

# 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, 2018, 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

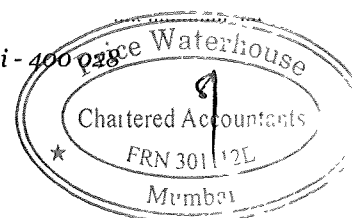
#### Management's Responsibility for the Financial Statements

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.

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## INDEPENDENT AUDITORS' REPORT

To the Members of Volkswagen Finance Private Limited

Report on the Financial Statements

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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

### 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, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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;



# Price Waterhouse

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members of Volkswagen Finance Private Limited

Report on the Financial Statements

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- (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, 2018 on its financial position in its financial statements – Refer Note 29 (a);
  - ii The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts in its financial statements - Refer Notes 5, 10 and 36. The Company did not have any long term derivative contracts as at March 31, 2018;
  - 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, 2018.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants



Sharad Agarwal  
Partner  
Membership Number 118522

Place : Mumbai  
Date. May 29, 2018

# 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, 2018

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

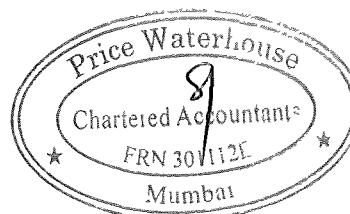
1. We have audited the internal financial controls over financial reporting of Volkswagen Finance Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### 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, 2018

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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, 2018, 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.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants



Sharad Agarwal  
Partner  
Membership Number 118522

Mumbai  
May 29, 2018

# 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, 2018

- i (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable
- (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 has not granted any loan or provided any guarantee or security in connection with any loan taken by parties covered under section 185. Therefore, the provisions of section 185 are not applicable to the Company. The Company is registered as a Non-Banking Financial Company with the Reserve Bank of India. Therefore, the provisions of Section 186, except sub-section (1) of Section 186, of the Act are not applicable to the Company. Further, the Company has not made any investment to the parties covered under Section 186 of the Companies Act, 2013 and accordingly the provisions of Clause 3(iv) of the said Order in respect of Section 186 (1) is not applicable.
- 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, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.



# Price Waterhouse

Chartered Accountants

## Annexure B to Independent Auditors' Report

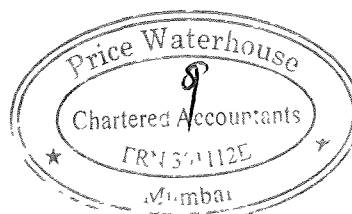
Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Volkswagen Finance Private Limited on the financial statements for the year ended March 31, 2018

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- (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, 2018 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. 507,185,041 (Rs. 253,408,872 paid under protest. Also refer Note 29(a))	Financial Years 2012-18	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Income Tax Act, 1961	Income Tax	Rs. 8,920,278 (Rs. 4,460,139 paid under protest)	Financial Year 2014-15	Income Tax Appellate Tribunal (ITAT)

- 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 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.



# 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, 2018

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- xv. The Company has not entered into any non-cash 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 Agarwal  
Partner  
Membership Number 118522

Mumbai  
May 29, 2018



Volkswagen Finance Private Limited  
Balance Sheet as at March 31, 2018

	Note	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
(a) Share Capital	2	11,688,021,440	11,688,021,440
(b) Reserves and Surplus	3	1,973,844,141	1,450,593,672
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	16,000,000,000	14,000,000,000
(b) Long Term Provisions	5	1,417,387,822	1,137,799,680
(c) Other Long Term Liabilities	6	67,729,412	118,605,977
<b>Current Liabilities</b>			
(a) Short Term Borrowings	7	15,767,027,066	24,027,272,445
(b) Trade Payables			
Total outstanding dues of Micro & Small Enterprises, and	27	-	218,816
Total outstanding dues of creditors other than Micro & Small Enterprises	8	2,205,794,903	2,676,290,982
(c) Other Current Liabilities	9	9,678,561,662	6,440,964,262
(d) Short Term Provisions	10	717,511,116	701,695,744
<b>TOTAL</b>		<b>59,515,877,562</b>	<b>62,241,463,018</b>

**II ASSETS**

**Non-Current Assets**

<b>(a) Fixed Assets</b>			
(i) Property, Plant and Equipments (Tangible Assets)	11	92,315,727	86,343,706
(ii) Intangible Assets	11	31,779,226	31,829,129
(iii) Capital work-in-progress		651,746	8,446,443
(iv) Intangible Assets under Development		107,024,800	7,811,076
(b) Deferred Tax Asset	24	754,715,323	697,017,268
(c) Long Term Loans and Advances	12	28,523,215,140	30,905,572,446

**Current Assets**

(a) Trade Receivables	13	148,496,480	90,975,231
(b) Cash and Bank Balances	14	31,389,285	33,377,973
(c) Short Term Loans and Advances	15	29,539,306,778	30,064,301,729
(d) Other Current Assets	16	286,983,057	315,788,017

<b>TOTAL</b>		<b>59,515,877,562</b>	<b>62,241,463,018</b>
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Significant Accounting Policies

1

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

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

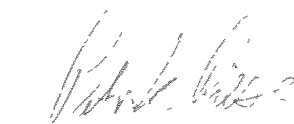
**For Price Waterhouse**

Firm Registration No 301112E  
Chartered Accountants




**Sharad Agarwal**  
Partner  
Membership No 118522

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



**Hans Patrik Riese**  
Chief Executive Officer &  
Managing Director  
DIN No - 07823008



**Gokhan Cinar**  
Chief Finance Officer &  
Managing Director  
DIN No - 07649354



**Harshada Pathak**  
Company Secretary  
Membership No A19534

Mumbai  
May 29, 2018

Mumbai  
May 29, 2018



Volkswagen Finance Private Limited  
Statement of Profit and Loss for the year ended March 31, 2018

	Note	Year Ended March 31, 2018 (Rupees)	Year Ended March 31, 2017 (Rupees)
I Revenue From Operations	17	6,110,088,361	6,173,232,216
II Other Income	18	232,045,150	319,815,405
III Total Revenue( I + II)		<u>6,342,133,511</u>	<u>6,493,047,621</u>
IV Expenses			
Employee Benefits Expenses	19	538,945,225	514,118,046
Finance Costs	20	3,228,045,869	3,502,245,801
Depreciation and amortisation expenses	11	47,191,334	43,581,808
Other Expenses	21	1,672,015,189	1,558,487,224
Total Expenses		<u>5,486,197,617</u>	<u>5,618,432,879</u>
V Profit before Tax		855,935,894	874,614,742
VI Tax Expense			
(1) Current Tax		410,347,049	364,371,810
(2) Deferred Tax Charge / (Credit)		(57,698,055)	(45,074,792)
(3) Tax for earlier years		(19,963,569)	5,853,830
VII Profit for the year (V-VI)		<u>523,250,469</u>	<u>549,463,894</u>
VIII Earnings per Equity Share of Rs.10 each Basic and Diluted	28		
Category 'A' Equity Shares of Rs.10 each		0.45	0.47
Category 'B' Equity Shares of Rs 10 each		0.45	0.47

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 Agarwal**

Partner

Membership No. 118522

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

**Hans Patrik Riese**

Chief Executive Officer &

Managing Director

DIN No - 07823008

**Harshada Pathak**

Company Secretary

Membership No A19534

**Gokhan Cinar**

Chief Finance Officer &

Managing Director

DIN No - 07649354

Mumbai

May 29, 2018

Mumbai

May 29, 2018

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>A Cash flow from operating activities</b>		
Net Profit/(loss) before taxation	855,935,894	874,614,742
Adjustments for		
Depreciation / amortisation	47,191,334	43,581,808
Interest on Fixed Deposit	(7,225,324)	-
Discount on Commercial Papers	(332,823,671)	17,263,566
Loss on Sale of Fixed Assets (net)	2,057,484	7,737,604
Contingent Provision Against Standard Assets/(Write Back)	(15,412,395)	14,035,475
Provision for Future Potential Losses/(Write Back)	99,909,809	(84,286,591)
Bad Debts Written Off	286,058,679	486,390,050
Provision for Non Performing Assets (Net)	204,156,735	171,291,638
Provision for Leave Encashment	3,455,284	3,341,058
Provision for Gratuity	5,008,963	6,714,515
Operating Profit/ (Loss) before working capital changes	1,148,312,792	1,540,683,865
Changes In Working Capital		
Increase / (decrease) in Trade Payables	(470,714,895)	321,476,857
Increase / (decrease) in Other Current Liabilities	460,391,413	156,319,805
Increase / (decrease) in Provisions	(9,069,484)	(14,418,119)
(Increase) / decrease in Trade Receivable	(57,521,248)	(814,560)
(Increase) / decrease in Short Term Loans and Advances	524,994,949	(1,981,316,576)
(Increase) / decrease in Other Current Assets	28,804,960	(68,312,653)
Other Adjustment		
Increase / (decrease) in Other Long Term Liabilities	(50,876,565)	(31,921,915)
(Increase) / decrease in Long Term Loans and Advances	2,148,549,483	(2,078,187,356)
Cash gerated from/(used in Operations)	3,722,871,405	(2,156,490,652)
Taxes paid (Net of refunds Nil (Previous Year Rs 140,094,602))	(429,296,346)	(205,272,925)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,293,575,059</b>	<b>(2,361,763,577)</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of tangible/intangible assets including Capital work-in-progress	(123,777,748)	(52,399,935)
Sale of tangible/intangible assets	4,393,773	6,309,985
Investment in Fixed Deposits	(5,850,000,000)	-
Proceeds from maturity of Fixed Deposits	5,850,000,000	-
Interest income on Fixed Deposits	7,225,324	-
<b>Net cash used in investing activities</b>	<b>(112,158,651)</b>	<b>(46,089,950)</b>
<b>C Cash flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (including current maturities of Long Term Borrowings)	10,000,000,000	7,000,000,000
Repayment / Redemption of Current maturities of Long Term Borrowings	(5,250,000,000)	(4,000,000,000)
Net proceeds from Bank Overdraft	2,356,147,442	(1,245,400,442)
Proceeds from issue of Commercial Papers	22,080,940,650	42,019,742,200
Repayment of Commercial Papers	(37,104,509,800)	(33,637,669,254)
Proceeds from Working Capital Demand Loan (including current maturities of Long Term Loans)	45,530,000,000	39,300,000,000
Repayment of Working Capital Demand Loan	(40,790,000,000)	(47,040,000,000)
<b>Net cash (used in) / generated from financing activities</b>	<b>(3,177,421,708)</b>	<b>2,396,672,504</b>
<b>Net Increase / (Decrease) in Cash and cash equivalents (A)+(B)+(C)</b>	<b>3,994,700</b>	<b>(11,181,023)</b>
Cash and cash equivalents at beginning of the year	27,394,585	38,575,608
Cash and cash equivalents at end of the year*	31,389,285	27,394,585
* Refer Note 14		

