,900,750	22,019,453,998
Term Loans (Secured against hypothecation of immovable properties)	373,874,949	175,663,920
Unsecured, considered good		
Vehicle Finance	6,183,220,417	5,262,992,167
Term Loans	80,942,401	42,014,396
Interest Receivable - Vehicle Finance	96,916,925	94,432,162
Others (Unsecured, Considered good)		
Deposits	4,860,000	10,860,000
Advances recoverable in cash or in kind or for value to be received	51,549,631	60,531,856
	29,647,265,073	27,665,948,499

16) Other Current Assets

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Interest Accrued Not Due- Vehicle Finance	237,885,604	233,960,624
Interest Accrued Not Due- Term Loans	14,383,355	13,691,370
Assets Held for Sale *	62,451,000	-
Other Current Assets	1,244,688	-
* The balance represents assets realised from settlement of loans		
	315,964,647	247,651,994



17) Revenue From Operations

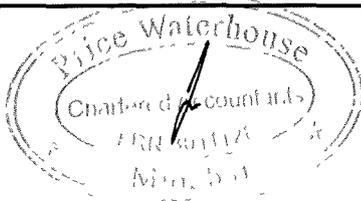
	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Interest On Loans		
Interest On Loans - Vehicle Finance and Term Loans	5,235,944,320	4,836,254,034
Interest Subvention Income	243,582,924	316,816,359
Other Financial Services		
Service Income	162,706,972	195,669,139
Processing Fees	101,484,836	158,106,435
Brand Support Fees	302,477,025	236,598,916
Penalty Interest - Income	51,212,222	44,792,408
Operating Lease Income	1,622,352	-
Other Operating Income	74,201,565	61,988,612
	6,173,232,216	5,850,225,903

18) Other Income

	March 31, 2017 (Rupees)	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)	March 31, 2016 (Rupees)
Exchange Gain (net)		1,560,986		-
Liabilities Written Back as no longer required		-		536,523
Provision for Non Performing Assets Written Back as no longer required	670,115,327		437,702,266	
Less: Bad Debts Written Off	486,390,050	183,725,277	113,285,365	324,416,901
Net reversal of provision for Future Potential Losses		84,286,591		
Miscellaneous Income		50,366,091		10,746,649
		319,938,945		335,700,073

19) Employee Benefits Expenses

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Salaries, Bonus and Allowances (Refer Note 22(ii) below)	480,061,882	471,322,514
Contribution to Provident Fund and Other Funds (Refer Note 19(A) below)	12,699,681	11,972,985
Gratuity (Refer Note 19(B) below)	6,714,515	6,130,167
Leave Encashment	3,341,058	3,109,920
Staff Welfare	5,798,663	6,770,715
Training and Recruitment Expenses	5,502,247	7,335,191
	514,118,046	506,641,492



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

A) Defined Contribution Plan

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

	Year Ended March 31, 2017 (Rupees)	Year Ended March 31, 2016 (Rupees)
- Employers' Contribution to Provident Fund	8,120,870	7,588,009
- Employers' Contribution to Pension Fund	4,567,489	4,372,340
- Employers' Contribution to Labour Welfare Fund	11,322	12,636
Total	12,699,681	11,972,985

B) Defined Benefit Plan

Gratuity (unfunded)

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

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
a) Major Assumptions		
Discount Rate	6.77%	7.72%
Salary Escalation Rate	10.00%	10.00%
Attrition Rate	16.00%	16.00%
	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
b) Change in the Present Value of Obligation		
Opening Present Value of Obligation	16,694,876	12,103,438
Current Service Cost	3,698,036	3,300,269
Interest Cost	1,288,844	954,961
Benefit paid	(4,323,351)	(532,077)
Liability transferred Out / Divestments	(71,074)	(1,006,652)
Liability transferred In / Acquisitions	280,046	-
Past Service Cost	-	-
Actuarial Loss/ (gain) on Obligations	1,727,635	1,874,937
Closing Present Value of Obligation	<u>19,295,012</u>	<u>16,694,876</u>
	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
c) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	-	-
Expected Return on Plan Assets	-	-
Actuarial (loss)/gain on Plan Assets	-	-
Contributions	-	-
Benefits paid	-	-
Closing Fair Value of Plan Assets	<u>-</u>	<u>-</u>



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

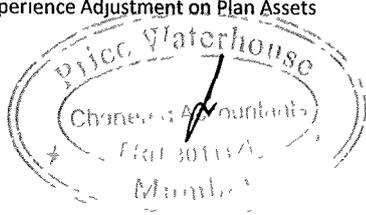
d) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Present Value of Funded Obligation	-	-
Fair Value of Plan Assets	-	-
Funded Status	-	-
Present Value of Unfunded Obligation	19,295,012	16,694,876
Assets recognised in the Balance Sheet	-	-
Unfunded Net Liability Recognised in the Balance Sheet	19,295,012	16,694,876

e) Amount recognised in the Balance Sheet	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Present Value of Obligation	19,295,012	16,694,876
Fair Value of Plan Assets	-	-
Liability recognised in the balance Sheet	19,295,012	16,694,876
- Current	2,372,416	1,995,796
- Non Current	16,922,596	14,699,080

f) Expenses Recognised in the Statement of Profit and Loss	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Current Service Cost	3,698,036	3,300,269
Past Service Cost	-	-
Interest Cost	1,288,844	954,961
Expected Return on Plan Assets	-	-
Curtailment cost/ (credit)	-	-
Settlement Cost /(Credit)	-	-
Benefit paid	-	-
Net Actuarial Loss/(gain) recognised in the period	1,727,635	1,874,937
Total expenses Recognised in the Statement of Profit and Loss	6,714,515	6,130,167

g) Amount recognised in current year and previous year	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Defined Benefit Obligation	19,295,012	16,694,876

h) Experience Adjustments for the current annual year and previous two years	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)	March 31, 2013 (Rupees)
Defined Benefit Obligation	19,295,012	16,694,876	12,103,438	7,786,548	7,527,966
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	19,295,012	16,694,876	12,103,438	7,786,548	7,527,966
Experience Adjustment on Plan Liabilities	735,749	1,723,295	(95,972)	993,530	941,423
Experience Adjustment on Plan Assets	-	-	-	-	-

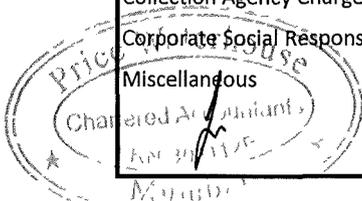


20) Finance Cost

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Interest Expenses:		
-Bank Overdraft	248,924,693	259,247,060
-Commercial Papers	1,314,103,905	1,348,415,212
-Non Convertible Debentures	1,402,249,435	1,281,288,071
-Working Capital Demand Loan	487,604,448	339,410,695
Interest on Shortfall of Advance Tax	7,611,051	3,135,212
Other Borrowing Cost	41,484,501	40,474,223
	3,501,978,033	3,271,970,473

21) Other Expenses

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Rent (Refer Note 22)		
-Building	54,202,272	52,080,642
-IT Equipment Lease	1,647,645	1,200,000
-Others	5,734,425	6,443,100
Legal, Professional and Consultancy Fees	148,159,358	109,167,845
Commission to Dealers	152,607,081	234,156,920
Loan Acquisition Expenses	14,537,642	15,871,045
Auditor's Remuneration		
- Statutory Audit	7,175,000	6,500,000
- Tax Audit	325,000	300,000
- Other Services	1,800,000	1,700,000
- Reimbursement of expenses	196,480	174,070
Information Technology Support Charges	105,316,718	84,177,473
Repairs and Maintenance - Others	18,924,823	17,159,080
Traveling and Conveyance	38,835,259	50,230,905
Business Promotion	14,712,614	17,684,829
Insurance Charges	1,583,987	1,629,046
Electricity	5,553,830	5,513,560
Rates and Taxes	1,433,468	426,836
Contingent Provision Against Standard Assets	14,035,475	106,349,052
Provision for Future Potential Losses	-	131,444,163
Provision for Non Performing Assets	841,406,965	284,775,124
Exchange Loss (net)	-	10,788,304
Loss on Sale / Write-Off of Fixed Assets (net)	7,737,604	1,633,622
Directors Sitting Fees	2,600,000	2,000,000
Collection Agency Charges	40,047,765	29,557,039
Corporate Social Responsibility (Refer note 33)	20,115,348	10,006,272
Miscellaneous	60,189,773	41,967,211
	1,558,878,532	1,222,936,138



22) Operating Leases as Lessee

- i. The Company has taken various office and residential premises under operating lease or leave and license agreements. These are generally non-cancellable for a initial lock in period. The company has paid refundable Interest free Security Deposit of Rs.62,988,030 (Previous Year: Rs 51,529,230) in respect of certain leases
- ii. Lease Payments recognized in Statement of Profit and Loss with respect to all operating leases is Rs.73,284,697 (Previous Year: Rs 73,277,518) included under Rent expenses of Rs. 54,202,272 (Previous Year Rs. 52,080,642) and under Salaries, Bonus and Allowances Rs. 19,082,425 (Previous Year: Rs. 21,196,876).
- iii. With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

Minimum Lease Payments	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Not later than one year	18,549,139	20,731,536
Later than one year but not later than five years	13,690,924	32,240,063
Later than five years	-	-

- iv. Cars given on operating lease are cancellable in nature and hence no disclosure is required under Accounting Standard 19.

23) Foreign Currency transactions

	Year Ended March 31, 2017	Year Ended March 31, 2016
(a) Reimbursement of Expatriate Salaries	47,165,331	57,827,863
(b) Purchase of Software	-	12,512,204
(c) Information Technology Support Charges	103,367,847	81,419,170
(d) Stock Audit Charges	5,648,033	-
(e) Corporate Gaurantee Fee	5,241,312	4,835,776
(f) Reimbursement of Expenses	2,238,600	656,206
(g) Travelling Expenses	570,573	4,189,923

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

	Foreign Currency	Indian Rupees equivalent	Amount in Foreign Currency
Payable	EURO	39,887,903	576,091
		(57,612,478)	(769,009)
	MXN	577,814	168,254
		(952,531)	(249,628)
	GBP	1,235,812	15,283
		(861,939)	(9,045)
	TRY	2,574,065	102,942
		(NIL)	(NIL)

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

Notes to the Financial Statements for the year ended March 31, 2017 (continued)

24) Deferred Tax Asset

	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Deferred Tax Asset		
Depreciation	4,937,503	2,921,556
Provision for Gratuity	6,678,004	5,789,495
Contingent provision for standard assets	82,352,269	77,494,591
Provision for Future Potential Losses	215,139,813	244,311,402
Provision for Non-Performing Assets	307,081,588	247,797,552
Provision for Bonus	12,821,402	13,866,847
Interest Reversed on NPA cases	50,092,184	25,059,843
Interest Subvention Income	17,914,505	34,701,190
Deferred Tax Asset	697,017,268	651,942,476