Notes to the statement of cash flow

1) Cash and cash equivalents comprise of

Cash on hand	8,331	17,121
Balances with scheduled banks	31,380,954	27,377,464
<b>TOTAL</b>	<b>31,389,285</b>	<b>27,394,585</b>

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 Agarwal  
Partner  
Membership No. 118522

For and on behalf of the Board of Directors

Hans Patrik Riise  
Chief Executive Officer &  
Managing Director  
DIN No. - 07823008

Gokhan Umar  
Chief Finance Officer &  
Managing Director  
DIN No. - 07649354

Harshada Pathak  
Company Secretary  
Membership No. A19534  
Mumbai  
May 29, 2018

Mumbai  
May 29, 2018

## Volkswagen Finance Private Limited

### Notes to the Financial Statements for the year ended March 31, 2018

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#### 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.

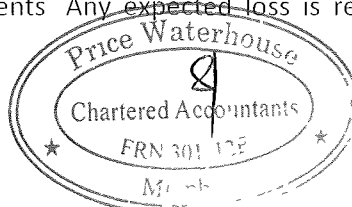
All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the services and the time between the provision of services and their realization in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



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## Volkswagen Finance Private Limited

### Notes to the Financial Statements for the year ended March 31, 2018 (Continued)

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

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, 2018</u>	<u>March 31, 2017</u>
Office Equipments	5 years	5 years
Building	30 years	30 years
<b><u>Computers</u></b>		
- 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.

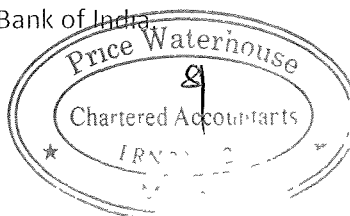
**Non-Performing Assets (NPAs)**

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 the "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 / Short 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

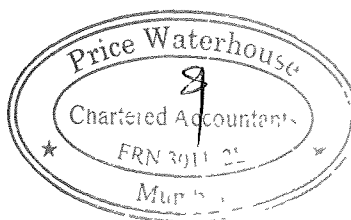
**b) Defined Benefit Plan**

**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

**Employee Leave Entitlement**

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation



**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.

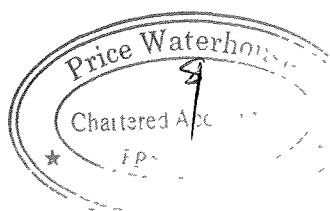
**viii. Impairment of assets**

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

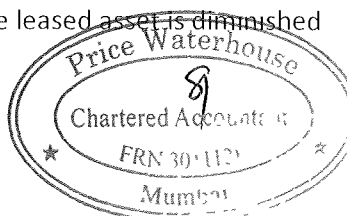
xiv. **Operating Lease**

*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, 2018 (Continued)**

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**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, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Authorised</b>		
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
	<b>16,290,000,000</b>	<b>16,290,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
105,192,207 (Previous Year 105,192,207) Category 'A' Equity Shares of Rs 10 each, fully paid up	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
	<b>11,688,021,440</b>	<b>11,688,021,440</b>

## (a) Reconciliation of number of shares

	March 31, 2018		March 31, 2017	
	No of shares	Amount	No of shares	Amount
<b>Balance at the beginning and end of the year</b>				
Category 'A' Equity Shares	105,192,207	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. Type "B" Equity Shares of Rs 10/- carrying no voting rights and no dividend rights. Category 'B' equity shares are non participating, non-cumulative and shall not be entitled to any surplus on winding up or other distribution such as bonus shares etc. together with rights, privileges and conditions attaching thereto as may be determined by the Board of Directors from time to time.

## (c) Shares held by holding company #

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Equity Shares:</b>		
105,192,207 Category 'A' equity shares (Previous Year 105,192,207) held by Volkswagen Finance Overseas B V , Netherland, the subsidiary of Volkswagen Financial Services AG, 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	10,636,099,370	10,636,099,370
# Based on the Companies (Amendment) Act, 2017, The Company has considered Volkswagen Finance Overseas B V,Netherland as its Holding Company (Previous Year Volkswagen Financial Services A G , Germany)		



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

	March 31, 2018	March 31, 2017
<b>Equity Shares</b>		
<b>Category 'A'</b>		
Volkswagen Finance Overseas B V , Netherland, the Subsidiary of Volkswagen Financial Services A G , Germany	105,192,207 (100%)	105,192,207 (100%)
<b>Category 'B'</b>		
Volkswagen Financial Services A G , Germany	1,063,609,937 (100%)	1,063,609,937 (100%)

## 3) Reserves and Surplus

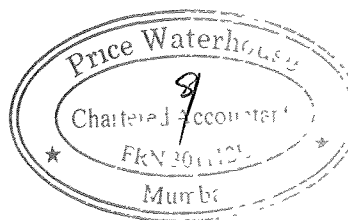
	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Special Reserves pursuant to section 45-IC of the Reserve Bank of India Act, 1934</b>		
Balance at the beginning of the year	475,034,313	365,141,534
Transferred from Surplus in the Statement of Profit and Loss	104,650,094	109,892,779
<b>Balance at the end of the year</b>	<b>579,684,407</b>	<b>475,034,313</b>
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Balance at the beginning of the year	975,559,359	535,988,244
Profit for the year	523,250,469	549,463,894
<b>Less: Transfer to Special Reserve pursuant to section 45 IC of the Reserve Bank of India Act, 1934</b>	<b>(104,650,094)</b>	<b>(109,892,779)</b>
<b>Balance at the end of the year</b>	<b>1,394,159,734</b>	<b>975,559,359</b>
<b>Total Reserves and Surplus</b>	<b>1,973,844,141</b>	<b>1,450,593,672</b>

## 4) Long-Term Borrowings

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Secured</b>		
Non-Convertible Debentures (Refer Note 4(a))	14,000,000,000	12,000,000,000
<b>Unsecured</b>		
Term Loans (Refer Note 4(b))		
- from Banks	1,000,000,000	1,000,000,000
- from Financial Institutions	1,000,000,000	1,000,000,000
(Guaranteed by corporate guarantee issued by Volkswagen Financial Services A G , Germany)		
	<b>16,000,000,000</b>	<b>14,000,000,000</b>

## Note 4 (a)

Debenture	Allotment Date	Interest Rate	Redemption Date	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
1500 units, VWFPL NCD F FY 2017-18, face value of Rs 1,000,000 each	5-Dec-17	7.62%	4-Dec-20	1,500,000,000	-
2500 units, VWFPL NCD D FY 2017-18, face value of Rs 1,000,000 each	11-Sep-17	7.50%	11-Sep-20	2,500,000,000	-
1500 units, VWFPL NCD E FY 2017-18, face value of Rs 1,000,000 each	5-Dec-17	7.62%	31-Aug-20	1,500,000,000	-
3000 units, VWFPL NCD C FY 2017-18, face value of Rs 1,000,000 each	11-Jul-17	7.83%	13-Jul-20	3,000,000,000	-
1000 units, VWFPL NCD B FY 2017-18, face value of Rs 1,000,000 each	12-Jun-17	8.05%	19-Jun-20	1,000,000,000	-
2000 units (Previous Year 2000 units), VWFPL NCD A 02 FY 2015-16, face value of Rs 1,000,000 each	29-May-15	8.65%	29-May-20	2,000,000,000	2,000,000,000
2000 units (Previous Year 2000 units), VWFPL NCD A 02 FY 2016-17, face value of Rs 1,000,000 each	20-Sep-16	8.47%	20-Sep-19	2,000,000,000	2,000,000,000
500 units, VWFPL NCD A FY 2017-18, face value of Rs 1,000,000 each	12-Jun-17	7.98%	12-Jun-19	500,000,000	-
NIL (Previous Year 1500 units), VWFPL NCD 'B' 02 FY 2015-16, face value of Rs 1,000,000 each	28-Dec-15	8.63%	28-Dec-18	-	1,500,000,000
NIL (Previous Year 1000 units), VWFPL NCD B FY 2016-17, face value of Rs 1,000,000 each	10-Oct-16	7.93%	10-Oct-18	-	1,000,000,000
NIL (Previous Year 2000 units), VWFPL NCD A 01 FY 2016-17, face value of Rs 1,000,000 each	20-Sep-16	8.40%	20-Sep-18	-	2,000,000,000
NIL (Previous Year 2000 units), VWFPL NCD A 01 FY 2015-16, face value of Rs 1,000,000 each	29-May-15	8.65%	30-Jul-18	-	2,000,000,000
NIL (Previous Year 1500 units), VWFPL NCD 'B' 01 FY 2015-16, face value of Rs 1,000,000 each	28-Dec-15	8.63%	28-Jun-18	-	1,500,000,000
(Debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of auto loan )					
				<b>14,000,000,000</b>	<b>12,000,000,000</b>



## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## Note 4 (b)

Term Loans	Rate of Interest	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>From Banks</b>			
Term loan from bank repayable on May 31, 2019	8.75%	1,000,000,000	1,000,000,000
<b>From Financial Institutions</b>			
Term loan from financial institution repayable on June 28, 2019	8.65%	500,000,000	500,000,000
Term loan from financial institution repayable on May 31, 2019	8.75%	500,000,000	500,000,000
(Guaranteed by corporate guarantee issued by Volkswagen Financial Services A G, Germany)		2,000,000,000	2,000,000,000

## 5) Long Term Provisions

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
(a) Employee Benefits (Refer Note 19B)		
- Gratuity	17,214,666	16,922,596
- Leave Encashment	2,616,600	
(b) Contingency Provision against Standard Assets	105,853,666	118,190,710
(c) Provision for Non Performing Assets	907,062,710	696,199,878
(d) Contingency Provision for Future Potential Losses	384,640,180	306,486,496
	<b>1,417,387,822</b>	<b>1,137,799,680</b>

## 6) Other Long Term Liabilities

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
Income Received in Advance	67,729,412	118,605,977
	<b>67,729,412</b>	<b>118,605,977</b>

## 7) Short-Term Borrowings

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Unsecured</b>		
(a) Bank overdraft repayable on demand - from banks* (Rate of interest ranging from 7.25% to 11.00%, Previous Year from 7.70% to 9.35%)	7,600,298,718	5,244,151,276
(b) Other Loans and advances		
Commercial Papers (Payable at maturity) (Refer Note 7(a))	3,550,000,000	19,300,000,000
Less: Unamortised Discount (Maximum balance outstanding during the year Rs 25,100,000,000 (Previous year Rs 21,700,000,000))	(123,271,652)	(516,878,831)
	<b>3,426,728,348</b>	<b>18,783,121,169</b>
Working Capital Demand Loans from Banks (Refer Note 7(b))*	4,740,000,000	-
*Bank overdraft and working capital demand loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A G, Germany		
	<b>15,767,027,066</b>	<b>24,027,272,445</b>



## Note 7(a)

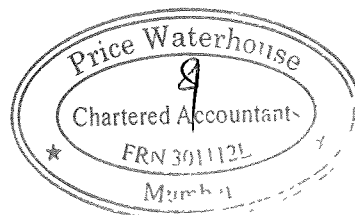
Schedule of Other Loans and advances	Rate of Interest	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Schedule of Commercial Papers</b>			
2000 units, Face Value of Rs 500,000 each repayable on January 25, 2019	7.30%	944,268,038	-
2700 units, Face Value of Rs 500,000 each repayable on October 17, 2018	7.50%	1,297,102,561	-
1000 units, Face Value of Rs 500,000 each repayable on July 27, 2018	6.96%	489,559,621	-
1400 units, Face Value of Rs 500,000 each repayable on May 03, 2018	7.35%	695,798,128	-
NIL (Previous Year 2200 units), Face Value of Rs 500,000 each repayable on February 23, 2018	7.30%	-	1,032,320,024
NIL (Previous Year 2000 units), Face Value of Rs 500,000 each repayable on January 19, 2018	7.60%	-	943,300,888
NIL (Previous Year 1000 units), Face Value of Rs 500,000 each repayable on January 09, 2018	7.60%	-	472,618,005
NIL (Previous Year 3000 units), Face Value of Rs 500,000 each repayable on December 08, 2017	7.20%	-	1,430,706,416
NIL (Previous Year 4000 units), Face Value of Rs 500,000 each repayable on November 17, 2017	7.65%	-	1,909,878,679
NIL (Previous Year 500 units), Face Value of Rs 500,000 each repayable on November 10, 2017	7.80%	-	238,946,184
NIL (Previous Year 500 units), Face Value of Rs 500,000 each repayable on October 24, 2017	7.60%	-	240,034,115
NIL (Previous Year 1000 units), Face Value of Rs 500,000 each repayable on October 09, 2017	7.55%	-	481,629,106
NIL (Previous Year 2000 units), Face Value of Rs 500,000 each repayable on August 24, 2017	7.23%	-	972,235,000
NIL (Previous Year 1000 units), Face Value of Rs 500,000 each repayable on August 02, 2017	8.12%	-	487,345,827
NIL (Previous Year 2500 units), Face Value of Rs 500,000 each repayable on August 02, 2017	8.12%	-	1,218,364,568
NIL (Previous Year 1000 units), Face Value of Rs 500,000 each repayable on July 28, 2017	8.12%	-	487,840,216
NIL (Previous Year 1500 units), Face Value of Rs 500,000 each repayable on July 28, 2017	8.12%	-	731,786,505
NIL (Previous Year 1000 units), Face Value of Rs 500,000 each repayable on June 30, 2017	8.00%	-	490,753,092
NIL (Previous Year 2000 units), Face Value of Rs 500,000 each repayable on June 21, 2017	6.70%	-	985,373,200
NIL (Previous Year 1000 units), Face Value of Rs 500,000 each repayable on May 22, 2017	7.13%	-	495,104,000
NIL (Previous Year 2000 units), Face Value of Rs 500,000 each repayable on May 19, 2017	6.84%	-	991,101,793
NIL (Previous Year 500 units), Face Value of Rs 500,000 each repayable on May 17, 2017	7.10%	-	247,799,756
NIL (Previous Year 500 units), Face Value of Rs 500,000 each repayable on May 17, 2017	7.10%	-	247,801,045
NIL (Previous Year 4000 units), Face Value of Rs 500,000 each repayable on May 02, 2017	7.15%	-	1,988,060,773
NIL (Previous Year 2000 units), Face Value of Rs 500,000 each repayable on April 21, 2017	7.15%	-	994,031,281
NIL (Previous Year 1400 units), Face Value of Rs 500,000 each repayable on April 21, 2017	8.30%	-	697,059,807
NIL (Previous Year 2000 units), Face Value of Rs 500,000 each repayable on April 06, 2017	7.20%	-	999,030,889
<b>Total Commercial Papers</b>		<b>3,426,728,348</b>	<b>18,783,121,169</b>

## Note 7(b)

Schedule of Other Loans and advances	Rate of Interest	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Schedule of Working Capital Demand Loans from Banks</b>			
Working capital demand loan repayable on November 30, 2018	7.10%	500,000,000	-
Working capital demand loan repayable on November 26, 2018	7.10%	1,000,000,000	-
Working capital demand loan repayable on November 19, 2018	7.10%	1,000,000,000	-
Working capital demand loan repayable on May 25, 2018	7.08%	1,440,000,000	-
Working capital demand loan repayable on May 25, 2018	7.08%	800,000,000	-
<b>Total Working Capital Demand Loans from Banks</b>		<b>4,740,000,000</b>	<b>-</b>
(Working Capital Demand Loans are guaranteed by corporate guarantee issued by Volkswagen Financial Services A G, Germany)			

## 8) Trade Payables

	March 31, 2018 (Rupees)	March 31, 2017 (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	2,031,525,392	2,581,922,725
Other Trade Payables	174,269,511	94,368,257
	<b>2,205,794,903</b>	<b>2,676,509,798</b>



8

## 9) Other Current Liabilities

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
(a) Interest accrued but not due on borrowings	1,091,014,794	759,619,801
(b) Other Payables		
Income Received in Advance	113,710,334	170,128,377
Creditors for Fixed Assets	29,105,809	1,899,822
Creditors for Expenses	162,725,353	24,150,184
Provision for Expenses	189,532,625	130,706,464
Dues to Employees	84,236,960	91,447,867
Other Liabilities (including statutory dues)	8,235,787	13,011,747
(c) Current Maturities of Long Term Borrowings		
Non Convertible Debentures (Refer Note 9(a))	8,000,000,000	4,000,000,000
Term Loan (Refer Note 9(b))		1,250,000,000
(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 )		
	9,678,561,662	6,440,964,262

## Note 9(a)

Debenture	Allotment Date	Interest Rate	Redemption Date	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
1500 units, VWFPL NCD 'B' 02 FY 2015-16, face value of Rs 1,000,000 each	28 Dec-15	8.63%	28 Dec-18	1,500,000,000	-
1000 units, VWFPL NCD B FY 2016-17, face value of Rs 1,000,000 each	10-Oct-16	7.93%	10-Oct-18	1,000,000,000	-
2000 units, VWFPL NCD A 01 FY 2016-17, face value of Rs 1,000,000 each	20-Sep-16	8.40%	20-Sep-18	2,000,000,000	-
2000 units, VWFPL NCD A 01 FY 2015-16, face value of Rs 1,000,000 each	29 May 15	8.65%	30-Jul-18	2,000,000,000	-
1500 units, VWFPL NCD 'B' 01 FY 2015-16, face value of Rs 1,000,000 each	28 Dec-15	8.63%	28 Jun-18	1,500,000,000	-
NIL (Previous Year 4000 units), VWFPL NCD 'A' FY 2014-15, face value of Rs 1,000,000 each	1-Dec-14	8.85%	1 Dec-17	-	4,000,000,000
(These debentures are secured by way of Mortgage of specific immovable property and specific receivables of the Company arising out of loan )				8,000,000,000	4,000,000,000