25) Related Party Disclosures

I Related Parties and nature of relationship

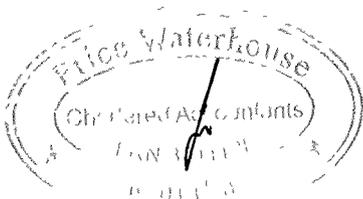
i. Where control exists

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

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

- a. Fellow Subsidiaries
 - i Volkswagen Group Sales India Private Limited, India
 - ii Skoda Auto India Private Limited, India
 - iii Volkswagen D'Ieteren Finance, Belgium*
 - iv Volkswagen Pon Financial Services B.V., Netherlands
 - v Volkswagen India Private Limited, India
 - vi Man Trucks India Private Limited, India
 - vii Volkswagen Procurement Services GMBH, Wolfsburg*
 - viii Volkswagen Services S.A DE C.V
 - ix Scania Commercial Vehicles India Pvt. Ltd
 - x VW New Mobility Services Consulting (Beijing) Co. Ltd*
 - xi Volkswagen IT Services India Private Limited
 - xii Audi (China) Enterprise Management Co Ltd
 - xiii Volkswagen Dogus Finansman, Turkey
 - xiv Volkswagen Bank GMBH
- b. Key Management Personnel
 - i Mr. Andreas Kutzer, Chief Executive Officer and Managing Director
 - ii Mr. Pieter Griep, Chief Finance Office and Managing Director (upto December 31, 2016)
 - iii Mr. Reinhard Walter Fleger, Non-Executive Director*
 - iv Mr. Gokhan Cinar, Additional Director (From November 11, 2016 to December 31, 2016) and Chief Finance Office and Managing Director (w.e.f. January 01, 2017)

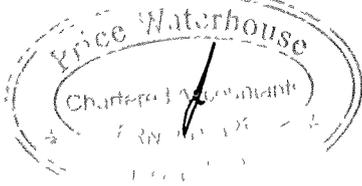
*Parties with whom no transactions during the year.



ii) Transactions with related parties as mentioned above

Particulars	Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
	April 1 2016 to March 31, 2017	April 1 2015 to March 31, 2016	April 1 2016 to March 31, 2017	April 1 2015 to March 31, 2016	April 1 2016 to March 31, 2017	April 1 2015 to March 31, 2016	April 1 2016 to March 31, 2017	April 1 2015 to March 31, 2016
	(Rupees)							
1. Expenditure								
a) Rent								
Volkswagen Group Sales India Private Limited	-	-	847,420	2,797,914	-	-	847,420	2,797,914
Total			847,420	2,797,914			847,420	2,797,914
b) Purchase of goods / receiving of services								
Volkswagen Financial Services A G	126,747,951	105,459,111	-	-	-	-	126,747,951	105,459,111
Volkswagen D'leteren Finance	-	-	-	11,735,781	-	-	-	11,735,781
Volkswagen Pon Financials Services	-	-	10,116,895	12,970,458	-	-	10,116,895	12,970,458
Volkswagen Services S A DE C V	-	-	7,042,294	9,419,559	-	-	7,042,294	9,419,559
Volkswagen Group Sales India Private Limited	-	-	-	179,408	-	-	-	179,408
Volkswagen India Private Limited	-	-	1,783,016	3,589,238	-	-	1,783,016	3,589,238
Scania Commercial Vehicles India Pvt Ltd	-	-	-	1,500,000	-	-	-	1,500,000
VW New Mobility Services Consulting (Beijing) Co Ltd	-	-	-	146,814	-	-	-	146,814
Skoda Auto India Private Limited	-	-	766,831	-	-	-	766,831	-
Volkswagen Dogus Finansman, Turkey	-	-	2,665,315	-	-	-	2,665,315	-
Volkswagen IT Services India Private Limited	-	-	640,000	-	-	-	640,000	-
Total	126,747,951	105,459,111	23,014,351	39,541,258			149,762,302	145,000,369
c) Purchase of Assets								
Volkswagen Financial Services A G	-	12,349,876	-	-	-	-	-	12,349,876
Volkswagen Procurement Services GMBH	-	-	-	162,328	-	-	-	162,328
Volkswagen Group Sales India Private Limited	-	-	-	2,359,464	-	-	-	2,359,464
Skoda Auto India Private Limited	-	-	8,313,986	1,931,865	-	-	8,313,986	1,931,865
Total		12,349,876	8,313,986	4,453,657			8,313,986	16,803,533
2. Income								
a) Pre Received Interest Subvention Income								
Skoda Auto India Private Limited	-	-	15,232,663	29,929,000	-	-	15,232,663	29,929,000
Total			15,232,663	29,929,000			15,232,663	29,929,000
b) Brand Support Fees								
Skoda Auto India Private Limited	-	-	66,296,526	65,559,254	-	-	66,296,526	65,559,254
Volkswagen Group Sales India Private Limited	-	-	222,055,388	162,249,534	-	-	222,055,388	162,249,534
Man Trucks India Private Limited	-	-	2,027,607	-	-	-	2,027,607	-
Total			290,379,521	227,808,788			290,379,521	227,808,788
c) Other sale of goods / rendering of services								
Volkswagen Group Sales India Private Limited	-	-	282,572	407,159	-	-	282,572	407,159
Volkswagen India Private Limited	-	-	2,895,342	4,430,403	-	-	2,895,342	4,430,403
Skoda Auto India Private Limited	-	-	9,211,749	534,098	-	-	9,211,749	534,098
Volkswagen IT Services India Private Limited	-	-	2,121,502	-	-	-	2,121,502	-
Volkswagen Bank GMBH	-	-	570,573	-	-	-	570,573	-
Total			15,081,738	5,371,660			15,081,738	5,371,660
d) Leasing Income								
Volkswagen IT Services India Private Limited	-	-	1,622,352	-	-	-	1,622,352	-
Total			1,622,352				1,622,352	
3 Managerial Remuneration \$								
Guy Broekmans	-	-	-	-	-	21,847,374	-	21,847,374
Pieter Griep	-	-	-	-	23,190,711	33,116,705	23,190,711	33,116,705
Andreas Kutzner	-	-	-	-	29,185,629	17,793,996	29,185,629	17,793,996
Gokhan Cinar	-	-	-	-	13,850,365	-	13,850,365	-
Sanjay Mundade	-	-	-	-	-	6,607,400	-	6,607,400
Total					66,226,705	79,365,475	66,226,705	79,365,475

\$ Incentives are considered on payment basis



Balances	Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
	As on March 31, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016	As on March 31, 2017	As on March 31, 2016
Payables								
Volkswagen Financial Services A G	37,160,981	38,860,504	-	-	-	-	37,160,981	38,860,504
Volkswagen Group Sales India Private Limited#	-	-	1,651,691,232	1,680,044,067	-	-	1,651,691,232	1,680,044,067
Volkswagen Pon Financials Services	-	-	-	15,785,980	-	-	-	15,785,980
Volkswagen India Private Limited	-	-	752,016	979,200	-	-	752,016	979,200
Skoda Auto India Private Limited#	-	-	553,786,162	317,675,863	-	-	553,786,162	317,675,863
Man Trucks India Private Limited#	-	-	19,366,023	7,122,923	-	-	19,366,023	7,122,923
Volkswagen Procurement Services GMBH	-	-	2,726,922	2,965,994	-	-	2,726,922	2,965,994
Volkswagen Services S A DE C V	-	-	577,814	952,531	-	-	577,814	952,531
Scania Commercial Vehicles India Pvt Ltd#	-	-	-	1,567,500	-	-	-	1,567,500
Volkswagen Dogus Finansman	-	-	2,574,065	-	-	-	2,574,065	-
Receivables								
Volkswagen Group Sales India Private Limited	-	-	28,951,400	30,958,505	-	-	28,951,400	30,958,505
Skoda Auto India Private Limited	-	-	36,954,375	19,320,707	-	-	36,954,375	19,320,707
Man Trucks India Private Limited	-	-	862,999	74,816	-	-	862,999	74,816
Volkswagen India Private Limited	-	-	1,590,480	2,032,774	-	-	1,590,480	2,032,774
Volkswagen IT Services India Private Limited	-	-	499,381	130,626	-	-	499,381	130,626

Volkswagen Financial Services A G , Germany has given corporate guarantee for credit lines availed by the Company from various banks. The outstanding amount against such credit lines as at year end is Rs 8,487,873,419 (Previous Year Rs 16,530,744,494) For this guarantee, Company has paid commission to Volkswagen Financial Services A G , Germany amounting to Rs 5,727,896 (Previous Year Rs 4,148,103)

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



26) Segment Reporting

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

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

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

Dealer Finance: providing New Car Unit Funding, Term Loans and Used Cars funding to the dealers of VW Group brand i.e. Volkswagen, Skoda, Audi, Porsche, Lamborghini and MAN .

(Rupees)

Primary Segment : Business Segment	March 31, 2017			
	Retail Finance	Dealer Finance	Unallocated	Total
Revenue				
External	4,188,356,900	2,101,330,000	203,484,261	6,493,171,161
<i>Previous Year</i>	3,908,805,581	2,165,412,224	190,299,745	6,264,517,550
Total	4,188,356,900	2,101,330,000	203,484,261	6,493,171,161
<i>Previous Year</i>	3,908,805,581	2,165,412,224	190,299,745	6,264,517,550
Segment Result - profit / (loss)	495,570,840	304,234,108	74,809,794	874,614,742
<i>Previous Year</i>	428,876,865	686,994,079	97,625,024	1,213,495,968
Profit/(Loss) before Tax	-	-	-	874,614,742
<i>Previous Year</i>				1,213,495,968
Tax Expense	-	-	-	325,150,848
<i>Previous Year</i>				386,936,257
Profit/(Loss) After Tax	-	-	-	549,463,894
<i>Previous Year</i>				826,559,711
Other Information				
Carrying Amount of Segment Assets	39,909,709,702	22,255,578,528	76,247,448	62,241,535,678
<i>Previous Year</i>	39,076,766,376	18,992,759,575	663,722,972	58,733,248,924
Carrying Amount of Segment Liabilities	30,212,711,099	18,246,461,412	643,748,055	49,102,920,566
<i>Previous Year</i>	29,525,053,005	15,774,368,420	844,676,280	46,144,097,705
Capital Expenditure	31,467,100	17,218,251	-	48,685,351
<i>Previous Year</i>	27,164,001	25,082,859	6,385,713	58,632,573
Depreciation / Amortisation	28,168,496	15,413,312	-	43,581,808
<i>Previous Year</i>	10,961,725	12,084,681	26,427,073	49,473,479



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

(i) Unallocated revenue mainly consists of Income from Insurance business Rs. 149,934,833 (Previous Year Rs. 179,016,573)

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

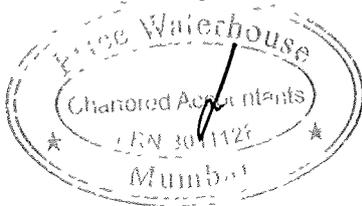
(iii) Segment assets comprise mainly of retail loans, dealer finance loans, interest accrued on retail loans and dealer finance loans, receivable from interest subvention. Unallocated assets represent mainly other loans and advances, deferred tax assets cash and cash equivalents, advance tax & TDS and 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

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

27) The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	March 31, 2017 (Rupees)	March 31, 2016 (Rupees)
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	218,816	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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



28) Earnings per share (Basic and Diluted)