## Note 9(b)

Term Loans	Rate of Interest	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
Term loan from financial institution repayable on April 07, 2017	8.83%	-	1,250,000,000
(Guaranteed by corporate guarantee issued by Volkswagen Financial Services A G , Germany)		-	1,250,000,000

## 10) Short-Term Provisions

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
(a) Employee Benefits (Refer Note 19 B)		
- Gratuity	2,349,277	2,372,416
- Leave Encashment	452,337	3,943,105
(b) Contingency Provision against Standard Assets	116,677,507	119,752,858
(c) Provision for Non Performing Assets	184,356,630	191,062,727
(d) Contingency Provision for Future Potential Losses	336,881,338	315,125,213
(e) Provision for Tax and Provision for Wealth Tax (Net of Advance Tax and Tax Deducted at Source Rs 333,553,022 (Previous Year Rs 300,915,773))	76,794,027	63,456,037
(f) Provision for Contingencies*	-	5,983,388
* Previous Year 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		
	717,511,116	701,695,744



## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## Note 11 Fixed Assets

Amount in Rupees

As at March 31, 2018

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BOOK VALUE
	As at April 01, 2017	Additions during the year	Sales during the year	As at March 31, 2018	As at April 01, 2017	For the year	Deduction for the year	As at March 31, 2018	As at March 31, 2018
<b>Property, Plant &amp; Equipments (Tangible Assets)</b>									
<i>Own Assets</i>									
Office Equipments	21,235,156	4,758,252	1,127,875	24,865,533	14,258,886	3,629,816	728,926	17,159,776	7,705,757
Building	3,331,810	-	-	3,331,810	849,285	97,995	-	947,280	2,384,530
Computers	64,829,064	15,880,149	299,311	80,409,902	48,834,020	9,094,731	274,990	57,653,761	22,756,141
Furniture and Fixtures	12,104,620	1,922,178	258,420	13,768,378	7,611,928	855,030	70,642	8,396,316	5,372,062
Leasehold Improvements	44,643,046	-	-	44,643,046	36,050,754	8,274,251	-	44,325,005	318,041
Vehicles	46,454,170	20,469,986	10,393,608	56,530,548	10,892,913	6,278,612	4,553,399	12,618,126	43,912,422
<i>Assets given on Operating Lease</i>									
Vehicles on Lease	12,964,261	-	-	12,964,261	720,635	2,376,852	-	3,097,487	9,866,774
<b>Total (A)</b>	<b>205,562,127</b>	<b>43,030,565</b>	<b>12,079,214</b>	<b>236,513,478</b>	<b>119,218,421</b>	<b>30,607,287</b>	<b>5,627,957</b>	<b>144,197,751</b>	<b>92,315,727</b>
<b>Intangible Assets</b>									
Software	172,235,619	16,534,144	-	188,769,763	140,406,490	16,584,047	-	156,990,537	31,779,226
<b>Total (B)</b>	<b>172,235,619</b>	<b>16,534,144</b>	<b>-</b>	<b>188,769,763</b>	<b>140,406,490</b>	<b>16,584,047</b>	<b>-</b>	<b>156,990,537</b>	<b>31,779,226</b>
<b>Total Fixed Assets (A+B)</b>	<b>377,797,746</b>	<b>59,564,709</b>	<b>12,079,214</b>	<b>425,283,241</b>	<b>259,624,911</b>	<b>47,191,334</b>	<b>5,627,957</b>	<b>301,188,288</b>	<b>124,094,953</b>

Building is mortgaged for the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs 250 registered in the name of the Company. The depreciation for the year is Rs 97,995 and the written down value of the asset as on 31st March, 2018 is Rs 2,384,531.

As at March 31, 2017

Particulars	GROSS BLOCK				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
<b>Property, Plant &amp; Equipments (Tangible Assets)</b>									
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
<b>Total (A)</b>	<b>195,144,246</b>	<b>31,197,933</b>	<b>20,780,052</b>	<b>205,562,127</b>	<b>104,005,992</b>	<b>26,925,893</b>	<b>11,713,464</b>	<b>119,218,421</b>	<b>86,343,706</b>
<b>Intangible Assets</b>									
Software	170,974,867	1,260,752	-	172,235,619	123,750,575	16,655,915	-	140,406,490	31,829,129
<b>Total (B)</b>	<b>170,974,867</b>	<b>1,260,752</b>	<b>-</b>	<b>172,235,619</b>	<b>123,750,575</b>	<b>16,655,915</b>	<b>-</b>	<b>140,406,490</b>	<b>31,829,129</b>
<b>Total Fixed Assets (A+B)</b>	<b>366,119,113</b>	<b>32,458,685</b>	<b>20,780,052</b>	<b>377,797,746</b>	<b>227,756,567</b>	<b>43,581,808</b>	<b>11,713,464</b>	<b>259,624,911</b>	<b>118,172,835</b>

\* Building is mortgaged for the non-convertible debentures. Building includes value of shares in the co-operative society, aggregating to Rs 250 registered in the name of the Company. The depreciation for the year is Rs 97,995 and the written down value of the asset as on 31st March, 2017 is Rs 2,482,525.



## 12) Long-Term Loans and Advances

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Loans*</b>		
Secured , Considered good		
Standard Asset		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or in the process of creating collateral)	20,682,421,227	22,961,017,377
Term Loans (Secured against hypothecation of Immovable properties)	528,264,602	796,213,446
Secured , Considered doubtful		
Substandard		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or in the process of creating collateral)	516,058,881	413,380,908
Term Loans (Secured against hypothecation of Immovable properties)	12,585,058	17,592,019
Doubtful		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or in the process of creating collateral)	171,150,836	100,558,408
Term Loans (Secured against hypothecation of Immovable properties)	187,980,525	187,894,995
Unsecured, considered good		
Standard Asset		
Vehicle Finance	4,915,206,097	5,392,928,899
Term Loans	337,930,053	203,008,141
Unsecured , Considered doubtful		
Substandard		
Vehicle Finance	577,755,056	360,696,636
Term Loans	52,309,789	-
Doubtful		
Vehicle Finance	153,421,819	145,237,357
Loss Asset		
Vehicle Finance	16,666,882	7,458,129
<b>Other Loans and Advances (Unsecured, Considered good)</b>		
Deposits	59,851,088	62,042,437
Advance Tax and Tax Deducted at Source (Net of provision for taxation and provision for wealth tax Rs 1,451,191,980 (Previous Year Rs 1,106,783,757))	54,323,517	2,072,661
Fixed deposits (due to mature after 12 months from the reporting date)#	100,000	100,000
Service Tax Receivable (Refer note 29(a)(ii))	253,408,872	249,580,533
Advances recoverable in cash or in kind or for value to be received	3,780,838	5,790,500
	<b>28,523,215,140</b>	<b>30,905,572,446</b>
*Loans include repossessed cars having book value Rs 13,213,815 (Previous Year Rs 36,515,090)		
# Deposits are held with State Bank of India for issuing Bank Guarantee in favour of Haryana VAT authorities		

## 13) Trade Receivables

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
(Unsecured, considered good)		
(a) Outstanding for a period exceeding six months from the date they were due for payment	15,733,304	4,469,712
(b) Outstanding for a period less than six months from the date they were due for payment		
-Processing Fees Receivables	793,414	6,612,093
-Brand Support Fees Receivable	50,317,048	51,443,260
-Brand Interest Subvention Income Receivable	16,979,167	12,987,043
-Other Trade Receivables	6,688	237,515
-Insurance Commission Receivable	64,666,859	15,225,608
	<b>148,496,480</b>	<b>90,975,231</b>



## 14) Cash and Bank Balances

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Cash and Cash equivalents</b>		
(a) Cash on Hand	8,331	17,121
(b) Bank Balance in		
-Current Account	31,380,954	27,377,464
<b>Other Bank Balances*</b>		5,983,388
* Previous Year 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		
	<b>31,389,285</b>	<b>33,377,973</b>

## 15) Short -Term Loans and Advances

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Loans</b>		
<b>Secured , Considered good</b>		
<b>Standard Asset</b>		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or in the process of creating collateral)	22,489,824,143	22,855,900,750
Term Loans (Secured against hypothecation of immovable properties)	356,952,544	373,874,949
<b>Secured , Considered doubtful</b>		
<b>Substandard</b>		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or in the process of creating collateral)	234,233,714	226,536,801
Term Loans (Secured against hypothecation of immovable properties)	241,442	4,505,103
<b>Doubtful</b>		
Vehicle Finance (Secured by way of hypothecation of vehicles and / or in the process of creating collateral)	27,891,281	11,104,907
Term Loans (Secured against hypothecation of immovable properties)	22,097,123	3,685,530
<b>Unsecured, considered good</b>		
Vehicle Finance	5,781,001,829	6,183,220,417
Term Loans	214,681,083	80,942,401
Interest Receivable - Vehicle Finance	99,262,932	96,366,668
Interest Receivable - Term Loan	54,118	550,257
<b>Unsecured , Considered doubtful</b>		
<b>Substandard</b>		
Vehicle Finance	129,234,771	154,825,929
Term Loans	1,003,551	-
<b>Doubtful</b>		
Vehicle Finance	27,614,434	14,204,372
Term Loans		
<b>Loss Asset</b>		
Vehicle Finance	4,858,320	2,174,011
<b>Others (Unsecured, Considered good)</b>		
Deposits	6,206,852	4,860,000
Advances recoverable in cash or in kind or for value to be received	144,148,641	51,549,631
	<b>29,539,306,778</b>	<b>30,064,301,729</b>