Particulars	March 31, 2017			March 31, 2016		
	Category A Equity Shares with dividend Rights	Category B Equity Shares with 6% cap on dividend	Total	Category A Equity Shares with dividend Rights	Category B Equity Shares with 6% cap on dividend	Total
Profit / (Loss) after tax (Rupees)	49,451,757	500,012,137	549,463,894	188,393,749	638,165,962	826,559,711
Weighted Average Number of Equity Shares	105,192,207	1,063,609,937	1,168,802,144	105,192,207	1,063,609,937	1,168,802,144
Earnings Per Share (Basic and Diluted) (Rupees)	0.47	0.47		1.79	0.60	
Nominal value of an Equity Share (Rupees)	10	10		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)

29) Contingent Liabilities and other Capital Commitments

a. Contingent Liabilities :

i. Claims against the Company not acknowledge as debts by the Company Rs. 8,407,772 (Previous Year Rs. 28,608,324)

ii. Service Tax Matter

Company received show cause notice from Office of the Assistant Commissioner of Service Tax demanding service tax of Rs 253,776,169 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 is in process of filing appeal before The Customs, Excise and Service Tax Appellate Tribunal (CESTAT).

Accordingly, service tax matter in respect of which assessment pending is Rs 503,356,702 (Previous year Rs 296,307,758) and the amount paid under protest Rs 249,580,533 (Previous year Rs, 223,273,826) This is being disputed by the Company and not provided for.

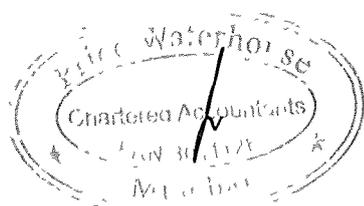
iii. Income Tax Matter

In respect of Income Tax matter, in FY 2015-16 the company had received show cause notice for non deduction of withholding tax on payment to non-residents. The company has disputed the said show cause notice and paid the disputed liability under protest. The Commissioner of Income Tax (Appeal) had passed order dated December 08, 2016 confirming the stand taken by the department to pay withholding tax along with interest and penalty. The Company had disputed the said order and filed an appeal dated March 29, 2017 before the Income Tax Appellate Tribunal (ITAT).

Accordingly, Income tax matter in respect of which assessment pending is Rs. 4,460,139 (Previous year Rs. 4,460,139) and the said amount 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/15,358,267 (Previous Year: Rs. 402,000)

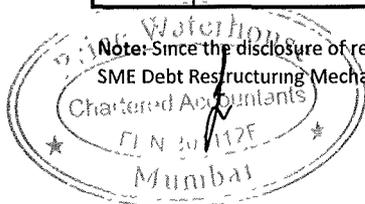


30) Disclosure on Restructured Advances

For Financial Year 2016-17

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		3	1	-	4
		Amount outstanding		1,212,900	70,159,764	-	71,372,664
		Provision thereon		849,690	25,166,720	-	26,016,410
2	Fresh restructuring during the year	No. of borrowers		1	1	-	2
		Amount outstanding		114,702,596	7,174,473	-	121,877,069
		Provision thereon		45,629,736	4,022,491	-	49,652,227
3	Recovery	No of borrowers		-	-	-	-
		Amount outstanding		2,128,108	131,423,256	-	133,551,364
		Provision thereon		1,488,570	49,641,900	-	51,130,470
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers		1	-	-	1
		Amount outstanding		362,176	-	-	362,176
		Provision thereon		362,176	-	-	362,176
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		-	44,100	-	44,100
7	Write-offs of restructured accounts during the Financial Year	No of borrowers		1	2	-	3
		Amount outstanding		5,203,416	53,439,103	-	58,642,519
		Provision thereon		2,917,384	21,154,556	-	24,071,940
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No of borrowers		2	-	-	2
		Amount outstanding		693,674	-	-	693,674
		Provision thereon		148,151	-	-	148,151

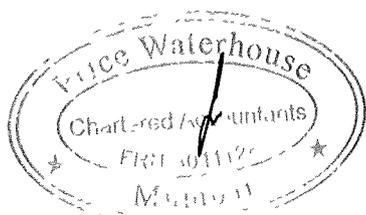
Note: Since the disclosure of restructured advance accounts pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above



For Financial Year 2015-16

SI No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers		31	1	-	32
		Amount outstanding		998,408,361	70,159,764	-	1,068,568,125
		Provision thereon		379,810,264	18,238,001	-	398,048,265
2	Fresh restructuring during the year	No. of borrowers		1	-	-	1
		Amount outstanding		362,177	-	-	362,176
		Provision thereon		362,176	-	-	362,176
3	Recovery	No. of borrowers		-	-	-	-
		Amount outstanding		136,513	-	-	136,513
		Provision thereon		(339,429)	-	-	(339,429)
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers		27	-	-	27
		Amount outstanding		283,086,026	-	-	283,086,026
		Provision thereon		97,103,787	-	-	97,103,787
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		-	1	-	1
		Amount outstanding		-	-	-	-
		Provision thereon		-	6,928,719	-	6,928,719
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers		2	-	-	2
		Amount outstanding		714,335,099	-	-	714,335,099
		Provision thereon		282,558,392	-	-	282,558,392
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers		3	1	-	4
		Amount outstanding		1,212,900	70,159,764	-	71,372,664
		Provision thereon		849,690	25,166,720	-	26,016,410

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.



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

i. Capital

Particulars	March 31, 2017	March 31, 2016
a) CRAR (%)	20.76%	21.07%
b) CRAR – Tier I Capital (%)	20.42%	20.78%
c) CRAR – Tier II Capital (%)	0.34%	0.29%
d) Amount of subordinated debt raised as Tier-II capital	-	-
e) Amount raised by issue of Perpetual Debt Instrument	-	-

ii Additional Disclosures

Provisions and Contingencies

Under the head Expenditure in Statement of Profit and Loss	March 31, 2017	March 31, 2016
a) Provisions for depreciation on Investment	-	-
b) Provision towards NPA	841,406,965	284,775,124
c) Provision made towards Income tax (including Deferred Tax)	325,150,848	386,936,257
d) Other Provision and Contingencies	16,038,961	9,240,087
e) Provision for Standard Assets	14,035,475	237,793,215

Concentration of Advances, Exposures and NPAs

Concentration of Advances

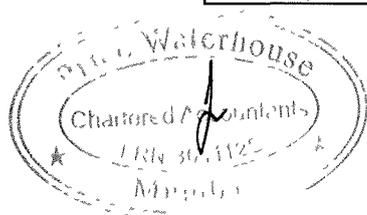
Particulars	March 31, 2017	March 31, 2016
Total Advances to twenty largest borrowers	10,449,000,559	10,154,758,345
Total Outstanding Advances	60,846,147,386	57,048,044,180
Percentage to Total Advances	17.17%	17.80%

Concentration of Exposures

Particulars	March 31, 2017	March 31, 2016
Total Exposure to twenty largest borrowers / customers	11,845,562,545	12,563,778,000
Total Exposure to Customers	67,465,316,024	63,287,799,820
Percentage to Total Exposure	17.56%	19.85%

Concentration of NPAs

Particulars	March 31, 2017	March 31, 2016
Total Outstanding to four largest borrowers / customers	441,448,962	523,258,413
Total Outstanding Advances	67,465,316,024	57,048,044,180
Percentage to Total Advances	0.65%	0.92%



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

Sector-wise NPAs

Sector	March 31, 2017		March 31, 2016	
	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	1,649,855,108	2.71%	132,030,634	2.31%
g) Other personal loans	-		-	

Movement of NPAs

Particulars	March 31, 2017#	March 31, 2016
a) Net NPAs to Net Advances (%)	1.27%	1.07%
b) Movement of NPAs (Gross)		
i) Opening balance	1,320,306,344	2,023,972,831
ii) Additions during the year	2,222,514,931	857,103,236
iii) Reduction during the year *	(1,892,966,167)	(1,560,769,723)
iv) Closing balance	1,649,855,108	1,320,306,344
b) Movement of Net NPAs		
i) Opening balance	604,335,377	1,155,074,722
ii) Additions during the year	832,099,613	572,328,112
iii) Reduction during the year	(673,842,487)	(1,123,067,457)
iv) Closing balance	762,592,503	604,335,377
c) Movement of provisions for NPAs (excluding provisions on standard assets)		
i) Opening balance	715,970,967	868,898,109
ii) Provisions made during the year	1,390,415,318	284,775,124
iii) Write-off	(486,390,050)	(113,285,365)
iv) write-back of excess provisions	(732,733,630)	(324,416,901)
v) Closing balance	887,262,605	715,970,967

During the year, the Company has enhanced the process of capturing the movement in NPA and related provision on monthly basis. Accordingly, Addition in NPA, Reduction in NPA, Provision made during the year and write-back of excess provision were computed basis the respective positions at each month end.

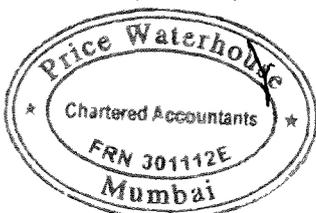
* Reduction during the year includes write off of INR 486,390,050 (Previous Year : INR 113,285,365) and upgradation from NPA to standard category of INR 706,910,484 (Previous Year : INR 1,334,222,439)

iii Customer Complaints

Particulars	March 31, 2017	March 31, 2016
a) No. of complaints pending at the beginning of the year	2	2
b) No. of complaints received during the year	32	42
c) No. of complaints redressed during the year	34	42
d) No. of complaints pending at the end of the year	-	2

iv Registration obtained from other financial sector regulators

The Company has obtained Licence No. BAG 5287012 to act as a Corporate Agent under the Insurance Act 1938 (IV of 1938) from Insurance Regulatory and Development Authority (IRDA)



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

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

No penalties imposed by RBI or any other Regulator

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

Rating Agency: India Ratings & Reaserch Private Limited

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

Date of rating	Commercial Paper	Others
April 21, 2016	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
July 27, 2016	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
August 1, 2016	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
October 5, 2016	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
November 8, 2016	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
December 7, 2016	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
January 4, 2017	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
March 22, 2017	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)

Date of rating	Non-Convertible Debentures	Others
June 15, 2016	IND AAA (Long Term)	IND AAA (Long Term)
September 13, 2016	IND AAA (Long Term)	IND AAA (Long Term)
November 29, 2016	IND AAA (Long Term)	IND AAA (Long Term)

vii Extent of financing of parent company products

Particulars	March 31, 2017	March 31, 2016
Loan outstanding as at year end out of the amount financed to parent company products	60,816,672,664	57,024,796,321
Company Portfolio	60,846,147,386	57,048,044,180
Percentage of financing for parent product upon Company's portfolio	99.95%	99.96%