## 16) Other Current Assets

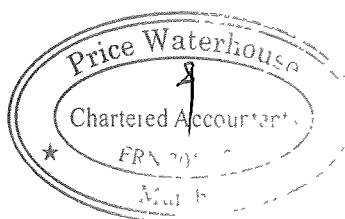
	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
Interest Accrued Not Due- Vehicle Finance	213,577,801	237,885,604
Interest Accrued Not Due- Term Loans	13,617,226	14,383,355
Assets Held for Sale *	58,676,000	62,451,000
Other Current Assets	1,112,030	1,068,058
* The balance represents assets realised from settlement of loans		
	<b>286,983,057</b>	<b>315,788,017</b>



	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Interest On Loans</b>		
Interest On Loans - Vehicle Finance and Term Loans	4,818,179,597	5,235,944,320
Interest Subvention Income	198,164,489	243,582,924
<b>Other Financial Services</b>		
Service Income	284,863,895	162,706,972
Processing Fees	133,291,889	101,484,836
Brand Support Fees	517,458,833	302,477,025
Penalty Interest - Income	67,332,781	51,212,222
Operating Lease Income	6,197,899	1,622,352
Other Operating Income	84,598,978	74,201,565
	<b>6,110,088,361</b>	<b>6,173,232,216</b>

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
Interest on Fixed Deposits	7,225,324	-
Exchange Gain (net)	-	1,560,986
Provision for Non Performing Assets Written Back as no longer required	187,644,933	183,601,737
Net reversal of provision for Standard Assets	15,412,395	-
Net reversal of provision for Future Potential Losses	-	84,286,591
Excess provision no longer required	5,983,388	-
Miscellaneous Income	15,779,110	50,366,091
	<b>232,045,150</b>	<b>319,815,405</b>

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
Salaries, Bonus and Allowances (Refer Note 22(ii) below)	500,940,492	480,061,882
Contribution to Provident Fund and Other Funds (Refer Note 19(A) below)	13,093,982	12,699,681
Gratuity (Refer Note 19(B) below)	5,008,963	6,714,515
Leave Encashment (Refer Note 19(B) below)	3,455,284	3,341,058
Staff Welfare	6,911,387	5,798,663
Training and Recruitment Expenses	9,535,117	5,502,247
	<b>538,945,225</b>	<b>514,118,046</b>



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## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

**A) Defined Contribution Plan**

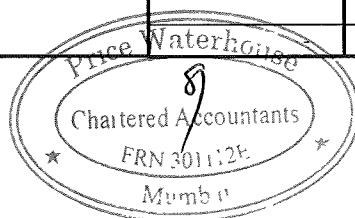
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss towards defined contribution employees benefit scheme

	Year Ended March 31, 2018 (Rupees)	Year Ended March 31, 2017 (Rupees)
- Employers' Contribution to Provident Fund	8,746,956	8,120,870
- Employers' Contribution to Pension Fund	4,338,746	4,567,489
- Employers' Contribution to Labour Welfare Fund	8,280	11,322
<b>Total</b>	<b>13,093,982</b>	<b>12,699,681</b>

**B) Defined Benefit Plan****I 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, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>a) Major Assumptions</b>		
Discount Rate	7.40%	6.77%
Salary Escalation Rate	10.00%	10.00%
Attrition Rate	16.00%	16.00%
<b>b) Change in the Present Value of Obligation</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>
Opening Present Value of Obligation	19,295,012	16,694,876
Current Service Cost	4,158,374	3,698,036
Interest Cost	1,145,822	1,288,844
Benefit paid	(4,740,032)	(4,323,351)
Liability transferred Out / Divestments	-	(71,074)
Liability transferred In / Acquisitions	-	280,046
Past Service Cost	-	-
Actuarial Loss/ (gain) on Obligations	(295,233)	1,727,635
Closing Present Value of Obligation	19,563,943	19,295,012
<b>c) Change in Fair Value of Plan Assets</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>
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	-	-



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<b>d) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>
Present Value of Funded Obligation	-	-
Fair Value of Plan Assets	-	-
Funded Status	-	-
Present Value of Unfunded Obligation	19,563,943	19,295,012
Assets recognised in the Balance Sheet	-	-
Unfunded Net Liability Recognised in the Balance Sheet	19,563,943	19,295,012
<b>e) Amount recognised in the Balance Sheet</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>
Present Value of Obligation	19,563,943	19,295,012
Fair Value of Plan Assets	-	-
Liability recognised in the balance Sheet	19,563,943	19,295,012
- Current	2,349,277	2,372,416
- Non Current	17,214,666	16,922,596
<b>f) Expenses Recognised in the Statement of Profit and Loss</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>
Current Service Cost	4,158,374	3,698,036
Past Service Cost	-	-
Interest Cost	1,145,822	1,288,844
Expected Return on Plan Assets	-	-
Curtailment cost/ (credit)	-	-
Settlement Cost /(Credit)	-	-
Benefit paid	-	-
Net Actuarial Loss/(gain) recognised in the period	(295,233)	1,727,635
Total expenses Recognised in the Statement of Profit and Loss	5,008,963	6,714,515
<b>g) Amount recognised in current year and previous year</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>
Defined Benefit Obligation	19,563,943	19,295,012

<b>h) Experience Adjustments for the current annual year and previous four years</b>	<b>March 31, 2018 (Rupees)</b>	<b>March 31, 2017 (Rupees)</b>	<b>March 31, 2016 (Rupees)</b>	<b>March 31, 2015 (Rupees)</b>	<b>March 31, 2014 (Rupees)</b>
Defined Benefit Obligation	19,563,943	19,295,012	16,694,876	12,103,438	7,786,548
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	19,563,943	19,295,012	16,694,876	12,103,438	7,786,548
Experience Adjustment on Plan Liabilities	475,291	735,749	1,723,295	(95,972)	993,530
Experience Adjustment on Plan Assets	-	-	-	-	-



## 20) Finance Cost

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Interest Expenses:</b>		
-Bank Overdraft	68,099,756	248,924,693
-Commercial Papers	1,062,666,531	1,314,103,905
-Non Convertible Debentures	1,700,871,234	1,402,249,435
-Working Capital Demand Loan	178,360,218	247,880,611
-Term Loans	176,314,383	239,723,837
-Others	10,777,080	7,878,819
Other Borrowing Cost	30,956,667	41,484,501
	<b>3,228,045,869</b>	<b>3,502,245,801</b>

## 21) Other Expenses

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Rent ( Refer Note 22)</b>		
-Building	52,627,712	54,202,272
-IT Equipment Lease	5,047,228	1,647,645
-Others	5,595,776	5,734,425
Legal, Professional and Consultancy Fees	87,374,963	123,393,112
Commission to Dealers	117,058,712	152,607,081
Commission to Dealers - Insurance	156,104,802	-
Loan Acquisition Expenses	14,573,934	14,537,642
Auditor's Remuneration		
- Statutory Audit	5,500,000	5,100,000
- Tax Audit	350,000	325,000
- Other Services	4,100,000	3,925,000
- Reimbursement of expenses	173,502	196,480
Information Technology Support Charges	167,067,076	130,229,444
Repairs and Maintenance - Others	33,066,948	18,924,823
Traveling and Conveyance	40,978,980	38,835,259
Printing and Stationery	4,711,289	5,271,297
Communication	8,734,171	6,818,506
Business Promotion	23,714,895	14,712,614
Facilities Management Charges	10,304,516	10,224,666
Electricity	6,328,616	5,553,830
Rates and Taxes	17,311,973	1,433,468
Contingent Provision Against Standard Assets	-	14,035,475
Provision for Future Potential Losses	99,909,809	-
Bad Debts Written Off	286,058,679	486,390,050
Provision for Non Performing Assets	391,801,668	354,893,375
Exchange Loss (net)	10,280,660	-
Loss on Sale / Write-Off of Fixed Assets (net)	2,057,484	7,737,604
Directors Sitting Fees	2,300,000	2,600,000
Collection Agency Charges	57,221,703	40,047,765
Corporate Social Responsibility (Refer note 33)	30,649,966	20,115,348
Miscellaneous	31,010,127	38,995,043
	<b>1,672,015,189</b>	<b>1,558,487,224</b>



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## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## 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 63,385,970 (Previous Year Rs 62,988,030) in respect of certain leases.
- ii Lease Payments recognized in Statement of Profit and Loss with respect to all operating leases is Rs 66,681,721 (Previous Year Rs 73,284,697) included under Rent expenses of Rs 52,627,712 (Previous Year Rs 54,202,272) and under Salaries, Bonus and Allowances Rs 14,054,009 (Previous Year Rs 19,082,425).
- iii With respect to non-cancellable operating leases, the future minimum lease payments are as follows

Minimum Lease Payments	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
Not later than one year	38,674,012	18,549,139
Later than one year but not later than five years	10,316,824	13,690,924
Later than five years	-	-

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

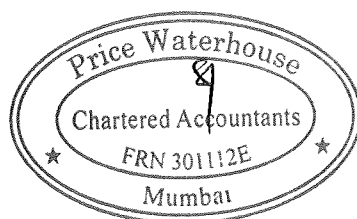
## 23) Foreign Currency transactions

	Year Ended March 31, 2018	Year Ended March 31, 2017
(a) Reimbursement of Expatriate Salaries	42,601,204	47,165,331
(b) Information Technology Support Charges	161,203,946	103,367,847
(c) Stock Audit Charges	4,141,174	5,648,033
(d) Corporate Guarantee Fee	3,651,007	5,241,312
(e) Reimbursement of Expenses	1,259,938	2,238,600
(f) Travelling Expenses	-	570,573
(g) Services/Consultancy Fees	52,380,116	-

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	220,335,090	2,743,707
		(39,887,903)	(576,091)
	MXN	4,645,962	1,304,130
		(577,814)	(168,254)
	GBP	-	-
		(1,235,812)	(15,283)
	SEK	8,849,839	1,133,142
		-	-
	TRY	1,006,095	61,648
		(2,574,065)	(102,942)
	ZAR	1,791,702	325,397
		-	-