viii Maturity pattern of certain items of assets and liabilities

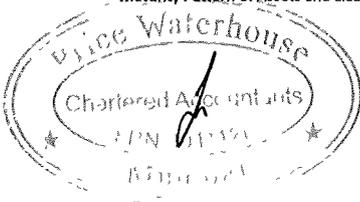
As on March 31, 2017

	Upto 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks									
Bank Overdraft	-	-	-	-	5,244,151,276	-	-	-	5,244,151,276
Long Term Loans	1,250,000,000	-	-	-	-	2,000,000,000	-	-	3,250,000,000
Market borrowings									
Commercial Papers	1,700,000,000	5,000,000,000	1,500,000,000	4,000,000,000	7,100,000,000	-	-	-	19,300,000,000
Non Convertible Debentures	-	-	-	-	4,000,000,000	10,000,000,000	2,000,000,000	-	16,000,000,000
Assets									
Advances* [@] - Retail Std Asset(Including Principal Recievable)	936,506,151	1,049,516,394	1,036,443,047	3,140,821,863	6,015,116,835	17,921,489,337	7,179,516,434	524,118,422	37,803,528,483
Advances* - Retail Sub Std Asset (net of provisions)	-	-	-	-	-	-	389,866,618	91,485,674	481,352,292
Advances* - Retail Doubtful and Loss Asset (net of provisions)	-	-	-	-	-	-	-	76,720,149	76,720,149
Advances* [#] - Wholesale Std (Including Principal Recievable)	6,440,754,869	6,477,069,124	324,675,331	633,232,008	1,125,643,139	2,764,720,422	704,485,024	225,338,423	18,695,918,340
Advances* - Wholesale Sub Std (net of provisions)	-	-	-	-	-	-	53,651,125	1,170,485	54,821,610
Advances* - Wholesale Doubtful and Loss Asset (net of provisions)	-	-	-	-	-	-	-	149,698,454	149,698,454
Investments - Fixed Deposits	-	-	-	-	-	-	-	100,000	100,000
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	1,235,812	-	-	33,644,098	6,668,762	2,726,922	-	-	44,275,594

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

[@] Net off Rs 123,378,894 payable for retail finance[#] Net off Rs 2,224,280,661 payable for dealer finance

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



Notes to the Financial Statements for the year ended March 31, 2017 (continued)

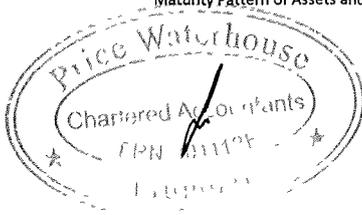
As on March 31, 2016

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks									
Working capital Demand Loans	4,300,000,000	3,440,000,000	-	-	-	-	-	-	7,740,000,000
Bank Overdraft	-	-	-	-	6,489,551,718	-	-	-	6,489,551,718
Long Term Loans	-	-	-	-	1,000,000,000	1,250,000,000	-	-	2,250,000,000
Market borrowings									
Commercial Papers	1,250,000,000	1,500,000,000	3,500,000,000	3,384,000,000	1,000,000,000	-	-	-	10,634,000,000
Non Convertible Debentures	-	-	-	-	3,000,000,000	9,000,000,000	2,000,000,000	-	14,000,000,000
Assets									
Advances* [@] - Retail Std Asset (Including Principal Receivable)	891,153,751	1,021,511,689	1,022,475,795	3,084,155,751	5,672,477,885	17,556,656,273	7,483,748,754	897,206,196	37,629,386,094
Advances* - Retail Sub Std Asset (net of provisions)	-	-	-	-	-	-	161,876,341	44,781,720	206,658,061
Advances* - Retail Doubtful and Loss Asset (net of provisions)	-	-	-	-	-	-	-	20,114,687	20,114,687
Advances* [#] - Wholesale Std (Including Principal Receivable)	5,543,461,111	5,574,002,155	980,547,937	655,082,398	927,688,851	1,361,254,437	601,457,918	235,624,864	15,879,119,672
Advances* - Wholesale Sub Std (net of provisions)	-	-	-	-	-	-	131,319,486	80,950,842	212,270,328
Advances* - Wholesale Doubtful and Loss Asset (net of provisions)	-	-	-	-	-	-	-	165,292,301	165,292,301
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	861,939	-	14,185,980	36,787,917	7,591,112	-	-	-	59,426,948

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

[@] Net off Rs 128,226,255 payable for retail finance[#] Net off Rs 1,996,573,653 payable for dealer finance

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



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

Investments.	<p>Gross Value of Investments Provision for Depreciation on Investments Net Value of Investments Movement of provisions held towards depreciation on investments</p>
Derivatives.	<p>Forward Rate Agreement / Interest Rate Swaps Notional Principal of Swap Agreements</p> <p>Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements Collateral required by the NBFC upon entering into swaps Concentration of credit risk arising from the swaps The fair value of the swap book</p> <p>Exchange Traded Interest Rate Derivatives Notional Principal amount of exchange traded interest rate derivatives undertaken during the year</p> <p>Notional Principal amount of exchange traded interest rate derivatives outstanding as at March 31, 2016</p> <p>Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"</p> <p>Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"</p> <p>Quantitative Disclosures Derivative (Notional Principal Amount) Marked to Market Positions Credit Exposure Unhedged Exposure</p>
Securitisation*	<p>No of SPVs sponsored by the NBFC for securitisation transactions Total amount of securitised assets as per books of the SPVs sponsored Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet Amount of exposures to securitisation transactions other than MRR</p> <p>Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction No of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value</p> <p>Assignment transactions undertaken No of accounts Aggregate value (net of provisions) of accounts sold to SC / RC Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years Aggregate gain / loss over net book value</p> <p>Details of non-performing financial assets purchased No of accounts purchased during the year Aggregate outstanding</p> <p>Of these, number of accounts restructured during the year Aggregate outstanding</p> <p>Details of non-performing financial assets sold No of accounts sold Aggregate outstanding Aggregate consideration received</p>
Exposure to Real Estate Sector	<p>Residential Mortgages Commercial Real Estate Investments in Mortgage Backed Securities (MBS) and other securitised exposures</p>