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



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## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## 24) Deferred Tax Asset

	March 31, 2018 (Rupees)	March 31, 2017 (Rupees)
<b>Deferred Tax Asset</b>		
Depreciation	10,298,684	4,937,503
Provision for Gratuity	6,836,424	6,678,004
Provision for Leave Encashment	1,072,409	-
Contingent provision for standard assets	77,761,293	82,352,269
Provision for Future Potential Losses	252,128,479	215,139,813
Provision for Non-Performing Assets	381,385,574	307,081,588
Provision for Bonus	11,397,275	12,821,402
Interest Reversed on NPA cases	-	50,092,184
Interest Subvention Income	13,835,185	17,914,505
<b>Deferred Tax Asset</b>	<b>754,715,323</b>	<b>697,017,268</b>

## 25) Related Party Disclosures

## I Related Parties and nature of relationship

## i Where control exists

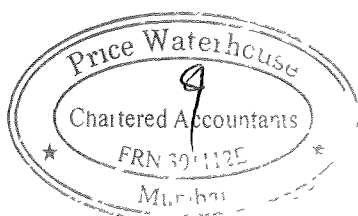
- a Ultimate Holding Company Volkswagen AG, Germany\*
- b Holding Company Volkswagen Financial Services A G, Germany#

## 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 Pon Financial Services B V , Netherlands
  - iv Volkswagen India Private Limited, India
  - v Man Trucks India Private Limited, India
  - vi Volkswagen Procurement Services GMBH, Wolfsburg\*
  - vii Volkswagen Services S A D E C V
  - viii Scania Commercial Vehicles India Pvt Ltd
  - ix Volkswagen IT Services India Private Limited
  - x Volkswagen Dogus Finansman, Turkey
  - xi Volkswagen Bank GMBH
  - xii VWFS Digital Solutions GMBH
  - xiii Volkswagen Finans Sverige AB
  - xiv VWFS South Africa (Pty) Ltd
  - xv Volkswagen Finance Overseas B V, Netherlands#
- b. Key Management Personnel
- i Mr Andreas Kutzer, Chief Executive Officer and Managing Director (upto June 30, 2017)
  - ii Mr Pieter Griep, Chief Finance Office and Managing Director (upto December 31, 2016)
  - iii Mr Reinhard Walter Fleger, Non-Executive Director\* (upto September 29, 2017)
  - 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 )
  - v Mr Hans Patrik Riese, Chief Executive Office and Managing Director (w e f July 01, 2017 )
  - vi Mr Norbert Dorn, Additional Director\* (w e f September 30, 2017)

\*Parties with whom no transactions during the year

# Based on the Companies (Amendment) Act, 2017, The Company has considered Volkswagen Finance Overseas B V, Netherlands as its Holding Company However for the purpose of disclosure under Accounting Standard -18, Volkswagen Financial Services AG, Germany has been considered as Holding Company on the basis of number of shares held



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## ii) Transactions with related parties as mentioned above

Particulars	Holding Company@		Fellow Subsidiaries		Key Management Personnel		Total	
	April 1 2017 to March 31, 2018	April 1 2016 to March 31, 2017	April 1 2017 to March 31, 2018	April 1 2016 to March 31, 2017	April 1 2017 to March 31, 2018	April 1 2016 to March 31, 2017	April 1 2017 to March 31, 2018	April 1 2016 to March 31, 2017
<b>1 Expenditure</b>								
<b>a) Rent</b>								
Volkswagen Group Sales India Private Limited	-	-	-	847,420	-	-	-	847,420
<b>Total</b>	-	-	-	847,420	-	-	-	847,420
<b>b) Purchase of goods / receiving of services</b>								
Volkswagen Financial Services A G	29,843,149	126,747,951			-	-	29,843,149	126,747,951
Volkswagen Pon Financials Services	-	-	4,148,145	10,116,895	-	-	4,148,145	10,116,895
Volkswagen Services S A DE C V	-	-	4,068,741	7,042,294	-	-	4,068,741	7,042,294
Volkswagen Group Sales India Private Limited	-	-	100,000		-	-	100,000	
Volkswagen India Private Limited	-	-	1,841,975	1,783,016	-	-	1,841,975	1,783,016
Skoda Auto India Private Limited	-	-	287,436	766,831	-	-	287,436	766,831
Volkswagen Dogus Finansman, Turkey	-	-	3,553,274	2,665,315	-	-	3,553,274	2,665,315
Volkswagen IT Services India Private Limited	-	-	1,888,560	640,000	-	-	1,888,560	640,000
VWFS Digital Solutions GMBH	-	-	162,142,489		-	-	162,142,489	
Volkswagen Finans Sverige AB	-	-	8,787,047		-	-	8,787,047	
VWFS South Africa (Pty) Ltd	-	-	1,259,938		-	-	1,259,938	
<b>Total</b>	29,843,149	126,747,951	188,077,605	23,014,351	-	-	217,920,754	149,762,302
<b>c) Purchase of Assets</b>								
Skoda Auto India Private Limited	-	-	3,107,186	8,313,986	-	-	3,107,186	8,313,986
VWFS Digital Solutions GMBH	-	-	37,840,645		-	-	37,840,645	
<b>Total</b>	-	-	40,947,831	8,313,986	-	-	40,947,831	8,313,986
<b>2 Income</b>								
<b>a) Pre Received Interest Subvention Income</b>								
Skoda Auto India Private Limited	-	-	19,585,000	15,232,663	-	-	19,585,000	15,232,663
Volkswagen Group Sales India Private Limited	-	-	4,252,332		-	-	4,252,332	
<b>Total</b>	-	-	23,837,332	15,232,663	-	-	23,837,332	15,232,663
<b>b) Brand Support Fees</b>								
Skoda Auto India Private Limited	-	-	77,210,152	66,296,526	-	-	77,210,152	66,296,526
Volkswagen Group Sales India Private Limited	-	-	422,054,557	222,055,388	-	-	422,054,557	222,055,388
Man Trucks India Private Limited	-	-	3,106,338	2,027,607	-	-	3,106,338	2,027,607
<b>Total</b>	-	-	502,371,047	290,379,521	-	-	502,371,047	290,379,521
<b>c) Other sale of goods / rendering of services</b>								
Volkswagen Group Sales India Private Limited	-	-	295,000	282,572	-	-	295,000	282,572
Volkswagen India Private Limited	-	-	2,945,150	2,895,342	-	-	2,945,150	2,895,342
Skoda Auto India Private Limited	-	-	10,878,838	9,211,749	-	-	10,878,838	9,211,749
Volkswagen IT Services India Private Limited	-	-	3,292,782	2,121,502	-	-	3,292,782	2,121,502
Volkswagen Bank GMBH	-	-		570,573	-	-		570,573
<b>Total</b>	-	-	17,411,770	15,081,738	-	-	17,411,770	15,081,738
<b>d) Leasing Income</b>								
Volkswagen IT Services India Private Limited	-	-	8,955,230	1,622,352	-	-	8,955,230	1,622,352
<b>Total</b>	-	-	8,955,230	1,622,352	-	-	8,955,230	1,622,352
<b>3 Managerial Remuneration \$</b>								
Pieter Griep	-	-	-	-	4,148,145	23,190,711	4,148,145	23,190,711
Andreas Kutzner	-	-	-	-	16,349,690	29,185,629	16,349,690	29,185,629
Gokhan Cinar	-	-	-	-	23,471,610	13,850,365	23,471,610	13,850,365
Hans Patrik Riese	-	-	-	-	33,146,210		33,146,210	
<b>Total</b>	-	-	-	-	77,115,655	66,226,705	77,115,655	66,226,705

\$ Incentives are considered on payment basis

@ Includes Parent Company of Holding Company



Balances	Holding Company@		Fellow Subsidiaries		Key Management Personnel		Total	
	As on March 31, 2018	As on March 31, 2017	As on March 31, 2018	As on March 31, 2017	As on March 31, 2018	As on March 31, 2017	As on March 31, 2018	As on March 31, 2017
<b>Payables</b>								
Volkswagen Financial Services A G	32,978,186	37,160,981	-	-	-	-	32,978,186	37,160,981
Volkswagen Group Sales India Private Limited#	-	-	978,581,808	1,651,691,232	-	-	978,581,808	1,651,691,232
Volkswagen India Private Limited	-	-	-	752,016	-	-	-	752,016
Skoda Auto India Private Limited#	-	-	632,115,491	553,786,162	-	-	632,115,491	553,786,162
Man Trucks India Private Limited#	-	-	153,985,499	19,366,023	-	-	153,985,499	19,366,023
Volkswagen Procurement Services GMBH	-	-	3,157,705	2,726,922	-	-	3,157,705	2,726,922
Volkswagen Services S A DE C V	-	-	4,645,962	577,814	-	-	4,645,962	577,814
Volkswagen Dogus Finansman	-	-	6,009,521	2,574,065	-	-	6,009,521	2,574,065
VWFS Digital Solutions GMBH	-	-	172,775,223	-	-	-	172,775,223	-
Volkswagen Finans Sverige AB	-	-	8,849,839	-	-	-	8,849,839	-
VWFS South Africa (Pty) Ltd	-	-	1,791,702	-	-	-	1,791,702	-
Volkswagen Pon Financials Services	-	-	4,148,145	-	-	-	4,148,145	-
<b>Receivables</b>								
Volkswagen Group Sales India Private Limited	-	-	117,168,108	28,951,400	-	-	117,168,108	28,951,400
Skoda Auto India Private Limited	-	-	26,556,021	36,954,375	-	-	26,556,021	36,954,375
Man Trucks India Private Limited	-	-	758,630	862,999	-	-	758,630	862,999
Volkswagen India Private Limited	-	-	2,584,639	1,590,480	-	-	2,584,639	1,590,480
Volkswagen IT Services India Private Limited	-	-	8,702,032	499,381	-	-	8,702,032	499,381

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 14,340,298,718 (Previous Year Rs 8,494,151,276). For this guarantee, Company has paid commission to Volkswagen Financial Services A G , Germany amounting to Rs 3,651,007 (Previous Year Rs 5,727,896).

# 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'.

@ Includes Parent Company of Holding Company



## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## 26) Segment Reporting

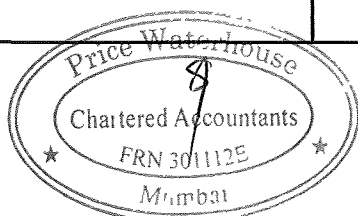
The Company has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Company are primarily determined by the nature of products and services. Consequently, the geographical segment has been considered as a secondary segment.

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, Lamborghini, MAN & Scania.

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

Primary Segment : Business Segment	March 31, 2018			
	Retail Finance	Dealer Finance	Unallocated	Total
<b>Revenue</b>				
External	3,961,517,481	2,060,572,049	320,043,981	6,342,133,511
<i>Previous Year</i>	4,188,356,900	2,101,330,000	203,360,721	6,493,047,621
<b>Total</b>	<b>3,961,517,481</b>	<b>2,060,572,049</b>	<b>320,043,981</b>	<b>6,342,133,511</b>
<i>Previous Year</i>	4,188,356,900	2,101,330,000	203,360,721	6,493,047,621
<b>Segment Result - profit / (loss)</b>	<b>322,395,684</b>	<b>488,522,891</b>	<b>45,017,319</b>	<b>855,935,894</b>
<i>Previous Year</i>	495,570,840	304,234,108	74,809,794	874,614,742
Profit/(Loss) before Tax	-	-	-	855,935,894
<i>Previous Year</i>				874,614,742
Tax Expense	-	-	-	332,685,425
<i>Previous Year</i>				325,150,848
Profit/(Loss) After Tax before extraordinary Items	-	-	-	523,250,469
<i>Previous Year</i>				549,463,894
Extraordinary Items	-	-	-	-
<i>Previous Year</i>				-
Profit/(Loss) After Tax	-	-	-	523,250,469
<i>Previous Year</i>				549,463,894
<b>Other Information</b>				
<b>Carrying Amount of Segment Assets</b>	<b>37,218,025,750</b>	<b>21,150,413,472</b>	<b>1,147,438,340</b>	<b>59,515,877,562</b>
<i>Previous Year</i>	39,909,709,702	22,255,578,528	76,174,788	62,241,463,018
<b>Carrying Amount of Segment Liabilities</b>	<b>27,783,180,288</b>	<b>17,355,036,502</b>	<b>715,795,191</b>	<b>45,854,011,981</b>
<i>Previous Year</i>	30,212,711,099	18,246,461,412	643,675,395	49,102,847,906
Capital Expenditure	106,431,366	60,809,888	-	167,241,254
<i>Previous Year</i>	31,467,100	17,218,251	-	48,685,351
Depreciation / Amortisation	30,032,292	17,159,042	-	47,191,334
<i>Previous Year</i>	28,168,496	15,413,312	-	43,581,808



## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

(i) Unallocated revenue mainly consists of Income from Insurance business Rs 283,155,752 (Previous Year Rs 149,934,833)

(ii) Unallocated expenses comprise of expenses towards corporate social responsibility, directors sitting fees, Commission to Dealer - Insurance, 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, 2018 (Rupees)	March 31, 2017 (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



## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## 28) Earnings per share (Basic and Diluted)

Particulars	March 31, 2018			March 31, 2017		
	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)	47,092,549	476,157,921	523,250,469	49,451,757	500,012,137	549,463,894
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)	0.45	0.45		0.47	0.47	
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 15,493,543 (Previous Year Rs 8,407,772)

## 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 has filed appeal before The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) in the current financial year.

Accordingly, service tax matter in respect of which assessment pending is Rs 507,185,041 (Previous year Rs 503,356,702) and the amount paid under protest Rs 253,408,872 (Previous year Rs 249,580,533). This is being disputed by the Company and not provided for.

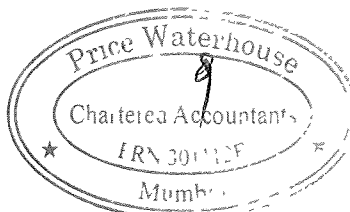
## iii Income Tax Matter

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 with the Income Tax Appellate Tribunal (ITAT). The Company has received penalty order under section 271C of The Income Tax Act, 1961 in the current financial year. The Company has disputed the said order and filed an appeal against the same with Commissioner of Income Tax (Appeal).

Accordingly, Income tax matter in respect of which assessment pending is Rs 8,920,278 (Previous year Rs 4,460,139) and Rs 4,460,139 (Previous year Rs 4,460,139) 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 93,917,770 (Previous Year Rs 15,358,267)



3

## 30) Disclosure on Restructured Advances

For Financial Year 2017-18

Sl No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No. of borrowers	-	2	-	-	2
		Amount outstanding	-	693,674	-	-	693,674
		Provision thereon	-	148,151	-	-	148,151
			-		-	-	
2	Fresh restructuring during the year	No. of borrowers	-	6	-	-	6
		Amount outstanding	-	10,482,807	-	-	10,482,807
		Provision thereon	-	4,380,236	-	-	4,380,236
			-		-	-	
3	Recovery	No. of borrowers	-	1	-	-	1
		Amount outstanding	-	156,616	-	-	156,616
		Provision thereon	-	-	-	-	-
			-		-	-	
4	Upgradations to restructured standard category during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
			-		-	-	
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year and hence need not be shown as restructured standard advances at the beginning of the next Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
			-		-	-	
6	Downgradations of restructured accounts during the Financial Year	No. of borrowers	-	(1)	1	-	1
		Amount outstanding	-	(427,305)	427,305	-	427,305
		Provision thereon	-	(427,305)	427,305	-	427,305
			-		-	-	
7	Write-offs of restructured accounts during the Financial Year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
			-		-	-	
8	Restructured Accounts as on March 31 of the Financial Year (closing figures)	No. of borrowers	-	7	1	-	8
		Amount outstanding	-	10,592,560	427,305	-	11,019,865
		Provision thereon	-	4,101,082	427,305	-	4,528,387
			-		-	-	

**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 2016-17

Sl No	Type of Restructuring →		Others				
	Asset Classification →		Standard	Sub Standard	Doubtful	Loss	Total
	Details ↓						
1	Restructured Accounts as on April 1 of the Financial Year (opening figures)	No of borrowers	-	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



## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

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

## i Capital

Particulars	March 31, 2018	March 31, 2017
a) CRAR (%)	22.56%	20.76%
b) CRAR – Tier I Capital (%)	22.17%	20.42%
c) CRAR – Tier II Capital (%)	0.39%	0.34%
d) Amount of subordinated debt raised as Tier-II capital	-	-
e) Amount raised by issue of Perpetual Debt Instrument	-	-

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

## ii Additional Disclosures

## Provisions and Contingencies

Under the head Expenditure in Statement of Profit and Loss	March 31, 2018	March 31, 2017
a) Provisions for depreciation on Investment	-	-
b) Provision towards NPA	391,801,668	841,406,965
c) Provision made towards Income tax (including Deferred Tax)	332,685,425	325,150,848
d) Other Provision and Contingencies	8,464,247	16,038,961
e) Contingent Provision Against Standard Assets	-	14,035,475
f) Provision for Future Potential Losses	99,909,809	-

## Concentration of Advances, Exposures and NPAs

## Concentration of Advances

Particulars	March 31, 2018	March 31, 2017
Total Advances to twenty largest borrowers	9,634,439,685	10,449,000,559
Total Outstanding Advances	57,767,897,488	60,846,147,386
Percentage to Total Advances	16.68%	17.17%

## Concentration of Exposures

Particulars	March 31, 2018	March 31, 2017
Total Exposure to twenty largest borrowers / customers	11,568,676,137	11,845,562,545
Total Exposure to Customers	64,857,014,432	67,465,316,024
Percentage to Total Exposure	17.84%	17.56%

## Concentration of NPAs

Particulars	March 31, 2018	March 31, 2017
Total Outstanding to four largest borrowers / customers	643,301,622	441,448,962
Total Outstanding Advances	57,767,897,488	60,846,147,386
Percentage to Total Advances	1.11%	0.73%



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## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

## Sector-wise NPAs

Sector	March 31, 2018		March 31, 2017	
	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	2,135,103,482	3 70%	1,649,855,108	2 71%
g) Other personal loans	-		-	

## Movement of NPAs

Particulars	March 31, 2018#	March 31, 2017
a) Net NPAs to Net Advances (%)	1 84%	1 27%
b) Movement of NPAs (Gross)		
i) Opening balance	1,649,855,108	1,320,306,344
ii) Additions during the year	2,219,177,882	2,222,514,931
iii) Reduction during the year *	(1,733,929,508)	(1,892,966,167)
iv) Closing balance	2,135,103,482	1,649,855,108
b) Movement of Net NPAs		
i) Opening balance	762,592,503	604,335,377
ii) Additions during the year	1,042,423,256	832,099,613
iii) Reduction during the year	(761,331,617)	(673,842,487)
iv) Closing balance	1,043,684,142	762,592,503
c) Movement of provisions for NPAs (excluding provisions on standard assets)		
i) Opening balance	887,262,605	715,970,967
ii) Provisions made during the year	1,176,754,626	1,390,415,318
iii) Write-off	(286,095,166)	(486,390,050)
iv) write-back of excess provisions	(686,502,725)	(732,733,630)
v) Closing balance	1,091,419,340	887,262,605