Exposure to Capital Market	<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, 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, Bridge loans to companies against expected equity flows / issues, All exposures to Venture Capital Funds (both registered and unregistered)</p>
Concentration of Deposits	<p>Total Deposits of twenty largest depositors</p> <p>Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC</p>
Other Disclosure	<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>

32) Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2016 are given in Annexure I

33) Corporate Social Responsibility (CSR) Expenditure

Gross amount required to be spent by the company during the year Rs 20,276,423 (Previous Year Rs 14,890,226)

Amount spent during the year ending on 31st March, 2017

Sr No	CSR Activities	In Cash	Yet to be paid in cash	Total
(i)	Construction / Acquisition of any asset	-	-	-
(ii)	On purposes of other than (i) above	20,115,348	-	20,115,348

Amount spent during the year ending on 31st March, 2016

Sr No	CSR Activities	In Cash	Yet to be paid in cash	Total
(i)	Construction / Acquisition of any asset	-	-	-
(ii)	On purposes of other than (i) above	10,006,272	-	10,006,272

34) 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 778,000 (Previous year Rs 110,826,431)

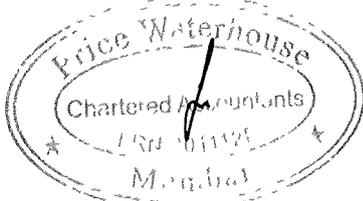
35) Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 11 2016	11,569,500	3,199	11,572,699
Add Permitted receipts	-	8,922,952	8,922,952
Add Non Permitted receipts	4,023,000	-	4,023,000
Less Permitted Payments	-	(13,321)	(13,321)
Less Amount deposited in banks	(15,592,500)	(8,887,952)	(24,480,452)
Closing cash in hand as on 30 12 2016	-	24,878	24,878

The above information pertaining to opening balance of SBN amounting to Rs 11,569,500/- has been disclosed on the basis of the responses to information sought by the Company from its collection agencies who were specifically authorised to deposit cash collected into the bank accounts of the Company

The Company has relied on third party collection agencies for the collections from customers. During the period from November 9, 2016 to December 30, 2016, collection agencies had collected and deposited Specified Bank Notes of Rs 4,023,000/- in the Company's bank accounts

*Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no S O 3407(E), dated the 8th November, 2016

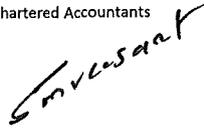


Notes to the Financial Statements for the year ended March 31, 2017 (continued)

36) Previous year's figures have been reclassified/regrouped, wherever necessary, to confirm with current year's classifications

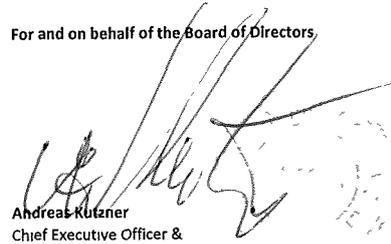
Notes to the Financial Statements referred to herein above form an integral part of the financial statements

For Price Waterhouse
Firm Registration No 301112E
Chartered Accountants



Sharad Vasant
Partner
Membership No 101119

For and on behalf of the Board of Directors



Andrea Kutzner
Chief Executive Officer &
Managing Director



Harshada Pathak
Company Secretary



Gokhan Cinar
Chief Finance Officer &
Managing Director

Mumbai
May 29, 2017

Mumbai
May 29, 2017

Volkswagen Finance Private Limited
ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2017

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	166,901	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits)#		
	(b) Deferred Credits	-	-
	(c) Term Loans	33,194	-
	(d) Intercorporate loans and borrowing	-	-
	(e) Commercial Paper	187,831	-
	(f) Public Deposits#	-	-
	(g) Other Loans - Working Capital Demand Loan	-	-
	- Bank Overdraft	52,442	-
	# 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 value of security	-	-
	(c) Other public deposits	-	-
Asset Side			
		Amount Outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
	(a) Secured		479,523
	(b) Unsecured*		126,416
(4)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Financial lease		-
	(b) Operating lease		158
	(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
ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2017

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)

Break-up of Investments (continued)		Amount Outstanding		
Long Term investments				
1 Quoted				
(i) Shares (a) Equity				
(b) Preference				
(ii) Debentures and Bonds				
(iii) Units of Mutual funds				
(iv) Government Securities				
(v) Others (please specify)				
2 Unquoted				
(i) Shares (a) Equity				
(b) Preference				
(ii) Debentures and Bonds				
(iii) Units of Mutual funds				
(iv) Government Securities				
(v) Others (please specify)				
(6) Borrower group-wise classification of assets financed as in (2) and (3) above (Refer note 2 below)				
Category		Amount net of provisions		
		Secured	Unsecured	Total
1 Related Parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		158 40	-	158 40
(c) Other related parties		-	-	-
2 Other than related parties		465,699	122,772	588,471
Total		465,857	122,772	588,629
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (Refer note 3 below)				
Category		Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	
1 Related Parties**				
(a) Subsidiaries		-	-	
(b) Companies in the same group		-	-	
(c) Other related parties		-	-	
** As per Accounting Standard issued by ICAI (Refer note 3 below)				
2 Other than related parties				-
Total				-
(8) Other Information				
Particulars		Amount		
(i)	Gross Non Performing Assets			
	(a) Related Parties			
	(b) Other than related parties	16,499		
(ii)	Net Non-Performing Assets			
	(a) Related Parties			
	(b) Other than related parties	7,626		
(iii)	Assets acquired in satisfaction of debt	625		

Notes

1 As defined in point xix of paragraph 3 of Chapter -2 of these Directions

2 Provisioning norms shall be applicable as prescribed in these Directions

3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above