\* Reduction during the year includes write off of INR 286,095,166 (Previous Year INR 486,390,051), upgradation from NPA to standard category of INR 1,023,199,412 (Previous Year INR 46,183,539) and actual recoveries are INR 421,455,143 (Previous Year INR 1,360,392,578)

## iii Customer Complaints

Particulars	March 31, 2018	March 31, 2017
a) No of complaints pending at the beginning of the	-	2
b) No of complaints received during the year	73	32
c) No of complaints redressed during the year	68	34
d) No of complaints pending at the end of the year	5	-

## iv Registration obtained from other financial sector regulators

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



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## Notes to the Financial Statements for the year ended March 31, 2018 (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	Rating Agency	Commercial Paper	Others
02 May 2017	India Ratings & Reaserch Private Limited	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
21 July 2017	India Ratings & Reaserch Private Limited	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
20 November 2017	India Ratings & Reaserch Private Limited	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
23 January 2018	India Ratings & Reaserch Private Limited	IND A1+	IND AAA (Long Term) & IND A1+ (Short Term)
10 November 2017	ICRA Limited	ICRA A1+	NA
23 January 2018	ICRA Limited	ICRA A1+	NA
Date of Rating	Rating Agency	Non-Convertible Debentures	Others
05 June 2017	India Ratings & Reaserch Private Limited	IND AAA (Long Term)	IND AAA (Long Term)
06 July 2017	India Ratings & Reaserch Private Limited	IND AAA (Long Term)	IND AAA (Long Term)
31 August 2017	India Ratings & Reaserch Private Limited	IND AAA (Long Term)	IND AAA (Long Term)
20 November 2017	India Ratings & Reaserch Private Limited	IND AAA (Long Term)	IND AAA (Long Term)

## vii Extent of financing of parent company products

Particulars	March 31, 2018	March 31, 2017
Loan outstanding as at year end out of the amount financed to parent company products	57,710,171,968	60,816,672,664
Company Portfolio	57,767,897,488	60,846,147,386
Percentage of financing for parent product upon Company's portfolio	99.90%	99.95%



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## Notes to the Financial Statements for the year ended March 31, 2018 (continued)

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

As on March 31, 2018

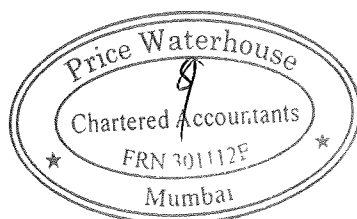
	Upto 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from banks									
Working capital Demand	-	2,240,000,000			2,500,000,000	-	-	-	4,740,000,000
Bank Overdraft	-		-		7,599,892,909	-	-	-	7,599,892,909
Long Term Loans	-	-	-	-	-	2,000,000,000	-	-	2,000,000,000
Market borrowings									
Commercial Papers		700,000,000		500,000,000	2,350,000,000	-	-	-	3,550,000,000
Non Convertible Debentures	-	-	1,500,000,000	4,000,000,000	2,500,000,000	14,000,000,000	-	-	22,000,000,000
<b>Assets</b>									
Advances* @ - Retail Std Asset( Including Principal Receivable)	954,324,246	1,039,002,981	1,029,455,770	3,084,162,203	5,692,226,088	16,906,939,524	5,867,760,921	582,383,333	35,156,255,066
Advances* - Retail Sub Std Asset (net of provisions)	-	-	-	-	-	-	447,366,729	98,604,370	545,971,099
Advances* - Retail Doubtful and Loss Asset (net of provisions)	-	-	-	-	-	-	-	75,813,817	75,813,817
Advances*# - Wholesale Std ( Including Principal Receivable)	7,804,188,592	5,282,621,877	201,151,962	622,326,645	1,273,521,617	2,380,487,351	513,605,961	212,228,944	18,290,132,949
Advances* - Wholesale Sub Std (net of provisions)	-	-	-	-	-	-	269,566,215	8,419,518	277,985,733
Advances* - Wholesale Doubtful and Loss Asset (net of provisions)	-	-	-	-	-	-	-	143,913,498	143,913,498
Investments - Fixed Deposits	-	-	-	-	-	-	100,000	-	100,000
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	2,272,405	-	-	1,006,095	178,923,034	3,157,705	-	-	185,359,239

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

@ Net off Rs 95,672,974 payable for retail finance

# Net off Rs 1,764,220,577 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, 2018 (continued)

As on March 31, 2017

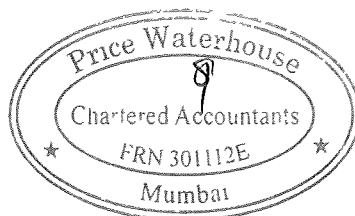
	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks					-	-	-	-	
Bank Overdraft	-	-	-	-	5,244,151,276	-	-	-	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 Recieveable)	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 Recieveable)	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

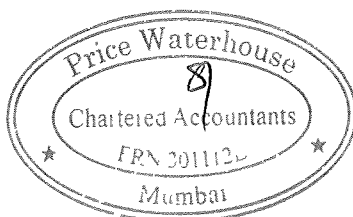
Maturity Pattern of Assets and Liabilities has been compiled by the Management, based on estimations and are not on contractual payment basis



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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</p> <p>Provision for Depreciation on Investments</p> <p>Net Value of Investments</p> <p>Movement of provisions held towards depreciation on investments</p>
Derivatives	<p>Forward Rate Agreement / Interest Rate Swaps</p> <p>Notional Principal of Swap Agreements</p> <p>Losses which could be incurred if counterparties failed to fulfill their obligations under the agreements</p> <p>Collateral required by the NBFC upon entering into swaps</p> <p>Concentration of credit risk arising from the swaps</p> <p>The fair value of the swap book</p> <p>Exchange Traded Interest Rate Derivatives</p> <p>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, 2018</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</p> <p>Derivative (Notional Principal Amount)</p> <p>Marked to Market Positions</p> <p>Credit Exposure</p> <p>Unhedged Exposure</p>
Securitisation	<p>No of SPVs sponsored by the NBFC for securitisation transactions</p> <p>Total amount of securitised assets as per books of the SPVs sponsored</p> <p>Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet</p> <p>Amount of exposures to securitisation transactions other than MRR</p> <p>Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction</p> <p>No. of accounts</p> <p>Aggregate value (net of provisions) of accounts sold to SC / RC</p> <p>Aggregate consideration</p> <p>Additional consideration realized in respect of accounts transferred in earlier years</p> <p>Aggregate gain / loss over net book value</p> <p>Assignment transactions undertaken</p> <p>No. of accounts</p> <p>Aggregate value (net of provisions) of accounts sold to SC / RC</p> <p>Aggregate consideration</p> <p>Additional consideration realized in respect of accounts transferred in earlier years</p> <p>Aggregate gain / loss over net book value</p> <p>Details of non-performing financial assets purchased</p> <p>No. of accounts purchased during the year</p> <p>Aggregate outstanding</p> <p>Of these, number of accounts restructured during the year</p> <p>Aggregate outstanding</p> <p>Details of non performing financial assets sold</p> <p>No. of accounts sold</p> <p>Aggregate outstanding</p> <p>Aggregate consideration received</p>
Exposure to Real Estate Sector	<p>Residential Mortgages</p> <p>Commercial Real Estate</p> <p>Investments in Mortgage Backed Securities (MBS) and other securitised exposures</p>



A handwritten signature in dark ink, consisting of a stylized 'P' followed by a cursive flourish.

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

- 33) Corporate Social Responsibility (CSR) Expenditure  
Gross amount required to be spent by the company during the year Rs 19,348,680 (Previous Year Rs 20,276,423)

Amount spent during the year ending on 31st March, 2018

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	30,649,966	-	30,649,966

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

- 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 2,400,000 (Previous year Rs 778,000)
- 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, 2018 (continued)

- 36) The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts
- 37) 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 Agarwal  
Partner  
Membership No. 118522

For and on behalf of the Board of Directors



Hans Patrik Riese  
Chief Executive Officer &  
Managing Director  
DIN No - 07823008



Harshada Pathak  
Company Secretary  
Membership No. A19534



Gokhan Kinar  
Chief Finance Officer &  
Managing Director  
DIN No - 07649354

Mumbai  
May 29, 2018

Mumbai  
May 29, 2018

**Volkswagen Finance Private Limited**  
**ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2018**

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	230,173	-

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



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**Volkswagen Finance Private Limited**  
**ANNEXURE I FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2018**

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)

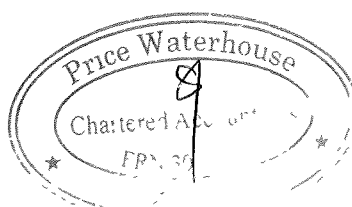
	Break-up of Investments (continued)			
		Amount Outstanding		
	Long Term investments			
	1 Quoted			
	(i) Shares (a) Equity		-	
	(b) Preference		-	
	(ii) Debentures and Bonds		-	
	(iii) Units of Mutual funds		-	
	(iv) Government Securities		-	
	(v) Others (please specify)		-	
	2 Unquoted			
	(i) Shares (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	126 08	-	126 08
	(c) Other related parties	-	-	-
	2 Other than related parties	436,297	118,755	555,052
	Total	436,423	118,755	555,178
(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			21,351
(ii)	Net Non-Performing Assets			
	(a) Related Parties			-
	(b) Other than related parties			10,437
(iii)	Assets acquired in satisfaction of debt			587

**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



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